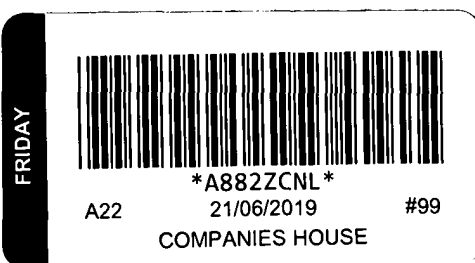


Company registration number: 7790365

China Re UK Limited

**Report and financial statements
31 December 2018**



China Re UK Limited

Contents:

Company information	1
Strategic report	2
Report of the directors	3
Independent auditors' report	5
Profit and loss account - technical account	7
Profit and loss account - non-technical account	8
Balance sheet	9
Statement of changes in equity	11
Cash flow statement	12
Notes to the financial statements	13

China Re UK Limited
Company information

Directors

Mr H Zuo
Mr K Huang

Registered Office

No 1 Minster Court
Mincing Lane
London EC3R 7AA

Independent auditors

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

China Re UK Limited Strategic Report

The Directors submit their Strategic Report for the Company for the year ended 31 December 2018.

Business Review

The Company continues to write insurance business in the Lloyd's insurance market as a Lloyd's corporate capital member.

The financial statements incorporate the annual accounting results of the Syndicate on which the Company participates for the 2016, 2017 and 2018 years of account, as well as any 2015 and prior run-off years. The 2016 year closed at 31 December 2018 with a loss of £9,105,976 (2015 - £2,094,614). The 2017 and 2018 open underwriting accounts will normally close at 31 December 2019 and 2020 respectively.

Results and Dividends

The results for the year are set out on pages 7 to 8 of the financial statements. Dividends totalling £Nil were paid in the year (2017 - £Nil).

Financial Risk Management Objectives and Policies

The Company is principally exposed to financial risk through its participation on a Lloyd's Syndicate. It has delegated sole management and control of its underwriting through the Syndicate to the managing agent of that Syndicate and it looks to the managing agent to implement appropriate policies, procedures and internal controls to manage the Syndicate's exposure to insurance risk, credit risk, market risk, liquidity risk and operational risk. The Company is also directly exposed to these risks, but they are not considered material for the assessment of the assets, liabilities, financial position and profit or loss of the Company.

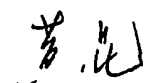
Hedge accounting is not used by the Company.

Key Performance Indicators

	2018	2017
Capacity (youngest underwriting year)	£ 136,390,118	£ 110,455,313
Gross premium written as a % of capacity	138.4%	140.5%
Underwriting profit of latest closed year:		
as a % of capacity	10.5%	2.3%
Run-off years of account movement	£ -	£ -
Combined ratio	119.0%	130.9%

The combined ratio is the ratio of net claims incurred, commissions and expenses to net premiums earned.

Approved by the Board on 15 May 2019
and signed on its behalf by:



K HUANG

Director

China Re UK Limited

Report of the Directors

The Directors submit their Report together with the audited financial statements of the Company for the year ended 31 December 2018.

Principal Activities

The principal activity of the Company is that of trading as a Lloyd's corporate capital member. The Company continues to underwrite for the 2019 year of account. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they have adopted the going concern basis in preparing the annual report and accounts.

Statement of directors' responsibilities in respect of the financial statements

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

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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Directors

The Directors who served at any time during the year were as follows:

Dr H Zuo
Mr K Huang

China Re UK Limited
Report of the Directors (continued)

Independent auditors

PricewaterhouseCoopers LLP have signified their willingness to act and continue to be appointed as the Company's auditors..

In the case of each of the persons who are Directors at the time this report is approved, the following applies:

- (a) So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (b) they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Approved by the Board on 15 May 2019
and signed on its behalf by:



K HUANG

Director

China Re UK Limited
Independent Auditors' report the members of China Re UK limited

Report on the audit of the financial statements

Opinion

In our opinion, China Re UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2018; the Profit and loss account, the Cash flow statement, 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

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

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.

China Re UK Limited

Independent Auditors' report to the members of China Re UK Limited (continued)

Reporting on other information (continued)

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.

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

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Report of the directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Report of the Directors for the year ended 31 December 2018 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 Report of the Directors.

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 in terms of the financial statements set out on page 3, 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.

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.

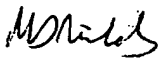
China Re UK Limited
Independent Auditors' report to the members of China Re UK Limited (continued)

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 received 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.



Matthew Nichols (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
15 May 2019

China Re UK Limited
Profit and loss account
Technical account – general business
For the year ended 31 December 2018

	Note	2018 £	2017 £
Premiums written			
Gross premiums written	1	188,802,748	155,211,869
Outward reinsurance premiums	1	(17,485,501)	(15,378,753)
Net premiums written		<u>171,317,247</u>	<u>139,833,116</u>
Change in the provision for unearned premiums			
Gross provision	1	(21,785,164)	(30,151,680)
Reinsurers' share	1	1,126,932	(2,585,018)
Earned premiums, net of reinsurance		<u>150,659,015</u>	<u>107,096,418</u>
Allocated investment return transferred from the non-technical account		321,583	2,289,257
Other technical income, net of reinsurance		-	-
Claims paid			
Gross amount	1	(57,832,378)	(45,970,596)
Reinsurers' share	1	15,592,605	(81,404)
Net claims paid		<u>(42,239,773)</u>	<u>(46,052,000)</u>
Change in provision for claims			
Gross amount	1	(79,271,367)	(66,138,568)
Reinsurers' share	1	3,340,222	16,422,141
Change in net provision for claims		<u>(75,931,145)</u>	<u>(49,716,427)</u>
Claims incurred, net of reinsurance		(118,170,918)	(95,768,427)
Changes in other technical provisions, net of reinsurance		-	-
Net operating expenses	1, 2	(61,040,302)	(44,462,111)
Other technical charges, net of reinsurance		-	-
Balance on the technical account for general business		<u>(28,230,622)</u>	<u>(30,844,863)</u>

The accounting policies and notes on pages 13 to 37 form part of these Financial Statements.

China Re UK Limited
Profit and loss account
Non - technical account
For the year ended 31 December 2018

	Note	2018 £	2017 £
Balance on technical account for general business		(28,230,622)	(30,844,863)
Investment income	3	1,581,386	2,340,010
Allocated investment return transferred to the general business technical account		(321,583)	(2,289,257)
Other income		599,749	1,132,030
Other charges, including value adjustments		(2,865,903)	(312,833)
Loss on ordinary activities before taxation	4	(29,236,973)	(29,974,913)
Tax on loss on ordinary activities	5	(7,418,421)	5,768,978
Loss for the financial year	9	(36,655,394)	(24,205,935)
Other comprehensive income:			
Currency translation differences		-	-
Tax on other comprehensive income		-	-
Total comprehensive expenditure		(36,655,394)	(24,205,935)

All amounts relate to continuing operations.

The accounting policies and notes on pages 13 to 37 form part of these Financial Statements.

China Re UK Limited
Balance sheet
As at 31 December 2018

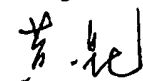
		31 December 2018			31 December 2017		
	Note	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Assets							
Intangible assets		-	-	-	-	-	-
Investments							
Financial investments		-	88,581,471	88,581,471	3,067,694	21,728,050	24,795,744
Deposits with ceding undertakings		-	-	-	-	-	-
		-	88,581,471	88,581,471	3,067,694	21,728,050	24,795,744
Reinsurers' share of technical provisions							
Provision for unearned premiums	7	5,810,172	-	5,810,172	4,595,533	-	4,595,533
Claims outstanding	7	34,335,261	-	34,335,261	29,624,943	-	29,624,943
Other technical provisions		-	-	-	-	-	-
		40,145,433	-	40,145,433	34,220,476	-	34,220,476
Debtors							
Amounts falling due within one year		95,778,989	3	95,778,992	74,769,059	7,533,601	82,302,660
Amounts falling due after one year	6	151,879,154	-	151,879,154	122,675,353	-	122,675,353
		247,658,143	3	247,658,146	197,444,412	7,533,601	204,978,013
Other assets							
Cash at bank and in hand		27,856,625	13,723,755	41,580,380	13,776,095	21,253,081	35,029,176
Overseas deposits		1,257,570	-	1,257,570	287,406	-	287,406
		29,114,195	13,723,755	42,837,950	14,063,501	21,253,081	35,316,582
Prepayments and accrued income							
Accrued interest		-	449,665	449,665	-	-	-
Deferred acquisitions costs	7	29,558,249	-	29,558,249	22,234,778	-	22,234,778
Other prepayments and accrued income		182,894	-	182,894	483,404	1,013	484,417
		29,741,143	449,665	30,190,808	22,718,182	1,013	22,719,195
Total assets		346,658,914	102,754,894	449,413,808	271,514,265	50,515,745	322,030,010

The accounting policies and notes on pages 13 to 37 form part of these Financial Statements.

