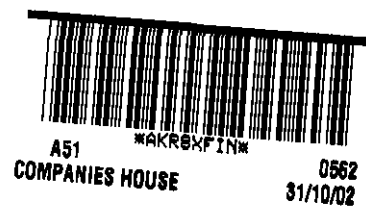


MEDISURE CORPORATE SERVICES LIMITED

ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2001

Company Registration Number: 1639144



MEDISURE CORPORATE SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2001

The directors present their annual report and the audited financial statements for the year ended 31 December 2001.

DIRECTORS

The directors at the date of this report are:

M Lewis	(non-executive Chairman)	(appointed 11 July 2002)
P Gregory	(appointed 11 July 2002)	
M J Goodwin		

B G Wilding resigned as a director on 11 July 2002.

PRINCIPAL ACTIVITY AND FUTURE DEVELOPMENTS

The company's principal activity during the year continued to be the negotiation, design and administration of private medical schemes for larger employers. The company will continue to provide these services for the coming year.

The results for the year are shown on page 4.

The directors do not recommend the payment of a dividend (2000: £nil).

DIRECTORS' SHAREHOLDINGS

The ultimate parent company is Marsh & McLennan Companies, Inc. and, consequently, the directors are exempt from the requirements to notify the company of interests in shares since the ultimate parent company is a body corporate incorporated outside the United Kingdom. There are no other interests requiring disclosure.

ELECTIVE RESOLUTIONS

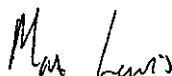
In accordance with Section 379A of the Companies Act 1985 the company has elected to dispense with the laying of accounts and reports before the company in General Meetings, the holding of Annual General Meetings and the requirement to appoint auditors annually.

AUDITORS

Deloitte & Touche will continue as auditors of the company.

Approved by the board of directors and signed on behalf of the board.

M B Lewis
Chairman



MEDISURE CORPORATE SERVICES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs on the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MEDISURE CORPORATE SERVICES LIMITED

We have audited the financial statements of Medisure Corporate Services Limited for the year ended 31 December 2001 which comprise the profit and loss account, the balance sheet and the related notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the statement of directors responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2001 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

De Witt & Touche

DELOITTE & TOUCHE

Chartered Accountants and Registered Auditors

Bristol 31 October 2002

MEDISURE CORPORATE SERVICES LIMITED

Profit and Loss Account For the year ended 31 December 2001

	Notes	2001 £000	2000 £000
Turnover	2	3,549	3,732
Administrative expenses		(5,332)	(5,379)
		<hr/>	<hr/>
Operating Loss		(1,783)	(1,647)
Interest receivable	7	78	232
Dividend receivable		2,546	-
		<hr/>	<hr/>
Profit / (loss) on ordinary activities before taxation	3	841	(1,415)
Tax on profit / (loss) on ordinary activities	8	628	-
		<hr/>	<hr/>
Profit / (loss) on ordinary activities after taxation		1,469	(1,415)
		<hr/>	<hr/>
Retained profit / (loss) for the financial year	15	<u>1,469</u>	<u>(1,415)</u>

Turnover and operating loss derive wholly from continuing operations.

The company has no recognised gains or losses other than those reflected in the above profit and loss account.

MEDISURE CORPORATE SERVICES LIMITED

Balance Sheet at 31 December 2001

	Notes	2001 £000	2000 £000
Fixed assets			
Tangible assets	9	2,647	2,430
Investments	10	1	1
		<u>2,648</u>	<u>2,431</u>
Current assets			
Debtors	11	10,388	6,952
Cash at bank and in hand		2,592	2,252
		<u>13,980</u>	<u>9,204</u>
Creditors: amounts falling due within one year	12	(14,844)	(12,320)
Net current liabilities		<u>(1,864)</u>	<u>(3,116)</u>
Net assets / (liabilities)		<u>784</u>	<u>(685)</u>
Capital and reserves			
Called up share capital	14	7	7
Other reserves	14	3,082	3,082
Profit and Loss account	15	(2,305)	(3,774)
Equity shareholders' funds / (deficit)	14	<u>784</u>	<u>(685)</u>

The financial statements on pages 4 to 15 were approved by the Board of Directors on 2002 and signed on its behalf by:

30th October


M J Goodwin
Director

MEDISURE CORPORATE SERVICES LIMITED

Notes to the financial statements – 31 December 2001

1. Accounting Policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

The company is a wholly owned subsidiary of Marsh & McLennan Companies Inc., its ultimate parent undertaking. The company's results are consolidated into Marsh & McLennan Companies UK Limited, therefore these financial statements present information about this company as an individual undertaking and not about its group.

