

MARSH TREASURY SERVICES LIMITED

Report and Financial Statements

31 December 2008

TUESDAY



A09 *AFPPZCBP* 151
11/08/2009
COMPANIES HOUSE

MARSH TREASURY SERVICES LIMITED

REPORT AND FINANCIAL STATEMENTS 2008

CONTENTS

	Page
DIRECTORS' REPORT	1
STATEMENT OF DIRECTORS' RESPONSIBILITIES	4
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MARSH TREASURY SERVICES LIMITED	5
PROFIT AND LOSS ACCOUNT	7
BALANCE SHEET	8
NOTES TO THE ACCOUNTS	9

MARSH TREASURY SERVICES LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of Marsh Treasury Services Limited ('the Company') for the year ended 31 December 2008.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

Marsh Treasury Services Limited manages the treasury functions of the Marsh & McLennan Companies, Inc. companies within the United Kingdom.

The Company operates from the UK and provides loans to and receives loans from other group companies. Interest is receivable and payable from these activities, together with some fee income. The Company also performs foreign exchange functions for Marsh & McLennan Companies, Inc. companies within the United Kingdom.

The key financial and other performance indicators of the Company are as follows:

	2008 £'000	2007 £'000	Movement £'000	Movement %
Interest receivable and other income	152,377	18,033	134,344	745.0%
Interest payable and similar charges	25,341	15,417	9,924	64.4%
Operating profit before exceptional item	127,036	2,616	124,420	4756.1%
Net assets	121,254	64,830	56,424	87.0%

During the year interest receivable and other income increased by significantly. This was mainly as a result of the revaluation of the Company's US \$ cash balances. The large appreciation in the US \$ resulted in a foreign exchange gain of £135 million. A small loss was realised for the prior period. Interest payable and similar charges increased by 64.4%, as a result of increased borrowings.

FORGIVENESS OF DEBT

On 1 December 2008, the Company forgave a £49,801,000 loan to MMC UK Group Limited, a group company.

FUTURE DEVELOPMENTS

The activities of the Company are expected to continue along similar lines for the foreseeable future.

GOING CONCERN

The directors acknowledge the latest guidance on going concern. The Company continues to monitor the current economic and business environment. The Company has adequate liquid resources for the moment. Accordingly the directors continue to adopt the going concern basis in preparing the annual report and accounts.

RESULTS AND DIVIDEND

The results of the Company for the financial year ended 31 December 2008 are set out on page 7.

The profit for the year of £56,424,000 has been transferred to reserves (2007: profit £3,267,000).

No interim dividend was paid in the year (2007: £nil).

The directors do not recommend the payment of a final dividend (2007: £nil).

DIRECTORS' REPORT (continued)

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 for the Company are currency risk, credit risk and liquidity/cash flow risk.

Currency risk

The Company is exposed to currency risk in respect of revenue as well as assets and liabilities denominated in currencies other than pounds sterling. The most significant currencies to which the Company is exposed are the Euro and the US Dollar. The Company seeks to mitigate the risk as far as possible by matching the estimated foreign currency denominated liabilities with assets denominated in the same currency.

Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The main areas where the Company is exposed to credit risk are amounts due from other group companies in respect of inter-company loans and other balances; and cash.

The Company mitigates its credit risk for cash by only depositing money in institutions with a sufficiently high credit rating. The credit rating required is that demanded by our ultimate parent company. In addition, the Company has investment guidelines that restrict the amount of the investment portfolio that can be placed with a single institution.

The Company mitigates its credit risk in respect of inter-company items mentioned above by monitoring the debts created and ability to pay.

Liquidity/cash flow risk

Liquidity and cash flow risk is the risk that cash may not be available to pay obligations when due. The Company maintains regular contact with its inter-company creditors to ensure that any obligations that fall due can be met from existing cash resources or from alternative sources of inter-company financing.

EMPLOYEES

All contracts of employment and the remuneration of employees are maintained by a fellow subsidiary Marsh Services Limited. Further details regarding employee involvement is given in the Directors' Report of Marsh Services Limited.

DIRECTORS

The directors who served throughout the year under review are as follows:

A K Cameron	(Appointed 31 October 2008)
P J Haggerty	
B J Howett	(Resigned 23 January 2008)
M A Vassanelli	(Appointed 23 January 2008, Resigned 31 October 2008)

INDEMNITY

The Company has put in place an indemnity in the Articles of Association to indemnify directors and officers of the Company against losses or liabilities sustained in the execution of their duties of office. The indemnity is a qualifying third party indemnity provision under s309A and s309B of the Companies Act 1985, as amended by the Companies (Audit, Investigations and Community Enterprise) Act 2004.

DIRECTORS' REPORT (continued)

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 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 read 'W P Marsh', is written over the printed name and title.