China Re UK Limited
Balance sheet
As at 31 December 2018

		31 December 2018			31 December 2017		
	Note	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Liabilities and shareholders' funds							
Capital and reserves							
Called up share capital	8	-	300,000	300,000	-	300,000	300,000
Capital redemption		-	-	-	-	-	-
Capital contribution		-	-	-	-	-	-
Share premium account		-	-	-	-	-	-
Profit and loss account	9	(68,809,230)	333,975	(68,475,255)	(41,029,594)	10,877,287	(30,152,307)
Shareholders' (deficit)/funds – attributable to equity interests		(68,809,230)	633,975	(68,175,255)	(41,029,594)	11,177,287	(29,852,307)
Technical provisions							
Provision for unearned premiums	7	100,530,766	-	100,530,766	74,403,507	-	74,403,507
Claims outstanding	7	262,747,191	-	262,747,191	172,745,804	-	172,745,804
Other technical provisions		-	-	-	-	-	-
Provisions for other risks and charges							
Deferred taxation	10	-	-	-	-	-	-
Other		-	-	-	-	-	-
Deposit received from reinsurers		-	-	-	-	-	-
Creditors							
Amounts falling due within one year		29,433,878	101,659,450	131,093,328	30,439,046	-	30,439,046
Amounts falling due after one year	6	7,316,438	-	7,316,438	24,699,058	39,290,483	63,989,541
		36,750,316	101,659,450	138,409,766	55,138,104	39,290,483	94,428,587
Accruals and deferred income		15,439,871	461,469	15,901,340	10,256,444	47,975	10,304,419
Total liabilities and shareholders' funds		346,658,914	102,754,894	449,413,808	271,514,265	50,515,745	322,030,010

Approved and authorised for issue by the Board of Directors on 15 May 2019
and signed on its behalf by:



K HUANG
Director

Company registration number: 7790365

The accounting policies and notes on pages 13 to 37 form part of these Financial Statements.

China Re UK Limited
Statement of changes in equity
For the year ended 31 December 2018

	Called up share capital £	Capital redemption reserve £	Share premium account £	Profit and loss account £	Capital contribution reserve £	Total £
Opening balance	300,000	-	-	(5,946,372)	-	(5,646,372)
Loss for the year	-	-	-	(24,205,935)	-	(24,205,935)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive expenditure	-	-	-	(24,205,935)	-	(24,205,935)
Proceeds from the issue of shares	-	-	-	-	-	-
Movement in reserves	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-
Foreign exchange	-	-	-	-	-	-
As at 31 December 2017	300,000	-	-	(30,152,307)	-	(29,852,307)
Loss for the year	-	-	-	(36,655,394)	-	(36,655,394)
Funds in Syndicate	-	-	-	(1,667,554)	-	(1,667,554)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive expenditure	-	-	-	(38,322,948)	-	(38,322,948)
Proceeds from the issue of shares	-	-	-	-	-	-
Movement in reserves	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-
Foreign exchange	-	-	-	-	-	-
As at 31 December 2018	300,000	-	-	(68,475,255)	-	(68,175,255)

Called-up share capital represents the nominal value of shares that have been issued.

Capital redemption reserve records the nominal value of shares repurchased by the Company.

The share premium account records the amount above the nominal value received for shares sold, less transaction costs.

The profit and loss account represents cumulative profits and losses of the Company.

Capital contribution reserve relates to contributions to the equity capital of the Company.

The accounting policies and notes on pages 13 to 37 form part of these Financial Statements.

China Re UK Limited
Cash flow statement
For the year ended 31 December 2018

	2018 £	2017 £
Operating activities		
Loss on ordinary activities before tax	(29,236,973)	(29,974,913)
Profit attributable to syndicate transactions	26,112,082	32,420,795
(Loss)/profit - excluding syndicate transactions	(3,124,891)	2,445,882
Adjusted for:		
(Increase)/decrease in debtors	(448,654)	538
Increase in creditors	62,782,461	39,292,249
Loss on disposal of intangible assets	-	-
Amortisation of syndicate capacity	-	-
Realised/unrealised gains on investments	(225,492)	-
Investment income	(1,080,119)	(50,753)
Corporation and overseas taxes refunded/(paid)	115,179	(3,235)
Net cash inflow from operating activities	58,018,484	41,684,681
Investing activities		
Investment income	1,080,119	50,753
Purchase of syndicate capacity	-	-
Proceeds from sale of syndicate capacity	-	-
Purchase of financial investments	(66,627,929)	(21,728,051)
Proceeds from sale of financial investments	-	-
Net cash outflow from investing activities	(65,547,810)	(21,677,298)
Financing activities		
Issue of shares	-	-
Share issue expenses	-	-
Capital contribution/redemption	-	-
Equity dividends paid	-	-
Net cash inflow from financing activities	-	-
Net cash (decrease)/increase in cash and cash equivalents	(7,529,326)	20,007,383
Effect of exchange rates on cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the year	21,253,081	1,245,698
Cash and cash equivalents at the end of the year	13,723,755	21,253,081
Consisting of:		
Cash at bank and in hand	13,723,755	21,253,081
Cash equivalents	-	-
	13,723,755	21,253,081

The Company has no control over the disposition of assets and liabilities at Lloyd's. Consequently, the cash flow statement is prepared reflecting only the movement in corporate funds, which includes transfers to and from the Syndicate at Lloyd's.

The accounting policies and notes on pages 13 to 37 form part of these Financial Statements.

China Re UK Limited
Notes to the Financial Statements
For the year ended 31 December 2018

Basis of preparation of financial statements

General information

The Company is a limited company incorporated in the United Kingdom.

The financial statements have been presented in Pounds Sterling ("Sterling") as this is the Company's functional currency, being the primary economic environment in which the Company operates.

Basis of preparation

These financial statements have been prepared in accordance with FRS 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland*, FRS103 *Insurance Contracts* and applicable legislation, as set out in the Companies Act 2006 and The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 ("SI 2008/410"). These financial statements have been prepared under the historical costs convention as modified for certain financial instruments held at fair value.

Recognition of insurance transactions

Preparing financial statements in accordance with SI 2008/410 requires the Company to recognise its proportion of all the transactions undertaken by the Lloyd's Syndicate in which it participates ("the Syndicate") in aggregation with the transactions undertaken by the Company at entity level ("the Corporate").

The financial statements are prepared using the annual basis of accounting. Under the annual basis of accounting, a result is determined at the end of each accounting period reflecting the profit and loss from providing insurance coverage during that period and any adjustments to the profit or loss of providing insurance cover during earlier accounting periods.

For the Syndicate, the Company's proportion of the underwriting transactions, investment return and operating expenses has been reflected within the Company's profit and loss account. Similarly, its proportion of the Syndicate assets and liabilities has been reflected in its balance sheet (under the column heading "Syndicate"). The Syndicate assets are held subject to trust deeds for the benefit of the Company's insurance creditors.

The proportion referred to above is calculated by reference to the Company's participation as a percentage of the Syndicate total capacity.

The Company has delegated sole management and control of its underwriting through the Syndicate to the managing agent of that Syndicate ("the Managing Agent") and it has further undertaken not to interfere with the exercise of such management and control. The Managing Agent of the Syndicate is therefore responsible for determining the insurance transactions to be recognised by the Company.

