
R&Q CENTRAL SERVICES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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R&Q CENTRAL SERVICES LIMITED

COMPANY INFORMATION

DIRECTORS	M L Glover S J Petch A K Quilter
COMPANY SECRETARY	R&Q Central Services Limited
REGISTERED NUMBER	04179375
REGISTERED OFFICE	71 Fenchurch Street London EC3M 4BS
AUDITORS	PKF Littlejohn LLP Statutory Auditor 1 Westferry Circus Canary Wharf London E14 4HD
BANKERS	National Westminster Bank Plc 1 Princes Street PO BOX 12258 London EC2R 8PA

R&Q CENTRAL SERVICES LIMITED

CONTENTS

	Page
Directors' Report	1 - 2
Independent Auditors' Report	3 - 4
Statement of Income and Retained Earnings	5
Balance Sheet	6
Notes to the Financial Statements	7 - 22

R&Q CENTRAL SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The Directors present their report and the financial statements for the year ended 31 December 2016.

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements 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.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £1,790,662 (2015 - loss £545,232).

The Directors do not recommend the payment of a dividend.

DIRECTORS

The Directors who served during the year were:

M L Glover
S J Petch
A K Quilter

FUTURE DEVELOPMENTS

The R&Q Group reorganisation has resulted in R&Q Central Services becoming the principal provider of administrative services, to the group.

R&Q CENTRAL SERVICES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

EMPLOYEE INVOLVEMENT

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests, and that all employees are aware of the financial and economic performance of their business units and of the Company as a whole. Communication with all employees continues through the Company intranet, briefing groups and the distribution of the annual report.

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the Company's policy that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not have a disability.

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 the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the 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.

POST BALANCE SHEET EVENTS

There have been no significant events affecting the Company since the year end.

AUDITORS

The auditors, PKF Littlejohn LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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 and signed on its behalf.



.....
Beverley Murphy
For and on behalf of R&Q Central Service Limited
Secretary

Date: 1 June 2017

R&Q CENTRAL SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF R&Q CENTRAL SERVICES LIMITED

We have audited the financial statements of R&Q Central Services Limited for the year ended 31 December 2016, which comprise the Statement of Income and Retained Earnings, the Balance Sheet and the related notes. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 on page 1, 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 Financial Reporting Council'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 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 December 2016 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.

R&Q CENTRAL SERVICES LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF R&Q CENTRAL SERVICES LIMITED
(CONTINUED)**

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with those financial statements and this report has been prepared in accordance with applicable legal requirements.

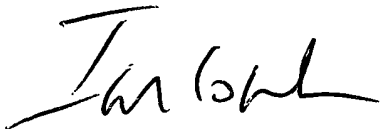
MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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.

the Directors were not entitled to take advantage of the small Companies' exemption in preparing the Directors Report or from the requirement to prepare a Strategic Report.



Ian Cowan (Senior Statutory Auditor)
for and on behalf of

PKF Littlejohn LLP

Statutory Auditor

1 Westferry Circus

Canary Wharf

London

E14 4HD

Date: 6 June 2017

R&Q CENTRAL SERVICES LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 £	2015 £
Turnover	4	42,844,562	2,498,910
GROSS PROFIT		42,844,562	2,498,910
Administrative expenses		(44,534,115)	(3,135,983)
OPERATING LOSS	5	(1,689,553)	(637,073)
Interest receivable and similar income	9	-	14,558
Interest payable and expenses	10	(101,888)	-
LOSS BEFORE TAX		(1,791,441)	(622,515)
Tax on loss	11	779	77,283
LOSS AFTER TAX		(1,790,662)	(545,232)
Retained earnings at the beginning of the year		(280,366)	264,866
		(280,366)	264,866
Loss for the year		(1,790,662)	(545,232)
RETAINED EARNINGS AT THE END OF THE YEAR		(2,071,028)	(280,366)

There were no recognised gains and losses for 2016 or 2015 other than those included in the Statement of Income and Retained Earnings.


The notes on pages 7 to 22 form part of these financial statements.

R&Q CENTRAL SERVICES LIMITED
REGISTERED NUMBER: 04179375

BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
FIXED ASSETS			
Intangible assets	12	8,629	-
Tangible assets	13	957,224	-
Investments	14	2	2
		<u>965,855</u>	<u>2</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	15	5,349,307	343,420
Cash and cash equivalents	16	72,188	889
		<u>5,421,495</u>	<u>344,309</u>
Creditors: amounts falling due within one year	17	(8,427,278)	(593,577)
NET CURRENT LIABILITIES		(3,005,783)	(249,268)
TOTAL ASSETS LESS CURRENT LIABILITIES		(2,039,928)	(249,266)
NET LIABILITIES		(2,039,928)	(249,266)
CAPITAL AND RESERVES			
Called up share capital	19	100	100
Other reserves	20	31,000	31,000
Profit and loss account	20	(2,071,028)	(280,366)
		<u>(2,039,928)</u>	<u>(249,266)</u>

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


.....
S J Petch
Director

Date: 25-5-17

The notes on pages 7 to 22 form part of these financial statements.

