

REGISTERED NUMBER: 5015047 (England and Wales)

**Report of the Director and
Financial Statements
for the Year Ended 31 December 2006
for
Montpelier Professional Limited**

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Montpelier Professional Limited

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Montpelier Professional Limited
Company Information
for the Year Ended 31 December 2006

DIRECTOR: Mr RA Jackson

SECRETARY: Mrs KS Walsh

REGISTERED OFFICE: Montpelier House
62 - 66 Deansgate
Manchester
M3 2EN

REGISTERED NUMBER: 5015047 (England and Wales)

AUDITORS: The Wilson Henry LLP
Registered Auditor
145 Edge Lane
Liverpool
Merseyside
L7 2PF

Montpelier Professional Limited

**Report of the Director
for the Year Ended 31 December 2006**

The director presents his report with the financial statements of the company for the year ended 31 December 2006

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of providing accountancy, tax and business consultancy services

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2006

DIRECTOR

R Jackson held office during the whole of the period from 1 January 2006 to the date of this report

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 director is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the director is aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

AUDITORS

The auditors, The Wilson Henry LLP, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985

ON BEHALF OF THE BOARD:


Mrs K Walsh - Secretary

Date

20/5/08

Report of the Independent Auditors to the Shareholders of Montpelier Professional Limited

We have audited the financial statements of Montpelier Professional Limited for the year ended 31 December 2006 on pages five to fifteen. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, 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 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 director and auditors

The director's 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 on page two.

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 Director 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 director's remuneration and other transactions is not disclosed.

We read the Report of the Director 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 director 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.

We have undertaken the audit in accordance with the requirements of APB Ethical Standards including APB Ethical Standard - Provisions Available to Small Entities, in the circumstances set out in note sixteen to the financial statements.

**Report of the Independent Auditors to the Shareholders of
Montpelier Professional Limited**

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 Director is consistent with the financial statements

The Wilson Henry LLP
Registered Auditor
145 Edge Lane
Liverpool
Merseyside
L7 2PF

Wilson Henry LLP.

Date 20/05/08

Montpelier Professional Limited

**Profit and Loss Account
for the Year Ended 31 December 2006**

	Notes	31 12 06 £	31 12 05 £
TURNOVER		-	-
Administrative expenses		1,152,592	471,977
		<u>(1,152,592)</u>	<u>(471,977)</u>
Other operating income		1,332,535	553,753
OPERATING PROFIT	2	179,943	81,776
Interest receivable and similar income		1,108	-
		<u>181,051</u>	<u>81,776</u>
Interest payable and similar charges	3	91,723	10,634
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		89,328	71,142
Tax on profit on ordinary activities	4	9,376	-
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		<u>79,952</u>	<u>71,142</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current year or previous year

The notes form part of these financial statements

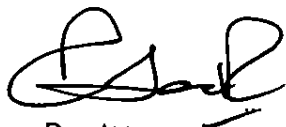
Montpelier Professional Limited

**Balance Sheet
31 December 2006**

	Notes	31 12 06 £	£	31 12 05 £	£
FIXED ASSETS					
Intangible assets	5		1,130,000		1,130,000
Tangible assets	6		525,849		609,334
Investments	7		304,007		304,004
			<u>1,959,856</u>		<u>2,043,338</u>
CURRENT ASSETS					
Debtors	8	699,145		657,630	
Cash at bank and in hand		542		2,010	
		<u>699,687</u>		<u>659,640</u>	
CREDITORS					
Amounts falling due within one year	9	483,921		697,649	
NET CURRENT ASSETS/(LIABILITIES)			<u>215,766</u>		<u>(38,009)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			2,175,622		2,005,329
CREDITORS					
Amounts falling due after more than one year	10		1,424,528		1,334,187
NET ASSETS			<u>751,094</u>		<u>671,142</u>
CAPITAL AND RESERVES					
Called up share capital	13		600,000		600,000
Profit and loss account	14		151,094		71,142
SHAREHOLDERS' FUNDS	18		<u>751,094</u>		<u>671,142</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

The financial statements were approved by the director on 20/05/08 and were signed by



