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Registered number: 04690709

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## **R&Q MANAGING AGENCY LIMITED**

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### **DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2015**

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**R&Q MANAGING AGENCY LIMITED**

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**COMPANY INFORMATION**

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**DIRECTORS**

M Bell  
A G Chopourian  
J P Fox  
M G Gardiner  
P A G Green  
C A Hewitt  
R E McCoy  
K E Randall  
P M Sloan  
J P Tilling

**COMPANY SECRETARY**

R&Q Central Services Limited

**REGISTERED NUMBER**

04690709

**REGISTERED OFFICE**

2 Minster Court  
London  
EC3R 7BB

**INDEPENDENT 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

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**R&Q MANAGING AGENCY LIMITED**

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**R&Q MANAGING AGENCY LIMITED**

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**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**INTRODUCTION**

During the year the Company acted as managing agent for two Lloyd's Syndicates (1991 and 3330), and provided services to a third party syndicate.

**BUSINESS REVIEW**

The directors are satisfied with the Company's progress to date and expect the Company to continue to operate profitably in the future, as syndicate 1991 continues to grow and by giving attention to the future development of Syndicate 3330 including active consideration of the business plan going forwards.

The Company will continue to provide services to the third party syndicate and act as a "Turnkey" Managing Agent to prospective new entrants to the market.

**STRATEGIC REPORT (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**PRINCIPAL RISKS AND UNCERTAINTIES**

**Company Risks**

As a managing agent at Lloyd's, the majority of the risks to the Company's future cash flows come from its income arising from the management of Lloyd's Syndicates. The level of fees and profit commission receivable are largely governed by the future size and profitability of the Syndicates. If the results of the Syndicates are not considered adequate by the members of these Syndicates, support may be reduced along with potential income to the Company.

There is the risk that any losses suffered by the Syndicates will potentially reduce the capital available to support the Syndicates in future years. In such circumstances, to avoid a reduction in capacity managed, the Managing Agent is dependent upon the existing members finding additional capital or attracting new members to the Syndicate.

If significant losses are made by a Syndicate, the Company may be at risk of litigation if capital providers to the Syndicate, or other third parties, consider they have suffered a loss due to inadequate management of the Syndicate.

The Company manages the Syndicates in return for a managing agency fee, management charges and profit commission out of which it must meet retained expenses. The Company is required to hold a minimum amount of regulatory capital. To this end, the Company monitors its financial position by way of quarterly management accounts and weekly cash flow reports and action would be taken to maintain the regulatory capital position where appropriate.

To manage these risks the Company's Board have in place a strong risk management and internal controls framework which supports the delivery of growth and profitability for its managed Syndicates.

**Syndicate Risks**

The principal risks and uncertainties of the managed Syndicates are presented below:

**Insurance Risk**

The Company manages both live and run off Syndicates the nature of which exposes them to the risk of claims arising on business written. To this end, the Company maintains detailed Solvency II compliant policies, procedures and techniques covering underwriting, claims, reserving and reinsurance to manage the inherent uncertainties as to the occurrence, amount and timing of insurance liabilities.

**Liquidity Risk**

Most of the risk applicable to the Company relates to the Syndicates. The Syndicates are subject to calls on cash resources in respect of expenses which the Company pays on its behalf and then recharges back to the Syndicates. The Company maintains a weekly cash flow report to monitor funds and an expense budget report to ensure that expenses stay in line with expectation.

**Credit Risk**

The Syndicates have an exposure to credit risk in respect of insurance and reinsurance debtors. The Company maintains an internal credit rating policy and a limit setting process has been implemented to mitigate this risk.

**Market/Currency Risk**

The Syndicates write a significant proportion of insurance business in currencies other than sterling, which gives rise to a potential exposure to currency risk. The Company seeks to mitigate this risk by asset and liability matching in currencies within the Syndicate funds.

The investment of the Syndicates' financial assets is partly managed by external investment managers on behalf of the Company. The performance of the investment managers is regularly reviewed to mitigate risks arising from market fluctuations and to manage liquidity accordingly.

