

Registered number: 09168331

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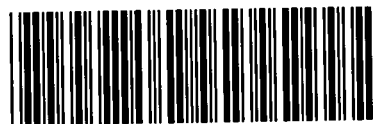
**CHINA RE UNDERWRITING AGENCY LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 31 DECEMBER 2017**

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**CHINA RE UNDERWRITING AGENCY LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	Gang Jian Liu (resigned 17 January 2017) Yin Hang (resigned 17 May 2017) Dr Huiqiang Zuo (appointed 17 January 2017) Kun Huang (appointed 17 May 2017)
<b>Registered number</b>	09168331
<b>Registered office</b>	70 Gracechurch Street London EC3V 0XL
<b>Independent auditor</b>	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT

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**CHINA RE UNDERWRITING AGENCY LIMITED**

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## CHINA RE UNDERWRITING AGENCY LIMITED

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### STRATEGIC REPORT FOR THE PERIOD ENDED 31 DECEMBER 2017

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#### Introduction

During the year, the Company acted as a service Company for Syndicate 2088. The intention of the Company is to become a Lloyd's managing agency responsible for the management of the Syndicate.

In preparing this report, the Directors have taken advantage of the small Companies exemptions provided by section 415A of the Companies Act 2006.

#### Business review

The Directors are satisfied with the Company's progress to date.

#### Financial key performance indicators

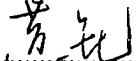
The Company's key financial performance indicators during the period ended 31 December 2017 standard within the insurance industry and were as follows:

	31 December 2017	31 December 2016
	£	£
Turnover	3,857,469	1,936,381
Profit Commission	Nil	Nil
Profit Commission as percentage of turnover	Nil	Nil

#### Other key performance indicators

The use of non-financial key performance indicators is not considered appropriate in understanding the performance and development of the Company.

This report was approved by the board on 23 April 2018  
and signed on its behalf.

  
.....  
**Kun Huang**  
Director

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## CHINA RE UNDERWRITING AGENCY LIMITED

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### DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2017

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The Directors present their report and the financial statements for the period ended 31 December 2017.

#### **Directors' responsibilities statement**

*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 elected to prepare 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 these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Results and dividends**

The loss for the period, after taxation, amounted to £768,353 (2016 - loss £125,474).

The Directors do not recommend the payment of a dividend.

#### **Directors**

The Directors who served during the period were:

Gang Jian Liu (resigned 17 January 2017)  
Yin Hang (resigned 17 May 2017)  
Dr Huiqiang Zuo (appointed 17 January 2017)  
Kun Huang (appointed 17 May 2017)

#### **Future developments**

The Company will continue to act as a service Company for Syndicate 2088 ("Syndicate") with the intention of becoming a Lloyd's managing agency responsible for the management of the Syndicate.

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CHINA RE UNDERWRITING AGENCY LIMITED

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

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**Disclosure of information to auditor**

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

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

**Post balance sheet events**

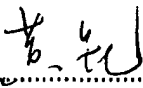
There have been no significant events affecting the Company since the year end.

**Auditor**

The auditor, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

In preparing this report, the Directors have taken advantage of the small Companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 23 April 2018 and signed on its behalf.

  
.....  
**Kun Huang**  
Director

## ***Independent auditors' report to the members of China Re Underwriting Agency Limited***

### **Report on the audit of the financial statements**

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#### **Opinion**

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

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (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 Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2017; the Statement of Income and Retained Earnings for the period ended 31 December 2017; and the notes to the financial statements, which include a description of the significant accounting policies.

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#### **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.

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#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which 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.

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.

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#### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

Based on 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 Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

### **Responsibilities for the financial statements and the audit**

#### *Responsibilities of the directors for the financial statements*

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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](http://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.



