

TOWER PLACE DEVELOPMENTS LIMITED

Report and Financial Statements

31 December 2006

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TOWER PLACE DEVELOPMENTS LIMITED

REPORT AND FINANCIAL STATEMENTS 2006

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TOWER PLACE DEVELOPMENTS LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of the Tower Place Developments Limited ('the company') for the year ended 31 December 2006

PRINCIPAL ACTIVITIES

The Company's principal activity is to deal with matters relating to the building at Tower Place, London. As the Company is a service company, it generally does not make large profits or losses but seeks only to recharge its expenses to group companies. Its turnover is entirely made up of service charges and other income from group companies. Its major expenses are rent and depreciation. It is anticipated that the business will continue along existing lines.

The Company's key financial indicators during the year were as follows:

	2006 £ million	2005 £ million	Movement £ million	Movement %
Administrative expenses	20.1	19.7	0.4	2%
Operating profit	3.1	3.1	0	0%

Administrative expenses rose by 2% during the year. Operating profit was similar to prior year as the higher expenses were recharged to group companies. Net assets rose during the year as the company was recapitalised by £10 million.

RESULTS AND DIVIDEND

The results of the company for the financial year ended 31 December 2006 are set out on page 6.

The company reports a profit on ordinary activities after taxation for the financial year of £21,000 (2005 loss of £158,000).

The directors do not recommend the payment of a dividend (2005 - £nil).

FINANCIAL RISK MANAGEMENT

The company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are insufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk are interest rate risk, currency risk, credit risk, liquidity risk, cash flow risk and price risk. Due to the nature of the company's balance sheet the only financial risks the directors consider relevant to this company are credit risk and liquidity risk. These risks are mitigated by the nature of the debtor balances owed, with these due from other group companies who are able to repay these if required.

DIRECTORS

The directors who served throughout the year, except as noted, were as follows:

T E Foster

P P C Gregory (appointed 1 January 2006, resigned 6 September 2006)

B J Howett (appointed 6 September 2006)

DIRECTORS' REPORT (continued)

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 Meeting, the holding of Annual General Meetings and the obligation to appoint auditors annually

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who is a director of the company at the date when this report was approved confirms that

- so far as the director is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware, and
- the director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provision of section 234ZA of the Companies Act 1985

AUDITORS

Deloitte & Touche LLP will continue as auditors of the company

Approved by the Board of Directors
and signed on behalf of the Board

Marie Edwards.

Marsh Secretarial Services Limited
Secretary

14 November 2007

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that 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 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 TOWER PLACE DEVELOPMENTS LIMITED

We have audited the financial statements of Tower Place Developments Limited for the year ended 31 December 2006 which comprise the profit and loss account, the balance sheet and the related notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TOWER PLACE
DEVELOPMENTS LIMITED (continued)**

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London, United Kingdom

17 November 2007

TOWER PLACE DEVELOPMENTS LIMITED

PROFIT AND LOSS ACCOUNT For the year ended 31 December 2006

	Notes	2006 £'000	2005 £'000
Turnover	1	20,144	19,747
Administrative expenses		(17,071)	(16,696)
OPERATING PROFIT		<u>3,073</u>	<u>3,051</u>
Interest payable	4	(2,125)	(2,580)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	948	471
Tax charge on profit on ordinary activities	5	(927)	(629)
RETAINED PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	13	<u>21</u>	<u>(158)</u>

All amounts arise from continuing activities

There are no recognised gains or losses other than those disclosed in the profit and loss account in the current year and preceding year. Accordingly, no statement of total recognised gains and losses is presented.

TOWER PLACE DEVELOPMENTS LIMITED

BALANCE SHEET 31 December 2006

	Notes	2006 £'000	2005 £'000
FIXED ASSETS			
Tangible assets	6	47,029	51,628
CURRENT ASSETS			
Debtors	7	19,851	14,348
Cash at bank and in hand		2,050	-
		21,901	14,348
CREDITORS Amounts falling due within one year	8	(65,484)	(71,032)
NET CURRENT LIABILITIES		(43,583)	(56,684)
TOTAL ASSETS LESS CURRENT LIABILITIES		3,446	(5,056)
PROVISIONS FOR LIABILITIES AND CHARGES	9	(350)	(1,869)
NET ASSETS/LIABILITIES		3,096	(6,925)
CAPITAL AND RESERVES			
Called up share capital	12	10,000	-
Profit and loss account		(6,904)	(6,925)
EQUITY SHAREHOLDERS' FUNDS/(DEFICIT)	13	3,096	(6,925)

The financial statements on pages 6 to 13 were approved by the Board of Directors and authorised for issue on
14 November 2007

Signed on behalf of the Board of Directors by


Director

NOTES TO THE ACCOUNTS
Year ended 31 December 2006

1 PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents rents receivable from another group company and is taken to profit in the year to which it relates.

