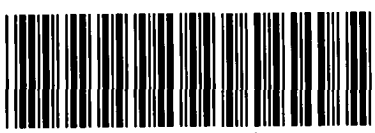
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R&Q CENTRAL SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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R&Q CENTRAL SERVICES LIMITED

COMPANY INFORMATION

DIRECTORS	M L Glover S J Petch A K Quilter (resigned 18 June 2018) S Johnson (appointed 18 June 2018)
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

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

BUSINESS REVIEW

The Directors are satisfied with the operational performance and financial results of the Company for the year. The Company's principal activity as the central management Company for the R&Q Group UK operations is the provison of services to other Group Companies.

The Company primarily derives its income from the provision of services and recharges to other Group Companies.

PRINCIPAL RISKS AND UNCERTAINTIES

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:

DEPENDANCE ON CLIENTS

In January 2018 the Group sold a number of the Companies that sat within the Insurance Services Division to the Davies Group Limited.

External income has been received from Coverys UK Holding Company and the Davies Group Limited for transitional services provided for a period following sale.

The income receivable was linked to achieving service level agreements and therefore there was a risk that errors caused by people, processes, systems or other events could lead to a reduction in external fee income.

The Company sought to manage these risks by implementing detailed policies and procedures that addressed each risk.

LOSS OF KEY STAFF

The operations of the Company are reliant on key staff. The Directors believe that its Human Resources policies are sufficient to recruit and retain such staff.

LIQUIDITY RISK

The Company pays expenses on behalf of all Group Companies. The Company maintains a weekly cash flow report to monitor funds and to ensure that expenses stay in line with expectation.

FINANCIAL KEY PERFORMANCE INDICATORS

	2018 £000	2017 £000
Income from Group Companies	33,122	42,784
Income from external clients	3,340	617
Administrative expenses	36,201	45,309
Operating profit/(loss)	261	(1,908)

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.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

This report was approved by the board on 18 APRIL 2019 and signed on its behalf.

.....
MICHAEL GLOVER
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors present their report and the Financial Statements for the year ended 31 December 2018.

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 applicable law and 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'. 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 judgements 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 to 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 profit for the year, after taxation, amounted to £20,872 *(2017 - loss £3,071,150)*.

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 (resigned 18 June 2018)
S Johnson (appointed 18 June 2018)

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.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

DISCLOSURE OF INFORMATION TO AUDITOR

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 auditor is 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 auditor is aware of that information.

POST BALANCE SHEET EVENTS

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

AUDITOR

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

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

.....
Director MICHAEL GLOVER

Date: 17 MAY 2019

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

OPINION

We have audited the Financial Statements of R&Q Central Services Limited (the 'Company') for the year ended 31 December 2018, which comprise the Statement of Income and Retained Earnings, the Balance Sheet and notes to the Financial Statements, including a summary of significant accounting policies.. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 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.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is not appropriate; or
- the Directors have not disclosed in the Financial Statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the Financial Statements are authorised for issue.

OTHER INFORMATION

The other information comprises the information included in the Annual Report, other than the Financial Statements and our auditor's report thereon. The Directors are responsible for the other information. Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the Financial Statements or a material misstatement of the other information. If, based on the work we have performed, we

conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS 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 the Financial Statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the 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 in relation to which 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.

RESPONSIBILITIES OF DIRECTORS

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, and for such internal control as the Directors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

A further description of our responsibilities for the audit of the Financial Statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

USE OF OUR REPORT

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 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 shareholder for our audit work, for this report, or for the opinions we have formed.

