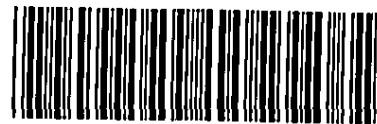


SEDGWICK NOBLE LOWNDES (UK) LIMITED

Report and Financial Statements

31 December 2006

TUESDAY



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COMPANIES HOUSE

REPORT AND FINANCIAL STATEMENTS 2006

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REPORT AND FINANCIAL STATEMENTS 2006

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

W S O'Regan
D N Williams

SECRETARY

M F Brindley

REGISTERED OFFICE

1 Tower Place West
Tower Place
London
EC3R 5BU

BANKERS

Child & Co

SOLICITORS

Slaughter & May

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
London

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2006. This report has been prepared in accordance with the special provisions relating to small companies under section 246(4) Companies Act 1985.

ACTIVITIES AND FUTURE PROSPECTS

The company acts as a holding company only and did not actively trade during the year. The company is expected to continue to act as a holding company for the foreseeable future.

REVIEW OF 2006

The results of the company for the year are shown on page 7.

Turnover for the year was £nil (2005 - £nil). The retained profit for the year amounted to £47,000 (2005 - £609,000). The retained profit for the year will be transferred to reserves.

DIVIDENDS

No interim dividend was paid during the year (2005 - £nil). The directors do not recommend payment of a final dividend (2005 - £nil).

DIRECTORS AND THEIR INTERESTS

The directors of the company during the year ended 31 December 2006, all of whom were directors throughout the year, except as noted below, were:

W S O'Regan

A Sethi (resigned 10 October 2006)

D N Williams (appointed 10 October 2006)

None of the directors held a beneficial interest in the shares of the company or any group company incorporated within the United Kingdom at any time during the year ended 31 December 2006.

Each of the directors at the date of approval of this report confirms that:

- 1 so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- 2 the director has taken all 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 provisions of s234ZA of the Companies Act 1985.

MEMBERSHIP

The company is a single member company pursuant to Section 352A of the Companies Act 1985.

DIRECTORS' REPORT

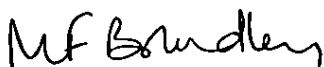
FINANCIAL RISK MANAGEMENT

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 not sufficient 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 business and the assets and liabilities contained within 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.

AUDITORS

A resolution to re-appoint Deloitte & Touche LLP as the company's auditors will be proposed at the forthcoming Annual General Meeting.

This report was approved by the Board of Directors on 22 October 2007 and signed on its behalf by



M F Brindley
Secretary

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, subject to any material departures disclosed and explained in the financial statements, 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.

SEDGWICK NOBLE LOWNDES (UK) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SEDGWICK NOBLE LOWNDES (UK) LIMITED

We have audited the financial statements of Sedgwick Noble Lowndes (UK) Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 12. 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 judgments 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.

SEDGWICK NOBLE LOWNDES (UK) LIMITED

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

30 October 2007

SEDGWICK NOBLE LOWNDES (UK) LIMITED**PROFIT AND LOSS ACCOUNT**
Year ended 31 December 2006

	Note	2006 £'000	2005 £'000
OPERATING RESULT		-	-
Interest and investment income	4	899	909
(Increase)/reduction in provision for impairment in value of investments	6	<u>(866)</u>	<u>(136)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	33	773
Taxation charge on profit on ordinary activities	5	<u>14</u>	<u>(164)</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR	11	<u>47</u>	<u>609</u>

The profit on ordinary activities before taxation derives wholly from continuing operations

The company has no recognised gains or losses other than those reflected in the above profit and loss account for the current and prior year. Accordingly, a Statement of Total Recognised Gains and Losses has not been prepared

SEDGWICK NOBLE LOWNDES (UK) LIMITED

BALANCE SHEET 31 December 2006

	Note	2006 £'000	2005 £'000
FIXED ASSETS			
Investments			
Subsidiary undertakings	6	23,454	24,320
		<u>23,454</u>	<u>24,320</u>
CURRENT ASSETS			
Debtors due within one year	7	1,027	1,027
Debtors due after more than one year	8	19,000	19,000
Cash at bank and in hand		-	10
		<u>20,027</u>	<u>20,037</u>
CREDITORS: amounts falling due within one year	9	<u>(41,373)</u>	<u>(42,296)</u>
NET CURRENT LIABILITIES		<u>(21,346)</u>	<u>(22,259)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,108</u>	<u>2,061</u>
CAPITAL AND RESERVES			
Called up share capital	10	11	11
Share premium account	11	72,939	72,939
Profit and loss account	11	(70,842)	(70,889)
TOTAL SHAREHOLDERS' FUNDS		<u>2,108</u>	<u>2,061</u>

These financial statements were approved by the Board of Directors on 22 October 2007 and signed on its behalf by

W S O'REGAN Director

D N WILLIAMS Director



NOTES TO THE ACCOUNTS

Year ended 31 December 2006

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK 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, incorporated in the State of Delaware, USA. Under section 228A of the Companies Act 1985, the company is exempt from the obligation to prepare and deliver group accounts. The largest and smallest group into which the company's results are consolidated is that headed by Marsh & McLennan Companies, Inc. Accordingly, these financial statements present information about this company as an individual undertaking and not as a group and the company is not obliged to produce a cash flow statement.