Sources of data

The information used to compile the technical account and the "Syndicate" balance sheet is based on returns prepared for this purpose by the Managing Agent of the Syndicate ("the Returns"). These Returns have been subjected to audit by the Syndicate auditors and are based on the audited Syndicate returns to Lloyd's and the audited annual reports to Syndicate members.

The format of the Returns has been established by Lloyd's and Lloyd's has also been responsible for collating the data at a Syndicate level and analysing it into corporate member level results.

China Re UK Limited
Notes to the Financial Statements
For the year ended 31 December 2018

Accounting policies

i Going concern

As at 31 December 2018 the Company had net liabilities of £68,175,255 (2017: £29,852,307).

The directors consider the Company to be a going concern and have prepared the financial statements on that basis. The Company is continuing to underwrite at Lloyd's for the 2019 year of account. The Company has adequate resources due to the support of its parent, China Reinsurance (Group) Limited, to continue in operational existence for the foreseeable future.

ii Premiums

Premiums written comprise the total premiums receivable for the whole period of cover provided by the contracts incepting during the financial year, together with any adjustments arising in the year to such premiums receivable in respect of business written in prior years. Premiums are shown gross of commission payable to intermediaries and exclude insurance premium tax. Gross premiums written may include "reinsurance to close" premiums receivable (see vi below). Outward reinsurance premiums may include "reinsurance to close" premiums payable (see vi below). Premiums written by a Syndicate may also include the reinsurance of other Syndicate on which the Company participates. Unearned premiums represent the proportion of premiums written in the year that relate to the unexpired terms of policies in force at the balance sheet date, calculated on the basis of established earnings patterns or time apportionment as appropriate.

iii Claims incurred

Claims incurred include the costs of claims handling expenses. Recoverable amounts arising out of subrogation or salvage are deducted from the cost of claims. Claims incurred comprise amounts paid or provided in respect of claims occurring during the year to 31 December, together with the amount by which settlement or reassessment of claims from prior years differ from the provision at the beginning of the year.

iv Provision for claims outstanding

Claims outstanding comprise amounts set aside for claims notified and claims incurred but not yet reported (IBNR). Provision is made for claims incurred but not paid in respect of events up to 31 December. The provision is based on the Returns and reports from the Managing Agents and the Company's licensed adviser or Members' Agent. When appropriate, statistical methods have been applied to past experience of claims frequency and severity.

The two most critical assumptions with regards to claims provisions are that the past is a reasonable predictor of the likely level of claims development, and that the rating and other models used for current business are fair reflections of the likely level of ultimate claims to be incurred. The Directors consider the provision for gross claims and related reinsurance recoveries, as based on the Returns to be fairly stated. However, ultimate liability will vary as a result of subsequent information and events and this may result in significant adjustments to the amounts provided. Adjustments to amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made.

v Unexpired risk provision

A provision for unexpired risk is made by the underlying Syndicate where claims, related expenses and deferred acquisition costs, likely to arise after the end of the financial period in respect of contracts concluded before that date, are expected to exceed the unearned premiums and premiums receivable under these contracts, after the deduction of any acquisition costs deferred.

vi Reinsurance to close

A reinsurance to close is a particular type of reinsurance contract entered into by a Lloyd's Syndicate. Under it, underwriting members (the reinsured members) who are members of a Syndicate for a year of account (the closed year), agree with underwriting members who comprise that or another Syndicate for a later year of account (the reinsuring members) that the reinsuring members will indemnify, discharge or procure the discharge, of the reinsured members against all known and unknown liabilities of the reinsured members arising out of insurance business undertaken through that Syndicate and allocated to the closed year in consideration of:

- (1) a premium; and
- (2) either

China Re UK Limited
Notes to the Financial Statements
For the year ended 31 December 2018

Accounting policies (continued)

vi Reinsurance to close (continued)

- (a) the assignment, or agreement to assign, to the reinsuring members of all the rights of the reinsured members arising out of, or in connection with, that insurance business (including without limitation the right to receive all future premiums, reinsurances and other monies receivable in connection with that insurance business); or
- (b) an agreement by the reinsured members that the reinsuring members shall collect on behalf of the reinsured members the proceeds of all such rights and retain them for their own benefit so far as they are not applied in discharges of the liabilities of the reinsured members.

Where the reinsurance to close is between members on successive years of account of the same Syndicate, the Managing Agent has a duty to ensure both sets of members are treated equitably and to set the reinsurance to close with the intention that neither a profit nor a loss accrues to either group of members. To the extent that the Company participates on successive years of account of the same Syndicate and there is a reinsurance to close between those years, the Company has offset its share of the reinsurance to close received against its share of the reinsurance to close paid.

If the Company has increased its participation from one year of account to the next, the reinsurance to close paid is eliminated, as a result of this offset, leaving an element of the reinsurance to close received. This reflects the fact that the Company has assumed a greater proportion of the business of the Syndicate. If the Company has reduced its participation from one year of account to the next, the reinsurance to close received is eliminated, leaving an element of the reinsurance to close paid. This reflects the reduction in the Company's exposure to risks previously written by the Syndicate. The reinsurance to close is technically a reinsurance contract and, as such, the payment of a reinsurance to close does not remove from members of that year of account ultimate responsibility for claims payable on risks they have written. If the reinsuring members under the reinsurance to close become insolvent and the other elements of the Lloyd's chain of security also fail, the reinsured members remain theoretically liable for the settlement of any outstanding claims. However, payment of a reinsurance to close is conventionally accepted as terminating a reinsured member's participation on a Syndicate year of account and it is treated for accounts purposes as settling all the Company's outstanding gross liabilities in respect of the business so reinsured.

vii Deferred acquisition costs

Acquisition costs, which represent commission and other related expenses, are deferred over the period in which the related premiums are earned.

viii Reinsurance arrangements

Outward reinsurance premiums ceded represents premiums for contracts incepting during the financial year together with adjustments to outwards reinsurance premiums ceded in previous years. They are allocated to the appropriate accounting period on bases which fairly reflect the allocation of the underlying business being protected.

Provisions are calculated gross of any reinsurance recoveries. A separate estimate is made of the amounts that will be recoverable from reinsurers based upon the gross provisions and having due regard to collectability.

ix Financial instruments

The Company has chosen to apply the provisions of Section 11 *Basic Financial Instruments* and Section 12 *Other Financial Instruments* in full.

The Company holds both basic and non-basic financial instruments. The Company's financial instruments comprise of cash and cash equivalents, trade and other receivables, trade and other payables and investments in a variety of basic and non-basic financial instruments, through both the Corporate and through the Syndicate.

Financial assets and liabilities are recognised when the Company becomes party to the contractual provisions of the financial instrument.

China Re UK Limited
Notes to the Financial Statements
For the year ended 31 December 2018

ix Financial instruments (continued)

Basic financial instruments (except for non-puttable ordinary and non-convertible preference shares) are initially recognised at the transaction price, including any transaction costs, and are subsequently measured at amortised cost using the effective interest method, less any provision for impairment in the case of financial assets. Amounts that are receivable/payable within one year are measured at the undiscounted amount of the cash expected to be received/settled.

Where a financial instrument constitutes a financing transaction, it is initially measured at the present value of the future payments, discounted at a market rate of interest, and subsequently measured at amortised cost using the effective interest rate method.

All other financial instruments are measured at fair value through profit or loss, except for investments in equity instruments that are not publicly traded, and whose fair value cannot otherwise be measured reliably, which are measured at cost less impairment.

At the end of each reporting year, the Company assesses whether there is objective evidence that any financial asset may be impaired. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised immediately in the profit and loss.

Investment income is initially recorded in the non-technical account. All investment income arising on a Syndicate participation is allocated to the technical account.

Interest income is recognised as it accrues using the effective interest rate method.

