

REINSURANCE SOLUTIONS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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REINSURANCE SOLUTIONS LIMITED

COMPANY INFORMATION

DIRECTORS

S J Goate
C D Johnson
M A Langridge
A K Quilter

COMPANY SECRETARY

R&Q Central Services Limited

REGISTERED NUMBER

01199219

REGISTERED OFFICE

110 Fenchurch Street
London
EC3M 5JT

INDEPENDENT AUDITORS

PKF Littlejohn LLP
Statutory Auditor
1 Westferry Circus
Canary Wharf
London
E14 4HD

BANKERS

National Westminster Bank Plc
PO Box 12258
1 Princes Street
London
EC2R 8PA

REINSURANCE SOLUTIONS LIMITED

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REINSURANCE SOLUTIONS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

The Directors present their report and the financial statements for the year ended 31 December 2014.

DIRECTORS

The Directors who served during the year were:

Y A Eatwell (resigned 6 November 2014)
S J Goate
C D Johnson
M A Langridge
A K Quilter

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

As permitted by the Companies Act 2006, an insurance policy has been purchased on a Group basis which covers the Directors of the Company.

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Directors' 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). Under company law the Directors must not approve the financial statements unless they are satisfied that they 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 accounting 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;
- 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 adequate accounting records that are sufficient to show and explain the Company's transactions and 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 2006. 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.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

REINSURANCE SOLUTIONS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014**

AUDITORS

Under section 487(2) of the Companies Act 2006, PKF Littlejohn LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

On behalf of M. Craig M. RANOA CRAIG
R&Q Central Services Limited
Secretary

Date: 14 April 2015

REINSURANCE SOLUTIONS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF REINSURANCE SOLUTIONS LIMITED

We have audited the financial statements of Reinsurance Solutions Limited for the year ended 31 December 2014, which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's shareholder in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's shareholder 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 shareholder for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

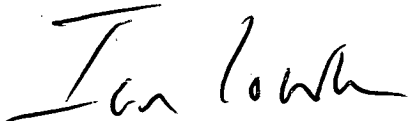
REINSURANCE SOLUTIONS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF REINSURANCE SOLUTIONS LIMITED

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Directors' Report.



Ian Cowan (Senior Statutory Auditor)

for and on behalf of

PKF Littlejohn LLP

Statutory Auditor

London

Date: 16 April 2015

REINSURANCE SOLUTIONS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	2014 £	2013 £
TURNOVER	1,2	2,657,638	2,968,856
Administrative expenses		<u>(2,564,667)</u>	<u>(2,412,412)</u>
OPERATING PROFIT	3	92,971	556,444
Interest receivable and similar income	6	68,275	47,794
Interest payable and similar charges	7	<u>(66,788)</u>	<u>(46,339)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		94,458	557,899
Tax on profit on ordinary activities	8	<u>(29,021)</u>	<u>(1,420)</u>
PROFIT FOR THE FINANCIAL YEAR	13	<u>65,437</u>	<u>556,479</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and Loss Account.

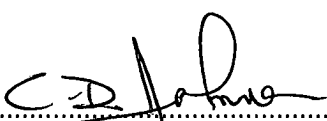
The notes on pages 7 to 12 form part of these financial statements.

REINSURANCE SOLUTIONS LIMITED
REGISTERED NUMBER: 01199219

BALANCE SHEET
AS AT 31 DECEMBER 2014

	Note	£	2014 £	£	2013 £
CURRENT ASSETS					
Debtors	10	1,483,131		1,502,776	
Cash at bank		31,538		285,805	
		<u>1,514,669</u>		<u>1,788,581</u>	
CREDITORS: amounts falling due within one year	11	(256,683)		(596,032)	
NET CURRENT ASSETS			<u>1,257,986</u>		<u>1,192,549</u>
NET ASSETS			<u>1,257,986</u>		<u>1,192,549</u>
CAPITAL AND RESERVES					
Called up share capital	12		20,000		20,000
Profit and loss account	13		1,237,986		1,172,549
SHAREHOLDER'S FUNDS	14		<u>1,257,986</u>		<u>1,192,549</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



 C D Johnson
 Director

Date:

The notes on pages 7 to 12 form part of these financial statements.

REINSURANCE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 Going concern

The Directors have assessed the position of the Company and it is expected to be able to meet its liabilities as they fall due. The Directors believe that no material uncertainty exists that may cast significant doubts over the ability of the Company to continue as a going concern. Therefore, the Company's Directors have reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future.

1.3 Cash flow

The Company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the Group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.4 Turnover

Turnover comprises revenue recognised by the Company in respect of services supplied during the year, exclusive of Value Added Tax and trade discounts.

Turnover represents fees and net commissions arising from the Company's principal activities of supplying claims and premium collection services to reinsurance participants.

Fees receivable in respect of advisory services are recognised when the right to such fees are established and the services concerned have been performed.

Reinsurance or premium commission income is recognised when the collections have been made.

Credit write-back income is recognised when board approval supported by an external legal opinion is obtained.

1.5 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

REINSURANCE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES (continued)

1.6 Foreign currencies

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

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and Loss Account.

