
QBE Underwriting Services (UK) Limited

Annual Report

31 December 2020



Registered Number 02262145

QBE UNDERWRITING SERVICES (UK) LIMITED

ANNUAL REPORT

for the year ended 31 December 2020

Contents	Page
Directors and officers	2
Strategic report	3
Directors' report	6
Independent auditors' report to the Members of QBE Underwriting Services (UK) Limited	8
Statement of comprehensive income	11
Statement of changes in equity	12
Statement of financial position	13
Notes to the financial statements	14

QBE UNDERWRITING SERVICES (UK) LIMITED

DIRECTORS AND OFFICERS

Directors

I D Beckerson	Appointed 16 March 2021
A Miskin	Appointed 16 March 2021
R C Nias	

Former Director who served during part of the year

D E Cooney	Resigned 31 December 2020
------------	---------------------------

Company Secretary

A J Smith

Registered office

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

STRATEGIC REPORT

The Directors present their report and the audited financial statements for the year ended 31 December 2020.

Principal activities

QBE Underwriting Services (UK) Limited (the Company) is an approved underwriting agency with authority to underwrite non-marine liability insurance under a binding authority from Lloyd's Syndicate 386. The Company is 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 did not operate as an underwriting agency during the current or prior years, hence no turnover and recharges associated with agency business are recorded, however it is the Directors' intention that the Company remains able to operate in the future should appropriate business opportunities arise.

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 (QBE EO) of QBE Insurance Group Limited (QBE Group or QBE). The Company is managed at QBE EO level.

Business review, position and future developments

The Company is non-profit making, with the whole of any costs being reimbursed by Syndicate 386. Similarly any profits are returned to Syndicate 386.

The Company did not operate during the current or prior years. The result for the financial year was £nil (2019 £nil), with no change to the net assets of the Company. The Directors do not recommend the payment of a dividend (2019 £nil).

The capital of the Company comprises its net assets and totals £100 at year end (2019 £100).

The global spread of the SARS-COV-2 'COVID-19' virus was declared a pandemic by the World Health Organisation in March 2020. The virus itself, as well as measures to slow its spread, have had a significant impact on the global economy. The Company has not operated during the year, nor has significant assets or liabilities, and thus was not significantly impacted as a consequence.

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.

Strategy

The strategy of the Company is to act as an underwriting agent of Lloyd's Syndicate 386. The Company intends to continue with this strategy.

Principal risks and uncertainties

The Company faces a number of principal risks and uncertainties specific to its role as an underwriting service company. 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 continues to apply the risk management framework of QBE EO which is undertaken at the QBE EO level. This ensures 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.

QBE UNDERWRITING SERVICES (UK) LIMITED

STRATEGIC REPORT (continued)

Section 172 Companies Act 2006 Statement

The Directors are fully aware of their duty under section 172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, to have regard amongst other matters to the duties contained therein. The Directors have acted in accordance with such responsibilities during the year.

Being a part of QBE Group, and being managed at the QBE EO level, the Company adheres to QBE's purpose and DNA values. QBE's purpose is to give people the confidence to achieve their ambitions. QBE is committed to the highest standards of corporate governance as reflected in its DNA. The QBE DNA interlinks seven cultural elements (listed below) that are fundamental to QBE and how QBE needs to operate in the future to succeed, recognising its customers, employees, shareholders and the community. QBE believes that a culture, which rewards transparency, integrity and performance will promote its long-term substantiality and the ongoing success of its business.

