
R&Q LIQUIDITY MANAGEMENT LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

MONDAY



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COMPANIES HOUSE

R&Q LIQUIDITY MANAGEMENT LIMITED

COMPANY INFORMATION

DIRECTORS A W McCarthy
 J G Moran
 A K Quilter (resigned 27 February 2012)
 K E Randall
 S P Watson
 T A Booth (appointed 27 February 2012)

COMPANY SECRETARY R&Q Secretaries Limited

COMPANY NUMBER 04304002

REGISTERED OFFICE 110 Fenchurch Street
 London
 EC3M 5JT

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

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

R&Q LIQUIDITY MANAGEMENT LIMITED

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R&Q LIQUIDITY MANAGEMENT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

The directors present their report and the financial statements for the year ended 31 December 2011

PRINCIPAL ACTIVITIES

The company's principal activities are the acquisition of global reinsurance debt, recourse financing or reinsurance receivables and bespoke reinsurance services to the London and International reinsurance markets

DIRECTORS

The directors who served during the year were

A W McCarthy
J G Moran
A K Quilter (resigned 27 February 2012)
K E Randall
S P Watson
T A Booth (appointed 27 February 2012)

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 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

R&Q LIQUIDITY MANAGEMENT LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011**

PROVISION 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 information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

AUDITORS

Under section 487(2) of the Companies Act 2006, 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 on 4 April 2012 and signed on its behalf



.....
R&Q Secretaries Limited
Secretary

R&Q LIQUIDITY MANAGEMENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF R&Q LIQUIDITY MANAGEMENT LIMITED

We have audited the financial statements of R&Q Liquidity Management Limited for the year ended 31 December 2011, set out on pages 5 to 11. 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 members, as a body, 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 members 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 members as a body, 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. 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 2011 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.

R&Q LIQUIDITY MANAGEMENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF R&Q LIQUIDITY MANAGEMENT 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 in preparing the Directors' report



Carmine Papa (Senior statutory auditor)

for and on behalf of
Littlejohn LLP

Statutory Auditor

1 Westferry Circus
Canary Wharf
London
E14 4HD

5 April 2012

R&Q LIQUIDITY MANAGEMENT LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Note	2011 £	2010 £
TURNOVER	1,2	2,552,203	610,487
Attributable cost of reinsurance receivables		<u>(1,544,341)</u>	<u>(283,882)</u>
GROSS PROFIT		1,007,862	326,605
Administrative expenses		<u>(657,229)</u>	<u>(488,984)</u>
OPERATING PROFIT/(LOSS)	3	350,633	(162,379)
Interest receivable and similar income	6	1,299	181
Interest payable and similar charges	7	<u>(112,383)</u>	<u>(6,875)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		239,549	(169,073)
Tax on profit/(loss) on ordinary activities	8	<u>(63,162)</u>	<u>47,340</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	12	<u>176,387</u>	<u>(121,733)</u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2011 or 2010 other than those included in the Profit and loss account

The notes on pages 7 to 11 form part of these financial statements

R&Q LIQUIDITY MANAGEMENT LIMITED
REGISTERED NUMBER 04304002

BALANCE SHEET
AS AT 31 DECEMBER 2011

	Note	£	2011 £	£	2010 £
CURRENT ASSETS					
Debtors	9	8,280,044		2,214,935	
Cash at bank		38,261		92,202	
		<u>8,318,305</u>		<u>2,307,137</u>	
CREDITORS amounts falling due within one year	10	<u>(7,698,126)</u>		<u>(1,863,345)</u>	
NET CURRENT ASSETS			<u>620,179</u>		<u>443,792</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>620,179</u>		<u>443,792</u>
CAPITAL AND RESERVES					
Called up share capital	11		1,000		1,000
Profit and loss account	12		619,179		442,792
SHAREHOLDERS' FUNDS	13		<u>620,179</u>		<u>443,792</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 4 April 2012