W P Marsh
Secretary

4 August 2009

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 judgements 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 MARSH TREASURY SERVICES LIMITED

We have audited the financial statements of Marsh Treasury Services Limited for the year ended 31 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

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 MARSH TREASURY SERVICES 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 2008 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 LLP

Deloitte LLP
Chartered Accountants and Registered Auditors
London
United Kingdom

4 August 2009

MARSH TREASURY SERVICES LIMITED**PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2008**

	Notes	2008 £'000	2007 £'000
TURNOVER			
Interest receivable and other income	3	152,377	18,033
Interest payable and similar charges	4	(25,341)	(15,417)
Exceptional item – Debt forgiven	5	(49,801)	-
OPERATING EXPENSES		<u>(75,142)</u>	<u>(15,417)</u>
OPERATING PROFIT AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			
		77,235	2,616
Tax (charge)/credit on profit on ordinary activities	6	(20,811)	651
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	11	<u>56,424</u>	<u>3,267</u>

All transactions derive from continuing operations.

There are no recognised gains or losses nor movements in shareholders' funds in the current or preceding financial years other than those disclosed in the profit and loss account. Accordingly, no statement of total recognised gains and losses is given.

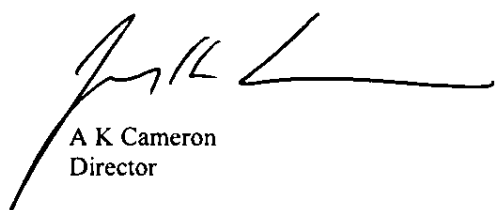
MARSH TREASURY SERVICES LIMITED

BALANCE SHEET
31 December 2008

	Notes	2008 £'000	2007 £'000
FIXED ASSETS			
Other investments	7	<u>2,178</u>	<u>2,178</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	8	306,148	428,351
Debtors: amounts falling due after more than one year	8	1,262	1,288
Cash at bank and in hand		649,406	266,404
		<u>956,816</u>	<u>696,043</u>
CREDITORS: amounts falling due within one year	9	<u>(837,740)</u>	<u>(633,391)</u>
NET CURRENT ASSETS		<u>119,076</u>	<u>62,652</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>121,254</u>	<u>64,830</u>
CAPITAL AND RESERVES			
Called up share capital	10	42,732	42,732
Share premium account	11	1,694	1,694
Profit and loss account	11	76,828	20,404
SHAREHOLDERS' FUNDS	12	<u>121,254</u>	<u>64,830</u>

The financial statements were approved by the Board of Directors and authorised for issue on 4 August 2009.

They were signed on its behalf by:



A K Cameron
Director

4 August 2009

NOTES TO THE ACCOUNTS
Year ended 31 December 2008

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted and applied consistently throughout the current and prior years are described below.

Going Concern

The directors acknowledge the latest guidance on going concern. The Company continues to monitor the uncertainty in the current economic and business environment. The Company has adequate liquid resources for the moment. Accordingly the directors continue to adopt the going concern basis in preparing the annual report and accounts.

Turnover

Turnover comprises interest, dividends and fee income. Interest and fee income are recognised as they are earned on an accruals basis and dividends from subsidiary undertakings are accounted for when declared.

Investments

Fixed asset investments are stated at cost less impairment.

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 tax

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.

Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Foreign currency transactions are translated into sterling at the rates of exchange at the dates the transactions occurred.

All gains and losses arising from foreign exchange transactions are recognised in the profit and loss account.

Cash flow statement

The Company is exempt from producing a cash flow statement under FRS1 (revised) "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.

MARSH TREASURY SERVICES LIMITED

NOTES TO THE ACCOUNTS (continued)

Year ended 31 December 2008

2. INFORMATION REGARDING DIRECTORS, EMPLOYEES AND AUDIT FEES

The directors are employees of Marsh Services Limited and are remunerated by that company for their services to the group as a whole and they receive no remuneration for their services as directors of this company (2007: £nil). The Company had no other employees during the current and prior year.

The audit fee and annual filing fees were borne by a fellow subsidiary undertaking during the year. The audit fee attributable to this company is £55,000 (2007: £52,500). No other services were provided to this company by the Company's auditors in the current or prior year.

3. INTEREST RECEIVABLE AND OTHER INCOME

	2008 £'000	2007 £'000
Foreign exchange gains	135,325	-
Interest receivable from group undertakings	15,231	17,483
Fee income	320	169
Other income receivable	1,501	381
	152,377	18,033

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2008 £'000	2007 £'000
Interest payable to group undertakings	5,983	7,396
Interest payable to external parties	19,373	6,554
Bank charges and other	(15)	40
	25,341	13,990
Foreign exchange losses	-	1,427
	25,341	15,417

5. EXCEPTIONAL ITEM – DEBT FORGIVEN

	2008 £'000	2007 £'000
Debt forgiven	49,801	-
	49,801	-

On 1 December 2008, the Company forgave a £49,801,000 loan to MMC UK Group Limited, a group company.

NOTES TO THE ACCOUNTS (continued)
Year ended 31 December 2008

6. TAX CHARGE/(CREDIT) ON PROFIT ON ORDINARY ACTIVITIES

The rate of corporation tax reduced from 30% to 28% from 1 April 2008, producing a statutory rate of 28.5% for the year to 31 December 2008. Deferred tax balances have been set up using the statutory rate for the year in which they are expected to reverse.

