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# **Greenhill Underwriting Espana Limited**

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## **Annual Report**

**For the period 1 July 2006 to 31 December  
2007**

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COMPANIES HOUSE

**Registered Number 4169936**

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# **GREENHILL UNDERWRITING ESPANA LIMITED**

## **ANNUAL REPORT**

*for the period ending 31 December 2007*

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# **GREENHILL UNDERWRITING ESPANA LIMITED**

## **DIRECTORS AND OFFICERS**

### **Directors**

P Asso  
I D Beckerson  
S P Burns  
J D Neal  
D J Winkett

### **Secretary**

A C H Williams	resigned 15 May 2007
S Boland	appointed 15 May 2007

### **Registered office**

Plantation Place  
30 Fenchurch Street  
London  
EC3M 3BD

### **Auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
Hay's Galleria  
1 Hay's Lane  
London  
SE1 2RD

# **GREENHILL UNDERWRITING ESPANA LIMITED**

## **DIRECTORS' REPORT**

The directors present their report and the audited financial statements for the period 1 July 2006 to 31 December 2007

### **Principal activity**

The principal activity of the Company is that of an approved insurance underwriting agent for QBE Insurance (Europe) Limited, underwriting and distributing QBE Insurance (Europe) Limited's insurance products throughout Spain and Portugal. The Company is running off the insurance portfolio in existence at the date of the acquisition of the Company by QBE International Holdings (UK) plc.

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

The results of the Company for the period are set out in the profit and loss account on page 6. The retained loss for the period was €346,355 (2006 profit €154,924). The directors do not recommend the payment of a dividend (2006 €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.

### **Principal risks and uncertainties**

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the UK group and are not managed separately. Accordingly, the principal risks and uncertainties of the QBE International Holdings (UK) plc group, which include those of the company, are discussed as part of the group's annual report which does not form part of this report.

### **Directors**

Details of the directors that served during the period are shown on page 2.

At no time during the period did any director have a beneficial interest in the shares of the Company.

The directors are not required to disclose any interests they may have in the shares of the ultimate controlling entity, QBE Insurance Group Limited, which is incorporated in Australia in accordance with The Companies (Disclosure of Directors' Interests) (Exceptions) Regulations 1985.

### **Auditors**

Elective resolutions to dispense with holding annual general meetings, the laying of financial statements before the Company in general meetings and the appointment of auditors annually are currently in force. The auditors, PricewaterhouseCoopers LLP, will therefore be deemed to have been reappointed at the end of 28 days beginning with the day on which copies of this report and financial statements are sent to members unless a resolution is passed under Section 393 of the Companies Act 1985 to the effect that their appointment be brought to an end.

# GREENHILL UNDERWRITING ESPANA LIMITED

## DIRECTORS' REPORT (continued)

### Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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 those financial statements, the directors are required to

- Select suitable accounting policies and then apply them consistently, with the exception of changes arising on the adoption of new accounting standards in the period,
- Make judgements and estimates that are reasonable and prudent,
- State whether applicable 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 confirm they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records that 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 1985. 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 of the persons who is a Director at the date of this report confirms that

- so far as each of the Directors is aware, there is no information relevant to the audit of the Company's financial statements for the period 1 July 2006 to 31 December 2007 of which the auditors are unaware, and
- the Director has taken all the steps that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

By order of the Board



S Boland  
Secretary  
London  
28 October 2008

## GREENHILL UNDERWRITING ESPANA LIMITED

### INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF GREENHILL UNDERWRITING ESPANA LIMITED

We have audited the financial statements of Greenhill Underwriting Espana Limited for the period 1 July 2006 to 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

#### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the Directors' Report is not consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its loss for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

*PricewaterhouseCoopers UK*

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London

28 October 2008

## GREENHILL UNDERWRITING ESPANA LIMITED

### PROFIT AND LOSS ACCOUNT

*for the period ending 31 December 2007*

	Notes	18 months ended 2007 €	Year ended 2006 €
Turnover	1(c)	439,056	683,633
Administrative expenses	1(d)	(913,740)	(530,479)
<b>(Loss)/profit on ordinary activities before taxation</b>	<b>4</b>	<b>(474,684)</b>	<b>153,154</b>
Taxation on (loss)/profit on ordinary activities	5	128,329	1,770
<b>(Loss)/profit on ordinary activities after taxation</b>	<b>11</b>	<b>(346,355)</b>	<b>154,924</b>

The results above are all derived from discontinuing operations

There is no difference between (losses)/profits on ordinary activities before taxation and the (losses)/profits for the current period and preceding financial year stated above and their historical cost equivalents

There are no recognised gains and losses for the current period and preceding financial year other than those included in the profit and loss account above and therefore no statement of total recognised gains and losses has been prepared

