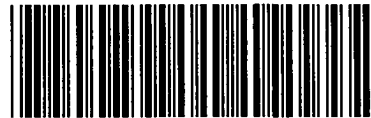


R&QUIEM FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2014

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R&QUIEM FINANCIAL SERVICES LIMITED

COMPANY INFORMATION

DIRECTORS

M L Glover (appointed 30 June 2014)
S J Goate (appointed 30 June 2014)
C D Johnson (appointed 30 June 2014)
M A Metcalf (appointed 31 March 2015)
D W Morgan (appointed 30 June 2014)

COMPANY SECRETARY

R&Q Central Services Limited

REGISTERED NUMBER

02192234

REGISTERED OFFICE

110 Fenchurch Street
London
EC3M 5JT

INDEPENDENT AUDITORS

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

R&QUIEM FINANCIAL SERVICES LIMITED

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R&QUIEM FINANCIAL SERVICES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MAY 2014

INTRODUCTION

The principal activity of the Company during the year was that of provision of advisory services in respect of life insurance and pensions, pension scheme administration and investment advisory business.

In June and August 2014, the Company discontinued all its business activities with the exception of the run-off of the discontinued operations, including the administration and processing of the matters referred to in note 18 to the Financial Statements.

BUSINESS REVIEW

The Directors are satisfied with the performance of the business during the year. The run-off of discontinued operations is progressing in line with Directors' expectations.

On 31 March 2014 the Company was acquired by Friary Intermediate Limited, an Arthur J. Gallagher & Co company incorporated in England and Wales.

Further to this, on 30 June 2014 the Company was acquired by R&Quiem Limited, a company incorporated in England and Wales. Subsequent to this the Company changed its name from Oval Financial Services Limited on 28 August 2014.

PRINCIPAL RISKS AND UNCERTAINTIES

The activities of the Company expose it to a variety of risks, both financial and operational, which may affect the Company's performance and reputation. The significant risks are as follows:

Business and Strategy risk

Risk of profits (and retained earnings) being negatively affected by variances to costs and revenues.

Capital/Credit risk

Risk of loss of principal arising from a client failure to pay premiums or otherwise meet a contractual obligation.

Liquidity risk

Risk of not having sufficient liquid assets to meet financial obligations.

Operational and System risk

Risk of losses through failure in processes, personnel, technology or infrastructure or by external forces impacting upon any of these.

Legal and Compliance risk

Risk of non-compliance with regulatory and/or legislative requirements.

The Company is regulated by the Financial Conduct Authority. The Company requires regulatory approval to undertake its business and a breach of the regulator's rules might lead to the withdrawal of these approvals.

Following the transfer of the Company's ongoing business in June and August 2014, a number of risks referred to above have been reduced significantly. However, the Company is still exposed to the liquidity, operational and system, and legal and compliance risks.

R&QUIEM FINANCIAL SERVICES LIMITED

STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 MAY 2014

FINANCIAL KEY PERFORMANCE INDICATORS

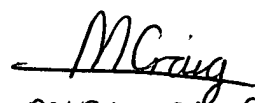
Following the discontinuation of the majority of the Company's business activities, the Directors consider the following to be the key performance indicators of the Company:

	2014	2013
	£000	£000
Total shareholder funds/(deficit)	(540)	999
Closing provisions	2,470	1,025

OTHER KEY PERFORMANCE INDICATORS

The use of non-financial key performance indicators is not considered appropriate in understanding the performance and development of the Company.

This report was approved by the board and signed on its behalf.



MIRANOR CRAIG
For and on behalf of R&Q Central Services Limited
Secretary

Date: 1 June 2015

R&QUIEM FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 2014

The Directors present their report and the financial statements for the year ended 31 May 2014.

RESULTS

The loss for the year, after taxation, amounted to £1,918,000 (2013 - loss £2,629,000).

DIRECTORS

The Directors who served during the year were:

P W Blanc (resigned 30 June 2014)
S Dalgarno (appointed 1 April 2014 & resigned 30 June 2014)
P A Elliott (resigned 1 April 2014)
R P Hodson (resigned 1 April 2014)
T N Johnson (appointed 1 April 2014 & resigned 30 June 2014)
M S Mugge (appointed 1 April 2014 & resigned 30 June 2014)
I G Story (resigned 2 June 2014)

The Directors appointed since the end of the year are shown on the Company Information page.