R&Q CENTRAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. GENERAL INFORMATION

The Company's principal activity is the provision of administrative services to other group Companies.

The Company is a private Company limited by shares and is incorporated and domiciled in England. The address of its registered office is 71 Fenchurch Street, London, EC3M 4BS.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Randall & Quilter Investment Holdings Ltd. as at 31 December 2016 and these financial statements may be obtained from 71 Fenchurch Street, London, EC3M 4BS.

2.3 Going concern

The Directors have received confirmation from Randall & Quilter Investment Holdings Ltd. that the Group will continue to support the operations of the Company for the foreseeable future to allow it to be able to meet its own liabilities as they fall due. On the basis of their assessment of the Company's financial position, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future.

R&Q CENTRAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. ACCOUNTING POLICIES (CONTINUED)

2.4 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.

2.5 Turnover

Turnover comprises revenue recognised by the Company in respect of services supplied and recharges to other group Companies during the year exclusive of Value Added Tax.

Turnover represents external management fees as well as recharged income and recharges of expenses to other Companies in the R&Q Group.

Turnover is recognised when the right to such income is established through a contract and in line with the provision of services to which they relate.

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures & fittings	- 3 - 5 years straight line
Computer equipment	- 4 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Income and Retained Earnings.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

R&Q CENTRAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. ACCOUNTING POLICIES (CONTINUED)

2.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

2.9 Financial instruments

(i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group Companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

R&Q CENTRAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. ACCOUNTING POLICIES (CONTINUED)

2.10 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is Great British Pounds (GBP).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Income and Retained Earnings.

2.11 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.12 Finance costs

Finance costs are charged to the Statement of Income and Retained Earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.13 Pension

Defined contribution pension plan

The Company contributes to a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations. The contributions are recognised as an expense in the Statement of Income and Retained Earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

On the 1st January 2016 the Defined Contribution Plan was transferred to Randall & Quilter Central Services from Randall & Quilter Insurance Services.

2.14 Operating leases

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings on a straight line basis over the lease term.

R&Q CENTRAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. ACCOUNTING POLICIES (CONTINUED)

2.15 Interest income

Interest income is recognised in the Statement of Income and Retained Earnings using the effective interest method.

2.16 Borrowing costs

All borrowing costs are recognised in the Statement of Income and Retained Earnings in the year in which they are incurred.

2.17 Provision for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Income and Retained Earnings in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.18 Taxation

Tax is recognised in the Statement of Income and Retained Earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

R&Q CENTRAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. ACCOUNTING POLICIES (CONTINUED)

2.19 Share options

Share options in the ultimate parent undertaking are granted to Directors and selected employees. The options are exercisable three years from the date of grant and lapse on the tenth anniversary of the date of grant or the holder ceasing to be an employee of the group. Neither the Company nor the Group has any legal or constructive obligation to settle or repurchase the options in cash.

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.

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgments in applying the entity's accounting policies

No judgments have been made in applying the entities accounting policies that would have a significant effect on the amounts recognised in these financial statements.

(b) Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Recoverability of debtors

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 15 for the net carrying amount of debtors and associated impairment provision.

(ii) Dilapidations

Provision is made for dilapidations and require management's best estimate of the costs that will be incurred based on contractual requirements. In addition, the timing of the cashflows of the final settlement amount upon exit of the leased premises require management's judgement. See note 17 for the net carrying amount of the provision.

