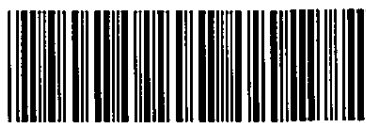


**MMOW LIMITED**

**Report and Financial Statements**

**Year Ended 31 December 2008**

TUESDAY



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# **MMOW LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2008**

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# **MMOW LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2008**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

J Drzik  
M Cunningham  
T S McDonald

#### **SECRETARY**

M Brindley

#### **REGISTERED OFFICE**

1 Tower Place West  
Tower Place  
London  
EC3R 5BU

#### **AUDITORS**

Deloitte LLP  
Chartered Accountants  
London, UK

# **MMOW LIMITED**

## **DIRECTORS' REPORT**

The directors present their annual report on the affairs of the company, together with the audited financial statements and auditors' report for the year ended 31 December 2008. This director's report has been prepared in accordance with special provisions relating to Small Companies under Section 246(4) of the Companies Act 1985.

### **PRINCIPAL ACTIVITIES, BUSINESS REVIEW AND FUTURE PROSPECTS**

The principal activity of the company is that of a holding company.

Under section 228A of the Companies Act 1985, the company is exempt from the obligation to deliver and prepare group accounts. Accordingly these financial statements reflect the financial position and results for the company alone. Future prospects are to remain as a holding company.

### **BUSINESS REVIEW**

This business is one of a holding company. The only uncertainties relate to the exposure to foreign exchange as the company has two large loans denominated in US dollars. These unrealised foreign exchange gains or losses are subject to UK tax. For the year ended 31<sup>st</sup> December 2008 the relative weakness of the pound resulted in significant foreign exchange losses. The directors do not anticipate a further weakening of the pound and as such do not anticipate further losses to be incurred in the short-term.

### **RESULTS AND DIVIDENDS**

The company reported a loss for the financial year after taxation of £11,250,734 (2007 - £1,081,660). An interim dividend of £3,900,000 (2007 - £nil) was declared and paid on the ordinary shares during the year. The directors cannot recommend the payment of a final dividend. An interim dividend of £3,900,000 was received from subsidiary companies (2007 - £nil).

### **GOING CONCERN**

After making enquiries, the directors have a reasonable expectation that the company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in the financial statements.

### **DISABLED EMPLOYEES**

It is the policy of the company to give full consideration to suitable applications for employment of disabled persons. Every effort is made, where employees of the company become disabled, to retain them in their employment, or consider them for other positions.

### **EMPLOYEE CONSULTATION**

The company places considerable value on the involvement of its employees and has continued its practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the company.

## **MMOW LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **DIRECTORS**

The directors of the company during the year ended 31 December 2008, all of whom were directors throughout the year, were:

J Drzik  
M Cunningham  
T S McDonald

#### **AUDITORS**

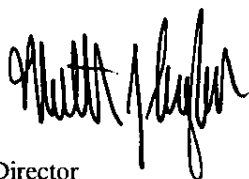
Each of the directors at the date of approval of this report confirms that;

- (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 the steps he ought to have taken as a director in order to make himself 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 section 243ZA of the Companies Act 1985.

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

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



Director

M CUNNINGHAM

Date 28/9/2008

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the annual report and 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 for that period. In preparing these 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; 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 MMOW LIMITED**

We have audited the financial statements of MMOW Limited for the year ended 31st December 2008 which comprise the profit and loss account, the balance sheet, and the related notes 1 to 15. 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 the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom 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.

### **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 2008 and of its loss 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 LLP*

**Deloitte LLP**

Chartered Accountants and Registered Auditors

London, UK

Date *2 October 2009.*

## MMOW LIMITED

### PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2008

	Notes	2008 £	2007 £
Income from fixed asset investments		3,900,000	-
Interest receivable and similar income	2	-	507,367
Interest payable and similar charges	3	<u>(17,525,017)</u>	<u>(1,584,868)</u>
<b>Loss on ordinary activities before taxation</b>	4	(13,625,017)	(1,077,501)
Tax credit/(charge) on loss on ordinary activities	6	<u>2,374,283</u>	<u>(4,159)</u>
<b>Loss on ordinary activities after taxation</b>		<u><u>(11,250,734)</u></u>	<u><u>(1,081,660)</u></u>

The company had no recognised gains or losses other than those reflected in the above profit and loss account for the current year. Accordingly, a statement of total recognised gains and losses has not been prepared.