The QBE DNA is as follows:

- **customer-centred** – we put ourselves in our customers' shoes (#OutsideIn)
- **technical experts** – we are expert at what we do (#Know your stuff)
- **diverse** – we value different points of view and experiences (#Mix It Up)
- **fast-paced** – we have a sense of urgency (#Ramp It Up)
- **courageous** – we speak openly and have the support to do so (#Do the Right Thing)
- **accountable** – we deliver on our promises (#Own It Now)
- **a team** – we are at our best when we are working together and building on our strengths (#Together)

How the QBE EO Board engages

QBE employees

- The QBE EO Board receives reports and presentations on the results of the annual QBE Group led Voice survey together with action plans that management will take forward;
- Each QBE EO Executive Management Board (EMB) member host Town Halls on a quarterly basis. Further engagement opportunities are available through coffee mornings, updates via email, and webcasts, although most engagement has been via videoconference as a result of COVID-19;
- There is keen focus on culture and whistleblowing reports, and updates from internal and external auditors around controls;
- Chief Human Resources Officer Report includes updates on activities to enhance employee engagement and senior leadership capabilities as well as diversity and inclusion initiatives taking place including the Mix, Circle and Pride networks; and
- Initiatives such as 'Wellbeing' and regular communications ('Keeping Connected') have been key focus areas during 2020 as working from home has been in place for the majority of the year.

Our customers

- The QBE EO Board reviews strategy and monitors performance during the year with the aim of meeting customers' needs more effectively/efficiently;
- The QBE EO Board receives competitor updates to understand QBE's competitive performance and its strengths and weaknesses as regards to meeting customer needs;
- Benchmarks QBE EO's performance in relation to customers using research and survey results;
- QBE EO Board representation at key industry trade bodies (e.g. Lloyd's Market Association); and
- Supporting the 'Customer@QBE' which delivers QBE's promise of placing customers at the heart of everything we do and comprises three elements: mindset, insight and deliver.

QBE UNDERWRITING SERVICES (UK) LIMITED

STRATEGIC REPORT (continued)

Section 172 Companies Act 2006 Statement (continued)

How the QBE EO Board engages (continued)

Our brokers and other intermediaries

- The QBE EO Board receives updates regarding partner relationships, development and engagement; and
- Consideration of key strategic partnerships and technology.

Our regulators including the PRA, FCA and Lloyd's

- There is transparent and regular communication with our regulators which is facilitated through QBE EO's Compliance Department; and
- Various teams in the business and QBE EO Board members have ongoing engagement with our regulators on a frequent basis, including discussion on specific matters requested. All material regulator engagements are reported to the Board.

Our suppliers


- The QBE EO Board receives updates as necessary from management on suppliers (e.g. claim service providers and IT and operational suppliers), and reviews and approves applicable policies and procedures. Key areas of focus for regulators include treating customers fairly, fair pricing, and employee conduct standards and awareness of the regulatory environment they operate in.

Our communities and the environment

- The QBE EO Board receives updates on the QBE Group wide approach to sustainability and has appointed the Chief Risk Officer to be responsible for identifying and managing the financial risks arising from climate change;
- The QBE EO Board supports the QBE Group Sustainability Framework. The QBE Group 2020 Sustainability Report is published on the QBE Group website and provides detailed explanation of this framework and includes case studies and examples, highlighting the active steps that QBE Group is taking to embed sustainability into its business practices;
- Premiums4Good is the QBE Group's unique and innovative collaboration between QBE, our customers, partners and shareholders through which we invest a portion of everyday premiums into investments that have additional social or environmental benefits at no extra cost to the customer;
- The QBE EO Board endorses a culture of "giving back to the community" time and skills (e.g. through employee volunteer days);
- The QBE Foundation EO, which supports involvement in the community by promoting employee volunteering, matching employee fundraising and payroll giving, and through grants to registered charities. Engagement across employees ensures the QBE Foundation's plans focus on what matters most to QBE's colleagues and communities.

For all of the above interactions, the Board seeks to ensure that all stakeholder interests are considered.

This Strategic report was approved by the Board of Directors on 23 June 2021 and signed on its behalf by:

DocuSigned by:

560DCCB7E9834FA...

Ian David Beckerson
Director

QBE UNDERWRITING SERVICES (UK) LIMITED

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year ended 31 December 2020.

Strategic report

The Strategic report, which includes details of the Company's principal activities, business review, position and future developments, performance, risk management framework and governance structure, is set out on pages 3 to 6.

Dividends

The Company did not declare or paid any interim dividends during the year (2019 £nil). No final dividends are proposed (2019 £nil).