Ian Cowan (Senior Statutory Auditor)
for and on behalf of
PKF Littlejohn LLP
Statutory Auditor
1 Westferry Circus
Canary Wharf
London
E14 4HD
Date: 31 May 2015

STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £	*2017 £*
Turnover	4	**36,461,807**	*43,401,634*
GROSS PROFIT		**36,461,807**	*43,401,634*
Administrative expenses		**(36,200,908)**	*(45,309,172)*
OPERATING PROFIT/(LOSS)	5	**260,899**	*(1,907,538)*
Guarantee on impairment of investment property		**(30,000)**	*(1,070,920)*
Amounts written off investments and intercompany debtors		**(1,964)**	-
Interest payable and similar expenses	9	**(199,990)**	*(103,182)*
PROFIT/(LOSS) BEFORE TAX		**28,945**	*(3,081,640)*
Tax on profit/(loss)	10	**(8,073)**	*10,490*
PROFIT/(LOSS) AFTER TAX		**20,872**	*(3,071,150)*
Retained earnings at the beginning of the year		**(5,142,178)**	*(2,071,028)*
		(5,142,178)	*(2,071,028)*
Profit/(loss) for the year		**20,872**	*(3,071,150)*
RETAINED EARNINGS AT THE END OF THE YEAR		**(5,121,306)**	*(5,142,178)*

There were no recognised gains and losses for 2018 or 2017 other than those included in the Statement of Income and Retained Earnings.

The notes on pages 10 to 25 form part of these Financial Statements.

R&Q CENTRAL SERVICES LIMITED
REGISTERED NUMBER: 04179375

BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note		2018 £		2017 £
FIXED ASSETS					
Intangible assets	11		**15,119**		*19,607*
Tangible assets	12		**321,998**		*499,395*
Investments	13		**20,520**		*2*
			357,637		*519,004*
CURRENT ASSETS					
Debtors: amounts falling due within one year	14	**9,810,203**		*8,253,638*	
Cash at bank and in hand	15	**27,651**		*115,233*	
		9,837,854		*8,368,871*	
Creditors: amounts falling due within one year	16	**(15,285,697)**		*(13,998,953)*	
NET CURRENT LIABILITIES			**(5,447,843)**		*(5,630,082)*
TOTAL ASSETS LESS CURRENT LIABILITIES			**(5,090,206)**		*(5,111,078)*
NET LIABILITIES			**(5,090,206)**		*(5,111,078)*
CAPITAL AND RESERVES					
Called up share capital	18		**100**		*100*
Other reserves	19		**31,000**		*31,000*
Profit and loss account	19		**(5,121,306)**		*(5,142,178)*
			(5,090,206)		*(5,111,078)*

The Financial Statements were approved and authorised for issue by the Board and were signed on its behalf by:

.....

S J Petch
Director

Date: 18 April 2019

The notes on pages 10 to 25 form part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

1. GENERAL INFORMATION

The Company's principal activity is as the Group's principal employer in the UK, which provides 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 judgement 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 2018 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.

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 Foreign currency translation

Functional and presentational currency

The Company's functional and presentational currency is Great British Pound (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. Nonmonetary 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.

2.7 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.

2.8 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.

2. ACCOUNTING POLICIES (CONTINUED)

2.9 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.

2.10 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.

2.11 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 payment 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.

2.12 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.

2. ACCOUNTING POLICIES (CONTINUED)

2.13 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.

2.14 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:

Motor vehicles	- 4 years straight line
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.

2.15 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.16 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 other creditors in current liabilities.

2. ACCOUNTING POLICIES (CONTINUED)

2.17 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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

Estimates and judgements 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 judgements in applying the entity's accounting policies

No judgements have been made in applying the entity's 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, other debtors and amounts owed by Group undertakings. When assessing impairment, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 14 for the net carrying amount of debtors.

(ii) Dilapidations

Provision made for dilapidations 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 16 for the net carrying amount of the provision.

(iii) Tangible fixed assets (see note 12)

Tangible fixed assets 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

4. TURNOVER

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

	2018 £	2017 £
External management fees	**3,340,052**	*617,607*
Recharged income	**33,121,754**	*42,784,027*
	36,461,806	*43,401,634*

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	**32,090,866**	*42,745,364*
Rest of the world	**4,370,940**	*656,270*
	36,461,806	*43,401,634*

5. OPERATING PROFIT/(LOSS)

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

	2018 £	2017 £
Depreciation of tangible fixed assets	**251,070**	*328,168*
Amortisation of intangible assets	**4,488**	*2,643*
Exchange differences	**105,645**	*(40,768)*
Other operating lease rentals	**1,072,653**	*1,503,990*
Defined contribution pension cost	**733,380**	*1,218,238*

