

**R&Q MUNRO SERVICES COMPANY LIMITED (FORMERLY KNOWN AS
PROSIGHT SPECIALTY UNDERWRITERS LTD)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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R&Q MUNRO SERVICES COMPANY LIMITED (FORMERLY KNOWN AS PROSIGHT SPECIALTY UNDERWRITERS LTD)

COMPANY INFORMATION

Directors	Michael Logan Glover (appointed 29 March 2018) Mark Andrew Langridge (appointed 29 March 2018)
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Company secretary	R&Q Central Services Limited
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Registered number	03937013
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Registered office	71 Fenchurch Street London England EC3M 4BS
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Independent auditors	PKF Littlejohn LLP Statutory Auditor 1 Westferry Circus Canary Wharf London E14 4HD
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**R&Q MUNRO SERVICES COMPANY LIMITED (FORMERLY KNOWN AS PROSIGHT SPECIALTY
UNDERWRITERS LTD)**

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R&Q MUNRO SERVICES COMPANY LIMITED (FORMERLY KNOWN AS PROSIGHT SPECIALTY UNDERWRITERS LTD)

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

Introduction

The Company is limited by shares and incorporated in England and Wales under the Companies Act 2006. The Company is domiciled in the UK and its registered office is shown on page 12. During the year the Company was a wholly owned subsidiary of ProSight Specialty European Holdings Limited ("PSEHL") a Company incorporated in Bermuda.

During the year the principal activity of the Company was that of a service provider to R&Q Munro MA Limited (formerly known as ProSight Specialty Managing Agency Limited) and Syndicate 1110. The Syndicate went into run-off on 8 June 2017.

On 26 October 2017 ProSight Specialty Insurance ("ProSight") reached agreement with Randall and Quilter Investment Holdings Ltd. ("R&Q") to novate the management of Syndicate 1110 ("S1110") to Coverys Managing Agency Limited ("CMAL"), formerly known as R&Q Managing Agency Limited ("CMAL"); with day to day claims handling on non-US business outsourced to R&Q Central Services Limited ("RQCS").

It was also agreed that R&Q would acquire ProSight Specialty Underwriters Limited ("PSUL") and ProSight Specialty Managing Agency Limited ("PSMAL"), for a consideration equal to the tangible net asset value of the two Companies, approximately £0.3m, to be satisfied in cash.

Following regulatory approval, R&Q acquired PSUL on 29 March 2018 and the Company was renamed R&Q Munro Services Company Limited ("RQMSC").

Business review

The Company no longer acts as a service provider to R&Q Munro MA Limited and Syndicate 1110 following the novation of these services to Coverys Managing Agency Limited on 26 October 2017.

Principal risks and uncertainties

During the accounting period the Company's principal risk related to liquidity. Cashflow was monitored regularly and funding requirements agreed with its parent Company in advance. Recharges due in relation to services provided to Syndicate 1110 were invoiced and settled on a monthly basis.

The Company had an exposure to capital risk (defined as the risk of failing to secure adequate capital in terms of quality and quantity to support its strategic objectives). This was managed by the Company's parent Company providing ongoing support.

Minimal risk and uncertainty remains now that the Company no longer provides services to Syndicate 1110.

Financial key performance indicators

Turnover comprises of managing agency fees charged to the Syndicate.

	2017	2016
	£000	£000
Turnover	8,271	13,288
Loss before Tax	(3,050)	(797)
Loss after Tax	(3,050)	(797)
Equity Shareholders Funds	106	3,145

**R&Q MUNRO SERVICES COMPANY LIMITED (FORMERLY KNOWN AS PROSIGHT SPECIALTY
UNDERWRITERS LTD)**

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

This report was approved by the board on 27 September 2018 and signed on its behalf.

Beverley Murray

on behalf of
R&Q Central Services Limited
Secretary

R&Q MUNRO SERVICES COMPANY LIMITED (FORMERLY KNOWN AS PROSIGHT SPECIALTY UNDERWRITERS LTD)

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

The Directors present their report and the Financial Statements for the year ended 31 December 2017.