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Strategic Report, 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 accounting 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&QUIEM FINANCIAL SERVICES LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MAY 2014**

DISCLOSURE 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 relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

Under section 487(2) of the Companies Act 2006, PKF 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.

This report was approved by the board and signed on its behalf.



MIRANDA CRAIG

For and on behalf of R&Q Central Services Limited
Secretary

Date: 1 June 2015

R&QUIEM FINANCIAL SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF R&QUIEM FINANCIAL SERVICES LIMITED

We have audited the financial statements of R&Quiem Financial Services Limited for the year ended 31 May 2014, set out on pages 7 to 18. 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 shareholder 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 shareholder 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 shareholder 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 Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 May 2014 and of its loss 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.


R&QUIEM FINANCIAL SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF R&QUIEM FINANCIAL SERVICES 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.


Ian Cowan (Senior Statutory Auditor)
for and on behalf of
PKF Littlejohn LLP
Statutory Auditor
London
Date: 3 June 2015

R&QIIFM FINANCIAL SERVICES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MAY 2014

	Note	2014 £000	2013 £000
TURNOVER	1,2		
Discontinued operations		10,385	12,386
		<u>10,385</u>	<u>12,386</u>
Cost of sales		(43)	(65)
		<u>(43)</u>	<u>(65)</u>
GROSS PROFIT		10,342	12,321
Administrative expenses		(12,311)	(15,721)
		<u>(12,311)</u>	<u>(15,721)</u>
OPERATING LOSS	3		
Continuing operations		-	-
Discontinued operations		(1,969)	(3,400)
		<u>(1,969)</u>	<u>(3,400)</u>
Interest receivable and similar income		1	-
		<u>1</u>	<u>-</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,968)	(3,400)
Tax on loss on ordinary activities	8	50	771
		<u>50</u>	<u>771</u>
LOSS FOR THE FINANCIAL YEAR	16	<u>(1,918)</u>	<u>(2,629)</u>

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and Loss Account.

As a result of transfers and sales of business in June and August 2014 all the Company's activities are regarded as discontinued.

The notes on pages 9 to 18 form part of these financial statements.

R&QUIEM FINANCIAL SERVICES LIMITED
REGISTERED NUMBER: 02192234

BALANCE SHEET
AS AT 31 MAY 2014

	Note	£000	2014 £000	2013 £000
FIXED ASSETS				
Tangible assets	9		29	121
Investments	10		13	13
			<u>42</u>	<u>134</u>
CURRENT ASSETS				
Debtors	11	834	2,848	
Cash at bank and in hand		4,284	660	
		<u>5,118</u>	<u>3,508</u>	
CREDITORS: amounts falling due within one year	12	(3,230)	(1,618)	
NET CURRENT ASSETS			<u>1,888</u>	<u>1,890</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,930</u>	<u>2,024</u>
PROVISIONS FOR LIABILITIES				
Other provisions	13		(2,470)	(1,025)
NET (LIABILITIES)/ASSETS			<u>(540)</u>	<u>999</u>
CAPITAL AND RESERVES				
Called up share capital	15		2,425	2,075
Other reserves	16		-	164
Profit and loss account	16		(2,965)	(1,240)
SHAREHOLDERS' (DEFICIT)/FUNDS	17		<u>(540)</u>	<u>999</u>

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


M L Glover
 Director


C D Johnson
 Director

Date: 1 June 2015

The notes on pages 9 to 18 form part of these financial statements.

R&QUIEM FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2014

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 Going concern

The Directors have received confirmation from the R&Q Group will continue to support the operations of the Company for the foreseeable future and therefore the going concern of the Company is not in doubt.

