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# QBE Underwriting Services (UK) Limited

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## Annual Report

31 December 2016

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Registered Number 02262145

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# QBE UNDERWRITING SERVICES (UK) LIMITED

## ANNUAL REPORT

*for the year ended 31 December 2016*

<b>Contents</b>	<b>Page</b>
Directors and officers	2
Directors' report	3
Independent auditors' report to the Members of QBE Underwriting Services (UK) Limited	5
Statement of comprehensive income	7
Statement of changes in equity	8
Statement of financial position	9
Notes to the financial statements	10

# **QBE UNDERWRITING SERVICES (UK) LIMITED**

## **DIRECTORS AND OFFICERS**

### **Directors**

D E Cooney  
R C Nias

### **Company Secretary**

E. Felton Smith

### **Registered office**

Plantation Place  
30 Fenchurch Street  
London  
EC3M 3BD

### **Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
7 More London Riverside  
London  
SE1 2RT

# **QBE UNDERWRITING SERVICES (UK) LIMITED**

## **DIRECTORS' REPORT**

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

### **Principal activities**

QBE Underwriting Services (UK) Limited (the Company) operates as an underwriting agency with offices based in Bristol, Manchester, Birmingham, Glasgow, Leeds and Chelmsford to underwrite non-marine liability insurance under a binding authority from Lloyd's Syndicate 386, and managed by its immediate parent company QBE Underwriting Limited. The activities of the Company have been approved by the Council of Lloyd's (Lloyd's).

The Company is a limited company incorporated and domiciled in England and Wales with registration number 02262145. The address of the registered office is given on page 2. The Company is a wholly owned subsidiary of QBE European Operations plc, which is the holding company for the European Operations division (QBE EO) of QBE Insurance Group Limited (QBE Group). The Company is managed at QBE EO level.

### **Business review and future developments**

Under Lloyd's regulations the Company is required to be non-profit making, with the whole of its costs being reimbursed by Syndicate 386. Similarly any profits are returned to Syndicate 386.

There was no profit / (loss) for the financial year (2015 nil). The Directors do not recommend the payment of a dividend (2015 nil).

Given the straightforward nature of the business, the Company's Directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business. Under S414B Companies Act 2006, the Company is not required to produce a strategic report.

### **Principal risks and uncertainties**

The Company's activities expose the business to a number of key risks which have the potential to affect the Company's ability to achieve its business objectives. The Board is responsible for ensuring that an appropriate structure for managing these risks is maintained. The Board acknowledges that it is not realistic or desirable to eliminate risk entirely, and therefore seeks to ensure that the appropriate controls are in place to effectively manage risks in line with the agreed tolerance.

The Company, as part of QBE EO, continues to develop its risk management capability to ensure that an effective framework exists to support the management of all types of risk. Elements of this framework include the regular identification and assessment of key risks and controls and clearly defined ownership of both the risks and controls. These are discussed as part of QBE European Operations plc's consolidated annual report, which does not form part of this report. Copies of QBE European Operations plc's consolidated annual report are available from the Company's registered office.

### **Directors**

Details of the Directors that served during the year and up to the date of the signing of the financial statements are shown on page 2.

### **Directors' indemnities**

A qualifying third party indemnity provision (as defined in section 234 of the Companies Act 2006) was in force during the course of the financial year ended 31 December 2016 and up to the date of approval of the financial statements for the benefit of all past and present Directors of the Company. This provision remains in force for the benefit of the Directors and provides indemnity protection in relation to certain losses, expenses and liabilities which they may incur in the actual or purported execution and/or discharge of their duties.

**DIRECTORS' REPORT (continued)**

**Statement of Directors' responsibilities**

The Directors are responsible for preparing the Annual 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework" 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, 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.

**Statement of disclosure of information to auditors**

Each person who is a Director at the date of this report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the auditors are unaware; and
- The Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of, and to establish that the Company's auditors are aware of, any relevant audit information.

This confirmation is given, and should be interpreted, in accordance with the provisions of section 418 of the Companies Act 2006.

On behalf of the Board:



Director  
QBE Underwriting Services (UK) Limited  
Registered number 02262145  
London  
5 June 2017

# **QBE UNDERWRITING SERVICES (UK) LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF QBE UNDERWRITING SERVICES (UK) LIMITED**

### **Report on the financial statements**

#### **Our opinion**

In our opinion, QBE Underwriting Services (UK) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its result 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.

