

Reinsurance Finance Management Limited

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

The Company's registration number is 4304002

THURSDAY



APDODP8A

A12

03/05/2007

67

COMPANIES HOUSE

Financial Statements - for the year ended 31 December 2006

	Pages
Directors and Advisers	1
Report of the Directors	2-3
Independent Auditors' Report	4-5
Profit and loss account	6
Balance sheet	7
Cash Flow Statement	8
Notes to the financial statements	9-13

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

4304002

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 activities are to acquire and collect reinsurance receivables in the London and international insurance markets and to provide reinsurance consultancy services to the London and International insurance markets

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

A dividend of £100,000 was declared and paid in the year (2005 - £nil)

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

Directors and their interests in shares

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

	31 December 2006	1 January 2006
	Ordinary Shares	Ordinary Shares
	£1 each	£1 each
K E Randall	-	-
A K Quilter	245	-

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

Disclosure of Information to the 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

Pursuant to s386 Companies Act 1985, an elective resolution has been passed dispensing with the requirement to appoint auditors annually. Therefore CLB Littlejohn Frazer are deemed to continue as auditors

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 Reinsurance Finance Management Limited

We have audited the Financial Statements of Reinsurance Finance Management Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 13. 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.

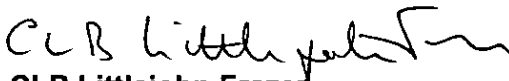
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or other irregularity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


CLB Littlejohn Frazer

Chartered Accountants
and Registered Auditors

1 Park Place
Canary Wharf
London E14 4HJ

19 April 2007

Profit and loss account
For the year ended 31 December 2006

	Notes	2006 £	2005 £
Turnover	2	293,776	198,090
Attributable cost of reinsurance receivables		(8,926)	(185,999)
Net operating expenses		(149,576)	(2,417)
		<hr/>	<hr/>
Profit on ordinary activities before interest	3	135,274	9,674
Interest payable		-	(1,170)
Interest receivable		673	-
		<hr/>	<hr/>
Profit on ordinary activities before taxation		135,947	8,504
Taxation on profit on ordinary activities	4	(34,209)	(2,617)
		<hr/>	<hr/>
Profit on ordinary activities after taxation	8	101,738	5,887
		<hr/>	<hr/>

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

All turnover resulted from Continuing Activities

The accounting policies and notes on pages 9 to 13 form part of these financial statements

Balance sheet
As at 31 December 2006

	Note	2006 £	2005 £
Current Assets			
Debtors	5	72,316	11,802
Cash at bank and in hand		<u>46,755</u>	<u>198,070</u>
		119,071	209,872
Creditors amounts falling due within one year	6	<u>(110,446)</u>	<u>(203,925)</u>
Net current assets		8,625	5,947
Total net assets		<u>8,625</u>	<u>5,947</u>
Capital and Reserves			
Called up share capital	7	1,000	60
Profit and loss account		<u>7,625</u>	<u>5,887</u>
Total Shareholders' funds		<u>8,625</u>	<u>5,947</u>

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



A K Quilter
Director

The accounting policies and notes on pages 9 to 13 form part of these financial statements

Cash Flow Statement
For the year ended 31 December 2006

	Note	2006 £	2005 £
Net cash (outflow)/inflow from operating activities	9	(50,311)	199,180
Returns on investments and servicing of finance	10	673	(1,170)
Taxation paid		(2,617)	-
Equity Dividends paid		(100,000)	-
Net cash (outflow)/inflow before financing		<u>(152,255)</u>	<u>198,010</u>
Financing			
Shares issued in the year		940	60
(Decrease)/increase in cash		<u>(151,315)</u>	<u>198,070</u>
Reconciliation of net cashflow to movement in net funds	11		
(Decrease)/increase in cash in the year		(151,315)	198,070
Net funds at 1 January		198,070	-
Net funds at 31 December		<u>46,755</u>	<u>198,070</u>

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 and income recognition

Turnover represents the value of collection fees receivable (exclusive of value added tax) and the proceeds of the sale or recovery of purchased reinsurance receivables.

Debt collection fees are recognised when the right to such fees is established through a contract and either the debt has been collected or the services concerned have been performed at the Balance Sheet date and the Company has received confirmation from the client that the fee will be paid.

