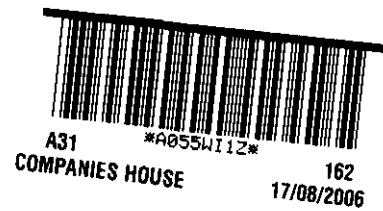


Randall & Quilter Consultants Limited

**Annual Report and Financial Statements for the
year ended 31 December 2005**

The Company's registration number is 4179375



Annual Report and Financial Statements for the year ended 31 December 2005

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Directors and Advisers

Directors

K. E. Randall
A. K. Quilter

Secretary

J. Watt

Registered Office

9-13 Fenchurch Buildings
London
EC3M 5HR

Bankers

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

Auditors

CLB Littlejohn Frazer
1 Park Place
Canary Wharf
London, E14 4HJ

Registered Number

4179375

Report of the Directors For the year ended 31 December 2005

The Directors have pleasure in presenting their Report together with the audited financial statements for the year ended 31 December 2005.

Principal Activities

The Company's principal activity is the provision of services in connection with the international insurance and reinsurance industry.

Review of the Business and Future Developments

The profit and loss account for the year ended 31 December 2005 is set out on page 6.

The Directors are satisfied with the Company's progress to date and expect the Company to continue operating profitably in the future.

No dividend was paid or declared in the year ended 31 December 2005 (2004: £nil).

Directors and their interests in shares

The Directors and their interests in the share capital of the Company are:

	31 December 2005 Ordinary Shares £1 each	31 December 2004 Ordinary Shares £1 each
K. E. Randall	-	-
A. K. Quilter	-	-

The interests of the Directors in the share capital of the ultimate parent undertaking are shown in that Company's financial statements.

Directors' and Officers' Liability Insurance

As permitted by the Companies Act 1985, an insurance policy has been purchased on a group basis which covers the Directors of the Company.

Charitable Donation

The Company made charitable donations amounting to £580 in the year (2004: £nil).

Auditors

Littlejohn Frazer have changed their name to CLB Littlejohn Frazer. A resolution to reappoint CLB Littlejohn Frazer as auditors will be proposed at the forthcoming Annual General Meeting.

Statement of Directors' Responsibilities

Company law requires 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 year.

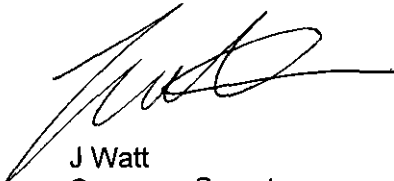
**Report of the Directors
For the year ended 31 December 2005 (Continued)**

Statement of Directors' Responsibilities (Continued)

The Directors confirm that suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates have been used in the preparation of the financial statements. The Directors also confirm that applicable accounting standards have been followed subject to any material departures disclosed and explained in the notes to the financial statements.

The Directors have prepared the financial statements on the going concern basis and have kept proper accounting records which 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. The Directors are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By Order of the Board



J Watt
Company Secretary

7 April 2006

Independent Auditors Report to the Shareholders of Randall & Quilter Consultants Limited

We have audited the Financial Statements of Randall & Quilter Consultants Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 16. These Financial Statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's shareholders, 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 shareholders those matters we are required to state to them in an auditor's 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 shareholders 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 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 if, in our opinion, the Report of the Directors 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 other transactions is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Opinion

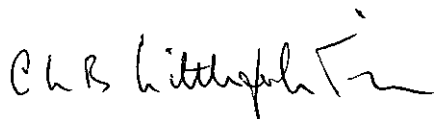
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the 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.

**Independent Auditors Report to the Shareholders of
Randall & Quilter Consultants 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 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



CLB Littlejohn Frazer
Chartered Accountants
and Registered Auditors
10 April 2006

1 Park Place
Canary Wharf
London E14 4HJ

Profit and loss account
For the year ended 31 December 2005

	Notes	2005 £	2004 £
Turnover	2	1,368,522	1,436,816
Net operating expenses		(1,242,865)	(1,422,945)
Profit on ordinary activities before interest	3	125,657	13,871
Interest receivable		1,008	227
Profit on ordinary activities before taxation		126,665	14,098
Taxation on profit on ordinary activities	6	45,979	10,475
Profit on ordinary activities after taxation		80,686	3,623
Retained profit brought forward		7,401	3,778
Retained profit carried forward		88,087	7,401

The Company has no recognised gains and losses other than the profit above and therefore no separate statement of total recognised gains and losses.