#### **What we have audited**

The financial statements, included within the Annual Report, comprise:

- the Statement of Financial Position as at 31 December 2016;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Directors' Report. We have nothing to report in this respect.

#### **Other matters on which we are required to report by exception**

##### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

#### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

## **QBE UNDERWRITING SERVICES (UK) LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF QBE UNDERWRITING SERVICES (UK) LIMITED (continued)**

#### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

#### **Responsibilities for the financial statements and the audit**

##### **Our responsibilities and those of the directors**

As explained more fully in the Statement of directors' responsibilities set out on page 4, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

##### **What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual 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. With respect to the Directors' Report, we consider whether this report includes the disclosures required by applicable legal requirements.



Andrew Moore (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
5 June 2017

# QBE UNDERWRITING SERVICES (UK) LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2016

	Note	2016 £	2015 £
Turnover		1,741,310	2,667,817
Administrative expenses		(1,742,303)	(2,667,982)
<b>Operating loss</b>		<b>(993)</b>	<b>(165)</b>
Finance income	3	1,515	220
Finance cost		(60)	(31)
Foreign currency exchange loss		(462)	(24)
<b>Result for the financial year</b>	<b>5</b>	<b>-</b>	<b>-</b>
Other comprehensive income, net of tax		-	-
<b>Total comprehensive income for the financial year</b>		<b>-</b>	<b>-</b>

The results above are derived from continuing operations.

There is no difference between the total comprehensive income for the current and preceding financial year stated above and their historical cost equivalents.

The notes set out on pages 10 to 13 form an integral part of these financial statements



# QBE UNDERWRITING SERVICES (UK) LIMITED

## STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2016

2016	Called up share capital £	Profit and loss account £	Total Equity 2016 £
At 1 January	100	-	100
Result for the financial year	-	-	-
<b>At 31 December</b>	<b>100</b>	<b>-</b>	<b>100</b>

  

2015	Called up share capital £	Profit and loss account £	Total Equity 2015 £
At 1 January	100	-	100
Result for the financial year	-	-	-
<b>At 31 December</b>	<b>100</b>	<b>-</b>	<b>100</b>

The notes set out on pages 10 to 13 form an integral part of these financial statements

# QBE UNDERWRITING SERVICES (UK) LIMITED

## STATEMENT OF FINANCIAL POSITION

as at 31 December 2016

	Note	2016 £	2015 £
<b>Current assets</b>			
Trade and other receivables	6	80,769	46,724
Cash and cash equivalents		370,699	369,142
		451,468	415,866
<b>Creditors – amounts falling due within one year</b>	7	(351,368)	(315,766)
<b>Net current assets</b>		100,100	100,100
<b>Creditors – amounts falling due after more than one year</b>	8	(100,000)	(100,000)
<b>Net assets</b>		100	100
<b>Equity</b>			
Called up share capital	9	100	100
<b>Total equity</b>		100	100

These financial statements on pages 7 to 13 were approved and authorised for issue by the Board of Directors on 5 June 2017 and signed on its behalf by:



Director

QBE Underwriting Services (UK) Limited  
Registered Number 02262145  
Plantation Place, 30 Fenchurch Street, London, EC3M 3BD

The notes set out on pages 10 to 13 form an integral part of these financial statements

# QBE UNDERWRITING SERVICES (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

*for the year ended 31 December 2016*

### 1. Accounting policies

#### (a) Basis of presentation

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the provision of The Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008. The accounting policies set out below, and applicable accounting standards in the United Kingdom have been applied consistently throughout the year.

The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 issued by the Financial Reporting Council, and has adopted Financial Reporting Standard 101 "Reduced Disclosure Framework". These financial statements are therefore prepared in accordance with FRS 101 and the Companies Act 2006 as applicable to companies using FRS 101.

#### (b) Disclosure Exemptions

The Company's financial results are included in the consolidated financial statements of QBE Insurance Group Limited. As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to the presentation of:

IAS 7: Presentation of a cash flow statement

IAS 8: Disclosures in respect of new standards and interpretations that have been issued but which are not yet effective

IAS 24: Related party transactions entered into with other wholly owned entities included in the QBE Insurance Group Limited group financial statements.

Equivalent disclosures have been given in the group financial statements of QBE Insurance Group Limited. The group financial statements of QBE Insurance Group Limited are available to the public and can be obtained as set out in note 10.

