

TOWER PLACE DEVELOPMENTS LIMITED

Report and Financial Statements

31 December 2003



REPORT AND FINANCIAL STATEMENTS 2003

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DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2003.

PRINCIPAL ACTIVITIES

The company's principal activity for the year was to deal with all matters relating to the redevelopment of the buildings at Tower Place. It is anticipated that the business will continue along existing lines.

DIRECTORS

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

T E Foster
C M R Pearson (Resigned on 30 September 2003)
B S Bridge (Appointed on 3 April 2003)
M W Cooper-Mitchell (appointed 1 October 2003)

DIRECTORS' SHAREHOLDINGS

The company's ultimate holding company is Marsh & McLennan Companies, Inc., a company incorporated in the State of Delaware, USA. As the ultimate holding company is a body corporate incorporated outside Great Britain, the directors are exempt from the requirement to notify the company of interests in shares in other group companies outside Great Britain. There are no other interests requiring disclosure.

RESULTS AND DIVIDEND

The company reports a loss on ordinary activities after taxation for the financial year of £3,596,000 (2002 - loss of £194,000).

The directors do not recommend the payment of a final dividend (2002 - £nil).

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.

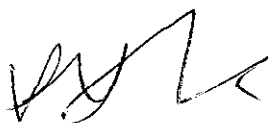
DIRECTORS' REPORT (continued)

AUDITORS

On 1 August 2003, Deloitte & Touche, the company's auditors transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of Section 26 (5) of the Companies Act 1989.

Deloitte & Touche LLP will continue as auditors of the company.

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

A handwritten signature in black ink, appearing to be 'M. J. L.', is written over the text 'and signed on behalf of the Board'.

Marsh Secretarial Services Limited
Secretary

11 October 2004

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 of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those 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; and
- prepare the financial statements on a 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 which disclose with reasonable accuracy at any time the financial position of the company and to 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.

TOWER PLACE DEVELOPMENTS LIMITED

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 2003 which comprise the profit and loss account, the balance sheet and the related notes 1 to 14. 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

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of 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.

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 the company's affairs as at 31 December 2003 and of the loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

22 October 2004

TOWER PLACE DEVELOPMENTS LIMITED

PROFIT AND LOSS ACCOUNT For the year ended 31 December 2003

	Note	2003 £'000	2002 £'000
Turnover	1	11,678	412
Administrative expenses	2	(15,672)	(673)
OPERATING LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(3,994)</u>	<u>(261)</u>
Tax credit on loss on ordinary activities	4	398	67
RETAINED LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		<u>(3,596)</u>	<u>(194)</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 recognized gains and losses is given.

TOWER PLACE DEVELOPMENTS LIMITED

BALANCE SHEET 31 December 2003

	Note	2003 £'000	2002 £'000
FIXED ASSETS			
Tangible assets	5	62,444	43,102
CURRENT ASSETS			
Debtors	6	12,772	1,423
CREDITORS: Amounts falling due within one year	7	(77,368)	(45,056)
NET CURRENT LIABILITIES		(64,596)	(43,633)
TOTAL ASSETS LESS CURRENT LIABILITIES		(2,152)	(531)
PROVISIONS FOR LIABILITIES AND CHARGES	8	(2,297)	(322)
NET ASSETS		(4,449)	(853)
CAPITAL AND RESERVES			
Called up share capital	10	-	-
Profit and loss account	11	(4,449)	(853)
EQUITY SHAREHOLDERS' DEFICIT		(4,449)	(853)

The financial statements on pages 5 to 13 were approved by the Board of Directors on 11 October 2004.

Signed on behalf of the Board of Directors

T E Foster

T E Foster
Director

NOTES TO THE ACCOUNTS

Year ended 31 December 2003

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, other than assets in the course of construction and fine art, 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% and 10
Furniture and equipment	10
Computer software	20% and 33 1/3

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.

Deferred taxation

In accordance with FRS19, 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 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.

NOTES TO THE ACCOUNTS (continued)
Year ended 31 December 2003

2. ADMINISTRATIVE EXPENSES

Administrative expenses include the following:

	2003	2002
	£'000	£'000
Depreciation of tangible fixed assets	3,944	2
Auditors' remuneration – audit fees	3	5
	<hr/>	<hr/>

Also included with administrative expenses are amounts relating to employee costs, recharged from Marsh Services Limited, as follows:

	2003	2002
	£'000	£'000
Aggregate gross salaries and wages	111	279
Employer's National Insurance contributions	12	20
Employer's pension contributions	478	23
	<hr/>	<hr/>
	601	322
	<hr/>	<hr/>

All employees of the Marsh companies within the Marsh & McLennan Companies UK Limited group are employed by Marsh Services Limited. Information regarding employees and the group pension scheme are disclosed within the statutory accounts of that company and of Marsh & McLennan Companies UK Limited.

