

**Randall & Quilter Consultants Limited**

**Annual Report and Financial Statements for the  
year ended 31 December 2006**

**The Company's registration number is 4179375**



**Financial Statements - for the year ended 31 December 2006**

	<b>Pages</b>
<b>Directors and Advisers</b>	<b>1</b>
<b>Report of the Directors</b>	<b>2-3</b>
<b>Independent Auditors' Report</b>	<b>4-5</b>
<b>Profit and loss account</b>	<b>6</b>
<b>Balance sheet</b>	<b>7</b>
<b>Notes to the financial statements</b>	<b>8-14</b>

## **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

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## **Report of the Directors**

### **For the year ended 31 December 2006**

The Directors have pleasure in presenting their Report together with the audited financial statements for the year ended 31 December 2006

### **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 2006 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 2006 (2005 £nil)

### **Directors and their interests in shares**

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

	<b>31 December 2006</b>	<b>31 December 2005</b>
	<b>Ordinary Shares</b>	<b>Ordinary Shares</b>
	<b>£1 each</b>	<b>£1 each</b>
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

### **Charitable Donation**

The Company made charitable donations amounting to £nil in the year (2005 £580)

### **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

### **Disclosure of Information to Auditors**

The Directors who held office at the date of approval of this Report of the Directors confirm that, so far as they are individually aware

- there is no relevant audit information of which the Company's auditors are unaware, and
- each director has taken all steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

### **Auditors**

A resolution to reappoint CLB Littlejohn Frazer as auditors will be proposed at the forthcoming Annual General Meeting

**Report of the Directors**  
**For the year ended 31 December 2006 (continued)**

**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

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. The Directors are responsible for ensuring that the Report of the Directors is prepared in accordance with Company law in the United Kingdom

This Report of the Directors has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small entities

By Order of the Board



J Watt  
Company Secretary

19 April 2007

## **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 2006 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**

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 Report of the Directors 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 Report of the Directors 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.

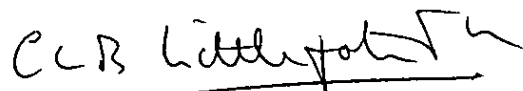
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or other irregularity 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 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 2006 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 Report of the Directors is consistent with the Financial Statements



**CLB Littlejohn Frazer**  
Chartered Accountants  
and Registered Auditors  
1<sup>st</sup> April 2007

1 Park Place  
Canary Wharf  
London E14 4HJ

**Profit and loss account**  
**For the year ended 31 December 2006**

	<b>Notes</b>	<b>2006 £</b>	<b>2005 £</b>
Turnover	2	1,730,537	1,368,522
Net operating expenses		(1,808,171)	(1,242,865)
(Loss)/profit on ordinary activities before interest	3	(77,634)	125,657
Interest receivable		719	1,008
(Loss)/profit on ordinary activities before taxation		(76,915)	126,665
Taxation on (loss)/profit on ordinary activities	6	31,199	45,979
(Loss)/profit on ordinary activities after taxation		(45,716)	80,686
Retained profit brought forward		88,087	7,401
Retained profit carried forward		<u>42,371</u>	<u>88,087</u>

The Company has no recognised gains and losses other than the profit/(loss) above and therefore no separate statement of total recognised gains and losses has been presented

All operations are continuing


The accounting policies and notes on pages 8 to 14 form part of these financial statements



**Balance sheet**  
**As at 31 December 2006**

	<b>Note</b>	<b>2006 £</b>	<b>2005 £</b>
<b>Fixed Assets</b>			
Intangible assets		3	3
Tangible assets	7	<u>17,393</u>	<u>20,179</u>
		17,396	20,182
<b>Current Assets</b>			
Investments	8	-	-
Debtors	9	877,628	682,663
Cash at bank and in hand		<u>-</u>	<u>-</u>
		877,628	682,663
<b>Creditors</b> amounts falling due within one year	10	<u>(852,553)</u>	<u>(614,658)</u>
<b>Net current assets</b>		25,075	68,005
<b>Total net assets</b>		<u>42,471</u>	<u>88,187</u>
<b>Capital and Reserves</b>			
Called up share capital	11	100	100
Profit and loss account		<u>42,371</u>	<u>88,087</u>
<b>Total Shareholders' funds</b>	12	<u>42,471</u>	<u>88,187</u>