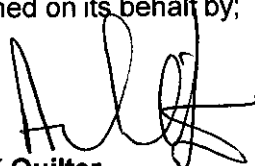
All operations are continuing.

The accounting policies and notes on pages 8 to 13 form part of these financial statements.

Balance sheet
As at 31 December 2005

	Note	2005 £	2004 £
Fixed Assets			
Intangible assets		3	3
Tangible assets	7	<u>20,179</u>	<u>19,992</u>
		20,182	19,995
Current Assets			
Investments	8	-	-
Debtors	9	682,663	1,683,044
Cash at bank and in hand		<u>-</u>	<u>200</u>
		682,663	1,683,244
Creditors: amounts falling due within one year	10	<u>(614,658)</u>	<u>(1,695,738)</u>
Net current assets/(liabilities)		68,005	(12,494)
Total net assets		<u>88,187</u>	<u>7,501</u>
Capital and Reserves			
Called up share capital	11	100	100
Profit and loss account		88,087	7,401
Equity Shareholders' funds	12	<u>88,187</u>	<u>7,501</u>

The financial statements were approved by the Board of Directors on 7 April 2006 and were signed on its behalf by;


A K Quilter
Director

The accounting policies and notes on pages 8 to 13 form part of these financial statements.

Notes to the financial statements For the year ended 31 December 2005

1. Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared under the historical cost basis of accounting.

Turnover

Turnover represents the value of management and consultancy fees receivable exclusive of value added tax. Management and consultancy fees are recognised when the right to such fees is established through a contract and the services concerned have been performed.

Depreciation

Depreciation is calculated so as to write off the costs of all tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic life of the assets concerned. The principal rates used for this purpose are:

	%
Computer equipment	33 $\frac{1}{3}$
Motor vehicles	25
Office equipment	25
Furniture & fittings	25

Investments

Current asset investments are stated at the lower of cost and net realisable value as determined by the directors.

Foreign currencies

Transactions in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions; monetary assets and liabilities at the Balance Sheet date are translated at year-end rates of exchange. All exchange differences thus arising are included in the profit and loss account.

Cash flow statement

The Company is exempt from preparing a cash flow statement under Financial Reporting Standard No 1 as it is a wholly owned by Randall & Quilter Investment Holdings Limited and the results and cash flows of the company have been consolidated into that company's financial statements.

Notes to the financial statements
For the year ended 31 December 2005 (Continued)

1. Principal accounting policies (Continued)

Deferred Taxation

Deferred taxation 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.

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 have not been discounted.

Pensions

The Company makes pension contributions to the personal pension plans of certain employees. The assets of the plans are administered separately from the Company's. The Company contributions are limited to the amounts payable.

Operating leases

Costs in respect of operating leases are charged in the profit and loss account on a straight-line basis over the lease term.

2. Turnover

Turnover arises from the Company's principal activity and is attributable to continuing operations.

	2005	2004
	£	£
Turnover by geographical market:		
United Kingdom	1,290,036	1,163,618
Rest of the World	78,486	273,198
	<u>1,368,522</u>	<u>1,436,816</u>

3. Profit on ordinary activities before interest

	2005	2004
	£	£
This is stated after charging:		
Auditors' remuneration		
- for audit	16,000	24,500
Depreciation	12,018	12,546
Exchange (gain)/loss	(3,237)	5,884
Operating leases – plant & machinery	<u>2,575</u>	<u>1,960</u>

Notes to the financial statements
For the year ended 31 December 2005 (Continued)

4. Staff costs	2005 £	2004 £
Wages and salaries	745,765	853,803
Social security costs	87,893	109,869
Pension contributions	32,461	33,383
	<u>866,119</u>	<u>997,055</u>

The average number of persons whose employment costs were charged to the Company during the year was:

	2005 No.	2004 No.
Management services/Consultancy	7	7
Office management	2	2
Total	<u>9</u>	<u>9</u>

5. Directors' emoluments	2005 £	2004 £
Aggregate emoluments	384,412	482,055
Company pension contribution	18,750	16,875
	<u>403,162</u>	<u>498,930</u>

Retirement benefits are accruing to 1 director under a defined contribution pension scheme (2004: 1 director).

