

R&Q CENTRAL SERVICES LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**



R&Q CENTRAL SERVICES LIMITED

COMPANY INFORMATION

DIRECTORS

A K Quilter
M A Metcalf (appointed 16 September 2022)

COMPANY SECRETARY

David Gormley

REGISTERED NUMBER

04179375

REGISTERED OFFICE

71 Fenchurch Street
London
EC3M 4BS

AUDITORS

PKF Littlejohn LLP
Statutory Auditor
15 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 2022**

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 provision 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

Following the sale of a number of Group Companies that sat within the Insurance Services Division to the Davies Group in 2018, the Company provides minimal services to external clients.

During 2022 the Company has received income for services provided to Syndicates, for which the Group holds a participation.

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

	2022	2021
	£000	£000
Income from Group Companies	43,038	56,797
Income from external clients	28	1,360
Administrative expenses	41,035	57,791
Operating profit	2,031	366

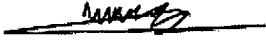
OTHER KEY PERFORMANCE INDICATORS

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

R&Q CENTRAL SERVICES LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

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



M A Metcalf
Director

Date: 17 July 2023

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

The Directors present their report and the Financial Statements for the year ended 31 December 2022.

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 £2,015,832 (2021 - £334,583).

The Directors do not recommend the payment of a dividend.

DIRECTORS

The Directors who served during the year were:

A K Quilter

M A Metcalf (appointed 16 September 2022)

G D Jarvis (resigned 16 September 2022)

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.

R&Q CENTRAL SERVICES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

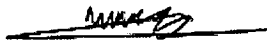
The R&Q Group is undergoing a reorganisation, splitting its program management and legacy business.

In connection with this reorganisation, the Company is seeking to transfer its minority share in R&Q Malta Holdings Limited, namely 1 fully paid up Ordinary 'B' share, to Randall & Quilter America Holdings Inc.

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.



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M A Metcalf
Director

Date: 17 July 2023

R&Q CENTRAL SERVICES LIMITED

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 2022, 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 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 United Kingdom, including the Financial Reporting Council'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.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2.3 in the Financial Statements, which indicates that the going concern basis of the Company is dependent on the ability of R&Q Insurance Holdings Ltd (the ultimate Parent undertaking) to continue with this financial support.

The ability of the ultimate Parent undertaking to support the Company is conditional on the successful sale of part of the Group's business. At the date of signing these Financial Statements the Group has not yet completed this sale but has received interest from a number of parties which indicate that it is probable that the sale process would be successful. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the Financial Statements, we have concluded that the Directors use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

R&Q CENTRAL SERVICES LIMITED

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

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the Financial Statements and our Auditor's Report thereon. 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 Strategic Report and the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the Strategic Report and the Directors' Report have 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 Strategic Report or 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.

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

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the Company and the laws and regulations that could reasonably be expected to have a direct effect on the Financial Statements. We obtained our understanding in this regard through discussions with management and application of audit knowledge and experience of the Company and the Group;
- We determined the principal laws and regulations relevant to the Company in this regard to be those arising from Companies Act 2006, UK GAAP and UK taxation regulations;
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the Company with those laws and regulations. These procedures included:
 - Discussion with management of any known, or suspected instances of non-compliance by the Company of those laws and regulations;
 - Discussion with management of any, or suspected, incidence of fraud;
 - Review of the disclosures in the Financial Statements;
 - Testing supporting documentation to assess compliance with applicable law and regulation; and
 - Review of minutes of the Board of Directors and other correspondence as deemed appropriate.
- We also identified the risks of material misstatement of the Financial Statements due to fraud as those arising from management override of controls. We have addressed this risk by performing audit procedures which included testing of journals, reviewing material accounting estimates for evidence of bias and evaluating the business rationale of any significant transactions that are unusual or outside normal course of business that came to our attention and preliminary and final analytical review to identify any unusual or unexpected relationships or variances

R&Q CENTRAL SERVICES LIMITED

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

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the Financial Statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the Financial Statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.