Turnover

Turnover arising from contracts for claims administration or other management services is taken to profit on a time apportionment basis over the period of the contracts. Broking commissions, which are stated net of amounts payable to other parties, are recognised on receipt of confirmation from the insurer, with the exception of certain commissions which are credited when received. Interest on deposits is credited as it is earned.

Tangible Fixed Assets

Depreciation is provided on all tangible assets on a straight line basis in order to write off the cost of the assets, less their estimated residual value, over their expected useful economic lives, being:

Motor cars – 5 years

Computer equipment and software – 5 years

Equipment, furniture and fittings – 5 years

Fitting out costs – period to end of current lease agreement (December 2004)

Pensions and other post retirement benefits

The company operates both defined contribution schemes and a defined benefits scheme.

The expected costs of providing pension costs and other post retirement benefits as calculated periodically by professionally qualified actuaries, is charged to the profit and loss account so as to spread the cost over the service lives of employees in the scheme operated within the group in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll. The group continues to report under SSAP24 "Accounting for pension costs". Disclosures required by the transitional arrangements of FRS17 "Retirement Benefits" have been provided in note 4.

Contributions to the defined contribution pension scheme are accounted for as and when they fall due.

Investments

Fixed asset investments are stated at cost less any provision for impairment.

MEDISURE CORPORATE SERVICES LIMITED

Notes to the financial statements – 31 December 2001 (continued)

Cash flow statement

Under Financial Reporting Standard 1 (Revised) the company is exempt from the requirement to prepare a cash flow statement.

Related Party Transactions

The company has taken advantage of the exemption available under Financial Reporting Standard 8 "Related Party Disclosures" not to disclose transactions between entities where 90% or more of those voting rights are controlled within the group.

Client Funds

The company follows generally accepted industry practices by showing client funds within trade debtors and trade creditors.

Deferred taxation

Deferred taxation is provided using the liability method on timing differences between the incidence of income and expenditure for taxation and accounting purposes to the extent that it is probable that a liability or asset will crystallise.

2. Segmental Information

Turnover and profit before taxation are generated wholly within the United Kingdom from negotiation, design and administration of private medical schemes for larger employers.

3. Profit / (Loss) on Ordinary Activities before Taxation

	2001 £000	2000 £000
Profit / (loss) on ordinary activities before taxation is stated after charging:		
Depreciation and other amounts written off		
Tangible fixed assets	505	372
Auditors' remuneration	18	22
Operating lease rental	238	238
Loss on disposal of tangible fixed assets	8	47
	=====	=====

MEDISURE CORPORATE SERVICES LIMITED

Notes to the financial statements – 31 December 2001 (continued)

4. Pension Scheme

The Company subscribes to the Marsh Mercer Pension Fund. It operates mainly as a defined benefit scheme with the objective of providing benefits, usually based on salaries at or near retirement.

The defined benefit scheme was funded by contributions from both employees and the company at rates recommended and reviewed by Mercer Human Resource Consulting Limited (formerly William M. Mercer Limited), a firm of actuaries which is a fellow subsidiary of Marsh & McLennan Companies, Inc.

The latest actuarial valuations under SSAP 24 for the Marsh Mercer Pension Fund at 31 December 2000 disclosed a surplus of assets held by the schemes over the current value of accrued benefits on a final salary funding basis using the Projected Unit Method.

In accordance with the latest actuarial valuations, the pension costs included in the company's financial statements have been calculated so as to spread the cost over the service lives of the employees in the scheme.

The pension charge to the profit and loss account in the year was £149,000 (2000 charge £91,000).

The Company is adopting the transitional arrangements of the Financial Reporting Standard ('FRS') 17. Therefore in addition, the full actuarial valuation for the Group scheme as a whole has been reviewed and updated as at 31st December 2001 by the qualified actuary, on a final salary funding basis using the Projected Unit Method.