1.3 Consolidation

The Company is itself a subsidiary company and is exempt from the requirement to prepare group financial statements by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

1.4 Cash flow

The Company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.5 Turnover

In accordance with FRS 5, Application Note G, income relating to financial services commission arising on transactions in life and pension contracts is recognised once the policy has incepted and placement services are substantially complete. Renewal commission is recognised at the date of settlement by the life and pensions company. Commission received on indemnity terms is recognised in full at the date receivable. Full provision is made for the claw back of indemnity commission immediately once a policy lapse has been identified.

Deferred income relates to transactions which have been invoiced prior to the performance of services. Income is accrued where services have been rendered but not invoiced.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold property	-	straight line over the period of the lease
Fixtures, fittings and computer equipment	-	20%-25% straight line

1.7 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

R&QUIEM FINANCIAL SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2014**

1. ACCOUNTING POLICIES (continued)**1.8 Operating leases**

Rentals under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

1.9 Discontinuing operations

A business is classified as a discontinuing operation if it is clearly distinguishable, has a material effect on the nature and focus of the Group's activities, represents a material reduction in the Group's operating facilities and whose activities are in the process of being discontinued.

1.10 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.11 Pensions

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year.

Certain of the Company's employees participate in the Bland Bankart Retirement Benefit Scheme ("BBRBS"). The BBRBS is a defined benefit scheme of which the Company is one of several participating employers. It is not possible to identify the share of the underlying assets and liabilities belonging to the individual participating employers. Therefore the scheme is accounted for as if it were a defined contribution scheme and the Profit and Loss Account charge for the year under FRS17 represents the employer contribution payable.

1.12 Exceptional costs

Exceptional costs are those items which are separately disclosed by virtue of their size and one-off nature, in order to enable a better understanding of the Company's financial performance.

R&QUIEM FINANCIAL SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2014**

1. ACCOUNTING POLICIES (continued)**1.13 Share options**

Share options in Oval Limited, the ultimate parent undertaking until 31 March 2014, have been granted to eligible employees at the discretion of the Board. Options cannot be exercised until the earliest of the third anniversary of the date of grant, the death of a participant, or a takeover, restructuring or winding-up of the Company.

The equity-settled share-based payments are measured at fair value at the date of grant and are recognised over the vesting period within administrative expenses, the corresponding entry is treated as a capital contribution within other reserves.

2. TURNOVER

All turnover arose within the United Kingdom.

Turnover is wholly attributable to the principal activity of the Company.

3. OPERATING LOSS

The operating loss is stated after charging:

	2014 £000	2013 £000
Depreciation of tangible fixed assets:		
- owned by the company	22	51
Operating lease rentals:		
- land and buildings	356	619
	<hr/> <hr/>	<hr/> <hr/>

4. AUDITORS' REMUNERATION

	2014 £000	2013 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	15	25
	<hr/> <hr/>	<hr/> <hr/>

R&QUIEM FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2014

5. STAFF COSTS

Staff costs were as follows:

	2014 £000	2013 £000
Wages and salaries	6,557	8,740
Social security costs	741	900
Other pension costs	306	358
	<u>7,604</u>	<u>9,998</u>

The average monthly number of employees, including the Directors, during the year was as follows:

	2014 No.	2013 No.
Management and administration	<u>166</u>	<u>209</u>

6. DIRECTORS' REMUNERATION

Directors' remuneration is recharged by means of a Group recharge. Full Directors' remuneration costs are disclosed in the employing company, Oval Management Services Limited.

7. EXCEPTIONAL ITEMS

	2014 £000	2013 £000
Restructuring costs	-	480
Increase in provisions	1,331	1,025
Other exceptional items	50	382
	<u>1,381</u>	<u>1,887</u>

Oval Pension Solutions ("OPS"), a trading division of the Company, undertook projects to advise members of defined benefit pension schemes where the members had received incentivised transfer offers from their employer.

In line with its contractual commitments, the Company undertook a full file review on these projects to ensure that all members received suitable advice; this review has been completed. This included work to ensure that the records are complete and that members had not been disadvantaged. This could involve the paying of compensation, provision for which has been made. Further details are provided in note 18.

The legal dispute referred to in 2013 was settled during the year.