Dividend income receivable is recognised when the rights to receive the distributions have been established.

x Derivative financial instruments

The Company uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The Company does not hold or issue derivative financial instruments for speculative purposes. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

xi Derecognition of financial assets

A financial asset or, when applicable, a part of a financial asset is derecognised when:

- The rights to the cash flows from the asset have expired; or
- The Company retains the right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset; or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay. In that case, the Company also recognises an associated liability.

xii Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if there is a currently enforceable legal right to offset the recognised amounts, and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

China Re UK Limited
Notes to the Financial Statements
For the year ended 31 December 2018

Accounting policies (continued)

xiii Net operating expenses

Operating expenses are recognised when incurred. They include the Company's share of Syndicate operating expenses, the remuneration payable to the Managing Agent (and the Company's Members' Agent/licensed adviser) and the direct costs of membership of Lloyd's.

xiv Foreign currencies

Transactions in United States dollars, Canadian dollars and Euros are translated at the rates of exchange ruling at the date the transaction is processed or at an appropriate average rate. Unless otherwise stated, transactions in currencies other than United States dollars, Canadian dollars and Euros are translated at the rate of exchange ruling at the date the transaction is processed. Monetary assets and liabilities are retranslated into Sterling at the rate of exchange at the balance sheet date. Non-monetary assets and liabilities at the balance sheet date are maintained at the rate of exchange ruling when the contract was entered into, except for non-monetary assets and liabilities arising out of insurance contracts which are treated as monetary items in accordance with FRS 103 *Insurance Contracts* ("FRS 103"). Exchange differences arising on translation to the functional currency are dealt with in the profit and loss account.

xv Intangible assets

Intangible assets include purchased rights to participate on Syndicate. The purchase cost is capitalised and amortised on a straight line basis over the useful life of the rights which is five years.

xvi Insurance contracts – product classification

Insurance contracts are those contracts when the Company (the insurer/reinsurer) has accepted significant insurance risk from another party (the policyholder/reinsured) by agreeing to compensate the policyholder if a specified uncertain future event (the re/insured event) adversely affects the policyholder. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

Any separable embedded derivatives within an insurance contract are separated and accounted for in accordance with sections 11 and 12 of FRS102 unless the embedded derivative is itself an insurance contract (i.e. the derivative is not separated if the policyholder benefits from the derivative only when the insured event occurs).

xvii Taxation

The Company is taxed on its share of the underwriting results declared by the Syndicate and these are deemed to accrue evenly over the calendar year in which they are declared. The Syndicate's result included in these financial statements (excluding any losses on open years of account) is only declared for tax purposes in the calendar year following closure of the year of account. HM Revenue & Customs agrees the taxable results of a Syndicate at Syndicate level on the basis of a computation submitted by the Managing Agent. At the date of approval of these financial statements, the Syndicate taxable result of this year has not been agreed. Any adjustments that may be necessary to the tax provision as a result of HM Revenue & Customs agreement of the Syndicate taxable result will be reflected in the financial statements of subsequent periods.

xviii Deferred taxation

Deferred tax is recognised on all timing differences that have originated but not reversed at the reporting date. Transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future give rise to a deferred tax liability or asset. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expenses in tax assessments in years different from those in which they are recognised in the financial statements.

China Re UK Limited
Notes to the Financial Statements
For the year ended 31 December 2018

Accounting policies (continued)

xviii Deferred taxation (continued)

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted as at the reporting date, that are expected to apply to the reversal of the timing difference. The tax expense is recognised in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense.

Deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it is deemed probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Current and deferred tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and there is the intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

xix Critical accounting judgements and key sources of estimated uncertainty

In applying the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The Directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The management and control of the Syndicate is carried out by the managing agent of that Syndicate, and the Company looks to the managing agent to implement appropriate policies, procedures and internal controls to manage the Syndicate. The critical accounting judgements and key sources of estimation uncertainty set out below therefore relate to those made by the Directors in respect of the Corporate only, and do not include estimates and judgements made in respect of the Syndicate.

Critical accounting judgements

The critical judgements that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

Assessing indicators of impairment

In assessing whether there have been any indicators of impairment assets, the Directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimating value in use

Where an indication of impairment exists the Directors will carry out an impairment review to determine the recoverable amount, which is the higher of fair value less cost to sell and value in use. The value in use calculation requires the Directors to estimate the future cash flows expected to arise from the asset or the cash generating unit and a suitable discount rate in order to calculate present value.

Recoverability of receivables

The Company establishes a provision for receivables that are estimated not to be recoverable. When assessing recoverability the Directors consider factors such as the aging of the receivables, past experience of recoverability, and the credit profile of individual or groups of customers.

China Re UK Limited
Notes to the Financial Statements
For the year ended 31 December 2018

1. Class of Business

2018	Gross Premiums Written £	Gross Premiums Earned £	Gross Claims Incurred £	Net Operating Expenses £	Reinsurance Balance £	Total £
Direct Insurance						
Accident and health	3,688,734	2,010,704	(888,802)	(970,409)	(166,053)	(14,560)
Motor – third party liability	-	-	-	-	-	-
Motor – other classes	-	-	-	-	-	-
Marine, aviation and transport	1,650,417	1,427,445	(820,832)	(702,108)	(99,526)	(195,021)
Fire and other damage to property	3,162,747	2,660,650	(2,180,450)	(755,710)	(538,026)	(813,536)
Third party liability	29,399,898	21,728,019	(14,807,832)	(8,183,741)	(2,054,640)	(3,318,194)
Credit and suretyship	11,467	5,259	(8,777)	(3,429)	(1,397)	(8,344)
Legal expenses	-	-	-	-	-	-
Assistance	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
	37,913,263	27,832,077	(18,706,693)	(10,615,397)	(2,859,642)	(4,349,655)
Reinsurance	150,889,485	139,185,507	(118,397,052)	(50,424,905)	5,433,900	(24,202,550)
Total	188,802,748	167,017,584	(137,103,745)	(61,040,302)	2,574,258	(28,552,205)

2017	Gross Premiums Written £	Gross Premiums Earned £	Gross Claims Incurred £	Net Operating Expenses £	Reinsurance Balance £	Total £
Direct Insurance						
Accident and health	30,121	6,354	(3,357)	(1,949)	(375)	673
Motor – third party liability	-	-	-	-	-	-
Motor – other classes	-	-	-	-	-	-
Marine, aviation and transport	1,679,703	1,335,429	(636,514)	(488,828)	(195,039)	15,048
Fire and other damage to property	-	-	-	-	-	-
Third party liability	13,399,000	5,187,693	(3,717,427)	(1,462,490)	(1,294,351)	(1,286,575)
Credit and suretyship	-	-	-	-	-	-
Legal expenses	-	-	-	-	-	-
Assistance	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
	15,108,824	6,529,476	(4,357,298)	(1,953,267)	(1,489,765)	(1,270,854)
Reinsurance	140,103,045	118,530,713	(107,751,866)	(42,508,844)	(133,269)	(31,863,266)
Total	155,211,869	125,060,189	(112,109,164)	(44,462,111)	(1,623,034)	(33,134,120)

All insurance business is underwritten in the United Kingdom in the Lloyd's insurance market. Consequently all insurance contracts are deemed to be concluded in the United Kingdom.

China Re UK Limited
Notes to the Financial Statements
For the year ended 31 December 2018

2. Net Operating Expenses

	2018 £	2017 £
Acquisition costs	54,688,232	46,773,925
Change in deferred acquisition costs	(6,014,407)	(11,597,634)
Administrative expenses	9,402,530	7,095,719
Reinsurance commissions and profit participations	-	-
Personal expenses	2,963,947	2,190,101
	<u>61,040,302</u>	<u>44,462,111</u>

3. Investment Income

	2018 £	2017 £
<i>Financial instruments held at fair value through profit or loss:</i>		
Interest and dividend income	1,401,689	2,289,257
Realised gains and losses	149,019	-
Unrealised gains and losses	76,473	-
Other	-	-
	<u>1,627,181</u>	<u>2,289,257</u>
<i>Financial instruments held at amortised cost:</i>		
Interest	13	50,753
Other	-	-
	<u>13</u>	<u>50,753</u>
Investment management expenses, including interest	(45,808)	-
	<u>(45,808)</u>	<u>-</u>
	<u>1,581,386</u>	<u>2,340,010</u>

4. Loss on Ordinary Activities before Taxation

	2018 £	2017 £
Operating loss is stated after charging/(crediting):		
Directors' remuneration	-	-
Auditors' remuneration in respect of audit of these financial statements.	12,866	12,613
Amortisation of syndicate capacity	-	-
(Profit)/loss on disposal of intangible fixed assets	-	-
Profit on exchange	<u>(596,977)</u>	<u>(1,115,984)</u>

The Company has no employees and no staff costs are met by the Company.