(iii) Tangible fixed assets (see note 13)

Tangible fixed assets, other than investments properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

R&Q CENTRAL SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

4. TURNOVER

An analysis of turnover by class of business is as follows:

	2016 £	2015 £
External management fees	336,187	23,750
Recharged income	42,508,375	2,475,160
	<u>42,844,562</u>	<u>2,498,910</u>

Analysis of turnover by country of destination:

	2016 £	2015 £
United Kingdom	42,387,172	2,421,854
Rest of the world	457,390	77,056
	<u>42,844,562</u>	<u>2,498,910</u>

5. OPERATING LOSS

The operating loss is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	475,708	-
Amortisation of intangible assets	146	-
Exchange differences	38,750	1
Other operating lease rentals	1,306,384	-
Defined contribution pension cost	1,445,527	-
	<u>1,445,527</u>	<u>-</u>

6. AUDITORS' REMUNERATION

	2016 £	2015 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	24,000	4,000
	<u>24,000</u>	<u>4,000</u>

R&Q CENTRAL SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

7. EMPLOYEES

	2016 £	2015 £
Wages and salaries	21,900,016	-
Social security costs	2,819,801	-
Cost of defined contribution scheme	1,445,527	-
	<u>26,165,344</u>	<u>-</u>

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

	2016 No.	2015 No.
Management	24	-
Services	219	-
Administration	46	-
	<u>289</u>	<u>-</u>

During the current period the Company has been the sole UK employer within the R&Q group. Full staff costs are disclosed above. Costs are recharged to Companies within the R&Q group by means of a group recharge.

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 £1,445,527 (2015: £NIL). All contributions were paid over during the year.

8. DIRECTORS' REMUNERATION

	2016 £	2015 £
Directors' emoluments	796,829	-
Directors pension costs - defined contribution schemes	39,070	-
	<u>835,899</u>	<u>-</u>

The highest paid Director received remuneration of £349,873 (2015 - £NIL).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £NIL (2015 - £NIL).

R&Q CENTRAL SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

9. INTEREST RECEIVABLE AND SIMILAR INCOME

	2016 £	2015 £
Interest receivable from group undertakings	-	14,558
	<u>-</u>	<u>14,558</u>

10. INTEREST PAYABLE AND SIMILAR CHARGES

	2016 £	2015 £
Loans from group undertakings	101,844	-
Other interest payable	44	-
	<u>101,888</u>	<u>-</u>

11. TAXATION

No provision has been made in the financial statements for corporation tax on the results for the period as a tax loss arises. Group relief relates to amounts receivable for losses surrendered to other group Companies.

The credit for corporation tax comprises the following:

	2016 £	2015 £
CORPORATION TAX		
Adjustments in respect of previous periods	(779)	-
Group taxation relief	-	(77,283)
TOTAL CURRENT TAX	<u>(779)</u>	<u>(77,283)</u>

R&Q CENTRAL SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

11. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than (2015 - *higher than*) the standard rate of corporation tax in the UK of 20% (2015 - 20.25%). The differences are explained below:

	2016 £	2015 £
Loss on ordinary activities before tax	<u>(1,791,441)</u>	<u>(622,515)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	(358,288)	(126,038)
EFFECTS OF:		
Expenses not deductible for tax purposes	(8,660)	-
Depreciation/(Capital allowances) for year in excess of capital allowances/depreciation	61,245	551
Adjustments to tax charge in respect of prior periods	(779)	-
Tax losses and other deductions arising in the period carried forward	366,055	-
Transfer pricing adjustments	<u>(60,352)</u>	<u>48,204</u>
TOTAL TAX CHARGE FOR THE YEAR	<u><u>(779)</u></u>	<u><u>(77,283)</u></u>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

In the Finance Bill 2015, it was announced that the main rate of UK corporation tax would reduce to 19% from 1 April 2017 and to 18% from 1 April 2020. The Bill was substantively enacted on 26 October 2015.

In March 2016, it was announced that there would be a further reduction to 17% from 1 April 2020. The Finance Bill 2016 was substantively enacted on 6 September 2016.

The Company's 2016 results are taxed at an effective rate of 20%.

R&Q CENTRAL SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

12. INTANGIBLE ASSETS

	Computer Software £	Computer Development £	Total £
COST			
Additions	8,775	-	8,775
Additions - internal	-	185,220	185,220
At 31 December 2016	<u>8,775</u>	<u>185,220</u>	<u>193,995</u>
AMORTISATION			
Charge for the year	146	-	146
Amortisation transfer from group	-	185,220	185,220
At 31 December 2016	<u>146</u>	<u>185,220</u>	<u>185,366</u>
NET BOOK VALUE			
At 31 December 2016	<u>8,629</u>	<u>-</u>	<u>8,629</u>
At 31 December 2015	<u>-</u>	<u>-</u>	<u>-</u>

