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# **Greenhill Underwriting Espana Limited**

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## **Annual Report**

**31 December 2009**



**Registered Number 4169936**

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# GREENHILL UNDERWRITING ESPANA LIMITED

## ANNUAL REPORT

*for the year ending 31 December 2009*

<b>Contents</b>	<b>Page</b>
Directors and officers	2
Directors' report	3
Independent auditors' report to the members of Greenhill Underwriting Espana Limited	5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8

# **GREENHILL UNDERWRITING ESPANA LIMITED**

## **DIRECTORS AND OFFICERS**

### **Directors**

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

### **Company Secretary**

S M Boland

### **Registered office**

Plantation Place  
30 Fenchurch Street  
London  
EC3M 3BD

### **Auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory 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 year ended 31 December 2009

### **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's insurance portfolio is in run-off.

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

The results of the Company for the year are set out in the profit and loss account on page 6. The retained loss for the year was €265,612 (2008 loss €151,909). The directors are not able to recommend the payment of a dividend (2008 €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.

QBE International Holdings (UK) plc has agreed to provide financial support to the Company for at least the next 12 months from the date of approval of these financial statements with respect to all operating costs and settlement of any liabilities that fall due.

### **Principal risks and uncertainties**

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

The Company, as part of QBE European operations, a group headed by QBE International Holdings (UK) plc, continues to develop its risk management capability to ensure that an effective framework exists to support the management of all types of risk. Elements of this framework include the regular identification and assessment of key risks and controls and clearly defined ownership of both the risks and controls.

### **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.

### **Auditors**

Elective resolutions to dispense with holding annual general meetings and the laying of financial statements before the Company in general meetings 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 488 of the Companies Act 2006 to the effect that their appointment be brought to an end.

# GREENHILL UNDERWRITING ESPANA LIMITED

## DIRECTORS' REPORT (continued)

### Statement of directors' responsibilities in respect of the Annual Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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,
- make judgements and 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, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that 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 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Statement of disclosure of information to auditors

Each of the persons 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 Company's auditors are unaware, and
- the Director has taken all the steps that he ought to have taken 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 M Boland  
Company Secretary  
Greenhill Underwriting Espana Limited  
Registered Number 4169936  
London  
28 July 2010

# 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 year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 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.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 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.

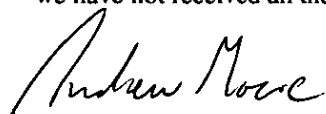
### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which we are required to report by exception

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

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



Andrew Moore (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

28/7/2010

# GREENHILL UNDERWRITING ESPANA LIMITED

## PROFIT AND LOSS ACCOUNT

for the year ending 31 December 2009

	Notes	Year ended 31 December 2009 €	Year ended 31 December 2008 €
Turnover		(17,581)	160,800
Administrative expenses		(341,245)	(352,877)
<b>Loss on ordinary activities before interest and taxation</b>		<b>(358,826)</b>	<b>(192,077)</b>
Interest receivable and similar income	4(a)	5,293	6,866
Interest payable and similar charges	4(b)	(1,505)	(159)
<b>Loss on ordinary activities before taxation</b>	5	<b>(355,038)</b>	<b>(185,370)</b>
Taxation on loss on ordinary activities	6	89,426	33,461
<b>Loss on ordinary activities after taxation</b>		<b>(265,612)</b>	<b>(151,909)</b>

The results above are all derived from discontinuing operations

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

There are no recognised gains and losses for the current year and preceding financial period 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 11 form an integral part of these financial statements

# GREENHILL UNDERWRITING ESPANA LIMITED

## BALANCE SHEET

as at 31 December 2009

	Notes	As at 31 December 2009 €	As at 31 December 2008 €
<b>Current assets</b>			
Debtors	7	572,358	580,829
Cash at bank and in hand		1,302,273	1,587,871
		1,874,631	2,168,700
<b>Creditors - amounts falling due within one year</b>	8	(2,898,571)	(2,927,028)
<b>Net liabilities</b>		(1,023,940)	(758,328)
<b>Capital and reserves</b>			
Called up share capital	9,10	3	3
Profit and loss account	10	(1,023,943)	(758,331)
<b>Total shareholders' funds</b>	10	(1,023,940)	(758,328)

These financial statements were approved by the board of directors on 28 July 2010 and signed on its behalf by

*D.J. Winkett*

D J Winkett  
Director

The notes set out on pages 8 to 11 form an integral part of these financial statements



**NOTES TO THE FINANCIAL STATEMENTS**

*for the year ending 31 December 2009*

**1. Accounting policies**

**(a) Basis of preparation**

These financial statements are prepared on the going concern basis in accordance with The Large and Medium-Sized Companies and Groups (Accounts and reports) Regulations 2008 relating to insurance companies, the accounting policies set out below, and in accordance with applicable accounting standards. The directors consider that preparation of these financial statements on the going concern basis is appropriate as QBE International Holdings (UK) plc has agreed to provide financial support to the Company for at least the next 12 months from the date of approval of these financial statements with respect to all operating costs and settlement of any liabilities that fall due.