The Directors are considered to be the key management personnel of the Company.

China Re UK Limited
Notes to the Financial Statements
For the year ended 31 December 2018

5. Taxation on loss on ordinary activities	2018 £	2017 £
Analysis of charge/(credit) in year		
Current tax:		
UK corporation tax on loss of the year	-	-
Adjustment in respect of previous period	-	-
Foreign tax	(115,178)	3,235
Total current tax	(115,178)	3,235
Deferred tax:		
Origination and reversal of timing differences	6,665,927	(5,407,616)
Change in tax rate	867,673	(364,597)
Total tax	7,418,422	(5,768,978)
Factors affecting tax charge for period		
The tax assessed for the period is different to the standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%). The differences are explained below:		
Loss on ordinary activities before tax	(29,236,973)	(29,974,913)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%)	(5,555,025)	(5,770,171)
Effects of:		
Change in deferred tax rate	867,673	(364,597)
Deferred tax asset previously unrecognised	-	-
Foreign tax	(93,294)	2,612
Expenses not deductible for tax purposes	-	-
Other corporation computation adjustments	-	-
Marginal rates of taxation	12,199,068	363,178
Total tax charge/(credit) for the period	7,418,422	(5,768,978)

The results of the Company's participation on the 2016, 2017 and 2018 years of account and any calendar year movement on 2015 and prior run-offs, will not be assessed to tax until the year ended 31 December 2019, 2020 and 2021 respectively being the year after the calendar year result of each run-off year or the normal date of closure of each year of account.

The current UK corporation tax rate is 19% and will reduce to 17% from 1 April 2020. The effect of these reduction is reflected in the recognised deferred tax liability/(asset).

China Re UK Limited
Notes to the Financial Statements
For the year ended 31 December 2018

6. Financial Instruments and Financial Risk Management

6.1 Debtors

	2018			2017		
	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Amounts falling due within one year:						
Arising out of direct insurance operations	11,624,862	-	11,624,862	5,407,051	-	5,407,051
Arising out of reinsurance operations	82,529,901	-	82,529,901	67,964,478	-	67,964,478
Other Debtors:						
Amounts due from group undertakings	-	1	1	-	1	1
Other	1,624,226	2	1,624,228	1,397,530	7,533,600	8,931,130
Total Amounts falling due within one year	95,778,989	3	95,778,992	74,769,059	7,533,601	82,302,660
Amounts falling due after one year:						
Arising out of direct insurance operations	-	-	-	-	-	-
Arising out of reinsurance operations	150,895,504	-	150,895,504	120,858,808	-	120,858,808
Other Debtors:						
Amounts due from group undertakings	-	-	-	-	-	-
Other	983,650	-	983,650	1,816,545	-	1,816,545
Total Amounts falling due after one year	151,879,154	-	151,879,154	122,675,353	-	122,675,353
	247,658,143	3	247,658,146	197,444,412	7,533,601	204,978,013

6.2 Funds at Lloyd's

The amount of Funds at Lloyd's is represented in the balance sheet as:

	2018			2017		
	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Cash	-	-	-	-	-	-
Investments	-	-	-	-	-	-
	-	-	-	-	-	-

Funds at Lloyd's represents assets deposited with the Corporation of Lloyd's (Lloyd's) to support the Company's underwriting activities as described in the Accounting Policies. The Company has entered into a Lloyd's Deposit Trust Deed which gives Lloyd's the right to apply these monies in settlement of any claims arising from the participation on the Syndicates. These monies can only be released from the provision of this Deed with Lloyd's express permission and only in circumstances where the amounts are either replaced by an equivalent asset, or after the expiration of the Company's liabilities in respect of its underwriting.

The Company's underwriting is supported by a Letter of Credit of £100,000,000. This amount is not included within the Balance Sheet of the Company.

China Re UK Limited
Notes to the Financial Statements
For the year ended 31 December 2018

6. Financial Instruments and Financial Risk Management (continued)

6.3 Creditors

	2018			2017		
	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Amounts falling due within one year:						
Arising out of direct insurance operations	-	-	-	-	-	-
Arising out of reinsurance operations	29,422,420	-	29,422,420	30,385,525	-	30,385,525
Amounts owed to credit institutions	-	-	-	-	-	-
Other creditors:						
Corporation tax	-	-	-	-	-	-
Directors' loan accounts	-	-	-	-	-	-
Third party funds	-	60,111,271	60,111,271	-	-	-
Other creditors	11,458	41,548,179	41,559,637	53,521	-	53,521
Amount due to group undertakings	-	-	-	-	-	-
Total Amounts falling due within one year	29,433,878	101,659,450	131,093,328	30,439,046	-	30,439,046
Amounts falling due after one year:						
Arising out of direct insurance operations	-	-	-	-	-	-
Arising out of reinsurance operations	2,386,102	-	2,386,102	15,156,905	-	15,156,905
Amounts owed to credit institutions	-	-	-	-	-	-
Other creditors:						
Corporation tax	-	-	-	-	-	-
Directors' loan accounts	-	-	-	-	-	-
Third party funds	-	-	-	-	-	-
Other creditors	4,930,336	-	4,930,336	9,542,153	39,290,483	48,832,636
Amount due to group undertakings	-	-	-	-	-	-
Total Amounts falling due after one year	7,316,438	-	7,316,438	24,699,058	39,290,483	63,989,541
	36,750,316	101,659,450	138,409,766	55,138,104	39,290,483	94,428,587

China Re UK Limited
Notes to the Financial Statements
For the year ended 31 December 2018

6. Financial Instruments and Financial Risk Management (continued)

6.4 Classification of Financial Instruments

The tables below set out the Company's financial instruments by classification.

Other financial investments – Syndicate participation

	2018			2017		
	At fair value through profit or loss £	At amortised cost £	Total £	At fair value through profit or loss £	At amortised cost £	Total £
Financial assets						
Investments	88,581,471	-	88,581,471	24,795,744	-	24,795,744
Deposits with ceding undertakings	-	-	-	-	-	-
Insurance debtors	-	11,624,862	11,624,862	-	5,407,051	5,407,051
Reinsurance debtors	-	233,425,405	233,425,405	-	188,823,286	188,823,286
Other debtors	-	2,607,876	2,607,876	-	3,214,075	3,214,075
Cash at bank and in hand	-	27,856,625	27,856,625	-	13,776,095	13,776,095
Other assets	1,257,570	-	1,257,570	287,406	-	287,406
	89,839,041	275,514,768	365,353,809	25,083,150	211,220,507	236,303,657
Financial liabilities						
Borrowings	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-
Insurance creditors	-	-	-	-	-	-
Reinsurance creditors	-	31,808,522	31,808,522	-	45,542,430	45,542,430
Amounts owed to credit institutions	-	-	-	-	-	-
Other creditors	-	-	-	-	-	-
	-	31,808,522	31,808,522	-	45,542,430	45,542,430

China Re UK Limited
Notes to the Financial Statements
For the year ended 31 December 2018

6. Financial Instruments and Financial Risk Management (continued)

6.4 Classification of Financial Instruments (continued)

Other financial investments – Corporate

	2018			2017		
	At fair value through profit or loss £	At amortised cost £	Total £	At fair value through profit or loss £	At amortised cost £	Total £
Financial assets						
Investments	-	-	-	-	-	-
Other debtors	-	3	3	-	7,533,601	7,533,601
Cash at bank and in hand	-	13,723,755	13,723,755	-	21,253,081	21,253,081
Other assets	-	-	-	-	-	-
	-	13,723,758	13,723,758	-	28,786,682	28,786,682
Financial liabilities						
Other creditors	-	101,659,450	101,659,450	-	39,290,483	39,290,483
	-	101,659,450	101,659,450	-	39,290,483	39,290,483

6.5 Financial Instruments held at fair value through profit or loss

The assets and liabilities carried at fair value through profit or loss have been categorised between the three levels of the fair value hierarchy that reflects the observability and significance of inputs used when establishing the fair value. The categorisation of these instruments is based on the lowest level input that is significant to the fair value measurement in its entirety.