3. DIRECTORS' EMOLUMENTS

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 or the prior year. Directors were remunerated for their services to other companies in the Marsh & McLennan Companies, Inc. Group and their remuneration is dealt with in the accounts of those companies.

4. TAX CREDIT ON LOSS ON ORDINARY ACTIVITIES

The tax credit comprises:

	2003	2002
	£'000	£'000
United Kingdom corporation tax @30% (2002 – 30%)	2,196	389
Adjustments in respect of prior years	177	-
	<hr/>	<hr/>
	2,373	389
Deferred tax (note 8)	(1,975)	(322)
	<hr/>	<hr/>
Current tax rate for year as a percentage of profits	398	67
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NOTES TO THE ACCOUNTS (continued)
Year ended 31 December 2003

The tax assessed for the year is higher than that resulting from applying the standard rate of corporation tax in the UK: 2003 30% (2002 30%).

The tax differences are explained below:

	2003	2002
	%	%
Standard tax rate for year as a percentage of profits	30.00	30.00
Effects of:		
Expenses not deductible for tax purposes	(10.37)	(4.46)
Deferred tax on short term timing differences.	35.36	-
Current tax rate for year as a percentage of profits	<u>54.99</u>	<u>25.54</u>

NOTES TO THE ACCOUNTS (continued)
Year ended 31 December 2003

5. TANGIBLE FIXED ASSETS

	Leasehold Improvement	Furniture and equipment	Computer Software	Assets in course of construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 January 2003	-	347	-	42,757	43,104
Reclassification	-	(5)	5	-	-
At 1 January 2003 (restated)		342	5		
Additions	-	502	1	22,783	23,286
Transfer from construction in progress	33,618	30,076	1,846	(65,540)	-
At 31 December 2003	33,618	30,920	1,852	-	66,390
Depreciation					
At 1 January 2003	-	2	-	-	2
Depreciation for the year	1,197	2,425	322	-	3,944
At 31 December 2003	1,197	2,427	322	-	3,946
Net book value					
At 31 December 2003	32,421	28,493	1,530	-	62,444
At 31 December 2002	-	345	-	42,757	43,102

Total finance costs included in the cost of tangible assets are £2,707,800 (2002 - £857,000). Finance costs capitalised during the year totalled £1,850,800. This represents all finance costs incurred by the company.

NOTES TO THE ACCOUNTS (continued)
Year ended 31 December 2003

6. DEBTORS

	2003	2002
	£'000	£'000
Amount owed by fellow subsidiary undertaking		
Taxation	2,761	388
Other	9,286	-
Other debtors	725	1,035
	<u>12,772</u>	<u>1,423</u>

7. CREDITORS

	2003	2002
	£'000	£'000
Amounts falling due within one year		
Bank overdrafts	69,791	37,631
Amounts owed to group undertakings	5,006	119
Accruals and deferred income	2,571	7,306
	<u>77,368</u>	<u>45,056</u>

8. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred tax is provided as follows:

	2003	2002
	£'000	£'000
Balance at 1 January	322	-
Charged to profit and loss account in respect of the current year	1,412	322
Charged to profit and loss account in respect of prior years	563	-
Balance at 31 December	<u>2,297</u>	<u>322</u>

Analysis of deferred tax balance:

	2003	2002
	£'000	£'000
Accelerated tax depreciation	<u>2,297</u>	<u>322</u>

9. 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 are; Marsh Limited, Marsh Services Limited, Marsh & McLennan Companies UK Limited, Tower Hill Limited, Marsh Corporate Services Limited, Marsh UK Group Limited, Price Forbes Limited, Marsh Treasury Services Limited, Marsh International Broking Holdings Limited and MMC Capital Limited.

NOTES TO THE ACCOUNTS (continued)
Year ended 31 December 2003

10. CALLED UP SHARE CAPITAL

	2003		2002	
	Number	£'000	Number	£'000
Authorised ordinary shares of £1 each	1,000	1	1,000	1
Called up, allotted and fully paid ordinary shares of £1 each	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>

11. PROFIT AND LOSS ACCOUNT

	2003	2002
	£'000	£'000
As at 1 January	(853)	(659)
Retained loss for the financial year	<u>(3,596)</u>	<u>(194)</u>
As at 31 December	<u>(4,449)</u>	<u>(853)</u>

12. CAPITAL COMMITMENTS

	2003	2002
	£'000	£'000
Contracted for but not provided for at the year end	<u>2,375</u>	<u>25,705</u>

13. RELATED PARTY TRANSACTIONS

Advantage has been taken of the exemption under Financial Reporting Standard 8 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 2003

14. ULTIMATE AND IMMEDIATE PARENT COMPANIES

The company's immediate parent company is Tower Hill Limited, a company registered in England and Wales.

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

The largest group in which the financial statements of the company and its subsidiary undertakings are consolidated is that headed by Marsh & McLennan Companies, Inc. The smallest group in which they are consolidated is that headed by Marsh & McLennan Companies UK Limited. The consolidated accounts of Marsh & McLennan Companies UK Limited and 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