The company has also taken advantage of the exemption available under FRS8 "Related Party Disclosures" not to disclose transactions between entities where 90% or more of those voting rights are controlled within the group.

Investments

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

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Auditors' remuneration of £5,000 (2005 - £5,000) for audit services and annual filing fees were borne by a fellow group undertaking in the current and prior year.

3. DIRECTORS AND EMPLOYEE INFORMATION

The company had no employees during the year (2005 - nil). The directors received no emoluments for services as directors of the company (2005 - £nil).

4. INTEREST AND INVESTMENT INCOME

	2006 £'000	2005 £'000
Interest income from other group undertakings	899	909

NOTES TO THE ACCOUNTS

Year ended 31 December 2006

5. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	2006 £'000	2005 £'000
United Kingdom corporation tax at 30% (2005 - 30%)	(192)	(273)
Adjustment in respect of prior years	206	109
	<u>14</u>	<u>(164)</u>

The adjustment in respect of prior years relates to group relief

Factors affecting tax charge for the year

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

The differences are explained below

	2006 £'000	2005 £'000
Profit on ordinary activities before taxation	33	773
UK corporation tax at 30% (2005 - 30%)	10	232
Effects of		
Income not taxable	260	41
Transfer pricing adjustment	11	-
Group relief for nil payment	(89)	
Adjustment for prior years in respect of group relief	(206)	(109)
	<u>(14)</u>	<u>164</u>

6. FIXED ASSET INVESTMENTS

	2006 £'000	2005 £'000
Subsidiary undertakings		
Unlisted shares at cost, less provisions for impairment in value		
At 1 January	24,320	24,456
(Increase)/reduction in provision for impairment in value	(866)	(136)
At 31 December	<u>23,454</u>	<u>24,320</u>

The company's principal subsidiary undertakings at 31 December 2006 were

	Country of registration	Class of Share and percentage held
Sedgwick Noble Lowndes Limited	England and Wales	Ordinary (100%)
Sedgwick Financial Services Limited	England and Wales	Ordinary (100%)

Sedgwick Noble Lowndes Limited and Sedgwick Financial Services Limited did not trade during the year

SEDGWICK NOBLE LOWNDES (UK) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2006

7. DEBTORS DUE WITHIN ONE YEAR

	2006 £'000	2005 £'000
Amounts owed by group companies		
Subsidiary undertakings	452	452
Parent and fellow subsidiary undertakings	575	575
	<u>1,027</u>	<u>1,027</u>

8. DEBTORS DUE AFTER MORE THAN ONE YEAR

	2006 £'000	2005 £'000
Subordinated loan	<u>19,000</u>	<u>19,000</u>

On 20 January 1999, the company made a subordinated loan advance, in the amount of £19,000,000 to its subsidiary company Sedgwick Noble Lowndes Limited. This loan attracts interest at LIBOR plus 0.25% per annum, payable half yearly, and is repayable two years from the date on which notice of repayment is given. As part of the acquisition of the business of Sedgwick Noble Lowndes Limited by Mercer Limited on 16 July 1999, Mercer Limited assumed the rights and obligations relating to the loan.

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 £'000	2005 £'000
Amounts owed to group companies		
Subsidiary undertakings	40,772	41,681
Amounts due to other group companies in respect of taxation	409	615
Corporation tax charge	192	-
	<u>41,373</u>	<u>42,296</u>

10. CALLED UP SHARE CAPITAL

	2006		2005	
	Number	£'000	Number	£'000
Authorised, allotted, called up and fully paid Ordinary shares of £1 each	<u>10,550</u>	<u>11</u>	<u>10,550</u>	<u>11</u>

NOTES TO THE ACCOUNTS

Year ended 31 December 2006

11. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	Share Capital (note 10) £'000	Share Premium £'000	Profit and loss account £'000	Total £'000
At 1 January 2006	11	72,939	(70,889)	2,061
Retained profit for the financial year	-	-	47	47
	<u>11</u>	<u>72,939</u>	<u>(70,842)</u>	<u>2,108</u>
At 31 December 2006				
At 1 January 2005	11	72,939	(71,498)	1,452
Retained profit for the financial year	-	-	609	609
	<u>11</u>	<u>72,939</u>	<u>(70,889)</u>	<u>2,061</u>
At 31 December 2005				

12. ULTIMATE PARENT COMPANY

The ultimate parent company and controlling entity is Marsh & McLennan Companies, Inc , incorporated in the State of Delaware, USA The accounts of Marsh & McLennan Companies, Inc are available to the public and may be obtained from

Corporate Development
Marsh & McLennan Companies, Inc ,
1166 Avenue of the Americas
New York
NY 10036 - 2708

The largest and smallest group in which the financial statements of Sedgwick Noble Lowndes UK Limited are consolidated is that headed by Marsh & McLennan Companies, Inc