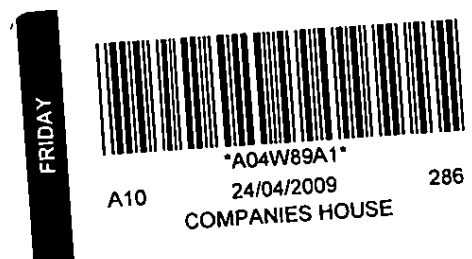


Reinsurance Finance Management Limited

**Annual Report and Financial Statements for the
year ended 31 December 2008**

The Company's registration number is 04304002



Financial Statements - for the year ended 31 December 2008

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Directors and Advisers

Directors

A W McCarthy
J G Moran
A K Quilter
K E Randall
S P Watson

Secretary

R&Q Secretaries Limited

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

Littlejohn LLP
1 Westferry Circus
Canary Wharf
London
E14 4HD

Registered Number

04304002

Report of the Directors For the year ended 31 December 2008

The Directors have pleasure in presenting their Report together with the audited Financial Statements for the year ended 31 December 2008.

Principal Activities

The Company's principal activities are the acquisition of global reinsurance debt; recourse financing of reinsurance receivables and bespoke reinsurance services to the London and International reinsurance markets.

Review of the Business and Future Developments

The profit and loss account for the year ended 31 December 2008 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.

Directors

The present Directors are shown on page 1.

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

Report of the Directors
For the year ended 31 December 2008 (continued)

Auditors

Our independent auditors, Littlejohn, have transferred their business to Littlejohn LLP, a limited liability partnership. In accordance with section 26(5) of the Companies Act 1989, the Directors have consented to the extension of the audit appointment of Littlejohn to its successor firm, Littlejohn LLP.

Littlejohn LLP has signified its willingness to continue in office as auditors.

Littlejohn LLP are the Company's auditors. An election to dispense with the annual appointment of auditors was in force before 1 October 2007 and accordingly Littlejohn are deemed to be re-appointed under the Companies Act 2006.

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



R&Q Secretaries Limited
Company Secretary
25 March 2009

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 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 11. 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 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 Report of the Directors is consistent with the Financial Statements.

Littlejohn LLP

Littlejohn LLP

Chartered Accountants
and Registered Auditors

1 Westferry Circus
Canary Wharf
London
E14 4HD

27 March 2009

Profit and Loss Account
For the year ended 31 December 2008

	Notes	2008 £	2007 £
Turnover	2	633,628	644,152
Attributable cost of reinsurance receivables		(39,333)	(60,139)
Net operating expenses		(450,662)	(336,938)
Profit on ordinary activities before interest		143,633	247,075
Interest payable		-	-
Interest receivable		6,806	1,703
Profit on ordinary activities before taxation		150,439	248,778
Taxation on profit on ordinary activities	4	-	14,741
Profit on ordinary activities after taxation	8	150,439	263,519

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 operations are continuing.

The accounting policies and notes on pages 8 to 11 form part of these Financial Statements.

Balance Sheet **As at 31 December 2008**

	Note	2008 £	2007 £
Current Assets			
Debtors	5	878,609	188,885
Cash at bank and in hand		<u>6,401</u>	<u>248,376</u>
		885,010	437,261
Creditors: amounts falling due within one year	6	<u>(462,427)</u>	<u>(165,117)</u>
Net current assets		422,583	272,144
Total net assets		<u>422,583</u>	<u>272,144</u>
Capital and Reserves			
Called up share capital	7	1,000	1,000
Profit and loss account		<u>421,583</u>	<u>271,144</u>
Total Shareholders' funds		<u>422,583</u>	<u>272,144</u>

The Financial Statements were approved by the Board of Directors on 25 March 2009 and were signed on its behalf by;



A K Quilter
Director

The accounting policies and notes on pages 8 to 11 form part of these Financial Statements.

Notes to the Financial Statements

For the year ended 31 December 2008

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 2008 (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	2008	2007
	£	£
This is stated after charging:		
Auditors' remuneration		
- for audit of the Financial Statements	<u>7,000</u>	<u>5,308</u>

4. Taxation

(a) No provision has been made in the financial statements for corporation tax at current rates on the assessable profits for the period as they have been eliminated by losses surrendered by other group companies. Group relief relates to amounts payable for losses surrendered by other group companies.

The credit for taxation in the profit and loss account comprises the following:

	2008	2007
	£	£
Current tax:		
Adjustments in respect of prior years	<u>-</u>	<u>(14,741)</u>
Tax on profit on ordinary activities	<u>-</u>	<u>(14,741)</u>

(b) Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 28.5% (2007: 30%). The differences are explained below:

Notes to the Financial Statements
For the year ended 31 December 2008 (continued)

4. Taxation (continued)

	2008 £	2007 £
Profit on ordinary activities before tax	150,439	248,778
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28.5% (2007: 30%)	42,875	74,633
Effects of:		
Expenses not deductible for tax purposes	4,000	2,268
Non payment for losses surrendered as group relief	(46,875)	(76,901)
Adjustments in respect of prior years	-	(14,741)
Current tax charge	-	(14,741)

5. Debtors

	2008 £	2007 £
Trade debtors	243,927	142,600
Purchased reinsurance receivables	412,810	12,177
Amounts due from group undertakings	-	33,000
Other debtors	221,872	1,108
	878,609	188,885

6. Creditors: amounts falling due within one year

	2008 £	2007 £
Trade creditors	72,878	-
Amounts due to group undertakings	135,420	116,060
Group relief payable	-	17,188
Corporation tax	-	-
Other taxes and social security	31,669	-
Accruals	222,460	31,869
	462,427	165,117

Included in amounts due to group undertakings above is £80,000 due to Randall & Quilter Investment Holdings Limited under a formal loan arrangement (interest basis of LIBOR + 1%)

7. Called up share capital

	2008 £	2007 £
Authorised 1,000 Ordinary Shares of £1 each	1,000	1,000
Allotted, called up and fully paid:		
As at 1 January 2008 – 1,000 Ordinary Shares (2007: 1,000 Ordinary Shares)	1,000	1,000
As at 31 December 2008 - 1,000 Ordinary Shares	1,000	1,000

Notes to the Financial Statements
For the year ended 31 December 2008 (continued)

8. Profit and loss account	2008	2007
	£	£
At 1 January	271,144	7,625
Profit for the financial year	150,439	263,519
At 31 December	<u>421,583</u>	<u>271,144</u>
9. Reconciliation of movement in Shareholders Funds	2008	2007
	£	£
Opening Shareholders funds	272,144	8,625
Profit for the financial year	150,439	263,519
Closing Shareholders funds	<u>422,583</u>	<u>272,144</u>

10. Related party transactions

The Company is a wholly owned subsidiary of and controlled by Randall & Quilter Investment Holdings plc ("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.

There are no other related party transactions requiring disclosure.

11. Ultimate parent undertaking

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