Level (a) in the fair value hierarchy consists of assets and liabilities valued using unadjusted quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an on-going basis.

Level (b) in the fair value hierarchy consists of assets and liabilities that do not have directly quoted market prices available from active markets. Instead the price of a recent transaction for an identical asset or liability is used, provided that there has not been a significant change in economic circumstances or a significant lapse of time since the recent transaction.

Level (c) in the fair value hierarchy consists of those types of assets and liabilities for which fair values cannot be obtained directly from quoted market prices in active markets or in a recent transaction. These assets and liabilities are measured using a valuation technique to estimate what the transaction price would have been in an arm's length transaction.

China Re UK Limited
Notes to the Financial Statements
For the year ended 31 December 2018

6. Financial Instruments and Financial Risk Management (continued)

6.5 Financial Instruments held at fair value through profit or loss (continued)

The tables below set out Company's financial instruments held at fair value through profit or loss by level of hierarchy.

Other financial investments – Syndicate participation

	Level 1 £	Level 2 £	Level 3 £	Fair value total £	Held at amortised cost £	Total £
2018						
Financial assets						
Shares and other variable yield securities and units in unit trusts	-	-	-	-	-	-
Debt securities and other fixed income securities	88,581,471	-	-	88,581,471	-	88,581,471
Participation in investment pools	-	-	-	-	-	-
Loans and deposits with credit institutions	-	-	-	-	-	-
Overseas deposits	1,257,570	-	-	1,257,570	-	1,257,570
Derivatives	-	-	-	-	-	-
Other investments	-	-	-	-	-	-
Financial assets classified as held for sale	-	-	-	-	-	-
	89,839,041	-	-	89,839,041	-	89,839,041
Financial liabilities						
Borrowings	-	-	-	-	-	-
Derivative liabilities	-	-	-	-	-	-
Financial liabilities classified as held for sale	-	-	-	-	-	-
	-	-	-	-	-	-

China Re UK Limited
Notes to the Financial Statements
For the year ended 31 December 2018

6. Financial Instruments and Financial Risk Management (continued)

6.5 Financial Instruments held at fair value through profit or loss (continued)

Other financial investments – Syndicate participation (continued)

	Level 1 £	Level 2 £	Level 3 £	Fair value total £	Held at amortised cost £	Total £
2017						
Financial assets						
Shares and other variable yield securities and units in unit trusts	-	-	-	-	-	-
Debt securities and other fixed income securities	24,795,744	-	-	24,795,744	-	24,795,744
Participation in investment pools	-	-	-	-	-	-
Loans and deposits with credit institutions	-	-	-	-	-	-
Overseas deposits	287,406	-	-	287,406	-	287,406
Derivatives	-	-	-	-	-	-
Other investments	-	-	-	-	-	-
Financial assets classified as held for sale	-	-	-	-	-	-
	25,083,150	-	-	25,083,150	-	25,083,150
Financial liabilities						
Borrowings	-	-	-	-	-	-
Derivative liabilities	-	-	-	-	-	-
Financial liabilities classified as held for sale	-	-	-	-	-	-
	-	-	-	-	-	-

The Company holds no other financial investments outside of the Syndicate.

China Re UK Limited
Notes to the Financial Statements
For the year ended 31 December 2018

6. Financial Instruments and Financial Risk Management (continued)

6.6 Financial Risk Management

The Company is a financial institution and therefore provides the following disclosures in respect of the financial instruments it holds.

The Company is exposed to the following financial risks in the course of its operating and financing activities:

- Credit risk
- Liquidity risk
- Interest rate risk
- Equity price risk; and
- Currency risk

The management and control of the Syndicate is carried out by the managing agent of that Syndicate, and the Company looks to the managing agent to implement appropriate policies, procedures and internal controls to manage the Syndicate, including those in respect of financial risk management. The following qualitative risk management disclosures made by the Directors therefore relate to the Corporate only. The quantitative disclosures are made in respect of both the Corporate and the Syndicate.

Credit risk

Credit risk is the risk that a counterparty to the Company's financial instruments will cause a loss to the Company through failure to perform its obligations. The key areas of exposure to credit risk for the Company result through its reinsurance programme, investments, bank deposits and policyholder receivables.

The Company manages credit risk at the Corporate level by ensuring that cash and cash equivalent deposits are placed only with highly rated credit institutions. At the Corporate level the Company did not hold any collateral as security against its receivables, or have any other credit enhancements at the reporting dates.

The carrying amount of the Company's financial assets represents the Company's maximum exposure to credit risk.

The tables below show the credit quality of financial assets that are neither past due nor impaired.

Syndicate participation	AAA £	AA £	A £	BBB or lower £	Not rated £	Total £
2018						
Shares and other variable yield securities and units in unit trusts	-	-	-	-	-	-
Debt securities and other fixed income securities	34,334,757	22,112,609	32,134,105	-	-	88,581,471
Participation in investment pools	-	-	-	-	-	-
Loans secured with credit institutions	-	-	-	-	-	-
Deposits with credit institutions	-	-	-	-	-	-
Overseas deposits	-	-	1,257,570	-	-	1,257,570
Derivative investments	-	-	-	-	-	-
Other investments	-	-	-	-	-	-
Deposits with ceding undertakings	-	-	-	-	-	-
Reinsurers share of claims outstanding	-	-	32,796,995	866,211	672,055	34,335,261
Reinsurance debtors	-	-	-	-	-	-
Cash at bank and in hand	-	-	31,680,375	-	-	31,680,375
Insurance debtors	-	-	-	-	-	-
Other debtors	-	-	-	-	-	-
	34,334,757	22,112,609	97,869,045	866,211	672,055	155,854,677

China Re UK Limited
Notes to the Financial Statements
For the year ended 31 December 2018

6. Financial Instruments and Financial Risk Management (continued)

6.6 Financial Risk Management (continued)

Syndicate participation	AAA £	AA £	A £	BBB or lower £	Not rated £	Total £
2017						
Shares and other variable yield securities and units in unit trusts	-	-	-	-	-	-
Debt securities and other fixed income securities	13,089,630	5,360,464	6,345,650	-	-	24,795,744
Participation in investment pools	-	-	-	-	-	-
Loans secured with credit institutions	-	-	-	-	-	-
Deposits with credit institutions	-	-	-	-	-	-
Overseas deposits	287,406	-	-	-	-	287,406
Derivative investments	-	-	-	-	-	-
Other investments	-	-	-	-	-	-
Deposits with ceding undertakings	-	-	-	-	-	-
Reinsurers share of claims outstanding	-	8,209,045	21,393,202	22,696	-	29,624,943
Reinsurance debtors	-	-	-	-	-	-
Cash at bank and in hand	-	-	31,133,955	-	-	31,133,955
Insurance debtors	-	-	-	-	-	-
Other debtors	-	-	-	-	-	-
	13,377,036	13,569,509	58,872,807	22,696	-	85,842,048

The tables below show the ageing and impairment of financial assets by class of instruments.