The taxation charge/(credit) comprises:

	2008 £'000	2007 £'000
United Kingdom corporation tax at 28.5% (2007: 30%)	4,782	(2,630)
Group relief	16,121	-
Foreign tax	33	30
	<u>20,936</u>	<u>(2,600)</u>
Prior year adjustment	(125)	1,949
Total tax on profit on ordinary activities	<u>20,811</u>	<u>(651)</u>

The tax charge (2007: credit) of £20,811,000 (2007: £651,000) is lower (2007: lower) than that resulting from applying the standard rate of corporation tax in the UK in 2008 of 28.5% (2007: 30%).

The differences are explained below:

	2008 %	2007 %
Standard tax rate for year as a percentage of profits	28.5	30.0
Effects of:		
Expenses not deductible for tax purposes	18.4	0.8
Overseas tax	-	1.2
UK to UK transfer pricing adjustment	(0.4)	(198.9)
Adjustment in respect of prior years	(0.2)	74.5
Group Relief for nil consideration	(19.4)	67.5
Current tax rate for year as a percentage of profits	<u>26.9</u>	<u>(24.9)</u>

The UK to UK transfer pricing item relates to the need to reflect arms length prices for tax purposes to all inter group transactions.

The adjustment in respect of prior years relates to group relief for nil consideration with a fellow group company.

MARSH TREASURY SERVICES LIMITED

NOTES TO THE ACCOUNTS (continued)
Year ended 31 December 2008

7. FIXED ASSETS

	2008	2007
	£'000	£'000
Other investment	2,178	2,178
	<u>2,178</u>	<u>2,178</u>

The Company's principal investment at 31 December 2008 was:

	<u>Principal activity</u>	<u>Country of incorporation</u>	<u>Class of share and percentage held</u>
Marsh Mercer Holdings Australia Pty Limited	Holding Company	Australia	Ordinary (1.2%)

In the opinion of the directors of the Company, the value of shares in, or amounts owing from the Company's fixed asset investments is not less than the amounts at which these assets are included in the balance sheet.

8. DEBTORS

	2008	2007
	£'000	£'000
Amounts falling due after more than one year		
Amounts owed by group undertakings	1,262	1,288
Amounts falling due within one year		
Amounts owed by group undertakings	302,980	423,766
Amounts recoverable from group undertakings in respect of taxation	3,091	4,557
Other debtors	77	28
	<u>306,148</u>	<u>428,351</u>
	<u>307,410</u>	<u>429,639</u>

9. CREDITORS

	2008	2007
	£'000	£'000
Amounts falling due within one year		
Bank overdraft	577,277	402,038
Amounts owed to group undertakings	236,387	215,698
Corporation tax	4,782	-
Amounts owed to group undertakings in respect of taxation	18,004	14,741
Accruals and deferred income	1,290	914
	<u>837,740</u>	<u>633,391</u>

10. CALLED UP SHARE CAPITAL

	2008	2007
	£'000	£'000
Authorised		
52,000,000 (2007: 52,000,000) ordinary shares of £1 each	52,000	52,000
Allotted, called up and fully paid		
42,731,850 (2007: 42,731,850) ordinary shares of £1 each	42,732	42,732

NOTES TO THE ACCOUNTS (continued)
Year ended 31 December 2008

11. RESERVES

	Share premium £'000	Profit and loss account £'000	Total £'000
As at 1 January 2008	1,694	20,404	22,098
Profit for the financial year	-	56,424	56,424
As at 31 December 2008	<u>1,694</u>	<u>76,828</u>	<u>78,522</u>

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008 £'000	2007 £'000
Profit for the financial year	56,424	3,267
Net addition to shareholders' funds	56,424	3,267
Opening shareholders' funds	64,830	61,563
Closing shareholders' funds	<u>121,254</u>	<u>64,830</u>

13. RELATED PARTY TRANSACTIONS

Advantage has been taken of the exemption under FRS8 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, whose consolidated financial statements are publicly available. There were no other related party transactions during the year.

14. CONTINGENT LIABILITIES

The Company participates in cash pooling arrangements with banks. Each member of the pool guarantees against all losses incurred as a result of the failure of any other pool member. The maximum liability of the Company is the total amount of its pooled funds at any point in time. The other members of the pooling arrangements are companies owned by Marsh & McLennan Companies, Inc.

The Company has extended a counter-indemnity to Marsh Limited in respect of an indemnity Marsh Limited extended to J.P. Morgan to enable the Company to make payments on J.P. Morgan Multibank Payments services on behalf of Marsh Ireland Limited.

NOTES TO THE ACCOUNTS (continued)
Year ended 31 December 2008

15. IMMEDIATE AND ULTIMATE PARENT COMPANY

The immediate parent company is Sedgwick Group Limited, registered in England and Wales. The Company's ultimate parent company and controlling entity is Marsh & McLennan Companies, Inc., incorporated in Delaware, USA.

The smallest and largest group in which the results of Marsh Treasury Services Limited 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