2. TURNOVER

An analysis of turnover by class of business is as follows:

	2014 £	2013 £
Fee income	1,257,629	1,092,303
Commission income	326,720	513,120
Credit write-backs	1,070,493	1,232,676
Recharged expenses	2,796	130,757
	<u>2,657,638</u>	<u>2,968,856</u>

A geographical analysis of turnover is as follows:

	2014 £	2013 £
United Kingdom	2,522,545	2,835,915
Rest of world	135,093	132,941
	<u>2,657,638</u>	<u>2,968,856</u>

3. OPERATING PROFIT

The operating profit is stated after (crediting)/charging:

	2014 £	2013 £
Difference on foreign exchange	<u>(151,789)</u>	<u>56,757</u>

REINSURANCE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

4. AUDITORS' REMUNERATION

	2014 £	2013 £
Fees payable to the Company's auditor and its associates for the audit of the Company's financial statements	<u>16,000</u>	<u>16,000</u>

5. STAFF COSTS

Costs are recharged to each company by means of a Group recharge. Full staff costs are disclosed in the employing company R&Q Insurance Services Limited.

6. INTEREST RECEIVABLE

	2014 £	2013 £
Interest receivable from group companies	68,275	27,150
Other interest receivable	-	20,644
	<u>68,275</u>	<u>47,794</u>

7. INTEREST PAYABLE

	2014 £	2013 £
On loans from group undertakings	<u>66,788</u>	<u>46,339</u>

8. TAXATION

Provision has been made in the financial statements for corporation tax at current rates on the assessable profits for the year. Group taxation relief relates to amounts payable for losses surrendered by other Group companies

	2014 £	2013 £
Group taxation relief	29,021	1,420
Tax on profit on ordinary activities	<u>29,021</u>	<u>1,420</u>

REINSURANCE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

8. TAXATION (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2013 - *lower than*) the standard rate of corporation tax in the UK of 21.5% (2013 - 23.25%). The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before tax	94,458	557,899
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (2013 - 23.25%)	20,302	129,692
Effects of:		
Expenses not deductible for tax purposes	9	257
Capital allowances in excess of depreciation	(259)	(343)
Transfer pricing adjustment	8,969	-
Non payment for losses surrendered as group relief	-	(128,186)
Current tax charge for the year (see note above)	29,021	1,420

Factors that may affect future tax charges

In the Finance Bill 2013 it was announced that the main rate of UK corporation tax would reduce from 23% to 21% from 1 April 2014, and to 20% from 1 April 2015. The Bill was substantially enacted on 2 July 2013.

The Company's 2014 profits are taxed at an effective rate of 21.5%.

9. DEFERRED TAX

Details of the deferred tax at 20% not provided in the financial statements are given below. The deferred tax asset is not recognised due to its immateriality.

	2014 £	2013 £
Decelerated capital allowances	(1,101)	(1,342)

10. DEBTORS

	2014 £	2013 £
Trade debtors	342,813	238,110
Amounts owed by group undertakings	575,589	296,225
Other debtors	3,500	-
Prepayments and accrued income	561,229	968,441
	1,483,131	1,502,776

REINSURANCE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

11. CREDITORS:

Amounts falling due within one year

	2014 £	2013 £
Amounts owed to group undertakings	241,483	493,251
Other taxation and social security	-	3,765
Accruals and deferred income	15,200	99,016
	<u>256,683</u>	<u>596,032</u>

12. SHARE CAPITAL

	2014 £	2013 £
Allotted, called up and fully paid		
20,000 Ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>

13. RESERVES

	Profit and loss account £
At 1 January 2014	1,172,549
Profit for the financial year	65,437
	<u>1,237,986</u>
At 31 December 2014	

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

	2014 £	2013 £
Opening shareholder's funds	1,192,549	636,070
Profit for the financial year	65,437	556,479
	<u>1,257,986</u>	<u>1,192,549</u>
Closing shareholder's funds		

15. RELATED PARTY TRANSACTIONS

The Company has taken advantage of provisions in FRS8 which allows the Company not to disclose transactions with other Group entities where all subsidiaries that are party to the transaction are wholly owned by a member group.

REINSURANCE SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

16. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is Randall & Quilter IS Holdings Limited, which is registered in England and Wales.

Group financial statements are prepared by the ultimate parent undertaking, Randall & Quilter Investment Holdings Ltd., a company registered in Bermuda, and can be obtained from 110 Fenchurch Street, London, EC3M 5JT.

17. INSURANCE BALANCES

The Company acts as a replacement broker and a cash balance of £2,762,000 (2013 - £4,481,000) is held by R&Q Insurance Services Limited under trust on behalf of Reinsurance Solutions Limited to meet its insurance broking liabilities.

The Company acts as an agent in the provision of its claims and premiums collection services to insurance and reinsurance participants and is not liable as a principal for premiums due to underwriters or for any claims payable to clients. As at 31 December 2014 net balances owed to clients by underwriters totalled approximately £2.6m (2013: £4.4m). These balances are not included in the Company's financial statements. The trade debtors included in these financial statements represent the fees and commissions receivable by the Company at the balance sheet date.