TUE Seaman

Thomas Seaman (Senior Statutory Auditor)
for and on behalf of

PKF Littlejohn LLP

Statutory Auditor

15 Westferry Circus

Canary Wharf

London

E14 4HD

Date: 18 August 2023

R&Q CENTRAL SERVICES LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	2021 £
Turnover	4	43,065,965	58,156,752
Gross profit		43,065,965	58,156,752
Administrative expenses		(41,034,588)	(57,791,175)
Operating profit	5	2,031,377	365,577
Interest receivable and similar income	9	-	195
Interest payable and similar expenses	10	(138,267)	(31,189)
Profit before tax		1,893,110	334,583
Tax on profit	11	122,722	-
Profit after tax		2,015,832	334,583
Retained earnings at the beginning of the year		1,820,642	1,486,059
		1,820,642	1,486,059
Profit for the year		2,015,832	334,583
Retained earnings at the end of the year		3,836,474	1,820,642

There were no recognised gains and losses for 2022 or 2021 other than those included in the statement of income and retained earnings.


The notes on pages 11 to 27 form part of these Financial Statements.

R&Q CENTRAL SERVICES LIMITED
REGISTERED NUMBER: 04179375

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	12	-	1,786
Tangible assets	13	546,668	748,136
Investments	14	3,458	3,458
		<u>550,126</u>	<u>753,380</u>
Current assets			
Debtors: amounts falling due within one year	15	15,039,027	11,296,922
Cash at bank and in hand	16	297,666	352,195
		<u>15,336,693</u>	<u>11,649,117</u>
Creditors: amounts falling due within one year	17	(12,019,245)	(10,550,755)
Net current assets		<u>3,317,448</u>	<u>1,098,362</u>
Total assets less current liabilities		<u>3,867,574</u>	<u>1,851,742</u>
Net assets		<u><u>3,867,574</u></u>	<u><u>1,851,742</u></u>
Capital and reserves			
Called up share capital	19	100	100
Other reserves	20	31,000	31,000
Profit and loss account	20	3,836,474	1,820,642
		<u>3,867,574</u>	<u>1,851,742</u>

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



.....
M A Metcalf
 Director

Date: 17 July 2023

The notes on pages 11 to 27 form part of these Financial Statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

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 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 11.42, 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 R&Q Insurance Holdings Ltd as at 31 December 2022 and these financial statements may be obtained from 71 Fenchurch Street, London, EC3M 4BS.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. ACCOUNTING POLICIES (CONTINUED)**2.3 Going concern**

The Directors have prepared the Company's Financial Statements on a going concern basis which assumes that the ultimate Parent undertaking, R&Q Insurance Holdings Ltd, will continue to provide financial support to the Company. Although the Company has received confirmation from R&Q Insurance Holdings Ltd that they will continue with its financial support, R&Q Insurance Holdings Ltd's ability to do so will depend on the sale of part of the Group's business in order to provide the necessary liquidity. The Group has received a number of preliminary indicative offers for the above sale, however the sale is subject to the selection of an approved bidder, completion of due diligence, and regulatory approval.

Having reviewed the circumstances surrounding the above scenario the Directors have concluded that it is appropriate to prepare these Financial Statements on a going concern basis, although there exists material uncertainty regarding the sale of this business and the timing of the disposal.

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 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. ACCOUNTING POLICIES (CONTINUED)

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 Statement of Income and Retained Earnings on a straight line basis over the lease term.

2.9 Interest Income

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

2.10 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.

2.11 Finance costs

Finance costs are charged to 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.

2.12 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. ACCOUNTING POLICIES (CONTINUED)

2.13 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.

2.14 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.

2.15 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.16 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. ACCOUNTING POLICIES (CONTINUED)

2.16 Tangible fixed assets (continued)

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 profit or loss.

2.17 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.18 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.

2.19 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 the Statement of Income and Retained Earnings.

(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

R&Q CENTRAL SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. ACCOUNTING POLICIES (CONTINUED)

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 2022**

**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 15 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 17 for the net carrying amount of the provision.

(iii) Tangible fixed assets (see note 13)

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.