R Jackson - Director

The notes form part of these financial statements

Montpelier Professional Limited

**Cash Flow Statement
for the Year Ended 31 December 2006**

	Notes	31 12 06 £	£	31 12 05 £	£
Net cash inflow from operating activities	1		248,546		1,416,142
Returns on investments and servicing of finance	2		(90,615)		(10,634)
Capital expenditure and financial investment	2		(36,058)		(2,083,103)
			<u>121,873</u>		<u>(677,595)</u>
Financing	2		(255,413)		679,600
(Decrease)/Increase in cash in the period			<u>(133,540)</u>		<u>2,005</u>

**Reconciliation of net cash flow
to movement in net debt**

	3				
(Decrease)/Increase in cash in the period		(133,540)		2,005	
Cash inflow from increase in debt		<u>(2,477)</u>		<u>(18,776)</u>	
Change in net debt resulting from cash flows			<u>(136,017)</u>		<u>(16,771)</u>
Movement in net debt in the period			<u>(136,017)</u>		<u>(16,771)</u>
Net (debt)/funds at 1 January			<u>(16,766)</u>		<u>5</u>
Net debt at 31 December			<u><u>(152,783)</u></u>		<u><u>(16,766)</u></u>

The notes form part of these financial statements

Montpelier Professional Limited

**Notes to the Cash Flow Statement
for the Year Ended 31 December 2006**

1 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	31 12 06	31 12 05
	£	£
Operating profit	179,943	81,776
Depreciation charges	119,540	39,807
Decrease/(Increase) in debtors	98,841	(129,849)
(Decrease)/Increase in creditors	(149,778)	1,424,408
Net cash inflow from operating activities	<u>248,546</u>	<u>1,416,142</u>

2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	31 12 06	31 12 05
	£	£
Returns on investments and servicing of finance		
Interest received	1,108	-
Interest paid	(91,723)	(10,634)
Net cash outflow for returns on investments and servicing of finance	<u>(90,615)</u>	<u>(10,634)</u>
Capital expenditure and financial investment		
Purchase of intangible fixed assets	-	(1,130,000)
Purchase of tangible fixed assets	(36,055)	(649,141)
Purchase of fixed asset investments	(3)	(303,962)
Net cash outflow for capital expenditure and financial investment	<u>(36,058)</u>	<u>(2,083,103)</u>
Financing		
New loans in year	2,477	18,776
Amount introduced by directors	189,922	-
Amount withdrawn by directors	(146,817)	-
Share issue	-	599,998
New loans to fellow subsidiaries	(300,995)	60,858
	-	(32)
Net cash (outflow)/inflow from financing	<u>(255,413)</u>	<u>679,600</u>

The notes form part of these financial statements

Montpelier Professional Limited

**Notes to the Cash Flow Statement
for the Year Ended 31 December 2006**

3 ANALYSIS OF CHANGES IN NET DEBT

	At 1 1 06 £	Cash flow £	At 31 12 06 £
Net cash			
Cash at bank and in hand	2,010	(1,468)	542
Bank overdraft	-	(132,072)	(132,072)
	<u>2,010</u>	<u>(133,540)</u>	<u>(131,530)</u>
Debt			
Debts falling due within one year	-	(21,253)	(21,253)
Debts falling due after one year	(18,776)	18,776	-
	<u>(18,776)</u>	<u>(2,477)</u>	<u>(21,253)</u>
Total	<u>(16,766)</u>	<u>(136,017)</u>	<u>(152,783)</u>

The notes form part of these financial statements

Montpelier Professional Limited
Notes to the Financial Statements
for the Year Ended 31 December 2006

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2004, is being amortised evenly over its estimated useful life of nil years

Positive purchased goodwill arising on acquisitions is capitalised and classified as an asset on the balance sheet. Goodwill is not amortised, but reviewed through an annual impairment review in accordance with Financial Reporting Standard 11

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

Improvements to property	- Straight line over 6 years
Plant and machinery	- 33% on reducing balance
Fixtures and fittings	- 20% on reducing balance

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates that have been enacted by the balance sheet date