# MMOW LIMITED

## BALANCE SHEET

As at 31 December 2008

	Notes	2008 £	2007 £
<b>FIXED ASSETS</b>			
Investments	7	<u>73,319,149</u>	<u>64,383,076</u>
<b>CURRENT ASSETS</b>			
Debtors falling due within one year	8	3,485,092	1,110,809
Debtors falling due after more than one year	9	<u>32,620</u>	<u>32,620</u>
		3,517,712	1,143,429
<b>CREDITORS: amounts falling due within one year</b>	10	<u>(40,365,400)</u>	<u>(28,080,869)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(36,847,688)</u>	<u>(26,937,440)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		36,471,461	37,445,636
<b>CREDITORS: amounts falling due after more than one year</b>	11	<u>(31,259,359)</u>	<u>(17,082,800)</u>
<b>NET ASSETS</b>		<u><u>5,212,102</u></u>	<u><u>20,362,836</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	100	100
Profit and loss account	13	(13,314,580)	1,836,154
Other reserves	13	<u>18,526,582</u>	<u>18,526,582</u>
<b>SHAREHOLDERS' FUNDS</b>		<u><u>5,212,102</u></u>	<u><u>20,362,836</u></u>

These financial statements were approved by the Board of Directors on **28 September 2009**

Signed on behalf of the Board of Directors



M CUNNINGHAM

Director

Date **28/9/9**

# **MMOW LIMITED**

## **NOTES TO THE ACCOUNTS** **Year Ended 31 December 2008**

### **1. ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with applicable United Kingdom law and accounting standards. The accounting policies adopted by the directors and applied consistently throughout the current and prior period, are summarised below.

#### **Basis of accounting**

The accounts have been prepared under the historical cost convention. The company has taken advantage of section 228A of the Companies Act 1985 and has not prepared group accounts. Consequently these financial statements contain information about the Company only and not its group.

#### **Going concern**

The directors have acknowledged the latest guidance on going concern. Whilst the current volatility in financial markets has created general uncertainty, the company has access to considerable financial resources from across the Marsh & McLennan Companies Inc. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquires and taking into consideration the profitability and financial position of the company, the directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the company has access to adequate resources to continue in operational existence for the foreseeable future based on a written commitment of financial support from its fellow group undertaking, Oliver Wyman Inc., which is legally binding. For this reason they continue to adopt the going concern basis in preparing the financial statements.

#### **Fixed asset investments**

Investments are shown at cost less any provision for impairment. Income from investments is included in the accounts of the year in which it is receivable.

#### **Current taxation**

Current tax, including UK corporation 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 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.

#### **Foreign exchange**

All foreign currency monetary assets and liabilities are recorded at the rate of exchange prevailing at the date of the balance sheet. Transactions in foreign currencies are recorded at the rates of exchange at the dates of the transactions. Translation gains or losses arising during the year are included in the profit and loss account.

#### **Cash flow statement**

The company has taken advantage of the exemption granted by paragraph 5(a) of Financial Reporting Standard 1 (Revised 1996), not to prepare a cash flow statement.

# MMOW LIMITED

## NOTES TO THE ACCOUNTS Year Ended 31 December 2008

### 2. INTEREST RECEIVABLE AND SIMILAR INCOME

	2008 £	2007 £
Gain on foreign exchange	<u>-</u>	<u>507,367</u>

### 3. INTEREST PAYABLE AND SIMILAR CHARGES

	2008 £	2007 £
Interest payable on intercompany loans	1,512,277	1,584,868
Unwinding of discount on deferred consideration	132,021	-
Foreign exchange loss arising on intercompany loans	<u>15,880,719</u>	<u>-</u>
	<u>17,525,017</u>	<u>1,584,868</u>

### 4. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2008 £	2007 £
<b>Loss on ordinary activities before taxation is stated after (charging)/crediting:</b>		
(Loss)/gain on foreign currencies	<u>(15,880,719)</u>	<u>507,367</u>

The auditors' remuneration for audit of the company was £5,000 (2007: £2,000). The auditors' remuneration was charged to Oliver Wyman Limited.

### 5. STAFF COSTS

There are no employees in the current or prior years.

The directors received no remuneration for their services to the company in either year.

# MMOW LIMITED

## NOTES TO THE ACCOUNTS Year Ended 31 December 2008

### 6. TAX (CREDIT)/CHARGE ON LOSS ON ORDINARY ACTIVITIES

	2008 £	2007 £
<b>(a) Analysis of (credit)/charge in year</b>		
<b>UK corporation tax / group relief</b>		
Group relief (recoverable)/payable	(2,374,283)	-
Adjustments in respect of previous periods	-	4,159
Foreign tax		
Unrelieved tax losses carried forward		
<b>Total current tax</b>	<b>(2,374,283)</b>	<b>4,159</b>
<b>Deferred tax</b>		
Originating and reversal of timing differences	-	-
<b>Total</b>	<b>(2,374,283)</b>	<b>4,159</b>

#### (b) Factors affecting the tax (credit)/charge for the year

The tax credit assessed for the year is lower than the standard rate of corporation tax in the UK of 28.5% (2007: 30%). The differences are explained below:

Loss on ordinary activities before tax	(13,625,017)	(1,077,501)
Loss on ordinary activities multiplied by standard rate of corporation tax of 28.5% (2007: 30%)	(3,883,130)	(323,250)
Effects of:		
Deferred tax not recognised	920,128	470,507
Group relief for nil consideration	-	(162,185)
Adjustments in respect of previous periods	-	4,159
UK to UK transfer pricing	1,633,424	-
UK dividend income	(1,111,500)	-
Expenses not deductible for tax purposes	66,795	14,928
<b>Total current tax (credit)/charge</b>	<b>(2,374,283)</b>	<b>4,159</b>

A deferred tax asset amounting to £1,983,276 (2007: £1,117,170) relating to short-term timing differences has not been recognised because, in the opinion of the directors, there will be no suitable taxable gains available in the foreseeable future.