R&QUIEM FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2014

8. TAXATION

	2014 £000	2013 £000
Analysis of tax credit in the year		
Current tax (see note below)		
UK corporation tax credit on loss for the year	(51)	(600)
Adjustments in respect of prior periods	(185)	-
Total current tax	<u>(236)</u>	<u>(600)</u>
Deferred tax		
Origination and reversal of timing differences	186	(171)
Tax on loss on ordinary activities	<u>(50)</u>	<u>(771)</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2013 - *higher than*) the standard rate of corporation tax in the UK of 22.17% (2013 - 23%). The differences are explained below:

	2014 £000	2013 £000
Loss on ordinary activities before tax	<u>(1,968)</u>	<u>(3,400)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 22.17% (2013 - 23%)	(436)	(782)
Effects of:		
Expenses not deductible for tax purposes	-	29
Depreciation in excess of/(lower than) capital allowances	-	4
Adjustments to tax charge in respect of prior periods	(185)	-
Effect of adjustment in corporation tax rate	-	(21)
Profit on disposal of fixed assets	2	3
Movement in general provisions	383	167
Current tax credit for the year (see note above)	<u>(236)</u>	<u>(600)</u>

Factors that may affect future tax charges

In the Finance Bill 2013 it was announced that the main rate of UK corporation tax would reduce to 20% from 1 April 2015. The Bill was substantively enacted on 2 July 2013.

R&QUIEM FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2014

9. TANGIBLE FIXED ASSETS

	Short-term leasehold property £000	Fixtures, fittings and computer equipment £000	Total £000
Cost			
At 1 June 2013	50	171	221
Disposals	(12)	(139)	(151)
At 31 May 2014	38	32	70
Depreciation			
At 1 June 2013	24	76	100
Charge for the year	9	13	22
On disposals	(10)	(71)	(81)
At 31 May 2014	23	18	41
Net book value			
At 31 May 2014	15	14	29
At 31 May 2013	26	95	121

10. FIXED ASSET INVESTMENTS

	Unlisted investments £000
Cost or valuation	
At 1 June 2013 and 31 May 2014	13
Net book value	
At 31 May 2014	13
At 31 May 2013	13

All the Company's unlisted investments were sold on 26 June 2014; see note 22.

R&QUIEM FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2014

11. DEBTORS

	2014 £000	2013 £000
Trade debtors	722	1,907
Amounts owed by group undertakings	30	-
Deferred tax asset	5	191
Other debtors	-	407
Prepayments and accrued income	77	343
	<u>834</u>	<u>2,848</u>

12. CREDITORS: Amounts falling due within one year

	2014 £000	2013 £000
Trade creditors	19	13
Amounts owed to group undertakings	1,300	220
Other creditors	191	10
Accruals and deferred income	1,720	1,375
	<u>3,230</u>	<u>1,618</u>

13. PROVISIONS

	Other provisions £000
At 1 June 2013	1,025
Additions	1,445
At 31 May 2014	<u>2,470</u>

Other provisions

Other provisions relate to an estimate of compensation due relating to:

- i) projects undertaken to advise members of defined benefit pension schemes where the members have received incentivised transfer offers by their employer; and
- ii) the alleged mis-selling of certain investment products.

Further details are disclosed in notes 7 and 18.

R&QUIEM FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2014

14. SHARE BASED PAYMENTS

The Oval Limited Company Share Option Plan ("CSOP") was an equity settled share option plan adopted on 1 April 2004. Options were granted to eligible employees at the discretion of the board. Options could not be exercised until the earliest of the third anniversary of the date of grant, the death of a participant, or a takeover, reconstruction or winding up of the Company. All eligible options were exercised or forfeited on 1 April 2014.

The Oval Limited Unapproved Share Options Scheme ("USOS") was adopted by the board on 24 November 2004. This was an equity settled scheme where options are granted to eligible employees at the discretion of the board. Options under the scheme could be exercised at any time. All eligible options were exercised or forfeited on 1 April 2014.

15. SHARE CAPITAL

	2014 £000	2013 £000
Allotted, called up and fully paid		
2,425,000 (2013 - 2,075,000) Ordinary shares of £1 each	2,425	2,075

The movement in share capital in the year relates to shares issued to the Company's parent company at par.