Proceeds arising from the sale or recovery of purchased reinsurance receivables are recognised when received.

Purchased reinsurance receivables

Purchased reinsurance receivables are generally purchased at a discount to their principal amount. They are recorded at cost. Such receivables are shown in debtors and stated at the lower of cost and net realisable value.

When receivables are purchased in bulk, the Directors allocate the cost to individual or groups of receivables based on the characteristics and quality of the respective elements.

When purchased reinsurance receivables are realised, the book value of such receivables is charged to the profit and loss account and shown separately as attributable cost of reinsurance receivables.

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.

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

2 Turnover

Turnover arises in the UK from the Company's principal activities and is attributable to continuing operations

3 Profit on ordinary activities before interest	2006	2005
	£	£
This is stated after charging		
Auditors' remuneration		
- for audit	<u>5,200</u>	<u>2,000</u>

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

4. Taxation

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

	2006	2005
	£	£
Current tax		
Corporation tax	2,280	-
Group relief payable	31,929	2,617
Tax on profit on ordinary activities	<u>34,209</u>	<u>2,617</u>

(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 19% (2005 30%) The differences are explained below

	2006	2005
	£	£
Profit on ordinary activities before tax	<u>135,947</u>	<u>8,504</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2005 30%)	25,830	2,551
Effects of		
Expenses not deductible for tax purposes	429	66
Non payment for losses surrendered as group relief	(5,933)	
Group relief	13,883	-
Current tax charge for year	<u>34,209</u>	<u>2,617</u>

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

5	Debtors	2006	2005
		£	£
	Purchased reinsurance receivables	72,316	11,742
	Amounts due from group undertakings	-	60
		<u>72,316</u>	<u>11,802</u>
6	Creditors: amounts falling due within one year	2006	2005
		£	£
	Amounts due to group undertakings	25,829	197,988
	Group relief payable	31,929	2,617
	Corporation tax	2,280	-
	Other taxes and social security	5,927	-
	Accruals	44,481	3,320
		<u>110,446</u>	<u>203,925</u>
7	Called up share capital	2006	2005
		£	£
	Authorised 1,000 Ordinary Shares of £1 each	<u>1,000</u>	<u>1,000</u>
	Allotted, called up and fully paid		
	As at 1 January 2006 – 60 Ordinary Shares	60	60
	Issued in the year	940	-
	As at 31 December 2006 - 1,000 Ordinary Shares	<u>1,000</u>	<u>60</u>
	On 19 June 2006 940 Ordinary shares of £1 each were issued at par for cash		
8	Reconciliation of movement in Shareholders Funds	2006	2005
		£	£
	Opening Shareholders funds	5,947	60
	Profit for the financial year	101,738	5,887
	Shares issued in the year	940	-
	Dividends paid	(100,000)	-
	Closing Shareholders funds	<u>8,625</u>	<u>5,947</u>

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

9	Reconciliation of operating profit to net cash flow from operating activities	2006 £	2005 £
	Operating profit	135,274	9,674
	Increase in debtors	(60,514)	(11,802)
	(Decrease)/increase in creditors	(125,071)	201,308
	Net cash (outflow)/inflow from operating activities	<u>(50,311)</u>	<u>199,180</u>

10	Returns on investments and servicing of finance	2006 £	2005 £
	Interest received	673	-
	Interest paid	-	(1,170)
	Net interest receivable/(payable)	<u>673</u>	<u>(1,170)</u>

11	Analysis of changes in Net Funds	At 1 January 2006 £	Cashflow £	At 31 December 2006 £
	Cash at bank	<u>198,070</u>	<u>(151,315)</u>	<u>46,755</u>

12 Related party transactions

- (i) The Company had expenses paid on its behalf by Cavell Management Services Limited, a fellow subsidiary at a value of £65,381 in the year (2005 £nil) At 31 December 2006, the Company owed £24,222 to Cavell Management Services Limited (2005 £nil)
- (ii) The Company purchased debt collection and administrative services from Cavell BCS, a fellow subsidiary at a value of £10,689 in the year (2005 £nil) At 31 December 2006, the Company owed £1,607 to Cavell BCS (2005 £nil)

13 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