All turnover arises in the United Kingdom.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off costs on a straight line basis over the expected useful lives of the assets concerned.

The depreciation rates are as follows:

Leasehold improvements	4% per annum
Furniture and equipment	10% per annum
Computer software	20% per annum

Finance costs

Finance costs which are directly attributable to the construction of fixed assets are capitalised as part of the cost of these assets. The commencement of capitalisation begins when both finance costs and expenditures for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation

In accordance with FRS 19 "Deferred Tax" is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of investment properties where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

TOWER PLACE DEVELOPMENTS LIMITED

NOTES TO THE ACCOUNTS (continued) Year ended 31 December 2006

2 REMUNERATION OF DIRECTORS, EMPLOYEES AND AUDITORS

No remuneration was paid or is payable to the directors of Tower Place Developments Limited in respect of their services to the company during the year. The directors are remunerated for their services to other companies in the Marsh & McLennan Companies, Inc Group and their remuneration is dealt with in the accounts of other companies in the group. The company had no other employees during the year.

The audit fee attributable to this company is £10,000 (2005 £2,850). No other services were provided to this company by the company's auditors in either period.

3 OPERATING PROFIT

Operating profit is stated after charging

	2006 £'000	2005 £'000
Depreciation of tangible fixed assets	4,682	4,670

4 INTEREST PAYABLE

	2006 £'000	2005 £'000
Interest payable	(2,125)	(2,580)

The prior year interest payable in respect of the bank overdraft has been reclassified to be in line with current interest payable classification.

5 TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

The tax (charge)/credit comprises

	2006 £'000	2005 £'000
United Kingdom corporation tax at 30% (2005 – 30%)	(2,527)	(1,543)
Adjustments in respect of prior years	(1,286)	(994)
	(3,813)	(2,537)
Deferred tax (note 10)	2,886	1,908
Tax (charge)/credit for year	(927)	(629)

The tax charge (2005 charge) for the period is higher (2005 higher) than that resulting from applying the standard rate of corporation tax in the UK in 2006 of 30% (2005 30%).

The adjustment in respect of prior year relates to changes in capital allowances claims.

The tax differences are explained below

	2006 %	2005 %
Standard tax rate for period as a percentage of profits	30.00	30.00
Effects of		
Expenses not deductible for tax purposes	136.59	41.65
Movement in accelerated capital allowances	100.14	255.28
Prior year	135.70	210.70
Current tax rate for period as a percentage of profits	402.43	537.63

NOTES TO THE ACCOUNTS (continued)
Year ended 31 December 2006

6 TANGIBLE FIXED ASSETS

	Leasehold improvements £'000	Furniture and equipment £'000	Computer software £'000	Total £'000
Cost				
At 1 January 2006	33,133	29,027	2,433	64,593
Additions	123	(24)	(16)	83
Transfers and other movements	-	(30)	30	-
At 31 December 2006	33,256	28,973	2,447	64,676
Depreciation				
At 1 January 2006	3,843	7,744	1,378	12,965
Depreciation for the year	1,397	2,799	486	4,682
At 31 December 2006	5,240	10,543	1,864	17,647
Net book value				
At 31 December 2006	28,016	18,430	583	47,029
At 31 December 2005	29,290	21,283	1,055	51,628

Total finance costs included in the cost of tangible assets are £2,707,800 (2005 - £2,707,800) Finance costs capitalised during the year totalled £nil This represents all finance costs incurred by the company

TOWER PLACE DEVELOPMENTS LIMITED

NOTES TO THE ACCOUNTS (continued) Year ended 31 December 2006

7 DEBTORS

	2006 £'000	2005 £'000
Amounts falling due within one year		
Amount owed by fellow subsidiary undertaking	9,211	9,608
Amount recoverable from other group undertaking in respect of taxation	4,136	3,817
Other debtors	1,206	923
Prepayments	3,931	-
Deferred taxation (see note 10)	1,367	-
	<u>19,851</u>	<u>14,348</u>

8 CREDITORS

	2006 £'000	2005 £'000
Amounts falling due within one year		
Bank overdrafts	-	51,414
Amounts owed to group undertakings	45,742	6,674
Amount due to other group undertaking in respect of taxation	4,133	-
Accruals and deferred income	15,609	12,944
	<u>65,484</u>	<u>71,032</u>