Directors

Details of the Directors that served during the year and up to the date of signing 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 2020 and also at the date of approval of the financial statements for the benefit of the then Directors. 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.

Employees

The Company does not employ any staff (2019 nil) as all staff are employed by QBE Management Services (UK) Limited, a fellow group undertaking. The policies for employees are set at a QBE EO wide level and include the following:

Disabled persons

Applications for employment by disabled persons are always 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 within QBE EO continues and the appropriate training is arranged. It is the policy of QBE EO 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 suffer from a disability.

Employee involvement

Consultation with employees or their representatives has continued at all levels with the aim of ensuring that views are taken into account when decisions are made that are likely to affect their interests. All employees are aware of the financial performance of their business units and of QBE Group as a whole, and are rewarded according to the results of both through share schemes and performance-related bonus schemes. Employee representatives are consulted to ensure employee views are considered in decision-making likely to affect their interests.

Statement of Directors' responsibilities

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 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.

QBE UNDERWRITING SERVICES (UK) LIMITED

DIRECTORS' REPORT (continued)

Statement of Directors' responsibilities (continued)

In preparing these 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; 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.

The Directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for the shareholder to assess the Company's performance, business model and strategy.


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:

DocuSigned by:

560DCCB7E9834FA...

Ian David Beckerson
Director
QBE Underwriting Services (UK) Limited
Registered Number 02262145
London
23 June 2021

QBE UNDERWRITING SERVICES (UK) LIMITED

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

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the statement of financial position as at 31 December 2020; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

QBE UNDERWRITING SERVICES (UK) LIMITED

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

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK and European regulatory principles such as the Companies Act 2006 regulations and the Financial Conduct Authority (FCA) guidelines, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the risk of management override of controls. Audit procedures performed by the engagement team included:

- inspecting relevant meeting minutes, including those of the Board and Audit Committee, and correspondence with regulatory authorities, including the Financial Conduct Authority;
- discussions with the Board, management, the risk function and the internal audit function, including consideration of known or suspected instances of fraud and non-compliance with laws and regulations;
- evaluation and testing of the operating effectiveness of management's controls designed to prevent or detect misstatements in the Annual Report;
- identifying and testing journal entries, particularly journal entries with unusual descriptions, posted at unusual times, or journals posted by unexpected users; and
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

QBE UNDERWRITING SERVICES (UK) LIMITED

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

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Thomas Robb (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
23 June 2021

QBE UNDERWRITING SERVICES (UK) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2020

	2020 £	2019 £
Turnover	-	-
Administrative expenses	-	-
Operating result	-	-
Foreign currency exchange loss	-	-
Result for the financial year	-	-
Other comprehensive income, net of tax	-	-
Total comprehensive income for the financial year	-	-

The results above are derived from continuing operations.

There is no other comprehensive income for the current and preceding financial year other than that included in the statement of comprehensive income above.

The notes set out on pages 14 to 16 form an integral part of these financial statements

QBE UNDERWRITING SERVICES (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020

2020	Called up share capital £	Profit and loss account £	Total equity £
At 1 January	100	-	100
Result for the financial year	-	-	-
At 31 December	100	-	100

2019	Called up share capital £	Profit and loss account £	Total equity £
At 1 January	100	-	100
Result for the financial year	-	-	-
At 31 December	100	-	100

The notes set out on pages 14 to 16 form an integral part of these financial statements


QBE UNDERWRITING SERVICES (UK) LIMITED

STATEMENT OF FINANCIAL POSITION

as at 31 December 2020

	Note	2020 £	2019 £
Current assets			
Amounts owed by group undertakings		100	100
Cash and cash equivalents		-	300
		100	400
Creditors – amounts falling due within one year			
Amounts owed to group undertakings		-	(300)
Net assets		100	100
Equity			
Called up share capital	7	100	100
Profit and loss account		-	-
Total equity		100	100

These financial statements on pages 11 to 16 were approved and authorized for issue by the Board of Directors on 23 June 2021 and signed on its behalf by:

DocuSigned by:

560DCCB7E9634FA...