The notes set out on pages 8 to 13 form an integral part of these financial statements

# GREENHILL UNDERWRITING ESPANA LIMITED

## BALANCE SHEET

at 31 December 2007

	Notes	As at 31 December 2007 €	Year ended 2006 €
<b>Fixed assets</b>			
Tangible fixed assets	6	-	13,029
<b>Current assets</b>			
Debtors	7	178,167	710,136
Cash at bank and in hand		1,756,369	2,439,730
		1,934,536	3,149,866
<b>Creditors - amounts falling due within one year</b>	8	(2,768,455)	(3,650,459)
<b>Net current liabilities</b>		(833,919)	(500,593)
<b>Total assets less current liabilities</b>		(833,919)	(487,564)
<b>Net liabilities</b>		(833,919)	(487,564)
<b>Capital and reserves</b>			
Called up share capital	10,11	3	3
Profit and loss account	11	(833,922)	(487,567)
<b>Total shareholders' funds</b>	11	(833,919)	(487,564)

These financial statements were approved by the board of directors on 28 October 2008 and signed on its behalf by



D J Winkett  
Director

The notes set out on pages 8 to 13 form an integral part of these financial statements



# GREENHILL UNDERWRITING ESPANA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

*for the period ending 31 December 2007*

### **1. Accounting policies**

#### **(a) Basis of preparation**

The financial statements have been prepared on the going concern basis under the historical cost convention, in accordance with Section 226 of, and Schedule 4 to, the Companies Act 1985 and applicable accounting standards

The financial statements have been prepared on the going concern basis as the company's parent undertaking QBE International Holdings (UK) plc has indicated that intends to provide such funds as necessary for the company to continue to trade for the foreseeable future

These financial statements are prepared in Euros, the Company's local currency, as permitted by Statement of Standard Accounting Practice 20 (SSAP 20), the currency of the primary economic environment in which the company operates and generates cash flows

The current accounting period has been extended by six months i.e. up to 31 December 2007

#### **(b) Cash flow statement and related party disclosure**

The company is included in the consolidated financial statements of QBE Insurance Group Limited, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under Financial Reporting Standard 1 (revised 1996) (FRS) 1. The company is also exempt under FRS 8 from disclosing related party transactions

#### **(c) Turnover**

Turnover represents the commission earned on insurance business during the period and is recognised when received, reflecting the performance of the Company's contractual obligations

#### **(d) Administrative expenses**

Administrative expenses comprise of staff costs and overheads generated by conducting business and are taken into account on an accruals basis

#### **(e) Tangible fixed assets**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value in equal amounts over the estimated useful lives of the tangible fixed assets. The estimated lives are between three and ten years

#### **(f) Taxation**

The charge for taxation is based on the results for the period adjusted for disallowable items. In accordance with the provisions of FRS19, deferred tax has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in the future or a right to pay less taxation in the future. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain. Deferred tax assets and liabilities are not discounted

# GREENHILL UNDERWRITING ESPANA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the period ending 31 December 2007

### 1. Accounting policies (continued)

#### (g) Insurance debtors and creditors

Insurance brokers act as agents in placing the insurable risks of their clients with insurers and, as such, are not liable as principals for amounts arising from such transactions. In recognition of this relationship, debtors from insurance broking transactions are not included as an asset of the Company, other than the receivable for fees and commissions earned on a transaction. No recognition of the insurance transaction occurs until the Company receives cash in respect of premiums or claims, at which time a corresponding liability is established in favour of the insurer or the client. In certain circumstances, the Company advances premiums, refunds or claims to insurance underwriters or clients prior to collection. These advances are made from the Companies own funds and are reflected in the balance sheet as part of trade receivables.

#### (h) Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

#### (i) Foreign exchange

Transactions denominated in foreign currencies are translated into Euros at the rates of exchange prevailing at the time of the transactions. Assets and liabilities denominated in foreign currencies are translated into Euros 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 in the profit and loss account.

#### (j) Investment income and expenses

Investment income and expenses are taken into account in the profit and loss account on an accruals basis, except for dividends, which are taken into account when they become unconditional.

### 2. Employees

The average number of staff employed by the Company for the period was

	18 months ended 2007	Year ended 2006
Administration	3	5

Total employee costs for the period were

	2007 €	2006 €
Staff costs		
Wages and salaries	211,155	275,996
Social security costs	37,856	61,792
Pension costs	3,529	6,323
	252,540	344,111

## GREENHILL UNDERWRITING ESPANA LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued)

for the period ending 31 December 2007

#### 3. Directors' emoluments

The emoluments of the directors are paid by QBE Management Services (UK) Limited for their services to the group as a whole. No emoluments were payable to the directors in respect of their services to this Company for the period 1 July 2006 to 31 December 2007 (2006: €nil).