The actuary in this update used the following annual financial assumptions:

	31 December 2001 (% p.a.)
Yield	
- pre-retirement	5.8
- post retirement	5.8
Price Inflation	2.5
Salary Growth	4.0
Pension Increases	
Pre April 97 Excess – Marsh	3.0
Pre April 97 Excess – Mercer	2.5
Pre 98 Excess – Sedgwick	5.0
5% LPI	2.5

MEDISURE CORPORATE SERVICES LIMITED

Notes to the financial statements – 31 December 2001 (continued)

The assets in the Fund and the expected rate of return were:

Investment Category	31 December 2001	
	Market Value (£m)	Expected Return (% p.a.)
Equities (UK and overseas)	926	8
Government Fixed Interest Bonds	302	5
Non Government Fixed Interest Bonds	325	5.8
Property	2	8
Cash	13	4
Insured pensions	1	5.8
Total	1,569	6.9

DC assets are in addition to the above

	Value at 31 December 2001 (£000)
Assets	1,569
Liabilities	(1,740)
Deficit	(171)

The agreed company contribution rate for future years is 17% of pensionable salaries for the Mercer and Sedgwick sections and 3% for the Marsh section.

5. Employee Information

	2001 £000	2000 £000
Salaries and associated expenses (including Executive Directors):		
Wages and salaries	2,919	2,830
Termination costs	25	211
Social security costs	253	248
Pension costs (note 4)	149	90
	3,346	3,379
	2001 Number	2000 Number
Average number of persons employed during the year:	138	132

MEDISURE CORPORATE SERVICES LIMITED

Notes to the financial statements – 31 December 2001 (continued)

The split of the average number of persons employed is as follows:

	2001 Number	2000 Number
Sales	20	10
Finance	12	12
Administration	106	110
	<hr/>	<hr/>
	138	132
	<hr/>	<hr/>

6. Directors' Remuneration

	2001 £000	2000 £000
Emoluments	305	588
Termination costs	-	114
Pension costs (note 4)	33	17
	<hr/>	<hr/>
	338	719
	<hr/>	<hr/>

Number of directors who are members of defined benefit pension schemes 2 (2000: 5)

The emoluments of the highest paid director are as follows:

	2001 £000	2000 £000
Emoluments	206	211
Pension costs	23	23
	<hr/>	<hr/>
	229	234
	<hr/>	<hr/>

MEDISURE CORPORATE SERVICES LIMITED

Notes to the financial statements – 31 December 2001 (continued)

7. Interest Received

	2001 £000	2000 £000
Bank interest receivable	78	232

8. Tax on profit on ordinary activities

	2001 £000	2000 £000
UK Corporation tax @ 30% (2000 30%)	612	-
Adjustments in respect of prior years	16	-
	628	-

9. Tangible Assets

	Motor Cars £000	Computer Equipment & Software £000	Equipment Furniture & Fittings £000	Fitting Out Costs £000	Total £000
Cost:					
At 1 January 2001	275	1,393	437	848	2,953
Additions in year	52	670	34	-	756
Disposals in year	(54)	-	-	-	(54)
At 31 December 2001	273	2,063	471	848	3,655
Depreciation:					
At 1 January 2001	66	272	74	111	523
Charge for Year	50	251	83	121	505
Disposals in year	(20)	-	-	-	(20)
At 31 December 2001	96	523	157	232	1,008
Net book value					
At 31 December 2001	177	1,540	314	616	2,647
At 31 December 2000	209	1,121	363	737	2,430

MEDISURE CORPORATE SERVICES LIMITED

Notes to the financial statements – 31 December 2001 (continued)

10. Investments	2001	2000
	£000	£000
Unlisted shares at cost – subsidiary undertaking		
At 31 December 2001 and 2000	1	1
	=====	=====

The company's subsidiary undertakings at 31 December 2001 and 31 December 2000 were:

	Country of Incorporation	Class of share and percentage held
Medisure Marketing & Management Limited	England and Wales	Ordinary (100%)
Medisure Affinity Services Limited	England and Wales	Ordinary (100%)

During the year the ownership of Medisure Affinity Services Limited was transferred from The Medisure Group Limited at no gain or loss.