Deferred tax is measured on a non-discounted basis

Pension costs and other post-retirement benefits

Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

2 OPERATING PROFIT

The operating profit is stated after charging

	31 12 06	31 12 05
	£	£
Depreciation - owned assets	119,540	39,807
Auditors' remuneration	4,000	4,000
Pension costs	200,000	-
	<u> </u>	<u> </u>
Director's emoluments	60,000	83,750
	<u> </u>	<u> </u>

Montpelier Professional Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2006**

3 INTEREST PAYABLE AND SIMILAR CHARGES

	31 12 06	31 12 05
	£	£
Bank interest	13,525	10,634
Loan interest	78,198	-
	<u>91,723</u>	<u>10,634</u>

4 TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows

	31 12 06	31 12 05
	£	£
Current tax		
UK corporation tax	9,376	-
	<u>9,376</u>	<u>-</u>
Tax on profit on ordinary activities	<u>9,376</u>	<u>-</u>

5 INTANGIBLE FIXED ASSETS

Goodwill
£

COST

At 1 January 2006	
and 31 December 2006	1,130,000

NET BOOK VALUE

At 31 December 2006	<u>1,130,000</u>
At 31 December 2005	<u>1,130,000</u>

6 TANGIBLE FIXED ASSETS

	Improvements to property £	Plant and machinery £	Fixtures and fittings £	Totals £
COST				
At 1 January 2006	614,019	19,671	15,451	649,141
Additions	14,415	4,347	17,293	36,055
	<u>628,434</u>	<u>24,018</u>	<u>32,744</u>	<u>685,196</u>
At 31 December 2006				
DEPRECIATION				
At 1 January 2006	35,000	3,262	1,545	39,807
Charge for year	105,000	8,039	6,501	119,540
	<u>140,000</u>	<u>11,301</u>	<u>8,046</u>	<u>159,347</u>
At 31 December 2006				
NET BOOK VALUE				
At 31 December 2006	<u>488,434</u>	<u>12,717</u>	<u>24,698</u>	<u>525,849</u>
At 31 December 2005	<u>579,019</u>	<u>16,409</u>	<u>13,906</u>	<u>609,334</u>

Montpelier Professional Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2006**

7 FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 January 2006	304,004
Additions	3
	<hr/>
At 31 December 2006	304,007
	<hr/>
NET BOOK VALUE	
At 31 December 2006	304,007
	<hr/>
At 31 December 2005	304,004
	<hr/>

The company's investments at the balance sheet date in the share capital of companies include the following

Montpelier Financial Services (Manchester) Ltd

Nature of business Financial services

	% holding		
Class of shares			
Ordinary	76 00		
		31 12 06	31 12 05
		£	£
Aggregate capital and reserves		466,315	424,500
Profit for the year		41,815	24,500
		<hr/>	<hr/>

Montpelier Consult Ltd

Nature of business Consultancy services

	% holding		
Class of shares			
Ordinary	100 00		
		31 12 06	31 12 05
		£	£
Aggregate capital and reserves		2	2
		<hr/>	<hr/>

Montpelier Professional (Manchester) Ltd

Nature of business Business and accountancy services

	% holding		
Class of shares			
Ordinary	100 00		
		31 12 06	31 12 05
		£	£
Aggregate capital and reserves		2	2
		<hr/>	<hr/>

Montpelier Professional (Lancs) Ltd

Nature of business Business and accountancy services

	% holding		
Class of shares			
Ordinary	100 00		
		31 12 06	
		£	
Aggregate capital and reserves		1	
		<hr/>	

Montpelier Professional Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2006**

7 FIXED ASSET INVESTMENTS - continued

Montpelier Professional (Galloway) Ltd

Nature of business Business and accountancy services

	%		
Class of shares	holding		
Ordinary	100 00		
		31 12 06	
		£	
Aggregate capital and reserves		<u>1</u>	

Montpelier Professional (Sheffield) Ltd

Nature of business Business and accountancy services

	%		
Class of shares	holding		
Ordinary	100 00		
		31 12 06	
		£	
Aggregate capital and reserves		<u>1</u>	

Montpelier Audit Ltd

Nature of business Audit services

	%		
Class of shares	holding		
Ordinary	19 00		
Preference	100 00		
		31 12 06	31 12 05
		£	£
Aggregate capital and reserves		<u>400</u>	<u>400</u>