#### (c) Turnover

Turnover represents management fees received from Syndicate 386, that are recognised on an accruals basis.

#### (d) Administration expenses

The management and administration of the Company is principally carried out by QBE Management Services (UK) Limited, a fellow group undertaking, which also provides these services to other group companies. Administrative expenses, where recharged by QBE Management Services (UK) Limited to the Company, and those incurred directly by the Company are taken into account on an accruals basis. These expenses include the costs of staff, who are employed by QBE Management Services (UK) Limited. QBE Management Services (UK) Limited operates both defined benefit and defined contribution pension schemes, the expense of which is included in the recharges.

# QBE UNDERWRITING SERVICES (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2016

### 1. Accounting policies (continued)

#### (e) Finance income and costs

Investment income and expenses are taken into account in the statement of comprehensive income on an accruals basis.

#### (f) Foreign currency transactions

The functional currency of the Company is the UK pound Sterling (£) and the Company presents its financial statements in pound Sterling. Transactions denominated in foreign currencies are translated into pound sterling at the rates of exchange prevailing at the time of the transactions. Assets and liabilities denominated in foreign currencies are translated into pound sterling at the rates of exchange prevailing at the balance sheet date, with the exception of non-monetary items which are maintained at historic rates.

Exchange gains or losses are recognised through the income statement.

### 2. Employees

The Company does not employ any staff. All staff are based in the UK and are employed by QBE Management Services (UK) Limited. The Company is recharged for the services provided by these staff.

Recharged employee costs for the year were:

	2016 £	2015 £
Wages and salaries	1,226,734	1,545,759
Social security costs	147,680	201,008
Other pension costs	198,320	292,103
	1,572,734	2,038,870

Employee costs which have been recharged include amounts in respect of share based payments granted by the ultimate parent company. Full details of these share based payments are included in the financial statements of QBE European Operations plc.

It is not possible to allocate employee numbers for the above recharged costs, so these have been disclosed in aggregate in the statutory financial statements of QBE Management Services (UK) Limited.

### 3. Finance income

	2016 £	2015 £
Interest income	1,515	220

# QBE UNDERWRITING SERVICES (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2016

### 4. Directors' emoluments

The emoluments of the Directors are paid by QBE Management Services (UK) Limited for their services to QBE EO as a whole. No emoluments were recharged to the Company in respect of the services provided by these Directors for the year ended 31 December 2016 (2015 nil).

### 5. Result for the financial year

Remuneration receivable by the Company's auditors for the auditing of these financial statements of £4,141 (2015 £4,290) is borne by QBE Management Services (UK) Limited. Fees for the supply of other services are borne by other QBE EO companies and are disclosed in total in the QBE European Operations plc group financial statements. There are no non-audit fees in respect of QBE Underwriting Services (UK) Limited

### 6. Trade and other receivables

	2016 £	2015 £
Amounts owed by group undertakings	80,681	46,588
Prepayments and accrued income	88	136
	80,769	46,724

### 7. Creditors – amounts falling due within one year

	2016 £	2015 £
Amounts owed to group undertakings	150,942	185,775
Trade and other payables	200,426	129,991
Total creditors – amounts falling due within one year	351,368	315,766

### 8. Creditors – amounts falling due after more than one year

	2016 £	2015 £
Amounts owed to group undertakings	100,000	100,000

### 9. Called up share capital

	2016 £	2015 £
Called up, allotted and fully paid		
100 (2015 100) Ordinary shares of £1 each	100	100

## **QBE UNDERWRITING SERVICES (UK) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

*for the year ended 31 December 2016*

#### **10. Parent undertakings**

The Company's ultimate parent undertaking and controlling entity is QBE Insurance Group Limited, which is incorporated in Australia. This is the largest group of undertakings into which the Company's financial statements are consolidated.

The smallest group of undertakings into which the Company's financial statements are consolidated is headed by QBE European Operations plc, which is incorporated in the United Kingdom.

The consolidated financial statements for QBE Insurance Group Limited and QBE European Operations plc are available from the Company's registered office at Plantation Place, 30 Fenchurch Street, London, EC3M 3BD.

The Company's immediate parent company is QBE Underwriting Limited which is incorporated in the United Kingdom. QBE Underwriting Limited is a 100% owned subsidiary of QBE Holdings (EO) Limited. QBE Holdings (EO) Limited is a 100% owned subsidiary of QBE European Operations plc.