R&Q CENTRAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

4. TURNOVER

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

	2022 £	2021 £
External management fees	28,442	1,359,464
Recharged income	43,037,523	56,797,288
	<u>43,065,965</u>	<u>58,156,752</u>

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom	27,244,687	36,091,221
Rest of the world	15,821,278	22,065,531
	<u>43,065,965</u>	<u>58,156,752</u>

5. OPERATING PROFIT

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

	2022 £	2021 £
Depreciation of tangible fixed assets	238,270	238,953
Amortisation of intangible assets	1,786	4,357
Exchange differences	(45,137)	(73,408)
Other operating lease rentals	761,185	809,867
Defined contribution pension cost	1,294,400	1,001,727

6. AUDITOR'S REMUNERATION

During the year, the Company obtained the following services from the Company's auditor and its associates:

R&Q CENTRAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

7. EMPLOYEES

	2022 £	2021 £
Wages and salaries	19,304,487	14,337,733
Social security costs	2,557,859	1,822,162
Cost of defined benefit scheme	1,294,400	1,001,727
	<u>23,156,746</u>	<u>17,161,622</u>

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

	2022 No.	2021 No.
Management	23	26
Services	67	54
Administration	53	50
	<u>143</u>	<u>130</u>

During the current period the Company has been the primary 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 £1,294,400 (2021: £1,001,727). All contributions were paid over during the year.

8. DIRECTORS' REMUNERATION

	2022 £	2021 £
Directors' emoluments	1,775,935	772,847
Company contributions to defined contribution pension schemes	21,406	26,367
	<u>1,797,341</u>	<u>799,214</u>

The highest paid Director received remuneration of £1,332,412 (2021 - £331,250).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £NIL (2021 - £NIL).

R&Q CENTRAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

9. INTEREST RECEIVABLE AND SIMILAR INCOME

	2022 £	2021 £
Other interest receivable	-	195
	<u>-</u>	<u>195</u>

10. INTEREST PAYABLE AND EXPENSES

	2022 £	2021 £
Loans from Group undertakings	24,767	31,189
Other interest payable	113,500	-
	<u>138,267</u>	<u>31,189</u>

11. TAXATION

The charge for corporation tax comprises the following:

	2022 £	2021 £
CORPORATION TAX		
Adjustments in respect of previous periods	(122,722)	-
TOTAL CURRENT TAX	<u>(122,722)</u>	<u>-</u>

R&Q CENTRAL SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

11. TAXATION (CONTINUED)**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is lower than (2021 - *lower than*) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	1,893,110	334,583
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	359,691	63,571
EFFECTS OF:		
Expenses not deductible for tax purposes	(2,707)	2,579
Timing differences relating to fixed assets	(27,044)	(38,607)
Tax losses carried forward	-	20,996
Utilisation of brought forward losses	(206,214)	-
Income not taxable for tax purposes	(123,726)	(48,539)
Adjustments to tax charge in respect of prior periods	(122,722)	-
TOTAL TAX CHARGE FOR THE YEAR	(122,722)	-

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The Company has tax losses carried forward in the UK of £3.9m (2021: £3.6m) that are available indefinitely for offset against future taxable profits of the Company. No deferred tax asset has been recognised for these losses due to uncertainty regarding its recoverability.

In the Finance Bill 2021 it was announced that the main rate of UK corporation tax would increase to 25% from April 2023. Legislation was introduced in the Finance Bill 2021 to set the charge to corporation tax and set the main rate at 19% for the financial year.

The Company's 2022 results are taxed at 19%.

R&Q CENTRAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

12. INTANGIBLE ASSETS

	Computer Software £	Computer Developmen t £	Total £
Cost			
At 1 January 2022	22,396	185,220	207,616
At 31 December 2022	22,396	185,220	207,616
Amortisation			
At 1 January 2022	20,610	185,220	205,830
Charge for the year on owned assets	1,786	-	1,786
At 31 December 2022	22,396	185,220	207,616
Net book value			
At 31 December 2022	-	-	-
At 31 December 2021	1,786	-	1,786