Highest paid director:	2005 £	2004 £
Aggregate emoluments	244,435	290,595
Company pension contribution	-	-
	<u>244,435</u>	<u>290,595</u>

6. Taxation

(a) The charge for taxation in the profit and loss account comprises the following:

	2005 £	2004 £
Current tax:		
Group relief payable	45,979	10,475
Tax on profit on ordinary activities	<u>45,979</u>	<u>10,475</u>

Notes to the financial statements
For the year ended 31 December 2005 (Continued)

6. Taxation (continued)

(b) Factors affecting tax charge for the year

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	2005 £	2004 £
Profit on ordinary activities before tax	<u>126,665</u>	<u>14,098</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2004: 30%)	37,999	4,229
Effects of:		
Depreciation in excess of capital allowances	691	1,357
Expenses not deductible for tax purposes	7,289	4,889
Current tax charge for year	<u>45,979</u>	<u>10,475</u>

(c) Details of the deferred tax asset not provided in the financial statements are given below:

	2005 £	2004 £
Decelerated capital allowances	(1,033)	(342)
Capital losses carried forward	<u>(9,000)</u>	<u>(9,000)</u>
Provision at the end of the period	<u>(10,033)</u>	<u>(9,342)</u>

7. Tangible fixed assets

	Computers £	Furniture & fittings and office equipment £	Motor Vehicles £	Total £
Cost				
At 1 January 2005	35,232	25,878	5,000	66,110
Additions	<u>6,705</u>	<u>5,500</u>	<u>-</u>	<u>12,205</u>
At 31 December 2005	<u>41,937</u>	<u>31,378</u>	<u>5,000</u>	<u>78,315</u>
Depreciation				
At 1 January 2005	28,020	13,098	5,000	46,118
Charge for the year	<u>5,670</u>	<u>6,348</u>	<u>-</u>	<u>12,018</u>
At 31 December 2005	<u>33,690</u>	<u>19,446</u>	<u>5,000</u>	<u>58,136</u>
Net Book Value at 31 December 2005	<u>8,247</u>	<u>11,932</u>	<u>-</u>	<u>20,179</u>
Net Book Value at 31 December 2004	<u>7,212</u>	<u>12,780</u>	<u>-</u>	<u>19,992</u>

Notes to the financial statements
For the year ended 31 December 2005 (Continued)

8. Current assets – investments	2005 £	2004 £
Unlisted	20,000	20,000
Provision for diminution in value	(20,000)	(20,000)
Unlisted net of provision	-	-
9. Debtors	2005 £	2004 £
Trade debtors	76,253	132,355
Amounts due from group undertakings	303,039	1,381,376
Other debtors	31,289	12,323
Prepayments and accrued income	272,082	156,990
	<u>682,663</u>	<u>1,683,044</u>
10. Creditors: amounts falling due within one year	2005 £	2004 £
Bank overdraft	59,283	3,660
Trade creditors	16,749	40,825
Amounts due to group undertakings	122,689	1,262,197
Other taxes and social security	151,215	85,244
Accruals	264,722	303,812
	<u>614,658</u>	<u>1,695,738</u>
11. Called up share capital	2005 £	2004 £
Authorised 1,000 Ordinary Shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid: 100 Ordinary Shares of £1 each	<u>100</u>	<u>100</u>
12. Reconciliation of movement in Shareholders' Funds	2005 £	2004 £
Profit for the financial year	80,686	3,623
Opening Shareholders' funds	<u>7,501</u>	<u>3,878</u>
Closing Shareholders' funds	<u>88,187</u>	<u>7,501</u>

Notes to the financial statements
For the year ended 31 December 2005 (Continued)

13. Financial commitments

The operating lease payments payable within one year of the balance sheet date are in respect of leases expiring:

	2005		2004	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Between two and five years	-	2	-	3

14. Related party transactions

- (i) The Company is a wholly owned subsidiary of and controlled by Randall & Quilter Investment Holdings Limited ("RQIH") and has taken advantage of the provision in Financial Reporting Standard No 8 which allows the Company not to disclose transactions with other consolidated group companies qualifying as related parties.
- (ii) There are no other related party transactions requiring disclosure.

15. Inter Company Guarantee and Debenture

On 3 March 2006 the Company entered into a guarantee agreement and debenture arrangement with its Bankers (NatWest), along with its parent company RQIH and its fellow subsidiary Cavell Management Services Limited in respect of all liabilities to the bank owed by those companies.

16. Ultimate parent undertaking

Group financial statements are prepared by the parent and ultimate parent undertaking, Randall & Quilter Investment Holdings Limited, a Company registered in England & Wales and can be obtained from 9-13 Fenchurch Buildings, London, EC3M 5HR.