Syndicate participation	Neither due nor impaired £	Less than 6 months £	Between 6 months and 1 year £	Greater than 1 year £	Impaired £	Total past due or impaired £
2018						
Shares and other variable yield securities and units in unit trusts	-	-	-	-	-	-
Debt securities and other fixed income securities	88,581,471	-	-	-	-	88,581,471
Participation in investment pools	-	-	-	-	-	-
Loans secured with credit institutions	-	-	-	-	-	-
Deposits with credit institutions	-	-	-	-	-	-
Overseas deposits	1,257,570	-	-	-	-	1,257,570
Derivative investments	-	-	-	-	-	-
Other investments	-	-	-	-	-	-
Deposits with ceding undertakings	-	-	-	-	-	-
Reinsurers share of claims outstanding	34,335,261	-	-	-	-	34,335,261
Reinsurance debtors	-	-	-	-	-	-
Cash at bank and in hand	31,680,375	-	-	-	-	31,680,375
Insurance debtors	11,624,862	-	-	-	-	11,624,862
Other debtors	268,623,477	1,896,504	881,721	-	-	271,401,702
	436,103,016	1,896,504	881,721	-	-	438,881,241

China Re UK Limited
Notes to the Financial Statements
For the year ended 31 December 2018

6. Financial Instruments and Financial Risk Management (continued)

6.6 Financial Risk Management (continued)

Syndicate participation	Neither due nor impaired £	Less than 6 months £	Between 6 months and 1 year £	Greater than 1 year £	Impaired £	Total past due or impaired £
2017						
Shares and other variable yield securities and units in unit trusts	-	-	-	-	-	-
Debt securities and other fixed income securities	24,795,744	-	-	-	-	24,795,744
Participation in investment pools	-	-	-	-	-	-
Loans secured with credit institutions	-	-	-	-	-	-
Deposits with credit institutions	-	-	-	-	-	-
Overseas deposits	287,406	-	-	-	-	287,406
Derivative investments	-	-	-	-	-	-
Other investments	-	-	-	-	-	-
Deposits with ceding undertakings	-	-	-	-	-	-
Reinsurers share of claims outstanding	29,624,943	-	-	-	-	29,624,943
Reinsurance debtors	-	-	-	-	-	-
Cash at bank and in hand	31,133,955	-	-	-	-	31,133,955
Insurance debtors	5,407,051	-	-	-	-	5,407,051
Other debtors	219,763,386	-	-	-	-	219,763,386
	311,012,485	-	-	-	-	311,012,485

At the Corporate level the Company is not exposed to significant credit risk. Consequently a sensitivity analysis for credit risk has not been presented for the Corporate.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments.

At the Corporate level the Company manages liquidity by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of assets and liabilities.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date of which the Company can be required to pay.

Syndicate participation	No stated maturity £	Less than 1 year £	1 to 3 years £	3 to 5 years £	Greater than 5 years £	Total £
2018						
Derivative financial instruments	-	-	-	-	-	-
Deposits received from reinsurers	-	-	-	-	-	-
Provisions for other risks and charges	-	-	-	-	-	-
Claims outstanding	-	94,073,698	152,660,582	8,670,519	7,342,392	262,747,191
Creditors	-	29,433,878	7,316,438	-	-	36,750,316
Other	-	-	-	-	-	-
	-	123,507,576	159,977,020	8,670,519	7,342,392	299,497,507

China Re UK Limited
Notes to the Financial Statements
For the year ended 31 December 2018

6. Financial Instruments and Financial Risk Management (continued)

6.6 Financial Risk Management (continued)

Syndicate participation	No stated maturity £	Less than 1 year £	1 to 3 years £	3 to 5 years £	Greater than 5 years £	Total £
2017						
Derivative financial instruments	-	-	-	-	-	-
Deposits received from reinsurers	-	-	-	-	-	-
Provisions for other risks and charges	-	-	-	-	-	-
Claims outstanding	-	58,655,279	107,796,464	3,702,184	2,591,877	172,745,804
Creditors	-	30,439,046	24,699,058	-	-	55,138,104
Other	-	-	-	-	-	-
	-	89,094,325	132,495,522	3,702,184	2,591,877	227,883,908

At the Corporate level the Company is not exposed to significant liquidity risk. Consequently a maturity profile has not been presented for the Corporate.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market interest rates.

The Company is exposed to the risk of interest rate fluctuations in respect of cash and cash equivalents and other interest bearing securities.

At the Corporate level the Company manages interest rate risk by maintaining an appropriate mix between any fixed and floating rate financial instruments.

The table below shows the impact of changes in interest rates on the profit or loss for the period and on the equity of the Company.

Syndicate participation

	2018 £	2017 £
Impact of 50 basis point increase on profit or loss	(562,573)	(354,631)
Impact of 50 basis point decrease on profit or loss	562,617	354,631
Impact of 50 basis point increase on equity	(562,573)	(354,631)
Impact of 50 basis point decrease on equity	562,617	354,631

At the Corporate level the Company is not exposed to significant cash flow interest rate risk as all of the financial instruments attract fixed rates of interest. Consequently a sensitivity analysis for interest rate risk has not been presented for the Corporate.

Equity price risk

Equity price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices.

The Company is exposed to equity price risk in respect of any equity investments.

China Re UK Limited
Notes to the Financial Statements
For the year ended 31 December 2018

6. Financial Instruments and Financial Risk Management (continued)

6.6 Financial Risk Management (continued)

The table below shows the impact of changes in equity prices on the profit or loss for the period and on the equity of the Company.

Syndicate participation

	2018 £	2017 £
Impact on profit or loss of 5% increase in Stock Market Prices	31,946	64,269
Impact on profit or loss of 5% decrease in Stock Market Prices	(31,946)	(64,269)
Impact on equity of 5% increase in Stock Market Prices	31,946	64,269
Impact on equity of 5% decrease in Stock Market Prices	(31,946)	(64,269)

At the Corporate level the Company is not exposed to significant cash flow equity price risk. Consequently a sensitivity analysis for equity price risk has not been presented for the Corporate.

Currency risk

The Company holds both assets and liabilities denominated in currencies other than Sterling, its functional currency. It is therefore exposed to currency risk as the value of the foreign currency assets and liabilities will fluctuate in line with changes in foreign exchange rates.

At the Corporate level the Company manages currency risk by ensuring that exchange rate exposures are managed within approved policy parameters.

The table below considers financial assets and financial liabilities denominated in the currencies of the Company's principal foreign exchange exposures in aggregate.

Net assets and liabilities

	Syndicate Participation £	2018 Corporate £	Syndicate Participation £	2017 Corporate £
Sterling	(30,317,439)	(92,169,802)	(19,703,949)	(28,177,472)
United States Dollar	60,789,496	92,803,777	13,992,225	39,354,759
Euro	(2,188,447)	-	1,908,937	-
Canadian Dollar	1,901,896	-	1,078,356	-
Australian Dollar	388,865	-	79,964	-
Japanese Yen	(6,528,715)	-	700,783	-
Other	-	-	-	-
Total	24,045,656	633,975	(1,943,684)	11,177,287

China Re UK Limited
Notes to the Financial Statements
For the year ended 31 December 2018

6. Financial Instruments and Financial Risk Management (continued)

6.6 Financial Risk Management (continued)

The Company has delegated sole management and control of its underwriting through the Syndicate to the managing agent of that Syndicate and it has further undertaken not to interfere with the exercise of such management and control. The managing agent of the Syndicate is therefore responsible for determining the insurance transactions to be recognised. As such, disclosures in respect of the assumptions and judgements made, and the objectives, policies and processes for managing currency risk arising from assets and liabilities are only presented for the Corporate in these financial statements.

All Corporate assets and liabilities are held in sterling.

6.7 Capital Management

Lloyd's capital setting process

In order to meet Lloyd's requirements, each Syndicate is required to calculate its Standard Capital Requirement ("SCR") for the prospective underwriting year. This amount must be sufficient to cover a 1 in 200 year loss, reflecting uncertainty in the ultimate run-off of underwriting liabilities (SCR "to ultimate"). The Syndicate must also calculate its SCR at the same confidence level but reflecting uncertainty over a one year time horizon (one year SCR) for Lloyd's to use in meeting Solvency II requirements. The SCRs of each Syndicate are subject to review by Lloyd's and approval by the Lloyd's Capital and Planning Group.

Each Syndicate member is liable for its own share of underwriting liabilities on the Syndicate on which it participates but not other members' shares.

Accordingly, the capital requirement that Lloyd's sets for each member operates on a similar basis. Each member's SCR shall thus be determined by the sum of the member's share of the Syndicate SCR "to ultimate".

Over and above this, Lloyd's applies a capital uplift to the member's capital requirement, the ECA. The purpose of this uplift, which is a Lloyd's not a Solvency II requirement, is to meet Lloyd's financial strength, licence and ratings objectives. The capital uplift applied for 2017 was 35% of the member's SCR "to ultimate".

Effective 1 January 2016, Lloyd's is subject to the Solvency II capital regime and the Solvency I figures are no longer applicable from that date. Although the capital regime has changed, this has not significantly impacted the solvency capital requirement of the Syndicate, since this has been previously calculated using Solvency II principles.