SP Watson

S P Watson
Director

The notes on pages 7 to 11 form part of these financial statements

R&Q LIQUIDITY MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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 Turnover and income recognition

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

Turnover also includes 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

1.3 Purchased reinsurance receivables

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

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

1.4 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

1.5 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

R&Q LIQUIDITY MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1. ACCOUNTING POLICIES (continued)

1.6 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 R&Q Liquidity Management Limited is a wholly owned subsidiary undertaking of Randall & Quilter Investment Holdings plc, and is included within the publicly available consolidated financial statements

2. TURNOVER

The whole of the turnover is attributable to the company's principal activity and is attributable to continuing operations

All turnover arose within the United Kingdom

3. OPERATING PROFIT/(LOSS)

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

	2011 £	2010 £
Difference on foreign exchange	(4,858)	(2,461)

4. AUDITORS' REMUNERATION

	2011 £	2010 £
Fees payable to the company's auditor for the audit of the company's annual accounts	8,192	1,900

5. STAFF COSTS

The company has no employees other than the directors, who did not receive any remuneration (2010 - £NIL)

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

R&Q LIQUIDITY MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

6. INTEREST RECEIVABLE

	2011	2010
	£	£
Interest receivable from group companies	1,283	-
Other interest receivable	16	181
	<u>1,299</u>	<u>181</u>

7. INTEREST PAYABLE

	2011	2010
	£	£
On bank loans and overdrafts	29,230	4,145
On loans from group undertakings	83,153	2,730
	<u>112,383</u>	<u>6,875</u>

8. TAXATION

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

	2011	2010
	£	£
Analysis of tax charge/(credit) in the year		
UK corporation tax charge on profit/loss for the year	980	-
Group taxation relief	62,182	(47,340)
	<u>63,162</u>	<u>(47,340)</u>
Tax on profit/loss on ordinary activities		

R&Q LIQUIDITY MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

8. TAXATION (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2010 - the same as) the standard rate of corporation tax in the UK of 20 247% (2010 - 28%) The differences are explained below

	2011 £	2010 £
Profit/loss on ordinary activities before tax	239,549	(169,073)
Profit/loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20 247% (2010 - 28%)	48,501	(47,340)
Effects of:		
Group relief claimed at 26 49%	14,661	-
Current tax charge/(credit) for the year (see note above)	63,162	(47,340)

Factors that may affect future tax charges

There were no factors that may affect future tax charges

9 DEBTORS

	2011 £	2010 £
Trade debtors	21,348	21,478
Purchased reinsurance receivables	6,934,476	1,821,374
Amounts owed by group undertakings	73,836	294,117
Other debtors	-	77,966
Prepayments and accrued income	1,250,384	-
	8,280,044	2,214,935

10 CREDITORS: Amounts falling due within one year

	2011 £	2010 £
Bank loans and overdrafts	-	404,002
Trade creditors	1,200	60,153
Amounts owed to group undertakings	7,641,017	1,394,664
Corporation tax	980	-
Social security and other taxes	3,076	-
Accruals and deferred income	51,853	4,526
	7,698,126	1,863,345

R&Q LIQUIDITY MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

11 SHARE CAPITAL

	2011	2010
	£	£
Authorised, allotted, called up and fully paid		
1,000 Ordinary shares of £1 each	1,000	1,000

12 RESERVES

	Profit and loss account £
At 1 January 2011	442,792
Profit for the year	176,387
At 31 December 2011	619,179

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2011	2010
	£	£
Opening shareholders' funds	443,792	565,525
Profit/(loss) for the year	176,387	(121,733)
Closing shareholders' funds	620,179	443,792

14 RELATED PARTY TRANSACTIONS

The company has taken advantage of provisions in Financial Reporting Standard No 8 (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

15. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is R&Q II Holdings Limited, which is registered in England and Wales

Group financial statements are prepared by the ultimate parent undertaking, Randall & Quilter Investment Holdings plc, a company registered in England and Wales, and can be obtained from 110 Fenchurch Street, London, EC5M 5JT