
R&Q BROKER SERVICES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012



R&Q BROKER SERVICES LIMITED

COMPANY INFORMATION

DIRECTORS	A K Quilter M A Langridge S Goate C D Johnson
COMPANY SECRETARY	R&Q Secretaries Limited
REGISTERED NUMBER	06326884
REGISTERED OFFICE	110 Fenchurch Street London EC3M 5JT
INDEPENDENT AUDITORS	Littlejohn LLP Statutory Auditors 1 Westferry Circus Canary Wharf London E14 4HD
BANKERS	National Westminster Bank Plc PO Box 12258 1 Princes Street London EC2R 8PA

R&Q BROKER SERVICES LIMITED

CONTENTS

	Page
Directors' Report	1 - 2
Independent Auditors' Report	3 - 4
Profit and Loss Account	5
Balance Sheet	6
Notes to the Financial Statements	7 - 12

R&Q BROKER SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their report and the financial statements for the year ended 31 December 2012

PRINCIPAL ACTIVITIES

The company's principal activity is providing broking services to the insurance industry

The company changed its name from R&Q Broking Services Limited on 1 February 2013

DIRECTORS

The directors who served during the year were

A K Quilter
M A Langridge
S Goate
C D Johnson

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

As permitted by the Companies Act 2006, an insurance policy has been purchased on a group basis which covers the directors of the company

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- ∞ select suitable accounting policies and then apply them consistently,
- ∞ make judgments and accounting estimates that are reasonable and prudent,
- ∞ state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- ∞ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

R&Q BROKER SERVICES LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012**

PROVISION 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 information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

AUDITORS

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

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006

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



R&Q Secretaries Limited
Secretary

Date 23/04/13

R&Q BROKER SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF R&Q BROKER SERVICES LIMITED

We have audited the financial statements of R&Q Broker Services Limited for the year ended 31 December 2012, which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, 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 members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. 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 2012 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

R&Q BROKER SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF R&Q BROKER SERVICES LIMITED

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- ∞ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- ∞ the financial statements are not in agreement with the accounting records and returns, or
- ∞ certain disclosures of directors' remuneration specified by law are not made, or
- ∞ we have not received all the information and explanations we require for our audit, or
- ∞ the directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' Report

Carmine Papa

Carmine Papa (Senior Statutory Auditor)
for and on behalf of

Littlejohn LLP
Statutory Auditors

London

Date

24 April 2013

R&Q BROKER SERVICES LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Note	2012 £	2011 £
TURNOVER	1,2	2,284,504	2,039,787
Administrative expenses		<u>(1,163,101)</u>	<u>(1,614,255)</u>
OPERATING PROFIT	3	1,121,403	425,532
Interest receivable and similar income	6	<u>78,749</u>	<u>48,384</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,200,152	473,916
Tax on profit on ordinary activities	7	<u>(296,922)</u>	<u>(105,079)</u>
PROFIT FOR THE FINANCIAL YEAR	13	<u>903,230</u>	<u>368,837</u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the Profit and Loss Account

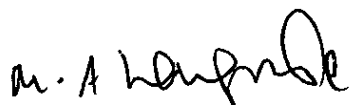
The notes on pages 7 to 12 form part of these financial statements

R&Q BROKER SERVICES LIMITED
REGISTERED NUMBER: 06326884

BALANCE SHEET
AS AT 31 DECEMBER 2012

	Note	£	2012 £	£	2011 £
FIXED ASSETS					
Tangible assets	9		17,895		33,095
CURRENT ASSETS					
Debtors	10	1,926,128		1,794,573	
Cash at bank		793,917		108,496	
		<u>2,720,045</u>		<u>1,903,069</u>	
CREDITORS amounts falling due within one year	11	(1,461,822)		(1,564,972)	
NET CURRENT ASSETS			<u>1,258,223</u>		<u>338,097</u>
NET ASSETS			<u>1,276,118</u>		<u>371,192</u>
CAPITAL AND RESERVES					
Called up share capital	12		75,000		75,000
Other reserves	13		20,653		18,957
Profit and loss account	13		1,180,465		277,235
SHAREHOLDER'S FUNDS	14		<u>1,276,118</u>		<u>371,192</u>

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



M A Langridge
 Director

Date 23/04/13

The notes on pages 7 to 12 form part of these financial statements

R&Q BROKER SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1 ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

1.2 Cash flow

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

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts

1.4 Tangible fixed assets and depreciation

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

Computer equipment	-	20% straight line
--------------------	---	-------------------

1.5 Deferred taxation

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

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

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

Deferred tax assets and liabilities are not discounted

1.6 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Profit and Loss Account

R&Q BROKER SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

1. ACCOUNTING POLICIES (continued)

1.7 Share based payments

The company's ultimate parent undertaking issues equity share based payments to a certain number of the company's employees

The options are exercisable three years from the date of grant and lapse of 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 is recognised over the vesting period within administrative expenses, the corresponding entry is treated as a capital contribution within other reserves.

2. TURNOVER

The whole of the turnover is attributable to the company's principal activity and relates to continuing operations.