6. AUDITOR'S REMUNERATION

	2018 £	2017 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	**24,000**	*24,000*
	24,000	*24,000*

7. EMPLOYEES

	2018 £	2017 £
Wages and salaries	**14,879,668**	*23,169,782*
Social security costs	**1,861,350**	*2,568,392*
Cost of defined contribution scheme	**733,380**	*1,218,238*
	17,474,398	*26,956,412*

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

	2018 No.	2017 No.
Management	**25**	*26*
Services	**85**	*240*
Administration	**42**	*40*
	152	*306*

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 £733,380 (2017: £1,218,238). All contributions were paid over during the year.

8. DIRECTORS' REMUNERATION

	2018 £	2017 £
Directors' emoluments	**1,721,831**	*727,635*
Directors pension costs - defined contribution schemes	**64,625**	*28,125*
	1,786,456	*755,760*

The highest paid Director received remuneration of £725,554 *(2017: £305,937)*.

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £NIL *(2017: £NIL)*.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

9. INTEREST PAYABLE AND EXPENSES

	2018 £	2017 £
Loans from Group undertakings	**199,958**	*103,121*
Other interest payable	**32**	*61*
	199,990	*103,182*

10. 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:

	2018 £	2017 £
CORPORATION TAX		
Adjustments in respect of previous periods	**8,073**	*(2,418)*
Group taxation relief	**-**	*(8,072)*
TOTAL CURRENT TAX	**8,073**	*(10,490)*

10. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than *(2017 - higher than)* the standard rate of corporation tax in the UK of 19% *(2017 - 19.25%)*. The differences are explained below:

	2018 £	*2017* *£*
Profit/(loss) on ordinary activities before tax	**28,945**	*(3,081,640)*
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	**5,500**	*(593,110)*
EFFECTS OF:		
Expenses not deductible for tax purposes	**113,290**	*236,610*
Depreciation in excess of capital allowances	**32,682**	*71,667*
Adjustments to tax charge in respect of prior periods	**8,073**	*(2,418)*
Utilisation of brought forward losses	**(151,472)**	-
Tax losses and other deductions arising in the period carried forward	**-**	*276,761*
TOTAL TAX CHARGE FOR THE YEAR	**8,073**	*(10,490)*

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The Company has tax losses carried forward in the UK of £2.4m (2017: £3.3m) that are available indefinitely for offset against future taxable profits of the Company. No deferred tax asset has been provided for these losses due to the uncertainty regarding its recoverability.

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 2018 results are taxed at 19%.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

11. INTANGIBLE ASSETS

	Computer Software £	Computer Development £	Total £
COST			
At 1 January 2018	**22,396**	**185,220**	**207,616**
At 31 December 2018	**22,396**	**185,220**	**207,616**
AMORTISATION			
At 1 January 2018	**2,789**	**185,220**	**188,009**
Charge for the year	**4,488**	**-**	**4,488**
At 31 December 2018	**7,277**	**185,220**	**192,497**
NET BOOK VALUE			
At 31 December 2018	**15,119**	**-**	**15,119**
At 31 December 2017	*19,607*	-	*19,607*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

12. TANGIBLE FIXED ASSETS

	Fixtures & fittings £	Computer equipment £	Motor vehicles £	Total £
COST				
At 1 January 2018	**1,248,183**	**1,117,127**	**11,300**	**2,376,610**
Additions	**33,832**	**15,723**	**-**	**49,555**
Transfers intra Group	**-**	**152,253**	**-**	**152,253**
Disposals	**(140,840)**	**(304,658)**	**-**	**(445,498)**
At 31 December 2018	**1,141,175**	**980,445**	**11,300**	**2,132,920**
DEPRECIATION				
At 1 January 2018	**896,694**	**969,221**	**11,300**	**1,877,215**
Charge for the year on owned assets	**89,557**	**86,087**	**-**	**175,644**
Amortisation of dilapidations	**75,426**	**-**	**-**	**75,426**
Transfers intra Group	**-**	**109,309**	**-**	**109,309**
Disposals	**(140,840)**	**(285,832)**	**-**	**(426,672)**
At 31 December 2018	**920,837**	**878,785**	**11,300**	**1,810,922**
NET BOOK VALUE				
At 31 December 2018	**220,338**	**101,660**	**-**	**321,998**
At 31 December 2017	*351,489*	*147,906*	*-*	*499,395*