Medisure Corporate Services Limited holds 100% of the voting rights in Medisure Marketing and Management Limited and 100% of the voting rights in Medisure Affinity Services Limited.

Medisure Marketing and Management Limited is dormant. The principal activity of Medisure Affinity Services Limited is the administration of health insurance plans.

11. Debtors	2001	2000
	£000	£000
Trade debtors	2,693	2,987
Amounts owed by associated undertakings	2,751	2,911
Prepayments and other debtors	961	540
Amounts recoverable from associated undertakings in respect of taxation	1,437	514
Dividends receivable	2,546	-
	=====	=====
	10,388	6,952

MEDISURE CORPORATE SERVICES LIMITED

Notes to the financial statements – 31 December 2001 (continued)

12. Creditors: amounts falling due within one year

	2001 £000	2000 £000
Bank overdraft	273	-
Trade creditors	5,574	4,555
Amounts owed to associated undertakings	7,708	5,980
Other creditors	177	201
Accruals and deferred income	1,112	1,584
	<u>14,844</u>	<u>12,320</u>

13. Deferred Taxation

	Provided		Unprovided	
	2001 £000	2000 £000	2001 £000	2000 £000
Deferred taxation comprises the following:				
Accelerated tax depreciation	-	-	-	148
	<u>-</u>	<u>-</u>	<u>-</u>	<u>148</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>148</u>

14. Share Capital and Other Reserves

	Share Capital £000	Share Premium £000	Capital Redemption Reserve £000	Total £000
At 1 January 2001 and 31 December 2001	7	3,067	15	3,089
	<u>7</u>	<u>3,067</u>	<u>15</u>	<u>3,089</u>
At 1 January 2000 and 31 December 2000	7	3,067	15	3,089
	<u>7</u>	<u>3,067</u>	<u>15</u>	<u>3,089</u>

MEDISURE CORPORATE SERVICES LIMITED

Notes to the financial statements – 31 December 2001 (continued)

15. Equity Shareholders' Funds/(Deficit)

	Profit and Loss account £000	Share capital and other reserves (note 14) £000	Total £000
As at 1 January 2001	(3,774)	3,089	(685)
Retained profit for the financial year	1,469	-	1,469
	<u> </u>	<u> </u>	<u> </u>
As at 31 December 2001	<u>(2,305)</u>	<u>3,089</u>	<u>784</u>
As at 1 January 2000	(2,359)	3,089	730
Retained loss for the financial year	(1,415)	-	(1,415)
	<u> </u>	<u> </u>	<u> </u>
As at 31 December 2000	<u>(3,774)</u>	<u>3,089</u>	<u>(685)</u>

16. Share Capital

	2001 Number 000	£000	2000 Number 000	£000
Authorised Ordinary shares of 1p each	1,100	11	1,100	11
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Authorised cumulative redeemable preference shares of £1 each	50	50	50	50
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Issued, allotted and fully paid Ordinary shares of 1p each	748	7	748	7
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

There are no rights attached to the cumulative redeemable preference shares

17. Contingent Liabilities

Errors and Omissions

The company is subject to claims and litigation in the ordinary course of business, resulting principally from alleged errors and omissions. Provisions are made as appropriate.

MEDISURE CORPORATE SERVICES LIMITED

Notes to the financial statements – 31 December 2001 (continued)

18. Ultimate Parent Company and Controlling Entity

The company's ultimate parent company and controlling entity is Marsh & McLennan Companies, Inc., which is incorporated in Delaware, the United States of America.

The largest group in which the results of Medisure Corporate Services Limited are consolidated is that headed by Marsh & McLennan Companies Inc., incorporated in the United States of America. The smallest group in which they are consolidated is that headed by Marsh & McLennan Companies UK Limited registered in England and Wales. The consolidated accounts of Marsh & McLennan Companies UK Limited are available to the public and may be obtained from:

The Registrar of Companies
Companies House
3 Crown Way
Maindy
Cardiff
CF14 3UZ

The consolidated accounts of Marsh & McLennan Companies, Inc., are also available to the public and may be obtained from:

The Company Secretary
Marsh & McLennan Companies UK Limited
Sackville House
143-149 Fenchurch Street
London
EC3M 6BN