The financial statements were approved by the Board of Directors on 19 April 2007 and were signed on its behalf by

  
**A K Quilter**  
**Director**

The accounting policies and notes on pages 8 to 14 form part of these financial statements

## Notes to the financial statements

### For the year ended 31 December 2006

#### 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

Advantage has been taken of the exemption under Financial Reporting Standard 1 (Revised), "Cash Flow Statements", from preparing a cash flow statement on the grounds that Randall & Quilter Consultants Limited is a wholly owned subsidiary undertaking of Randall & Quilter Investment Holdings Limited, and is included within the publicly available consolidated financial statements of Randall and Quilter Investment Holdings Limited.

**Notes to the financial statements**  
**For the year ended 31 December 2006 (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.

**Employee Benefit Trust**

The Company makes contributions to an Employee Benefit Trust ("EBT"). The assets and liabilities of the EBT are held on the balance sheet until such time as the contributions vest unconditionally with identified beneficiaries when the amount is expensed through the profit and loss account.

**2 Turnover**

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

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Turnover by geographical market		
United Kingdom	1,675,282	1,260,911
Rest of the World	55,255	107,611
	<u>1,730,537</u>	<u>1,368,522</u>

**3 Profit on ordinary activities before interest**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
This is stated after charging/(crediting)		
Auditors' remuneration		
- for audit	17,000	16,000
Depreciation	12,743	12,018
Exchange loss/(gain)	7,292	(3,237)
Operating leases – plant & machinery	2,480	2,575
Contribution to Employee Benefit Trust	<u>400,000</u>	<u>-</u>

**Notes to the financial statements**  
**For the year ended 31 December 2006 (continued)**

<b>4 Staff costs</b>	<b>2006 £</b>	<b>2005 £</b>
Wages and salaries	847,922	745,765
Social security costs	107,600	87,893
Pension contributions	62,490	32,461
	<u>1,018,012</u>	<u>866,119</u>

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

	<b>2006 No.</b>	<b>2005 No.</b>
Management services/Consultancy	9	7
Office management	3	2
Total	<u>12</u>	<u>9</u>

<b>5 Directors' emoluments</b>	<b>2006 £</b>	<b>2005 £</b>
Aggregate emoluments	407,633	384,412
Company pension contribution	22,500	18,750
	<u>430,133</u>	<u>403,162</u>

Retirement benefits are accruing to 1 director under a defined contribution pension scheme (2005 1 director)

<b>Highest paid director:</b>	<b>2006 £</b>	<b>2005 £</b>
Aggregate emoluments	241,669	244,435
Company pension contribution	-	-
	<u>241,669</u>	<u>244,435</u>

**6 Taxation**

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

	<b>2006 £</b>	<b>2005 £</b>
Current tax		
Corporation tax	2,280	-
Group relief payable	86,521	45,979
Tax on loss/profit on ordinary activities	<u>88,801</u>	<u>45,979</u>
Deferred tax		
Origination and reversal of timing differences	(120,000)	-
Tax on loss/profit on ordinary activities	<u>(31,199)</u>	<u>45,979</u>

**Notes to the financial statements**  
**For the year ended 31 December 2006 (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

	<b>2006</b> <b>£</b>	<b>2005</b> <b>£</b>
(Loss)/profit on ordinary activities before tax	<u>(76,915)</u>	<u>126,665</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2005 30%)	(14,614)	37,999
Effects of		
Depreciation in excess of capital allowances	597	691
Other timing differences	76,000	-
Expenses not deductible for tax purposes	4,582	7,289
Non payment for losses surrendered as group relief	(14,982)	-
Group relief claimed at 30%	37,218	-
Current tax charge for year	<u>88,801</u>	<u>45,979</u>

**(c) The deferred tax asset at 30% included in the financial statements comprises the following**

	<b>2006</b> <b>£</b>	<b>2005</b> <b>£</b>
Provision at the start of the period	-	-
Deferred tax credit in the profit and loss account for the period		
Employee Benefit Trust	(120,000)	-
Provision at the end of the period	<u>(120,000)</u>	<u>-</u>

**(d) Details of the deferred tax asset not provided in the financial statements are given below. The deferred tax asset is not recognised due to the uncertainty and timing in its recovery**