16. RESERVES

	Share option reserve £000	Profit and loss account £000
At 1 June 2013	164	(1,240)
Loss for the financial year		(1,918)
Share based payment charge	29	
Transfer between reserves	(193)	193
At 31 May 2014	-	(2,965)

17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2014 £000	2013 £000
Opening shareholders' funds	999	1,582
Loss for the financial year	(1,918)	(2,629)
Shares issued during the year	350	1,950
Share based payment charge	29	96
Closing shareholders' (deficit)/funds	(540)	999

R&QUIEM FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2014

18. CONTINGENT LIABILITIES

As described in note 7, a trading division of the Company undertook projects to advise members of defined benefit pension schemes where the members received incentivised transfer offers from their employer. As at the date of these financial statements, the internal review previously reported on (in respect of the potential claims against the company as a result of the advice given) has been concluded. As a result, it is likely that the Company will be required to pay compensation to those who have potentially suffered a loss, provision for which has been made. Of nearly 4,000 cases reviewed, only 590 fall into this category, not all of whom would be entitled to a compensation payment.

In addition, a small number of complaints have been received in relation to alleged mis-selling of certain investment products which are being investigated. A provision has been made in relation to potential redress which may be payable should these complaints be upheld. The Company has also received complaints from two former clients alleging maladministration of their respective pension schemes. These complaints are at a very early stage and are being vigorously defended.

19. PENSION COMMITMENTS

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £305,625 (2013: £358,447). All contributions were paid over during the year.

Certain employees of the Company participate in the Bland Bankart Retirement Benefit Scheme ("BBRBS"). The accrual of benefits ceased within the scheme with effect from 31 December 2005. The BBRBS is a defined benefit scheme of which the Company is one of several participating employers. The assets are held in external funds invested by professional investment managers. It is not possible to identify the share of underlying assets and liabilities belonging to individual participating employers. Therefore, the scheme is accounted for as if it were a defined contribution scheme and the profit and loss account charge for the year under FRS17 represents the employer contribution payable.

The most recent actuarial valuation for the scheme was at 1 June 2011. The actuary used the projected unit method for determining the future costs. The deficit in the scheme at 31 May 2014 was £4,432,000 (2013: £4,376,000).

20. OPERATING LEASE COMMITMENTS

At 31 May 2014 the Company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2014	2013
	£000	£000
Expiry date:		
Within 1 year	-	128
Between 2 and 5 years	207	207

Following the acquisition of the Company by R&Quiem Limited on 30 June 2014, the Company's operating lease commitments were retained by the previous owners.

R&QUIEM FINANCIAL SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2014**

21. RELATED PARTY TRANSACTIONS

The Company has taken advantage of provisions in 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.

22. POST BALANCE SHEET EVENTS

The Company transferred all of its remaining non-run-off businesses on 2 June 2014 and 26 June 2014, with the exception of pension scheme administration which was transferred on 31 August 2014.

On 2 June 2014 the capital of the Company was reduced by £2,424,000 by cancelling and extinguishing Ordinary shares in the Company.

On 30 June 2014 the entire issued share capital of the Company was purchased by R&Quiem Limited, a company registered in England and Wales.

R&Quiem is a part of the R&Q Group whose ultimate parent undertaking is Randall & Quilter Investment Holdings Ltd., a company registered in Bermuda.

On 1 May 2015 the Company's immediate parent undertaking furnished a subordinated loan of £1,000,000 to provide the Company with sufficient regulatory capital.

23. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

Until 31 March 2014 the Company's parent undertaking was Oval Management Services Limited and its ultimate parent undertaking was Oval Limited, a company registered in England and Wales.

On 31 March 2014, the Company was acquired by Friary Intermediate Limited, a company incorporated in England and Wales, and its ultimate parent undertaking was Arthur J. Gallagher & Co, a US registered company.

Subsequently on 30 June 2014, as described in note 21, the Company was acquired by R&Quiem Limited and its ultimate parent undertaking is Randall & Quilter Investment Holdings Ltd., a company registered in Bermuda.

it is the opinion of the Directors that there is no ultimate controlling party.