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**Other required reporting**

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**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  
23 April 2018

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**CHINA RE UNDERWRITING AGENCY LIMITED**

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**STATEMENT OF INCOME AND RETAINED EARNINGS  
FOR THE PERIOD ENDED 31 DECEMBER 2017**

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	Note	2017 £	2016 £
Turnover	4	<u>3,857,469</u>	<u>1,936,381</u>
<b>Gross profit</b>		<b>3,857,469</b>	<b>1,936,381</b>
Administrative expenses		<u>(4,641,794)</u>	<u>(2,205,436)</u>
<b>Operating loss</b>		<b>(784,325)</b>	<b>(269,055)</b>
Interest receivable and similar income	8	<u>16,061</u>	<u>115,675</u>
Interest payable and expenses	9	<u>(89)</u>	<u>-</u>
<b>Loss before tax</b>		<b>(768,353)</b>	<b>(153,380)</b>
Tax on loss	10	<u>-</u>	<u>27,906</u>
<b>Loss after tax</b>		<b><u>(768,353)</u></b>	<b><u>(125,474)</u></b>
Retained earnings at the beginning of the period		<u>(169,217)</u>	<u>(43,741)</u>
		<b>(169,217)</b>	<b>(43,741)</b>
Loss for the period		<u>(768,353)</u>	<u>(125,474)</u>
<b>Retained earnings at the end of the period</b>		<b><u>(937,570)</u></b>	<b><u>(169,215)</u></b>

There were no recognised gains and losses for 2017 or 2016 other than those included in the statement of income and retained earnings.

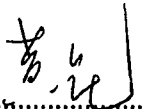
The notes on pages 9 to 19 form part of these financial statements.

**CHINA RE UNDERWRITING AGENCY LIMITED**  
**REGISTERED NUMBER: 09168331**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2017**

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Tangible assets	11	147,571	-
		<u>147,571</u>	<u>-</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	12	15,624,376	8,830,113
Cash and cash equivalents	13	1,940,661	9,117,560
		<u>17,565,037</u>	<u>17,947,673</u>
Creditors: amounts falling due within one year	14	(650,177)	(116,888)
<b>Net current assets</b>		<u>16,914,860</u>	<u>17,830,785</u>
<b>Total assets less current liabilities</b>		<u>17,062,431</u>	<u>17,830,785</u>
<b>Net assets</b>		<u><u>17,062,431</u></u>	<u><u>17,830,785</u></u>
<b>Capital and reserves</b>			
Called up share capital	16	18,000,000	18,000,000
Accumulated losses	17	(937,569)	(169,215)
		<u>17,062,431</u>	<u>17,830,785</u>

The financial statements on pages 7 to 19 were approved and authorised for issue by the Board of Directors and were signed on its behalf on 23 April 2018.

  
 .....

**Kun Huang**

Director

The notes on pages 9 to 19 form part of these financial statements.

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## CHINA RE UNDERWRITING AGENCY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017

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#### 1. General information

The Company acts as a service Company for Syndicate 2088.

The Company is a private Company limited by shares and is incorporated and domiciled in England.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006. These policies have been consistently applied to all years presented, unless otherwise stated.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

##### 2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of China Reinsurance (Group) Corporation as at 31 December 2017 and these financial statements may be obtained from the Company's registered office, details of which are listed in the Company Information section.

##### 2.3 Going concern

The Directors have assessed the position of the Company and it is expected to be able to meet its own liabilities as they fall due. The Directors believe that no material uncertainty exists that may cast significant doubt over the ability of the Company to continue as a going concern. Therefore the Company's Directors have reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future.

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## CHINA RE UNDERWRITING AGENCY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017

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#### 2. Accounting policies (continued)

##### 2.4 Turnover

Turnover comprises revenue recognised by the Company in respect of services supplied during the year, exclusive of Value Added Tax and trade discounts.

Turnover comprises recharges to Syndicate 2088 and is recognised in line with the provision of the underlying services to which it relates.