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's Financial Statements 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; 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 to enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The loss for the year, after taxation, amounted to £3,050,000 (2016 - loss £797,000).

The Directors do not recommend the payment of a dividend.

Directors

The Directors who served during the year were:

Joseph John Beneducci (resigned 29 March 2018)
Bruce William Schnitzer (resigned 29 March 2018)
Marcus James Bale (resigned 7 June 2017)
Michael Graham Furgueson (resigned 6 September 2017)
Mary Edith Lancaster Goddard (resigned 7 June 2017)
Peter John Goddard (resigned 17 October 2017)
Philip James Green (resigned 7 June 2017)
Mark James Hewett (resigned 7 June 2017)

The numerous Director changes are as a result of the acquisition of the Company by R&Q.

R&Q MUNRO SERVICES COMPANY LIMITED (FORMERLY KNOWN AS PROSIGHT SPECIALTY UNDERWRITERS LTD)

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Future developments

Following the novation of the management of Syndicate 1110, it is expected that the Company will be struck off in the foreseeable future.

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

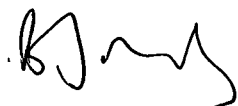
Auditors

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

Small companies note

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.



.....
Beverley Murphy
For and on behalf of R&Q Central Services Limited
Secretary

Date: 27 September 2018

R&Q MUNRO SERVICES COMPANY LIMITED (FORMERLY KNOWN AS PROSIGHT SPECIALTY UNDERWRITERS LTD)

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF R&Q MUNRO SERVICES COMPANY LIMITED (FORMERLY KNOWN AS PROSIGHT SPECIALTY UNDERWRITERS LTD)

Opinion

We have audited the Financial Statements of R&Q Munro Services Company Limited (formerly known as Prosight Specialty Underwriters Ltd) for the year ended 31 December 2017, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to Note 2.3 to the financial statements which explains that the directors intend to strike off the company and therefore do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly the financial statements have been prepared on a basis other than going concern as described in Note 2.3. Our opinion is not modified in this respect of this matter.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the Financial Statements and our Auditors' Report thereon. Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the Financial Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

R&Q MUNRO SERVICES COMPANY LIMITED (FORMERLY KNOWN AS PROSIGHT SPECIALTY UNDERWRITERS LTD)

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF R&Q MUNRO SERVICES COMPANY LIMITED (FORMERLY KNOWN AS PROSIGHT SPECIALTY UNDERWRITERS LTD) (CONTINUED)

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 3, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

R&Q MUNRO SERVICES COMPANY LIMITED (FORMERLY KNOWN AS PROSIGHT SPECIALTY UNDERWRITERS LTD)

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF R&Q MUNRO SERVICES COMPANY LIMITED (FORMERLY KNOWN AS PROSIGHT SPECIALTY UNDERWRITERS LTD) (CONTINUED)

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.

A further description of our responsibilities for the audit of the Financial Statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

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



Ian Cowan (Senior Statutory Auditor)

for and on behalf of
PKF Littlejohn LLP

Statutory Auditor

1 Westferry Circus
Canary Wharf
London
E14 4HD

Date: 28 September 2018

R&Q MUNRO SERVICES COMPANY LIMITED (FORMERLY KNOWN AS PROSIGHT SPECIALTY UNDERWRITERS LTD)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £000	2016 £000
Turnover	4	8,271	13,288
Gross profit		<u>8,271</u>	<u>13,288</u>
Administrative expenses		(11,321)	(14,086)
Other operating income		-	1
Operating loss		<u>(3,050)</u>	<u>(797)</u>
Loss for the financial year		<u><u>(3,050)</u></u>	<u><u>(797)</u></u>
 Total comprehensive income for the year		 <u><u>(3,050)</u></u>	 <u><u>(797)</u></u>

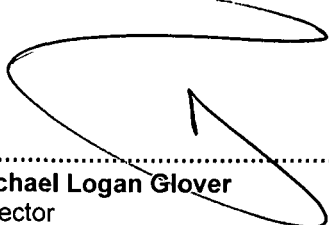
The notes on pages 12 to 23 form part of these financial statements.