# MMOW LIMITED

## NOTES TO THE ACCOUNTS Year Ended 31 December 2008

### 7. FIXED ASSET INVESTMENTS

Investment in subsidiary undertakings	2008 £	2007 £
Cost and net book value		
At 1 January	64,383,076	64,383,076
Additions	<u>8,936,073</u>	<u>-</u>
At 31 December	<u>73,319,149</u>	<u>64,383,076</u>

The company's principal subsidiary undertaking as at 31 December 2008 is Oliver Wyman Limited, registered in England and Wales. Oliver Wyman Limited is wholly owned by the company and has operations in the United Kingdom, Canada and Spain. The principal business activity of Oliver Wyman Limited is financial consultancy.

During the year, the company purchased 100% of the capital of Academee Limited (formerly Starpart Limited.) Academee Limited has operations in the United Kingdom and Singapore. The principal business activity of Academee Limited is executive learning.

### 8. DEBTORS FALLING DUE WITHIN ONE YEAR

	2008 £	2007 £
Amounts due from group undertakings - in respect of taxation	<u>3,485,092</u>	<u>1,110,809</u>

### 9. DEBTORS FALLING DUE AFTER MORE THAN ONE YEAR

	2008 £	2007 £
Other debtors		
Receivable from Marsh & McLennan	100	100
Receivable from Oliver Wyman Limited	<u>32,520</u>	<u>32,520</u>
	<u>32,620</u>	<u>32,620</u>

These receivables will be made available at the time of settlement of deferred consideration (see note 11) and solely for that purpose.

# MMOW LIMITED

## NOTES TO THE ACCOUNTS Year Ended 31 December 2008

### 10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £	2007 £
Other creditors	657,441	-
Amounts owed to group companies:		
Marsh Eurofinance BV - principal	38,944,334	27,293,083
Marsh Eurofinance BV - accrued interest	<u>763,624</u>	<u>787,786</u>
	<u>40,365,400</u>	<u>28,080,869</u>

On 13 June 2008 and 13 September 2008 the company refinanced its borrowings taken out to acquire Oliver Wyman Limited. This comprised \$54,119,454 from fellow group companies with terms as noted below:

Lender	Interest Rate	Principal in \$ (as at 31 December 2008)	Principal in \$ (as at 31 December 2007)	Principal in £ (as at 31 December 2008)	Principal in £ (as at 31 December 2007)
Marsh Eurofinance BV Loan #1	1 YR US Libor + 0.45%	41,411,132	39,046,785	28,123,984	19,691,757
Marsh Eurofinance BV Loan #2	1 YR US Libor + 0.45%	<u>15,932,414</u>	<u>15,072,669</u>	<u>10,820,350</u>	<u>7,601,326</u>
		<u>57,343,547</u>	<u>54,119,454</u>	<u>38,944,334</u>	<u>27,293,083</u>

The loans accrued interest of £1,512,277 in the year (2007 - £1,568,356).

### 11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2008 £	2007 £
Amount owed to subsidiary undertaking	28,848,706	17,082,800
Amount due in respect of deferred consideration	<u>2,410,653</u>	<u>-</u>
	<u>31,259,359</u>	<u>17,082,800</u>

# MMOW LIMITED

## NOTES TO THE ACCOUNTS Year Ended 31 December 2008

### 12. CALLED UP SHARE CAPITAL

	2008		2007	
	Number	£	Number	£
Authorised Ordinary shares of £1 each	100	100	100	100
Allotted, issued and fully paid up Ordinary shares of £1 each	100	100	100	100

### 13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	Share capital £	Other reserves £	Profit and loss account £	Total £	2007 £
At 1 January 2008	100	18,526,682	1,836,154	20,362,836	21,444,496
Loss for the financial year	-	-	(11,250,734)	(11,250,734)	(1,081,660)
Dividends paid on equity shares	-	-	(3,900,000)	(3,900,000)	-
At 31 December 2008	100	18,526,682	(13,314,580)	5,212,102	20,362,836

### 14. ULTIMATE PARENT UNDERTAKING

The ultimate parent company and controlling entity, in whose consolidated accounts the financial statements of MMOW Limited are included, 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 smallest group in which the financial statements of MMOW Limited are consolidated is that headed by Marsh & McLennan Companies Inc, incorporated in the State of Delaware, USA.

Oliver Wyman Consulting Ltd is the immediate parent company of MMOW Limited.

### 15. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption granted by paragraph 3(c) of FRS 8, Related Party Disclosures, not to disclose transactions with Marsh & McLennan Companies, Inc., or investees of the group qualifying as related parties.