13. FIXED ASSET INVESTMENTS

	Unlisted investments £
COST	
At 1 January 2018	**2**
Additions	**20,518**
At 31 December 2018	**20,520**

The Company holds one Ordinary share in R&Q Malta Holdings Limited and one Ordinary share in Accredited Insurance (Europe) Limited, formerly known as 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 facilities arrangement with The Royal Bank of Scotland Plc.

During the year, the Company aquired a 25% shareholding in R&Q Alpha Malta PLC and R&Q Beta Malta PLC. On 8 January 2019 R&Q Alpha Malta PLC merged with R&Q Alpha Company PLC, adopting the form of an SE with the entity name R&Q Alpha Company SE. On 8 January 2019 R&Q Beta Malta PLC merged with R&Q Beta Company PLC, adopting the form of an SE with the entity name R&Q Beta Company SE.

14. DEBTORS: Amounts falling due within one year

	2018 £	*2017 £*
Trade debtors	**1,861,054**	*56,647*
Amounts owed by Group undertakings	**6,077,411**	*6,546,539*
Other debtors	**355,601**	*350,796*
Prepayments and accrued income	**1,516,137**	*1,299,656*
	9,810,203	*8,253,638*

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

15. CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash at bank and in hand	**27,651**	*115,233*
	27,651	*115,233*

16. CREDITORS: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	**1,011,926**	*1,595,198*
Amounts owed to group undertakings	**11,394,990**	*10,242,759*
Amounts owed to other participating interests	**1,100,920**	*1,070,920*
Other taxation and social security	**472,530**	*466,976*
Other creditors	**801,594**	*383,091*
Accruals and deferred income	**503,737**	*240,009*
	15,285,697	*13,998,953*

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

Included within other creditors is a provision for dilapidations of £467,436 (2017: £383,091), which will not be wholly settled within one year. The remaining other creditors balance relates to a bank overdraft.

Included in amounts owed to Group undertakings is a loan amount of £7,978,819 (2017: £3,740,261) which is being charged interest, at Libor + 2.75%.

In 2017 the Company provided a guarantee to another Group company, Accredited Insurance (Europe) Limited, in respect of any loss incurred following any valuation (internal or external) or impairment of the investment property when compared to the cost of the property (including refurbishments).

Following an external valuation carried out by independent valuers, during the year Accredited Insurance (Europe) Limited incurred a further impairment on the investment property of £30,000 (2017: £1,070,920). Accredited Insurance (Europe) Limited has therefore made a call on the guarantee, which has been accepted by the Company. This amount was settled on 29 March 2019 in line with the term of the guarantee.

17. FINANCIAL INSTRUMENTS

	2018 £	*2017 £*
FINANCIAL ASSETS		
Financial assets that are debt instruments measured at amortised cost	**8,796,389**	*7,078,464*
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost	**(14,813,167)**	*(13,531,977)*

Financial assets measured at amortised cost comprise Group loans, trade debtors, other debtors and accrued income. Prepaid expenses that are not financial assets (2018: £1,013,814, 2017: £1,175,174) are not included.

Financial liabilities measured at amortised cost comprise Group loans, trade creditors, other creditors, accrued expenses and guarantee on impairment of investment property.

18. SHARE CAPITAL

	2018 £	*2017 £*
Allotted, called up and fully paid		
100 *(2017 - 100)* Ordinary shares of £1.00 each	**100**	*100*

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

19. RESERVES

Other reserves

The other reserves represents a capital contribution.

Profit & loss account

The profit and loss account represents accumulated profits and losses.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

20. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	**1,003,475**	*985,788*
Later than 1 year and not later than 5 years	**163,836**	*935,857*
	1,167,311	*1,921,645*

21. 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.

22. 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.

23. 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.