Ian David Beckerson
Director

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

The notes set out on pages 14 to 16 form an integral part of these financial statements

QBE UNDERWRITING SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

1. Accounting policies

(a) Basis of preparation

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.

These financial statements are prepared on the going concern basis, under the historical cost convention, except for financial assets at fair value through profit and loss. In evaluating the application of the going concern basis, the Directors have considered business plans, liquidity and capital resources as at 23 June 2021. Having completed this assessment, the Directors are satisfied that the Company has adequate resources to continue to operate as a going concern for a period of not less than 12 months from the date of this report, and that there is no material uncertainty in relation to going concern at 31 December 2020.

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.

The accounting policies set out below, and applicable accounting standards in the United Kingdom have been applied consistently throughout the year.

(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: Disclosure of key management personnel compensation

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 8.

(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 any incurred directly by the Company, are taken into account on an accruals basis.

(e) Finance income and costs

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

QBE UNDERWRITING SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2020

1. Accounting policies (continued)

(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.

(g) Financial instruments

Financial assets and liabilities are not held for trading purposes. Financial assets and financial liabilities are set off and the net amount presented in the balance sheet when, and only when, the company currently has a legal right to set off the amounts and intends to settle on a net basis.

(i) Financial assets

Financial assets comprise amounts receivable in the normal course of business. Debtors are initially recognised at transaction price and where applicable are subsequently measured at amortised costs using the effective interest rate method, less any provision for impairment.

The Company measures expected credit losses as disclosed in note 2 to these financial statements.

(ii) Financial liabilities

Financial liabilities comprise amounts due to suppliers in the normal course of business. Creditors are recognised initially at transaction price, and where applicable are subsequently measured at amortised cost using the effective interest rate method. Amounts owed to group undertakings are unsecured, interest free and payable on demand.

(h) Cash at bank and in hand

Cash comprises cash at bank for use by the Company in the management of its short term commitments.

2. Critical accounting estimates and judgments

Impairment of trade and other receivables

The Company makes an estimate of the recoverable value of trade and other receivables and cash and cash equivalents. When assessing impairment, the Company considers factors including the credit rating of the counterparty to the financial asset and historical experience. The Company applies the IFRS 9 simplified approach to measuring expected credit losses, where applicable, to trade receivables and revenue contract assets, which uses a lifetime expected loss allowance. For intercompany loans and receivables that are not also trade receivables or revenue contract assets, the Company assesses the impairment based on the type of intercompany loans and receivables. For intercompany loans and receivables repayable on demand, expected credit losses are based on the assumption that the repayment is demanded at the reporting date. For intercompany loans and receivables that have low credit risk and are not repayable on demand, the Company recognises 12-month expected credit losses. The Company also uses historical data to estimate the eventual recovery rates that would apply to different credit ratings within the expected credit losses calculation.

3. Employees

The Company does not employ any staff (2019 nil) as all staff are employed by fellow subsidiary undertakings. No recharge has been made to the Company for the services provided by these staff (2019 £nil).

QBE UNDERWRITING SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2020

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 incremental emoluments were received by the Directors or charged to the Company in respect of the services provided by these Directors for the year ended 31 December 2020 (2019 £nil).

5. Financial assets and liabilities

All assets and liabilities of the Company are financial assets and liabilities. The Directors consider the carrying value of the financial assets and liabilities to be approximately equal to their fair value.

6. Auditors' remuneration

Remuneration receivable by the Company's auditors for the auditing of these financial statements of £4,802 (2019 £4,182) 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 Insurance Group Limited consolidated financial statements. There are no non-audit fees in respect of QBE Underwriting Services (UK) Limited (2019 £nil).

7. Called up share capital

	2020 £	2019 £
Called up, allotted and fully paid		
100 (2019: 100) Ordinary shares of £1 each	100	100

8. 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 and smallest group of undertakings into which the Company's financial statements are consolidated. The immediate parent undertaking is QBE Underwriting Limited, which is incorporated in the United Kingdom.

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