A geographical analysis of turnover is as follows:

	2012 £	2011 £
United Kingdom	2,171,197	1,910,391
Rest of world	113,307	129,396
	<u>2,284,504</u>	<u>2,039,787</u>

3. OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	2012 £	2011 £
Depreciation of tangible fixed assets		
- owned by the company	15,200	15,200
Difference on foreign exchange	26,264	(22,604)
	<u>41,464</u>	<u>(7,404)</u>

4. AUDITORS' REMUNERATION

	2012 £	2011 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	15,576	10,000

R&Q BROKER SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

5 STAFF COSTS

Costs, including directors remuneration, 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.

6 INTEREST RECEIVABLE

	2012 £	2011 £
Interest receivable from group companies	33,870	22,562
Other interest receivable	44,879	25,822
	<u>78,749</u>	<u>48,384</u>

7 TAXATION

Provision has been made in the financial statements for corporation tax at current rates on the assessable profits for the period. Group relief relates to amounts payable for losses surrendered by other group companies.

	2012 £	2011 £
Analysis of tax charge in the year		
UK corporation tax charge on profit for the year	-	980
Adjustments in respect of prior periods	302	-
Group taxation relief	296,620	104,099
	<u>296,922</u>	<u>105,079</u>
Tax on profit on ordinary activities		

R&Q BROKER SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

7. TAXATION (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2011 - *higher than*) the standard rate of corporation tax in the UK of 24.5% (2011 - 20.25%). The differences are explained below

	2012 £	2011 £
Profit on ordinary activities before tax	<u>1,200,152</u>	<u>473,916</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011 - 20.25%)	294,004	95,952
Effects of		
Expenses not deductible for tax purposes	415	1,392
Depreciation in excess of capital allowances	2,201	1,375
Utilisation of tax losses	-	(18,185)
Adjustments to tax charge in respect of prior periods	302	-
Group relief claimed at 26.49%	-	24,545
Current tax charge for the year (see note above)	<u><u>296,922</u></u>	<u><u>105,079</u></u>

Factors that may affect future tax charges

In the March 2012 Budget it was announced that the main rate of UK corporation tax would reduce from 24% to 23%. This was substantially enacted on 3 July 2012 and will be effective from 1 April 2013.

Further reductions to the UK corporation tax rate have been introduced in the Finance Bill 2013 proposing to reduce the rate to 21% from 1 April 2014 and 20% from 1 April 2015. These changes had not been substantively enacted at the balance sheet date, and therefore the company's 2012 profits are taxed at an effective rate of 24.5% and deferred tax has been provided at 23%.

8 DEFERRED TAX

Details of the deferred tax asset not provided in the financial statements are given below. The deferred tax asset is not recognised due to the uncertainty in its recovery.

	2012 £	2011 £
Decelerated capital allowances	<u><u>(2,187)</u></u>	<u><u>(105)</u></u>

R&Q BROKER SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

9 TANGIBLE FIXED ASSETS

	Computer equipment £
Cost	
At 1 January 2012 and 31 December 2012	76,000
Depreciation	
At 1 January 2012	42,905
Charge for the year	15,200
At 31 December 2012	58,105
Net book value	
At 31 December 2012	17,895
At 31 December 2011	33,095

10 DEBTORS

	2012 £	2011 £
Trade debtors	4,026	54,670
Amounts owed by group undertakings	1,552,171	1,181,048
Other debtors	47,437	102,064
Prepayments and accrued income	322,494	456,791
	<u>1,926,128</u>	<u>1,794,573</u>

11 CREDITORS

Amounts falling due within one year

	2012 £	2011 £
Bank loans and overdrafts	-	1,329
Trade creditors	-	2,400
Amounts owed to group undertakings	425,484	324,328
Corporation tax	-	980
Other creditors	-	1,568
Accruals and deferred income	1,036,338	1,234,367
	<u>1,461,822</u>	<u>1,564,972</u>

R&Q BROKER SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

12 SHARE CAPITAL

	2012 £	2011 £
Allotted, called up and fully paid		
75,000 Ordinary shares of £1 each	<u>75,000</u>	<u>75,000</u>

13 RESERVES

	Other reserves £	Profit and loss account £
At 1 January 2012	18,957	277,235
Profit for the year	-	903,230
Share option costs for the year	1,696	-
	<u>20,653</u>	<u>1,180,465</u>
At 31 December 2012		

14 RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

	2012 £	2011 £
Opening shareholder's funds/(deficit)	371,192	(4,523)
Profit for the year	903,230	368,837
Share option costs for the year	1,696	6,878
	<u>1,276,118</u>	<u>371,192</u>
Closing shareholder's funds		

15 RELATED PARTY TRANSACTIONS

The company has taken advantage of provisions in FRS8 which allows the company not to disclose transactions with other group entities where all subsidiaries that are party to the transaction are wholly owned by a member group

16 ULTIMATE PARENT UNDERTAKING AND 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 plc, a company registered in England and Wales, and can be obtained from 110 Fenchurch Street, London, EC3M 5JT

In the opinion of the directors there is no ultimate controlling party