#### 4. (Loss)/profit on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging

	18 months ended 2007 €	Year ended 2006 €
Fees payable to the Company's auditors for the audit of the Company's annual accounts	-	15,475
Fees payable to the Company's auditors for other services	-	-
Payable under operating leases		
Land and building	20,574	34,663
Depreciation		
Charge in period	8,457	12,724

Remuneration receivable by the Company's auditors for the auditing of these accounts of €15,152 is borne by QBE Management Services (UK) Limited. Fees for the supply of other services are also borne by group companies and are disclosed in total in the QBE International Holdings (UK) plc group financial statements.

# GREENHILL UNDERWRITING ESPANA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

for the period ending 31 December 2007

### 5. Taxation on profit on ordinary activities

	18 months ended 2007 €	Year ended 2006 €
UK Corporation Tax @ 30% (2006 30%)	(128,329)	(1,770)

#### Factors affecting tax credit for the period

The tax credit for the period is lower (2006 higher) than the standard rate of corporation tax in the UK (30%) The difference is explained below

	18 months ended 2007 €	Year ended 2006 €
(Loss)/profit on ordinary activities before taxation	(474,684)	153,154
Loss on ordinary activities before taxation multiplied by standard rate of UK Corporation Tax rate of 30%	(142,405)	45,946
Effects of Timing differences	-	2,146
Prior year adjustment	-	(1,770)
Offset by losses brought forward	14,076	(48,092)
Current tax credit	(128,329)	(1,770)

On the basis of these financial statements no provision has been made for corporation tax

### 6. Tangible fixed assets

	Office equipment €
<b>Cost</b>	
At 1 July 2006	54,257
Disposals	(54,257)
31 December 2007	-
<b>Cumulative depreciation</b>	
At 1 July 2006	41,228
Charge for period	8,457
Disposals	(49,685)
31 December 2007	-
<b>Net book value at 31 December 2007</b>	-
<b>Net book value at 30 June 2006</b>	13,029

# GREENHILL UNDERWRITING ESPANA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

for the period ending 31 December 2007

### 7. Debtors

	As at 31 December 2007 €	As at 30 June 2006 €
Trade debtors	44,402	335,491
Amounts due from fellow subsidiary undertakings	-	369,112
Other debtors	3,666	5,533
Corporation tax asset	130,099	-
	<b>178,167</b>	<b>710,136</b>

### 8. Creditors - amounts falling due within one year

	As at 31 December 2007 €	As at 30 June 2006 €
Trade creditors	1,072,640	920,949
Amounts due to fellow subsidiary undertakings	1,677,669	2,563,581
Deferred commission	-	135,264
Other creditors	18,146	30,665
	<b>2,768,455</b>	<b>3,650,459</b>

### 9. Deferred taxation

	As at 31 December 2007 €	As at 30 June 2006 €
Unprovided deferred tax asset at start of period	-	(35,946)
Change in tax rates	-	-
Unrecognised movement in the period	-	22,514
Unprovided deferred tax at the end of the period	-	(13,432)
Accelerated capital allowances	-	(1,200)
Short term timing difference	-	(32)
Losses carried forward	-	(12,200)
Unprovided deferred tax at the end of the period	-	(13,432)

# GREENHILL UNDERWRITING ESPANA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

for the period ending 31 December 2007

### 10. Share capital

	As at 31 December 2007 €	As at 30 June 2006 €
<b>Authorised</b>		
1,000 (2006 1,000) Ordinary Shares of £1 each	1,661	1,661
<b>Called up, allotted and fully paid</b>		
2 (2006 2) Ordinary Shares of £1 each	3	3

The share capital of the Company has been translated into Euro at an exchange rate of 1 661, being the exchange rate at 30 June 2002

### 11. Reconciliation of movements in shareholders' funds

	Share capital €	Profit and loss account €	Total as at 31 December 2007 €	Total as at 30 June 2006 €
At 1 July	3	(487,567)	(487,564)	(642,488)
Loss on ordinary activities after taxation	-	(346,355)	(346,355)	154,924
At 31 December	3	(833,922)	(833,919)	(487,564)

### 12. Operating lease commitments

Annual commitments of the Company under operating leases are as follows

Land and Buildings	As at 31 December 2007 €	Year ended 2006 €
Leases which expire		
Within one year	-	34,663
Between one and five years	-	-
After five years	-	-

### 13. 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 International Holdings (UK) plc, which is incorporated in the Great Britain. The consolidated financial statements for QBE Insurance Group Limited and QBE International Holdings (UK) plc are available from the Company's registered office at 2nd Floor, Plantation Place, 30 Fenchurch Street, London, EC3M 3BD.

The Company's immediate parent company is Greenhill International Insurance Holdings Limited, which is incorporated in the Great Britain.