9 PROVISIONS FOR LIABILITIES AND CHARGES

	At 31 Dec 2005 £'000	Utilisation 2006 £'000	Release 2006 £'000	At 31 Dec 2006 £'000
Deferred taxation (see note 10)	1,519	(1,519)	-	-
Other provision	350	-	-	350
	<u>1,869</u>	<u>(1,519)</u>	<u>-</u>	<u>350</u>

Other provisions relate to the installation costs associated with the future replacement of faulty floor tiles

10 DEFERRED TAXATION

	2006 £'000	2005 £'000
Deferred tax is provided as follows		
Balance at 1 January	1,519	3,427
Charged to profit and loss account in respect of the current year	(949)	(1,205)
Charged to profit and loss account in respect of prior years	(1,937)	(703)
Balance at 31 December	(1,367)	1,519
 Analysis of deferred tax balance		
	2006 £'000	2005 £'000
Accelerated tax depreciation	(1,367)	1,519

TOWER PLACE DEVELOPMENTS LIMITED

NOTES TO THE ACCOUNTS (continued) Year ended 31 December 2006

11 CONTINGENT LIABILITIES

The company participates in a Sterling cash pooling arrangement with Barclays Bank Plc. Each member of the pool guarantees against all losses incurred as a result of the failure of any other pool member. The other members of the pool at 31 December 2006 were, Marsh Ltd, Marsh Services Ltd, Marsh & McLennan Companies UK Ltd, Tower Hill Ltd, Marsh Corporate Services Ltd, Marsh UK Group Ltd, Insolutions Ltd (formerly Price Forbes Ltd), Marsh International Broking Holdings Ltd, Marsh Eurofinance B V, Marsh Treasury Services Ltd, Kroll Ltd, Kroll Corporate Finance Ltd, Kroll Forensic Accounting Ltd, Kroll Security Group Ltd (formerly Kroll Security International Ltd), Kroll Background Worldwide Ltd and Oliver Wyman Ltd (formerly Mercer Oliver Wyman Ltd).

12 CALLED UP SHARE CAPITAL

	2006		2005	
	Number	£	Number	£
Authorised ordinary shares of £1 each	<u>50,000,000</u>	<u>50,000,000</u>	<u>1,000</u>	<u>1,000</u>
Called up, allotted and fully paid ordinary shares of £1 each	<u>10,000,001</u>	<u>10,000,001</u>	<u>1</u>	<u>1</u>

13 RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	Share capital £	Profit and loss account £'000	Total £'000
As at 1 January 2006	1	(6,925)	(6,925)
Share issued	10,000,000	-	10,000
Retained profit for the financial year	-	21	21
As at 31 December 2006	<u>10,000,001</u>	<u>(6,904)</u>	<u>3,096</u>

	Share capital £	Profit and loss account £'000	Total £'000
As at 1 January 2005	1	(6,767)	(6,767)
Retained loss for the financial year	-	(158)	(158)
As at 31 December 2005	<u>1</u>	<u>(6,925)</u>	<u>(6,925)</u>

The company increased the authorised share capital to £50,000,000 on 14 March 2006 and allotted 10,000,000 Ordinary shares of £1.00 each to the existing shareholder, Tower Hill Limited, for a consideration of £10,000,000 on the same date.

14 RELATED PARTY TRANSACTIONS

Advantage has been taken of the exemption under Financial Reporting Standard 8 "Related Party Disclosures" not to disclose transactions between entities, 90% or more of whose voting rights are controlled within the Marsh & McLennan Companies, Inc., Group. There were no other related party transactions during the year.

NOTES TO THE ACCOUNTS (continued)
Year ended 31 December 2006

15 CASH FLOW STATEMENT

The company is exempt from producing a cash flow statement under FRS 1 (revised 1996) "Cash Flow Statements" as more than 90% of the voting rights are owned by its ultimate parent undertaking. A consolidated cash flow statement can be found in the published accounts of the ultimate parent company Marsh & McLennan Companies, Inc.

16 ULTIMATE AND IMMEDIATE PARENT COMPANIES

The company's immediate parent company is Tower Hill Limited, registered in England and Wales. The company's ultimate parent company and controlling entity is Marsh & McLennan Companies, Inc., incorporated in the state of Delaware, United States of America.

The smallest and largest group in which the financial statements of the company are consolidated is that headed by Marsh & McLennan Companies, Inc. The consolidated accounts of Marsh & McLennan Companies, Inc. are available to the public and may be obtained from

Companies House
Crown Way
Cardiff
CF14 3UZ

and also from

The Company Secretary
Marsh & McLennan Companies UK Limited
1 Tower Place West
Tower Place
London EC3R 5BU