R&Q CENTRAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

13. TANGIBLE FIXED ASSETS

	Fixtures & fittings £	Computer equipment £	Motor vehicles £	Total £
COST				
At 1 January 2022	1,554,564	1,014,333	17,810	2,586,707
Additions	15,845	59,094	-	74,939
Disposals	(157,771)	(11,464)	(17,810)	(187,045)
At 31 December 2022	1,412,638	1,061,963	-	2,474,601
Depreciation				
At 1 January 2022	953,335	873,950	11,286	1,838,571
Charge for the year on owned assets	168,860	67,550	1,860	238,270
Transfers intra group	33,473	-	-	33,473
Disposals	(157,771)	(11,464)	(13,146)	(182,381)
At 31 December 2022	997,897	930,036	-	1,927,933
Net book value				
At 31 December 2022	414,741	131,927	-	546,668
At 31 December 2021	601,229	140,383	6,524	748,136

R&Q CENTRAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

14. FIXED ASSET INVESTMENTS

	Unlisted investments £
COST	
At 1 January 2022	3,458
At 31 December 2022	<u>3,458</u>

The Company holds one Ordinary share in R&Q Malta Holdings Limited and one Ordinary share in Accredited Insurance (Europe) 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 National Westminster Bank Plc.

POST BALANCE SHEET EVENTS

The R&Q Group is undergoing a reorganisation, splitting its program management and legacy business.

In connection with this reorganisation, the Company is seeking to transfer its minority share in R&Q Malta Holdings Limited, namely 1 fully paid up Ordinary 'B' share, to Randall & Quilter America Holdings Inc

15. DEBTORS: Amounts falling due within one year

	2022 £	2021 £
Trade debtors	78,355	48,108
Amounts owed by Group undertakings	13,379,146	6,678,473
Other taxation and social security	-	105,081
Other debtors	97,410	424,729
Prepayments and accrued income	1,484,116	4,040,531
	<u>15,039,027</u>	<u>11,296,922</u>

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

R&Q CENTRAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

16. CASH AND CASH EQUIVALENTS

	2022 £	2021 £
Cash at bank and in hand	297,666	352,195
	<u>297,666</u>	<u>352,195</u>

17. CREDITORS: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	1,153,330	564,452
Amounts owed to Group undertakings	6,698,541	5,678,880
Other taxation and social security	136,692	-
Other creditors	310,704	312,583
Accruals and deferred income	3,719,978	3,994,840
	<u>12,019,245</u>	<u>10,550,755</u>

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 £286,204 (2021: £310,331), which will not be wholly settled within one year.

Included in amounts owed to Group undertakings is a loan amount of £1,661,297 (2021: £228,355) which is being charged interest at 1.107%.

R&Q CENTRAL SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

18. FINANCIAL INSTRUMENTS

	2022	2021
	£	£
Financial assets		
Financial assets that are debt instruments measured at amortised cost	13,581,252	8,731,640
	<u> </u>	<u> </u>
Financial liabilities		
Financial liabilities measured at amortised cost	(10,641,705)	(10,307,033)
	<u> </u>	<u> </u>

Financial assets measured at amortised cost comprise Group loans, trade debtors, other debtors and accrued income. Prepaid expenses that are not financial assets (2022: £1,457,775, 2021: £2,460,202) are not included.

Financial liabilities measured at amortised cost comprise Group loans, trade creditors, other creditors and accrued expenses.

19. SHARE CAPITAL

	2022	2021
	£	£
Allotted, called up and fully paid		
100 (2021 - 100) Ordinary shares of £1.00 each	100	100
	<u> </u>	<u> </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 2022**

21. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	918,269	918,269
Later than 1 year and not later than 5 years	988,752	1,907,021
	<u>1,907,021</u>	<u>2,825,290</u>

22. OTHER FINANCIAL COMMITMENTS

In relation to the Group's facilities arrangement the National Westminster Bank 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. POST BALANCE SHEET EVENTS

The R&Q Group is undergoing a reorganisation, splitting its program management and legacy business.

In connection with this reorganisation, the Company is seeking to transfer its minority share in R&Q Malta Holdings Limited, namely 1 fully paid up Ordinary 'B' share, to Randall & Quilter America Holdings Inc.

25. 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, R&Q Insurance 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.