**R&Q MUNRO SERVICES COMPANY LIMITED (FORMERLY KNOWN AS PROSIGHT SPECIALTY
UNDERWRITERS LTD)
REGISTERED NUMBER: 03937013**

**BALANCE SHEET
AS AT 31 DECEMBER 2017**

	Note	2017 £000	2016 £000
Fixed assets			
Intangible assets	9	-	954
Tangible assets	10	43	1,125
		<u>43</u>	<u>2,079</u>
Current assets			
Debtors: amounts falling due within one year	11	401	4,122
Cash at bank and in hand	12	653	304
		<u>1,054</u>	<u>4,426</u>
Creditors: amounts falling due within one year	13	(1,002)	(3,223)
Net current assets		<u>52</u>	<u>1,203</u>
Total assets less current liabilities		<u>95</u>	<u>3,282</u>
Creditors: amounts falling due after more than one year	14	-	(137)
Net assets		<u><u>95</u></u>	<u><u>3,145</u></u>
Capital and reserves			
Called up share capital	15	20,223	20,223
Profit and loss account		(20,128)	(17,078)
		<u><u>95</u></u>	<u><u>3,145</u></u>

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


.....
Michael Logan Glover
Director

Date: 27 September 2018

The notes on pages 12 to 23 form part of these Financial Statements.

R&Q MUNRO SERVICES COMPANY LIMITED (FORMERLY KNOWN AS PROSIGHT SPECIALTY UNDERWRITERS LTD)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2017	20,223	(17,078)	3,145
Comprehensive income for the year			
Loss for the year	-	(3,050)	(3,050)
Total comprehensive income for the year	-	(3,050)	(3,050)
At 31 December 2017	20,223	(20,128)	95

The notes on pages 12 to 23 form part of these financial statements.

R&Q MUNRO SERVICES COMPANY LIMITED (FORMERLY KNOWN AS PROSIGHT SPECIALTY UNDERWRITERS LTD)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2016	20,223	(16,281)	3,942
Comprehensive income for the year			
Loss for the year	-	(797)	(797)
Total comprehensive income for the year	-	(797)	(797)
At 31 December 2016	20,223	(17,078)	3,145

The notes on pages 12 to 23 form part of these financial statements.

R&Q MUNRO SERVICES COMPANY LIMITED (FORMERLY KNOWN AS PROSIGHT SPECIALTY UNDERWRITERS LTD)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

1. General information

The Company's principal activity during the year was that of a service provider to R&Q Munro MA Limited (formerly known as ProSight Specialty Managing Agency Limited) and Syndicate 1110.

The Company was acquired by R&Q on 29 March 2018, the management of Syndicate 1110 was novated to Coverys Managing Agency Limited on 26 October 2017.

The Company is a private Company limited by shares and is incorporated and domiciled in England. The address of its registered office is 71 Fenchurch Street, London, EC3M 4BS.

2. Accounting policies

2.1 Basis of preparation of financial statements

The Financial Statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of Financial Statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise 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 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Prosight Specialty European Holdings Limited as at 31 December 2017 and these financial statements may be obtained from Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda.

R&Q MUNRO SERVICES COMPANY LIMITED (FORMERLY KNOWN AS PROSIGHT SPECIALTY UNDERWRITERS LTD)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

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. Notwithstanding this, the Directors intend to wind up the Company and therefore the Company is not a going concern. This has no effect on the amounts reported in the Financial Statements.

2.4 Turnover

Turnover represents recharged income from R&Q Munro MA Limited and Syndicate 1110 for expenses incurred by R&A Munro Services Company Limited on behalf of the Syndicate, fee income earned on the basis of policies written or signed by third parties and movement on profit commissions.

2.5 Intangible assets

Costs relating to the development of the managing agency in respect of IT purchases and development costs had been capitalised. The start of the managing agency was approved by the regulators on 6 March 2015. The development costs were amortised over 7 years from the start of the go live dates for each of the projects completed as part of managing agency development.

