

KMS Employment Limited

**Annual Report and Financial Statements for the
year ended 31 December 2010**

The Company's registration number is 05337158

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Financial Statements - for the year ended 31 December 2010

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Directors and Advisers

Directors

M A Langridge

P R Corver

A K Quilter

G R Clarke

R J Finney

Secretary

R&Q Secretaries Ltd

Registered Office

110 Fenchurch Street

London

EC3M 5JT

Bankers

Barclays Bank Plc

Financial Services Team

Level 11

1 Churchill Place

London

E14 5HP

National Westminster Bank Plc

City of London Office

PO Box 12258

1 Princes Street

London

EC2R 8PA

Auditor

Littlejohn LLP

Statutory Auditor

1 Westferry Circus

Canary Wharf

London

E14 4HD

Registered Number

05337158

**Report of the Directors
For the year ended 31 December 2010**

The Directors have pleasure in presenting their Report together with the audited Financial Statements for the year ended 31 December 2010.

Principal Activity

The Company's principal activity is the provision of employment services for Continuum Holdings Limited and its' subsidiary companies.

Review of the Business and Future Developments

The profit and loss account for the year ended 31 December 2010 is set out on page 7

Dividends totalling £152,000 were declared and paid in the year (2009 - £50,000)

The Directors will be considering the future plans for the Company during 2011.

Key Performance Indicators

The Directors consider the following to be the key performance indicators of the Company

	2010	2009
	£	£
Turnover	923,265	2,030,661
Profit before Tax	79,400	38,556

Risk Management

The Company's activities expose it to a variety of financial and non financial risks. The Directors are responsible for managing the Company's exposure to these risks and, where possible, introducing controls and procedures that mitigate the effects of the exposure to risk.

The main risks and uncertainties facing the Company are

Dependence on clients

The Company derives its income from both management and consultancy contracts, which vary in length.

As the key clients of the Company operate in insurance markets, any significant changes on those markets may have an effect on the income of the Company.

Report of the Directors
For the year ended 31 December 2010 (continued)**Loss of key staff**

The operations of the Company are reliant on key group staff. The Directors believe that the new Group's Human Resources policies are sufficient to recruit and retain such staff.

Other Performance Indicators**Environmental Matters**

The Directors do not consider that the business of the Company has a large adverse impact upon the environment. As a result, the Directors do not manage the business by reference to any environmental key performance indicators.

Charitable Donations

The Company made no charitable donations during the year (2009 - £nil)

Directors

The names of the Directors at the date of this Report appear on page 1

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.

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

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

Report of the Directors
For the year ended 31 December 2010 (continued)

Statement of Directors' Responsibilities

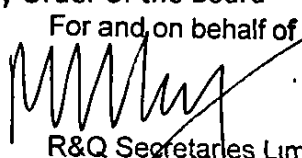
The Directors are responsible for preparing the Director's report and the Financial Statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare 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 judgements and accounting estimates that are reasonable and prudent; and
- 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.

This report is prepared in accordance with the provisions applicable to companies subject to the small companies regime under the Companies Act 2006.

By Order of the Board
For and on behalf of

R&Q Secretaries Limited

R&Q Secretaries Limited
Company Secretary

26th April 2011

Independent Auditors' Report to the Shareholders of KMS Employment Ltd

We have audited the Financial Statements of R&Q Commercial Risk Services Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 15. 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 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

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

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 2010 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

Independent Auditors' report to the Shareholders of KMS Employment Limited (Continued)**Matters on which we are required to report by exception**

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

We have nothing to report in respect of the above matters



**Carmine Papa (Senior statutory auditor)
For and on behalf of Littlejohn LLP
Statutory Auditor**

**1 Westferry Circus
Canary Wharf
London
E14 4HD**

27 April 2011

Profit and loss account
For the year ended 31 December 2010

	Note:	2010 £	2009 £
Turnover	2	923,265	2,030,661
Operating expenses	3	(819,262)	(1,992,105)
Operating profit		<u>104,003</u>	<u>38,556</u>
Interest receivable from group companies		397	-
Profit on ordinary activities before taxation		<u>104,400</u>	<u>38,556</u>
Taxation on profit on ordinary activities	4	<u>(24,109)</u>	<u>-</u>
Profit on ordinary activities after taxation		<u>80,291</u>	<u>38,556</u>

The Company's turnover and expenses all relate to continuing operations

There were no recognised gains or losses, other than those reported above.


The notes on pages 9 to 14 form part of these Financial Statements

Balance sheet
As at 31 December 2010

Reg No 05337158

	Note:	2010 £	2009 £
Current Assets:			
Debtors	5	54,554	1,233,554
Cash at bank and in hand		1,189	25,642
		<u>55,743</u>	<u>1,259,196</u>
Creditors Amounts falling due within one year	6	<u>(52,376)</u>	<u>(1,184,120)</u>
Net current assets		<u>3,367</u>	<u>75,076</u>
Total assets less current liabilities		<u>3,367</u>	<u>75,076</u>
Capital and reserves:			
Called up share capital	7	1	1
Profit and loss account	8	<u>3,366</u>	<u>75,075</u>
Shareholder's funds	9	<u>3,367</u>	<u>75,076</u>

The accounts were approved and authorised for issue by the Board on 26th April 2011
and signed on its behalf by:


A K Quilter

The notes on pages 9 to 14 form part of these Financial Statements

Notes to the Financial Statements

For the year ended 31 December 2010

1 Accounting Policies

The principal accounting policies used by the Company are set out below. The directors are satisfied that the current accounting policies are the most appropriate for the Company

1(a) Basis of preparation

The accounts have been prepared under the historic cost convention on a going concern basis, in accordance with applicable accounting standards, which assume that the Company will continue to trade

The Directors have assessed the position of the company and it is expected to generate positive cash flows. On this basis the Directors have reasonable expectation that the company will be able to continue in operational existence for the foreseeable future

1(b) Pensions

The Company operates a defined contribution personal pension plan managed for its employees by Friends Provident Life and Pensions Limited. Contributions payable for the year are charged in the profit and loss account. The total pension cost for the year is shown in note 10

1(c) Operating lease

Operating lease rentals are charged on a straight-line basis over the term of the lease (see note 14)

1(d) Deferred Tax

Deferred tax 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

1(e) Expenditure

All expenditure is accounted for on an accruals basis.