R&Q CENTRAL SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

13. TANGIBLE FIXED ASSETS

	Fixtures & fittings £	Computer equipment £	Total £
COST OR VALUATION			
At 1 January 2016	4,388	-	4,388
Additions	481,987	76,181	558,168
Transfers intra group	1,393,228	1,715,300	3,108,528
Disposals	(760,044)	(711,451)	(1,471,495)
Dilapidations	266,712	-	266,712
At 31 December 2016	1,386,271	1,080,030	2,466,301
DEPRECIATION			
At 1 January 2016	4,388	-	4,388
Charge for the period on owned assets	278,350	197,358	475,708
Transfers intra group	1,112,375	1,329,397	2,441,772
Disposals	(748,847)	(663,944)	(1,412,791)
At 31 December 2016	646,266	862,811	1,509,077
NET BOOK VALUE			
At 31 December 2016	740,005	217,219	957,224
At 31 December 2015	-	-	-

R&Q CENTRAL SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

14. FIXED ASSET INVESTMENTS

	Unlisted investments £
COST OR VALUATION	
At 1 January 2016	<u>2</u>
At 31 December 2016	<u>2</u>
NET BOOK VALUE	
At 31 December 2016	<u>2</u>
At 31 December 2015	<u>2</u>

The Company holds one Ordinary share in R&Q Malta Holdings Limited and one Ordinary share in R&Q Insurance (Malta) Limited, Group Companies registered in Malta.

The Company's interest in these shares is subject to a Pledge Agreement in favour of and in relation to the Group's banking facilities with The Royal Bank of Scotland Plc.

15. DEBTORS: Amounts falling due within one year

	2016 £	2015 £
Trade debtors	18,552	552
Amounts owed by group undertakings	3,990,632	330,066
Other debtors	406,609	6,092
Prepayments and accrued income	933,514	6,710
	<u>5,349,307</u>	<u>343,420</u>

Amounts owed by group undertakings are unsecured, have no fixed date of repayment and are repayable on demand.

Included in amounts owed by group undertakings in 2015 there was a loan amount of £241,539 which was being charged interest, at Libor + 2.75%.

R&Q CENTRAL SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

16. CASH AND CASH EQUIVALENTS

	2016	2015
	£	£
Cash at bank and in hand	72,188	889
	72,188	889

17. CREDITORS: Amounts falling due within one year

	2016	2015
	£	£
Trade creditors	1,073,594	-
Amounts owed to group undertakings	5,223,465	82,493
Other taxation and social security	708,873	-
Other creditors	413,989	335,655
Accruals and deferred income	1,007,357	175,429
	8,427,278	593,577

Amounts owed to group undertakings are unsecured, have no fixed date of repayment and are repayable on demand.

Other creditors is made up of a provision for dilapidations, which will not be wholly settled within one year.

Included in amounts owed to group undertakings is a loan amount of £4,151,005 which is being charged interest, at Libor + 2.75%.

R&Q CENTRAL SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

18. FINANCIAL INSTRUMENTS

	2016 £	2015 £
FINANCIAL ASSETS		
Financial assets that are debt instruments measured at amortised cost	4,415,793	336,710
	<u>4,415,793</u>	<u>336,710</u>
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost	(7,944,570)	(422,149)
	<u>(7,944,570)</u>	<u>(422,149)</u>

Financial assets measured at amortised cost comprise amounts owed by group undertakings, trade debtors and other debtors. Prepaid expenses that are not financial assets (2016: £807,798, 2015: £6,710) are not included.

Financial Liabilities measured at amortised cost comprise amounts owed to group undertakings, other creditors and accruals. Deferred income (2016: £215,996, 2015 £171,428) that is not a financial liability is not included.

19. SHARE CAPITAL

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

There is a single class of Ordinary share. There are no restrictions on the distribution of dividends and the repayment of capital.

20. RESERVES

Other reserves

The other reserves represents a capital contribution.

Profit & loss account

The profit and loss account represents accumulated profits and losses.

R&Q CENTRAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

21. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Not later than 1 year	857,870	378,266
Later than 1 year and not later than 5 years	1,766,000	15,848
	<u>2,623,870</u>	<u>394,114</u>

22. OTHER FINANCIAL COMMITMENTS

In relation to the Group's facilities arrangement The Royal Bank of Scotland plc holds a fixed and floating charge over the undertaking and all property and assets of the Company.

23. RELATED PARTY TRANSACTIONS

The Company is exempt from disclosing other related party transactions that are with other Companies wholly owned within the group.

There are no other transactions with or balances due to or from related parties.

24. CONTROLLING PARTY

The immediate parent undertaking is Randall & Quilter IS Holdings Limited, which is registered in England and Wales.

Group financial statements are prepared by the ultimate parent undertaking, Randall & Quilter Investment Holdings Ltd., a Company registered in Bermuda, and can be obtained from 71 Fenchurch Street, London, EC3M 4BS.

In the opinion of the Directors there is no ultimate controlling party.