Following the agreement to sell the Company to R&Q, the intangible assets have been fully impaired during the accounting period.

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Office refurbishment	- 4 years
Office equipment	- 2 years
Computer equipment	- 5 years
Office restoration	- 4 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

Following the agreement to sell the Company to R&Q, the office refurbishment, equipment and restoration assets have been fully depreciated during the accounting period.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less.

2.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.10 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is 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 except when deferred in other comprehensive income as qualifying cash flow hedges.

2.11 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

R&Q MUNRO SERVICES COMPANY LIMITED (FORMERLY KNOWN AS PROSIGHT SPECIALTY UNDERWRITERS LTD)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.12 Interest income

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

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) 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.

4. Turnover

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

	2017	2016
	£000	£000
Recharged Income	8,271	13,288
	8,271	13,288

All turnover arose within the United Kingdom.

R&Q MUNRO SERVICES COMPANY LIMITED (FORMERLY KNOWN AS PROSIGHT SPECIALTY UNDERWRITERS LTD)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

5. Other operating income

	2017	2016
	£000	£000
Other operating income	-	1
	<u>-</u>	<u>1</u>
	<u><u>-</u></u>	<u><u>1</u></u>

6. Auditors' remuneration

	2017	2016
	£000	£000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	5	116
	<u>5</u>	<u>116</u>

PKF Littlejohn LLP were appointed auditors for the year end 31 December 2017. The fees for 2016 were paid to Ernst & Young LLP.

7. Directors' remuneration

	2017	2016
	£000	£000
Directors' emoluments	-	788
Company contributions to defined contribution pension schemes	-	34
	<u>-</u>	<u>822</u>
	<u><u>-</u></u>	<u><u>822</u></u>

The highest paid Director received remuneration of £NIL (2016 - £207,000).

R&Q MUNRO SERVICES COMPANY LIMITED (FORMERLY KNOWN AS PROSIGHT SPECIALTY UNDERWRITERS LTD)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

8. Taxation

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016 - *higher than*) the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

	2017 £000	2016 £000
Loss on ordinary activities before tax	(3,050)	(797)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	(587)	(158)
Effects of:		
Expenses not deductible for tax purposes	3	39
Depreciation in excess of capital allowances	309	40
Other timing differences leading to an increase (decrease) in taxation	(26)	-
Tax losses and other deductions arising in the period carried forward	301	79
Total tax charge for the year	-	-

The Directors estimate that tax losses of approximately £15.0m (2016 - £13.4m) are available to be carried forward to be set against future taxable profits of the Company. No deferred tax asset has been recognised in respect of these tax losses due to the uncertainty of future profits.

R&Q MUNRO SERVICES COMPANY LIMITED (FORMERLY KNOWN AS PROSIGHT SPECIALTY UNDERWRITERS LTD)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

9. Intangible assets

	Develop- ment £000	Computer software £000	Total £000
Cost			
At 1 January 2017	1,653	245	1,898
Impairment	(1,653)	(245)	(1,898)
At 31 December 2017	-	-	-
Amortisation			
At 1 January 2017	728	216	944
Impairment	(728)	(216)	(944)
At 31 December 2017	-	-	-
Net book value			
At 31 December 2017	-	-	-
At 31 December 2016	925	29	954

Following the agreement to sell the Company to R&Q, the intangible assets have been fully impaired during the year.

R&Q MUNRO SERVICES COMPANY LIMITED (FORMERLY KNOWN AS PROSIGHT SPECIALTY UNDERWRITERS LTD)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

10. Tangible fixed assets

	Office Refurbishment £000	Office equipment £000	Computer equipment £000	Office Restoration £000
Cost or valuation				
At 1 January 2017	1,549	32	152	242
Impairment	(1,549)	(32)	-	(242)
At 31 December 2017	-	-	152	-
Depreciation				
At 1 January 2017	599	32	97	122
Charge for the year	-	-	12	-
Impairment	(599)	(32)	-	(122)
At 31 December 2017	-	-	109	-
Net book value				
At 31 December 2017	-	-	43	-
At 31 December 2016	950	-	55	120