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.

**(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 the terms of Financial Reporting Standard 1 (revised 1996) (FRS). The Company is also exempt under the terms of FRS 8 (revised 2008) from disclosing related party transactions with entities that are wholly owned by QBE Insurance Group Limited.

**(c) Turnover**

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

**(d) Interest receivable and similar income**

Interest receivable and similar income is taken into account on an accruals basis.

**(e) Administrative expenses**

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

**(f) Taxation**

The charge for taxation is based on the results for the year 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 year ending 31 December 2009

### 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 Company's own funds and are reflected in the balance sheet as part of trade debtors.

#### (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 Company does not employ any staff as all staff are employed by QBE Management Services (UK) Limited, a fellow group undertaking. No recharge has been made to the Company for the services provided by these staff.

### 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 year ended 31 December 2009 (2008 £nil).

#### 4(a) Interest receivable and similar income

	Year ended 31 December 2009	Year ended 31 December 2008
	€	€
Interest receivable		
Bank interest	5,293	6,866
	5,293	6,866

#### 4(b) Interest payable and similar charges

	Year ended 31 December 2009	Year ended 31 December 2008
	€	€
Bank charges	1,505	159
	1,505	159

# GREENHILL UNDERWRITING ESPANA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ending 31 December 2009

### 5. Loss on ordinary activities before taxation

Remuneration receivable by the Company's auditors for the auditing of these accounts of €13,369 (2008 €12,228) is borne by QBE Management Services (UK) Limited. Fees for the supply of other services are also borne by fellow group companies and are disclosed in total in the QBE International Holdings (UK) plc group financial statements.

### 6. Taxation on Loss on ordinary activities

	Year ended 31 December 2009 €	Year ended 31 December 2008 €
UK Corporation Tax	(89,426)	(33,461)

#### Factors affecting tax credit for the year

The tax credit for the year is lower (2008 lower) than the standard rate of corporation tax in the UK (28.0%). The difference is explained below:

	Year ended 31 December 2009 €	Year ended 31 December 2008 €
Loss on ordinary activities before taxation	(355,038)	(185,370)
Loss on ordinary activities before taxation multiplied by standard rate of UK Corporation Tax rate of 28.0% (2008 28.5%)	(99,411)	(52,831)
Effects of:		
Brought forward losses used in period	-	(7,279)
Adjustments to tax in respect of prior period	7,286	(955)
Expenses not deductible for corporation tax	-	667
Foreign exchange losses on group relief	2,699	26,937
Current tax credit	(89,426)	(33,461)

### 7. Debtors

	As at 31 December 2009 €	As at 31 December 2008 €
Trade debtors	510,087	326,845
Other debtors	165	64
Amounts owed by fellow subsidiary undertakings	60,195	253,920
Corporation tax	1,911	-
	572,358	580,829

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

	As at 31 December 2009 €	As at 31 December 2008 €
Trade creditors	955,722	992,475
Amounts due to fellow subsidiary undertakings	1,933,260	1,897,378
Other creditors	9,589	9,855
Corporation tax liability	-	27,320
	2,898,571	2,927,028

# GREENHILL UNDERWRITING ESPANA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ending 31 December 2009

### 9. Share capital

	As at 31 December 2009 €	As at 31 December 2008 €
<b>Authorised</b>		
1,000 (2008 1,000) Ordinary Shares of £1 each (£1 = €1 661)	1,661	1,661
<b>Called up, allotted and fully paid</b>		
2 (2008 2) Ordinary Shares of £1 each (£1 = €1 661)	3	3

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

	Share capital €	Profit and loss account €	As at 31 December 2009 €	As at 31 December 2008 €
At 1 January	3	(758,331)	(758,328)	(636,651)
Loss on ordinary activities after taxation	-	(265,612)	(265,612)	(121,677)
At 31 December	3	(1,023,943)	(1,023,940)	(758,328)

### 11. 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 United Kingdom. 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 United Kingdom.