## R&Q MANAGING AGENCY LIMITED

### STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2015

#### Operational Risk

This is the risk that errors caused by people, processes, systems or external events lead to losses to the Syndicates. The Company seeks to manage this risk with detailed policies and procedures addressing each potential source of operational risk and a structured programme of testing of processes and systems by internal audit.

#### Legal and Regulatory Risk

The Company's approval as a Managing Agent of Lloyd's Syndicates is subject to continuing approval by Lloyd's, the Financial Conduct Authority and the Prudential Regulation Authority. The risk of this approval being removed is mitigated by monitoring and fully complying with all requirements in relation to a Lloyd's Managing Agent and the operation of its managed Syndicates.

#### FINANCIAL KEY PERFORMANCE INDICATORS

The Company's key financial performance indicators during the year are standard within the insurance industry and were as follows:

	2015 £000	2014 £000
Turnover	13,090	12,971
Profit commission	237	432
Profit commission as a percentage of turnover	1.7%	3.3%

#### OTHER KEY PERFORMANCE INDICATORS

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

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

*on behalf of*  
  
Beverley Marshall  
R&Q Central Services Limited  
Secretary

Date: 27 May 2016

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**R&Q MANAGING AGENCY LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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The Directors present their report and the financial statements for the year ended 31 December 2015.

**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 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 financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £739,000 (2014 - £668,000).

The Directors do not recommend the payment of a dividend.

**DIRECTORS**

The Directors who served during the year were:

M Bell  
A G Chopourian  
H N A Colthurst (resigned 31 March 2015)  
J P Fox  
M G Gardiner  
P A G Green  
C A Hewitt  
R E McCoy  
H R McKinlay Verzin (resigned 10 September 2015)  
K E Randall  
P M Sloan  
J P Tilling

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## R&Q MANAGING AGENCY LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

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#### FUTURE DEVELOPMENTS

In addition to its current business of Lloyd's syndicate management, R&Q Managing Agency Limited will continue to seek new business opportunities by providing Turnkey and third party contract management solutions.

#### DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

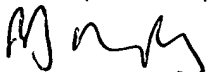
#### POST BALANCE SHEET EVENTS

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

#### AUDITORS

Under section 487(2) of the Companies Act 2006, PKF Littlejohn LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

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



BEVERLEY MURPHY

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R&Q Central Services Limited  
Secretary

Date: 27 May 2016



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**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF R&Q MANAGING AGENCY LIMITED**

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We have audited the financial statements of R&Q Managing Agency Limited for the year ended 31 December 2015, set out on pages 8 to 19. The financial reporting framework that has been applied in their preparation is applicable law including Financial Reporting Standard 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, 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 Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the 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 directors' report has been prepared in accordance with applicable legal requirements.

**R&Q MANAGING AGENCY LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF R&Q MANAGING AGENCY LIMITED**

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Ian Cowan (Senior Statutory Auditor)  
for and on behalf of  
**PKF Littlejohn LLP**  
Statutory Auditor  
London  
Date: 27 May 2016

# R&Q MANAGING AGENCY LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 £000	2014 £000
Turnover	4	13,090	12,971
<b>GROSS PROFIT</b>		<b>13,090</b>	<b>12,971</b>
Administrative expenses		(12,257)	(12,177)
<b>OPERATING PROFIT</b>		<b>833</b>	<b>794</b>
Interest receivable and similar income	7	151	133
<b>PROFIT BEFORE TAX</b>		<b>984</b>	<b>927</b>
Tax on profit	8	(245)	(259)
<b>PROFIT FOR THE YEAR</b>		<b>739</b>	<b>668</b>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>			
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>739</b>	<b>668</b>

The notes on pages 11 to 19 form part of these financial statements.