R&Q MUNRO SERVICES COMPANY LIMITED (FORMERLY KNOWN AS PROSIGHT SPECIALTY UNDERWRITERS LTD)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

10. Tangible fixed assets (continued)

	Total £000
Cost or valuation	
At 1 January 2017	1,975
Impairment	(1,823)
	<hr/>
At 31 December 2017	152
	<hr/>
Depreciation	
At 1 January 2017	850
Charge for the year	12
Impairment	(753)
	<hr/>
At 31 December 2017	109
	<hr/>
Net book value	
At 31 December 2017	43
	<hr/>
At 31 December 2016	1,125
	<hr/>

Following the agreement to sell the Company to R&Q, the office refurbishment, equipment and restoration assets have been fully depreciated during the accounting period.

11. Debtors

	2017 £000	2016 £000
Amounts owed by group undertakings	61	3,088
Other debtors	340	1,034
	<hr/>	<hr/>
	401	4,122
	<hr/>	<hr/>

R&Q MUNRO SERVICES COMPANY LIMITED (FORMERLY KNOWN AS PROSIGHT SPECIALTY UNDERWRITERS LTD)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

12. Cash and cash equivalents

	2017 £000	2016 £000
Cash at bank and in hand	653	304
	<u>653</u>	<u>304</u>

13. Creditors: Amounts falling due within one year

	2017 £000	2016 £000
Amounts owed to group undertakings	999	340
Other creditors	-	100
Accruals and deferred income	3	2,783
	<u>1,002</u>	<u>3,223</u>

On 29 March 2018 it was agreed to subordinate the loan amounting to £540,000 from R&Q Munro MA Limited.

14. Creditors: Amounts falling due after more than one year

	2017 £000	2016 £000
Provision for dilapidation	-	137
	<u>-</u>	<u>137</u>

15. Share capital

	2017 £000	2016 £000
Allotted, called up and fully paid		
404,457,660 (2016 - 404,457,660) Ordinary shares of £0.05 each	20,223	20,223
	<u>20,223</u>	<u>20,223</u>

R&Q MUNRO SERVICES COMPANY LIMITED (FORMERLY KNOWN AS PROSIGHT SPECIALTY UNDERWRITERS LTD)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

16. Reserves

Profit and loss account

The profit and loss account represents accumulated profits.

17. Related party transactions

The Company has taken advantage of the exemption in Section 33 of FRS 102 - Related Party Disclosures available to subsidiaries which are 100% controlled by Prosight Global Holdings Limited not to disclose transactions with other group Companies and investees of the group qualifying as related parties.

The Company provided underwriting, administrative, accounting, human resource and information technology services to R&Q Munro MA Limited. These services were provided on a non-profit making basis by way of intra-group cross charges and direct salary charges.

18. Post balance sheet events

R&Q acquired PSUL on 29 March 2018 and the Company was renamed R&Q Munro Services Company Limited.

R&Q MUNRO SERVICES COMPANY LIMITED (FORMERLY KNOWN AS PROSIGHT SPECIALTY UNDERWRITERS LTD)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

19. Controlling party

During the accounting period, the Company was a wholly owned subsidiary of ProSight Specialty European Holdings Limited (PSEHL), a Company registered in Bermuda. PSEHL owned 100% of the voting and economic rights of the Company.

The Company's ultimate parent is ProSight Global Holdings Limited, a Company incorporated in Bermuda.

Financial Statements for the parent Companies can be obtained from their Registered Addresses:

ProSight Specialty European Holdings Limited
Clarendon House
2 Church Street
Hamilton
HM11
Bermuda

ProSight Global Holdings Limited
Clarendon House
2 Church Street
Hamilton
HM11
Bermuda

R&Q acquired PSUL on 29 March 2018 and the Company was renamed R&Q Munro MA Limited.

Following acquisition of PSUL on 29 March 2018, the Company's 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 71 Fenchurch Street, London, EC3M 4BS.