8 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 12 06	31 12 05
	£	£
Amounts owed by group undertakings	640,137	499,781
Other debtors	34,835	108,530
Prepayments and accrued income	24,173	49,319
	<u>699,145</u>	<u>657,630</u>

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 12 06	31 12 05
	£	£
Bank loans and overdrafts (see note 11)	153,325	-
Trade creditors	35,857	23,954
Amounts owed to group undertakings	4	160,643
Tax	9,376	-
Social security and other taxes	39,055	43,746
Other creditors	74,244	467,062
Director's current accounts	43,105	-
Accrued expenses	128,955	2,244
	<u>483,921</u>	<u>697,649</u>

Montpelier Professional Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2006**

10 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 12 06 £	31 12 05 £
Bank loans (see note 11)	-	18,776
Other creditors	1,424,528	1,315,411
	<u>1,424,528</u>	<u>1,334,187</u>

11 LOANS

An analysis of the maturity of loans is given below

	31 12 06 £	31 12 05 £
Amounts falling due within one year or on demand		
Bank overdrafts	132,072	-
Bank loans	21,253	-
	<u>153,325</u>	<u>-</u>
Amounts falling due between one and two years		
Bank loans - 1-2 years	<u>-</u>	<u>18,776</u>

12 SECURED DEBTS

The following secured debts are included within creditors

	31 12 06 £	31 12 05 £
Bank overdraft	132,072	-
Bank loans	21,253	18,776
	<u>153,325</u>	<u>18,776</u>

In respect of trading current accounts the company has an agreed overdraft limit of £450,000 incorporating a Fixed and Floating Charge over the assets of the company, dated 13/12/2005

In respect of trade finance the current account incorporates a 'Supported Limited Cross Company Guarantee held between Montpelier Professional Ltd, Montpelier Professional (Manchester) Ltd, Montpelier Consult Ltd and Montpelier Audit Ltd, dated 13/12/2005

13 CALLED UP SHARE CAPITAL

Authorised Number	Class	Nominal value	31 12 06 £	31 12 05 £
1,000,000	Ordinary	£1	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, issued and fully paid Number	Class	Nominal value	31 12 06 £	31 12 05 £
600,000	Ordinary	£1	<u>600,000</u>	<u>600,000</u>

Montpelier Professional Limited

Notes to the Financial Statements - continued for the Year Ended 31 December 2006

14 RESERVES

	Profit and loss account £
At 1 January 2006	71,142
Profit for the year	79,952
At 31 December 2006	<u>151,094</u>

15 RELATED PARTY DISCLOSURES

The company has the following related party transactions as required to be disclosed under FRS 8

Amounts due to/from directors:

Mr R Jackson - £43,105 owing to

Directors within the group received interest at a fixed commercial rate of £25,449 (2005 £Nil) regarding purchase consideration

Amounts due to/from related parties:

Montpelier Financial Services (Manchester) Ltd (subsidiary undertaking) - £117,915 due from

Montpelier Professional (Manchester) Ltd (subsidiary undertaking) - £440,598 due from

Montpelier Consult Ltd (subsidiary undertaking) - £81,623 due from

Management charges received from subsidiary undertakings:

Montpelier Professional (Manchester) Ltd - £715,805

Montpelier Consult Ltd - £98,353

Montpelier Financial Services (Manchester) Ltd - £404,468

Income received from associated companies:

Montpelier Audit Ltd - £113,909

In the opinion of the directors there are no other material transactions with related parties which require disclosure under FRS 8

16 APB ETHICAL STANDARD - PROVISIONS AVAILABLE FOR SMALL ENTITIES

The Company utilises its auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements

17 ULTIMATE CONTROLLING PARTY

Montpelier Group (Financial Services) LLC, a company registered in the USA, is the company's immediate parent and ultimate controlling party

18 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 12 06 £	31 12 05 £
Profit for the financial year	79,952	71,142
Issued share capital	-	599,998
Net addition to shareholders' funds	<u>79,952</u>	<u>671,140</u>
Opening shareholders' funds	671,142	2
Closing shareholders' funds	<u>751,094</u>	<u>671,142</u>