**R&Q MANAGING AGENCY LIMITED**  
**REGISTERED NUMBER: 04690709**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2015**

	Note	2015 £000	2014 £000
<b>CURRENT ASSETS</b>			
Debtors: amounts falling due within one year	10	7,625	7,101
Cash at bank and in hand	11	1	-
		<u>7,626</u>	<u>7,101</u>
Creditors: amounts falling due within one year	12	(1,054)	(1,268)
<b>NET CURRENT ASSETS</b>		<b>6,572</b>	<b>5,833</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>6,572</b>	<b>5,833</b>
<b>NET ASSETS</b>		<b>6,572</b>	<b>5,833</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	125	125
Profit and loss account	14	6,447	5,708
		<u>6,572</u>	<u>5,833</u>

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

 <b>M Bell</b> Director	 <b>R E McCoy</b> Director
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Date: 27 May 2016

The notes on pages 11 to 19 form part of these financial statements.

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**R&Q MANAGING AGENCY LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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	Share capital £000	Retained earnings £000	Total equity £000
At 1 January 2015	125	5,708	5,833
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>			
Profit for the year	-	739	739
<b>AT 31 DECEMBER 2015</b>	<b>125</b>	<b>6,447</b>	<b>6,572</b>

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2014**

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	Share capital £000	Retained earnings £000	Total equity £000
At 1 January 2014	125	5,040	5,165
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>			
Profit for the year	-	668	668
<b>AT 31 DECEMBER 2014</b>	<b>125</b>	<b>5,708</b>	<b>5,833</b>

The notes on pages 11 to 19 form part of these financial statements.

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## **R&Q MANAGING AGENCY LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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#### **1. GENERAL INFORMATION**

The Company acts as Lloyd's Managing Agent for Syndicates 1991 and 3330.

The Company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is 2 Minster Court, London, EC3R 7BB.

#### **2. ACCOUNTING POLICIES**

##### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention 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.

Information on the impact of first-time adoption of FRS 102 is given in note 17.

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 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- 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 2015 and these financial statements may be obtained from 2 Minster Court, London, EC3R 7BB.

##### **2.3 Going concern**

The Directors have assessed the position of the Company and it is expected to be able to meet its own liabilities as they fall due. The Directors believe that no material uncertainty exists that may cast significant doubt over the ability of the Company to continue as a going concern. Therefore the Company's Directors have reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**2. ACCOUNTING POLICIES (continued)****2.4 Turnover**

Turnover comprises management fees, profit commissions, retained managing agency fees and recharged expenses to Syndicates and other Group companies.

Management fees are recognised in line with the provision of services to which they relate.

Profit commission from managed Syndicates is recognised as the related underwriting profits from the managed Syndicates are earned.

Managing agency fees are recorded in revenue over the period in which they are considered to be earned.

**2.5 Valuation of Investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.6 Cash and cash equivalents**

Cash and cash equivalents includes 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.

**2.7 Financial instruments****(i) Financial assets**

Basic financial assets, including trade and other receivables, cash and bank balances, loans to group companies 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**2. ACCOUNTING POLICIES (continued)**

**(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.

**2.8 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 Comprehensive Income.

**2.9 Interest income**

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

**2.10 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.

**2.11 Taxation**

Tax is recognised in the Statement of Comprehensive Income, except that a change 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.



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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**3. JUDGMENTS 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 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) Post placement activities provision**

Managing agency fees are recorded in revenue over the period in which they are considered to be earned. Fees relating to an underwriting year are deferred over two years in line with the estimated performance of the underlying duties. At 31 December 2015 the Company has deferred £127,795 (2014: deferred: £218,924) in respect of these fees; this amount is included within accruals and deferred income.

**(ii) Recoverability of debtors**

The Company makes an estimate of the recoverable value of trade and other debtors, including amounts owed by group undertakings. 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 10 for the net carrying amount of debtors and associated impairment provision.

# R&Q MANAGING AGENCY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### 4. ANALYSIS OF TURNOVER

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

	2015 £000	2014 £000
Management Fees	10,011	8,401
Managing Agency Fees	1,099	1,283
Profit Commissions	237	432
Recharged Income	1,743	2,855
	<u>13,090</u>	<u>12,971</u>

All turnover arose within the United Kingdom.