	<b>2006</b> <b>£</b>	<b>2005</b> <b>£</b>
Decelerated capital allowances	(1,251)	(1,033)
Capital losses carried forward	<u>(5,700)</u>	<u>(9,000)</u>
	<u>(6,951)</u>	<u>(10,033)</u>

**Notes to the financial statements**  
**For the year ended 31 December 2006 (continued)**

**7 Tangible fixed assets**

	<b>Computers £</b>	<b>Furniture &amp; fittings and office equipment £</b>	<b>Motor Vehicles £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 January 2006	41,937	31,378	5,000	78,315
Additions	9,957	-	-	9,957
At 31 December 2006	<u>51,894</u>	<u>31,378</u>	<u>5,000</u>	<u>88,272</u>
<b>Depreciation</b>				
At 1 January 2006	33,690	19,446	5,000	58,136
Charge for the year	6,164	6,579	-	12,743
At 31 December 2006	<u>39,854</u>	<u>26,025</u>	<u>5,000</u>	<u>70,879</u>
<b>Net Book Value at 31 December 2006</b>	<u>12,040</u>	<u>5,353</u>	<u>-</u>	<u>17,393</u>
<b>Net Book Value at 31 December 2005</b>	<u>8,247</u>	<u>11,932</u>	<u>-</u>	<u>20,179</u>

**8 Current assets – investments**

	<b>2006 £</b>	<b>2005 £</b>
Unlisted	20,000	20,000
Provision for diminution in value	<u>(20,000)</u>	<u>(20,000)</u>
Unlisted net of provision	<u>-</u>	<u>-</u>

**9 Debtors**

	<b>2006 £</b>	<b>2005 £</b>
Trade debtors	62,068	76,253
Deferred Tax	120,000	-
Amounts due from group undertakings	330,653	303,039
Other debtors	40,431	31,289
Prepayments and accrued income	<u>324,476</u>	<u>272,082</u>
	<u>877,628</u>	<u>682,663</u>

The deferred tax asset may not be wholly recoverable within twelve months

**Notes to the financial statements**  
**For the year ended 31 December 2006 (continued)**

<b>10</b>	<b>Creditors: amounts falling due within one year</b>	<b>2006</b>	<b>2005</b>
		<b>£</b>	<b>£</b>
	Bank overdraft	82,510	59,283
	Trade creditors	2,315	16,749
	Amounts due to group undertakings	348,448	122,689
	Corporation tax	2,280	-
	Group relief	86,521	-
	Other taxes and social security	108,310	151,215
	Other creditors	7,448	-
	Accruals	214,721	264,722
		<u>852,553</u>	<u>614,658</u>
<b>11</b>	<b>Called up share capital</b>	<b>2006</b>	<b>2005</b>
		<b>£</b>	<b>£</b>
	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>
<b>12</b>	<b>Reconciliation of movement in Shareholders' Funds</b>	<b>2006</b>	<b>2005</b>
		<b>£</b>	<b>£</b>
	(Loss)/profit for the financial year	(45,716)	80,686
	Opening Shareholders' funds	<u>88,187</u>	<u>7,501</u>
	Closing Shareholders' funds	<u>42,471</u>	<u>88,187</u>

**13 Financial commitments**

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

	<b>2006</b>		<b>2005</b>	
	<b>Land and buildings £</b>	<b>Other £</b>	<b>Land and buildings £</b>	<b>Other £</b>
Between two and five years	<u>-</u>	<u>2,480</u>	<u>-</u>	<u>2,480</u>

**Notes to the financial statements**  
**For the year ended 31 December 2006 (continued)**

**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) Mr K E Randall, a director, owed the company £1,050 at 31 December 2006. The maximum amount outstanding during the year was £1,050

**15 Inter Company Guarantee and Debenture**

The Company has entered into a guarantee agreement and debenture arrangement with its Bankers, along with its parent company Randall & Quilter Investment Holdings Limited and its fellow subsidiary Cavell Management Services Limited, in respect of all liabilities owed to the bank by those companies. The total liability to the bank of these companies at 31 December 2006 is £12,032,784 (2005 £nil)

**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. The ultimate controlling party of Randall & Quilter Investment Holdings Limited is Mr K E Randall