The Funds at Lloyd's represent the capital which allows the Company to participate on the Syndicate. Refer to Note 6.2 for further information.

7. Insurance Contracts

The following reconciliation shows the movement in the provision for claims outstanding during the year.

	2018			2017		
	Gross provision £	Reinsurance asset £	Net £	Gross provision £	Reinsurance asset £	Net £
At 1 January	172,745,804	29,624,943	143,120,861	116,630,868	14,483,991	102,146,877
Movements in the year	79,271,367	3,340,222	75,931,145	66,138,568	16,422,141	49,716,427
Exchange differences	10,730,020	1,370,096	9,359,924	(10,023,632)	(1,281,189)	(8,742,443)
At 31 December	262,747,191	34,335,261	228,411,930	172,745,804	29,624,943	143,120,861

The following reconciliation shows the movement in the provision for unearned premium during the year.

China Re UK Limited
Notes to the Financial Statements
For the year ended 31 December 2018

7. Insurance Contracts (continued)

The following reconciliation shows the movement in the provision for unearned premium during the year.

	2018			2017		
	Gross provision £	Reinsurance asset £	Net £	Gross provision £	Reinsurance asset £	Net £
At 1 January	74,403,507	4,595,533	69,807,974	48,649,538	7,526,022	41,123,516
Movements in the year	21,785,164	1,126,932	20,658,232	30,151,680	(2,585,018)	32,736,698
Exchange differences	4,342,095	87,707	4,254,388	(4,397,711)	(345,471)	(4,052,240)
At 31 December	<u>100,530,766</u>	<u>5,810,172</u>	<u>94,720,594</u>	<u>74,403,507</u>	<u>4,595,533</u>	<u>69,807,974</u>

The following reconciliation shows the movement in deferred acquisition costs during the year.

	2018 £	2017 £
At 1 January	22,234,778	12,301,418
Movements in the year	6,014,407	11,597,634
Exchange differences	<u>1,309,064</u>	<u>(1,664,274)</u>
At 31 December	<u>29,558,249</u>	<u>22,234,778</u>

7.1 Risks arising from Insurance Contracts

The Company has delegated sole management and control of its underwriting through the Syndicate to the managing agent of that Syndicate and it has further undertaken not to interfere with the exercise of such management and control. The managing agent of the Syndicate is therefore responsible for determining the insurance transactions to be recognised. As such, disclosures in respect of the assumptions and judgements made, and the objectives, policies and processes for managing risk arising from insurance contracts, are not presented in these financial statements.

The development of insurance liabilities provides a measure of the managing agent's ability to estimate the ultimate value of claims. The top half of each table below illustrates how the estimate of total claims outstanding for each accident year has changed at successive year ends. The bottom half of the table reconciles the cumulative claims to the amount appearing in the balance sheet.

Claims development – gross

Reporting year	2014 £	2015 £	2016 £	2017 £	2018 £	Total £
Estimate of cumulative claims						
At end of reporting year	58,033,191	22,188,103	33,614,598	77,376,391	75,274,009	266,486,292
One year later	107,262,887	46,522,334	65,653,221	134,715,497	-	354,153,939
Two years later	108,580,034	49,907,618	73,988,745	-	-	232,476,397
Three years later	109,267,612	50,904,614	-	-	-	160,172,226
Four years later	110,159,889	-	-	-	-	110,159,889
Five years later	-	-	-	-	-	-
Cumulative payments to date	<u>108,370,351</u>	<u>42,257,290</u>	<u>8,604,850</u>	<u>19,991,032</u>	<u>2,502,228</u>	<u>181,725,751</u>
Estimated balance to pay	<u>1,219,726</u>	<u>8,647,324</u>	<u>65,383,895</u>	<u>114,724,465</u>	<u>72,771,781</u>	<u>262,747,191</u>

China Re UK Limited
Notes to the Financial Statements
For the year ended 31 December 2018

7. Insurance Contracts (continued)

7.1 Risks arising from Insurance Contracts (continued)

	2013 and prior in 2016	2014 and prior in 2017	2015 and prior in 2018
	£	£	£
RITC received at 24 months	-	-	-
Reserve strengthening/(reduction) in subsequent 12 months	-	-	-
Paid in subsequent 12 months	-	-	-
Prior years RITC at 36 months	-	-	-

Claims development – net

Reporting year	2014 £	2015 £	2016 £	2017 £	2018 £	Total £
Estimate of cumulative claims At end of						
reporting year	51,140,532	20,148,382	30,057,619	65,322,763	69,882,575	236,551,871
One year later	95,843,497	41,768,345	57,007,816	113,781,067	-	308,400,725
Two years later	97,388,570	47,930,476	58,294,104	-	-	203,613,150
Three years later	103,142,693	46,472,011	-	-	-	149,614,704
Four years later	101,387,600	-	-	-	-	101,387,600
Five years later	-	-	-	-	-	-
Cumulative payments to date	98,170,122	39,435,662	5,858,070	13,164,868	2,665,773	159,294,495
Estimated balance to pay	1,106,546	7,036,349	52,436,034	100,616,199	67,216,802	228,411,930

	2013 and prior in 2016	2014 and prior in 2017	2015 and prior in 2018
	£	£	£
RITC received at 24 months	-	-	-
Reserve strengthening/(reduction) in subsequent 12 months	-	-	-
Paid in subsequent 12 months	-	-	-
Prior years RITC at 36 months	-	-	-

China Re UK Limited
Notes to the Financial Statements
For the year ended 31 December 2018

8. Called up Share Capital

Issued and fully paid	At 1 January £	Issued during the year £	Redeemed during the year £	At 31 December £
Par value per share				
Ordinary £1 shares	300,000	-	-	300,000
Total	300,000	-	-	300,000

The Ordinary £1 shares each hold one voting right. There are no restrictions on the distribution of dividends and the repayments of capital.

9. Profit and Loss Account

	2018			2017		
	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Retained (loss)/profit brought forward	(41,029,594)	10,877,287	(30,152,307)	(8,608,799)	2,662,427	(5,946,372)
Reallocate distribution	2,094,615	(2,094,615)	-	(2,707,962)	2,707,962	-
Foreign exchange	-	-	-	-	-	-
Funds in Syndicate	-	(1,667,554)	(1,667,554)	-	-	-
(Loss)/profit for the financial year	(29,874,251)	(6,781,143)	(36,655,394)	(29,712,833)	5,506,898	(24,205,935)
Equity dividends	-	-	-	-	-	-
Retained (loss)/profit carried forward	(68,809,230)	333,975	(68,475,255)	(41,029,594)	10,877,287	(30,152,307)

10. Deferred Taxation

	2018			
	Syndicate Results £	Tax losses £	Claims Equalisation Reserve £	Other £
At 1 January	(7,339,887)	-	-	(193,713)
Movement in the year	7,339,887	-	-	193,713
At 31 December	-	-	-	-

China Re UK Limited
Notes to the Financial Statements
For the year ended 31 December 2018

10. Deferred Taxation (continued)

					2017
	Syndicate Results £	Tax losses £	Claims Equalisation Reserve £	Other £	Total £
At 1 January	(1,629,900)	(131,486)	-	-	(1,761,386)
Movement in the year	(5,709,987)	131,486	-	(193,713)	(5,772,214)
At 31 December	<u>(7,339,887)</u>	<u>-</u>	<u>-</u>	<u>(193,713)</u>	<u>(7,533,600)</u>

The unused tax losses carried forward at the Balance Sheet date are £1,342,158. Unused tax losses are expected to be recoverable against the future profits of the Company and have no expiry date.

The deferred tax balance consists of timing differences relating to the taxation of underwriting results. Deferred tax assets are shown within other debtors (Note 6.1).

11. Related Party Disclosure

As the Company is a wholly owned subsidiary of China Reinsurance (Group) Corporation, it has taken exemption under Section 33 of FRS 102 - Related Party Transactions.

12. Ultimate Controlling Party

The Company is controlled by China Reinsurance (Group) Limited, a company incorporated in China, which holds 100% of the issued £1 ordinary share capital. China Reinsurance (Group) Limited is jointly owned by the Ministry of Finance of the People's Republic of China and China Investment Corporation.