### 5. AUDITORS' REMUNERATION

	2015 £000	2014 £000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	11	8
	<u>11</u>	<u>8</u>

### 6. DIRECTORS' REMUNERATION

Directors' remuneration is recharged based on time spent on the company, which was as follows:

	2015 £000	2014 £000
Wages and salaries	1,617	1,451
Social security costs	199	186
Cost of defined contribution scheme	139	129
	<u>1,955</u>	<u>1,766</u>

The highest paid Director received remuneration of £300,000 (2014 - £350,000).

Costs are recharged to each company by means of a Group recharge. Full staff costs are disclosed in the employing company R&Q Insurance Services Limited.

**R&Q MANAGING AGENCY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**7. INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>2015 £000</b>	<b>2014 £000</b>
Interest receivable from group companies	<u>151</u>	<u>133</u>
	<b>151</b>	<b>133</b>

**8. TAXATION**

	<b>2015 £000</b>	<b>2014 £000</b>
Group taxation relief	<u>245</u>	<u>259</u>
	<b>245</b>	<b>259</b>
<b>TOTAL CURRENT TAX</b>	<u><b>245</b></u>	<u><b>259</b></u>

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is higher than (2014 - *higher than*) the standard rate of corporation tax in the UK of 20.25% (2014 - 21.5%). The differences are explained below:

	<b>2015 £000</b>	<b>2014 £000</b>
Profit on ordinary activities before tax	<u>984</u>	<u>927</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 - 21.5%)	199	199
<b>EFFECTS OF:</b>		
Expenses not deductible for tax purposes	(1)	-
Transfer pricing adjustments	<u>47</u>	<u>60</u>
<b>TOTAL TAX CHARGE FOR THE YEAR</b>	<u><b>245</b></u>	<u><b>259</b></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 not substantively enacted at the approval of these financial statements nor is it expected to have a material impact on the Company.

The Company's 2015 profits are taxed at an effective rate of 20.25%.

# R&Q MANAGING AGENCY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### 9. FIXED ASSET INVESTMENTS

The Company owns 100% of the issued share capital of DTW 1991 Underwriting Limited, a company registered in England and Wales.

The aggregate of the share capital and reserves as at 31 December 2015 and the profit or loss for the year ended on that date for the subsidiary undertakings were £1 and £NIL respectively.

### 10. DEBTORS: Amounts falling due within one year

	2015 £000	2014 £000
Trade debtors	141	512
Amounts owed by group undertakings	6,472	4,134
Other debtors	2	334
Prepayments and accrued income	1,010	2,121
	<u>7,625</u>	<u>7,101</u>

Prepayments and accrued income included £857,153 (2014: £1,083,133) due from managed syndicates in respect of management fees and profit commission.

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 is a loan amount of £5,886,721 which is being charged interest at Libor + 2.75%.

### 11. CASH AND CASH EQUIVALENTS

	2015 £000	2014 £000
Cash at bank and in hand	1	-
	<u>1</u>	<u>-</u>

<b>R&amp;Q MANAGING AGENCY LIMITED</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**12. CREDITORS: Amounts falling due within one year**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Subordinated loans	375	375
Amounts owed to group undertakings	509	610
Taxation and social security	-	2
Accruals and deferred income	170	281
	<u>1,054</u>	<u>1,268</u>

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

The Company has a loan amounting to £375,000 (2014: £375,000) from its RQIH Limited which is subordinated to Lloyd's. The loan is unsecured, interest free and prior consent required from Lloyd's for the loan to be repaid.

**13. SHARE CAPITAL**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
<b>Allotted, called up and fully paid</b>		
125,000 Ordinary shares of £1 each	<u>125</u>	<u>125</u>

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

**14. RESERVES**

**Profit & loss account**

The profit and loss account represents accumulated profits.

**15. RELATED PARTY TRANSACTIONS**

During the year the company acted as managing agent for two Lloyd's Syndicates: 1991 and 3330.

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

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**R&Q MANAGING AGENCY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**16. CONTROLLING PARTY**

The immediate parent undertaking is Randall & Quilter Underwriting Management 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 2 Minster Court, London, EC3R 7BB.

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

**17. FIRST TIME ADOPTION OF FRS 102**

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.