1(f) Turnover

Fees are recognised when the right to such fees is established through a contract and as the services concerned have been performed

1(g) 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 KMS Employment Limited is a wholly owned subsidiary undertaking of R&Q MGA Limited (formerly known as Continuum Holdings Limited), and is included within the publicly available consolidated financial statements of Randall and Quilter Investment Holdings plc, the ultimate controlling party.

Notes to the Financial Statements
For the year ended 31 December 2010 (continued)

2 Turnover

Turnover represents fees receivable, excluding Value Added Tax, in respect of employment services provided in the UK during the period

	2010	2009
	£	£
Turnover - from Group Companies	915,571	2,021,809
Turnover – other (UK)	7,694	8,852
	<u>923,265</u>	<u>2,030,661</u>

3 Operating Expenses

	2010	2009
	£	£
Auditor's remuneration – audit of the accounts	7,400	7,000
Administrative expenses	836,862	449,362
Operating lease	-	59,815
Employment costs (see note 9)	-	1,475,928
	<u>844,262</u>	<u>1,992,105</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 charge for corporation tax comprises the following:	2010	2009
	£	£
Group relief payable	24,109	-
Tax on profit on ordinary activities	<u>24,109</u>	<u>-</u>

Notes to the Financial Statements
For the year ended 31 December 2010 (continued)

4 Taxation (continued)

(b) Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK (28%). The differences are explained below:

	2010	2009
	£	£
Profit on ordinary activities before tax	104,400	38,556
Tax on profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 28%)	29,232	10,796
Effects of.		
Expenses not deductible for tax purposes	1,877	1,926
Income not taxable for tax purposes	(7,000)	-
Non payment for losses surrendered as group relief	-	(12,722)
Current tax charge	<u>24,109</u>	<u>-</u>

5 Debtors

	2010	2009
	£	£
Due from group companies	50,867	1,174,221
Prepayments and accrued income	2,723	48,818
Sundry Debtors	964	10,515
	<u>54,554</u>	<u>1,233,554</u>

Notes to the Financial Statements
For the year ended 31 December 2010 (continued)

6 Creditors

	2010	2009
	£	£
Due to group companies	20,867	1,056,829
Other creditors	-	72,583
Accruals	7,400	54,708
Group relief payable	24,109	-
	<u>52,376</u>	<u>1,184,120</u>

7 Share capital

	2010	2009
	£	£
Authorised: 1,000 ordinary share of £1 each	<u>1,000</u>	<u>1,000</u>
Issued and called up: 1 ordinary share of £1 each	<u>1</u>	<u>1</u>

8 Profit and loss account

	2010	2009
	£	£
At 1 January	75,075	86,519
Profit for the financial year	80,291	38,556
Dividend	(152,000)	(50,000)
At 31 December	<u>3,366</u>	<u>75,075</u>

9 Reconciliation of Movements In Shareholder's Funds

	2010	2009
	£	£
Profit for the financial period	80,291	38,556
Dividends proposed and paid	(152,000)	(50,000)
Opening shareholder's funds	<u>75,076</u>	<u>(63,632)</u>
Closing shareholder's funds	<u>3,367</u>	<u>75,076</u>

During the year ended 31 December 2010, the Directors approved a dividend of £152,000 (2009 £50,000).

Notes to the Financial Statements
For the year ended 31 December 2010 (continued)

10 Directors' Emoluments

The Directors emoluments paid for the period to 31 December 2010 were as detailed below

	2010 £	2009 £
The aggregate Director costs were as follows		
Directors' emoluments	-	507,380
Social security costs	-	60,375
Directors' Pension costs	-	56,550
Total cost of Director's emoluments	<u>-</u>	<u>624,305</u>

The highest paid Director earned £nil (2009 £137,000) in the year. The highest Director pension costs were £nil (2009 £20,550). Five Directors accrue benefits under a money purchase pension scheme.

11 Related party transactions

The Company is a wholly owned subsidiary undertaking of R&QIH and has taken advantage of provisions in Financial Reporting Standard No 8 (FRS8) which allows the Company not to disclose transactions with other consolidated group companies qualifying as related parties where all subsidiaries involved in the transactions are wholly owned. There are no other related party transactions requiring disclosure.

12 Financial Commitments

At the date of the balance sheet the Company had no financial commitments.

13 Transactions Concerning Directors and Officers

There were no material contracts in which a Director or officer of the Company had or has an interest.

14 Operating Lease Commitments

The Group has the following annual commitment on operating leases:-

	2010	2009
Land and Buildings		
Expiring with 1 year	-	£38,255
Expiring within 2-5 years	-	-

Notes to the Financial Statements
For the year ended 31 December 2010 (continued)

15 Ultimate parent undertaking

The Company's immediate parent undertaking is R & Q MGA Limited and its ultimate parent undertaking is Randall & Quilter Investment Holdings plc, which is registered in England and Wales. The Financial Statements of the parent undertaking can be obtained from 110 Fenchurch Street, London, EC3M 5JT.