##### 2.5 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

##### 2.6 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Fixtures and fittings	-	20%
Computer equipment	-	33%

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

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

##### 2.7 Debtors

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

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**CHINA RE UNDERWRITING AGENCY LIMITED**

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

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**2. Accounting policies (continued)**

**2.8 Financial instruments**

**(i) Financial assets**

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

**(ii) Financial liabilities**

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group Companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

**(iii) Offsetting**

Financial assets and liabilities are offset and the net amounts presented in the Financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**2.9 Creditors**

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

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## CHINA RE UNDERWRITING AGENCY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017

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#### 2. Accounting policies (continued)

##### 2.10 Foreign currency translation

###### Functional and presentation currency

The Company's functional and presentational currency is Great British Pounds (GBP).

###### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Income and Retained Earnings except when deferred in other comprehensive income as qualifying cash flow hedges.

##### 2.11 Finance costs

Finance costs are charged to the Statement of Income and Retained Earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

##### 2.12 Pensions

###### Defined contribution pension plan

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

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

##### 2.13 Interest income

Interest income is recognised in the Statement of Income and Retained Earnings using the effective interest method.

##### 2.14 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

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**CHINA RE UNDERWRITING AGENCY LIMITED**

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

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**2. Accounting policies (continued)**

**2.15 Taxation**

Tax is recognised in the Statement of Income and Retained Earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

**3. Judgments in applying accounting policies and key sources of estimation uncertainty**

**(a) Critical judgements in applying the entity's accounting policies**

No judgements have been made in applying the entities accounting policies that would have a significant effect on the amounts recognised in these financial statements.

**(b) Critical accounting estimates and assumptions**

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

**(i) Recoverability of debtors**

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 12 for the net carrying amount of debtors and associated impairment provision.

**4. Turnover**

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

	2017 £	2016 £
Syndicate 2088 recharge	<u>3,857,469</u>	<u>1,936,381</u>

All turnover arose within the United Kingdom.



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**CHINA RE UNDERWRITING AGENCY LIMITED**

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

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**5. Auditor's remuneration**

	2017 £	2016 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	15,763	15,454
	<u>15,763</u>	<u>15,454</u>

**6. Employees**

Staff costs, including Directors' remuneration, were as follows:

	2017 £	2016 £
Wages and salaries	3,438,096	1,574,115
Social security costs	405,172	202,802
Cost of defined contribution scheme	203,272	100,619
	<u>4,046,540</u>	<u>1,877,536</u>

The average monthly number of employees, including the Directors, during the period was as follows:

	2017 No.	2016 No.
Average Employees	<u>25</u>	<u>10</u>

**7. Directors' remuneration**

	2017 £	2016 £
Directors' emoluments	430,808	521,335
	<u>430,808</u>	<u>521,335</u>

The highest paid Director received remuneration of £189,822 (2016 - £275,915).

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CHINA RE UNDERWRITING AGENCY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2017

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8. Interest receivable and similar income

	2017 £	2016 £
Other interest receivable	16,061	115,675
	<u>16,061</u>	<u>115,675</u>

9. Interest payable and similar charges

	2017 £	2016 £
Other interest payable	89	-
	<u>89</u>	<u>-</u>

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**CHINA RE UNDERWRITING AGENCY LIMITED**

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

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**10. Taxation**

	2017 £	2016 £
<b>Corporation tax</b>		
Adjustments in respect of previous periods	-	(2,492)
Group taxation relief	-	(25,414)
<b>Total current tax</b>	<u>-</u>	<u>(27,906)</u>

**Factors affecting tax (credit)/charge for the period**

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

	2017 £	2016 £
Loss on ordinary activities before tax	<u>(768,353)</u>	<u>(153,380)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	<u>(147,882)</u>	<u>(30,676)</u>
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	101,373	2,826
Capital allowances for period/year in excess of depreciation	(14,574)	-
Tax losses carried back	-	2,436
Tax losses and other deductions arising in the period carried forward	61,083	-
Adjustments to tax charge in respect of prior periods	-	(2,492)
<b>Total tax charge for the period/year</b>	<u>-</u>	<u>(27,906)</u>

**Factors that may affect future tax charges**

The Directors estimate that tax losses of approximately £317,000 (2016: £Nil) are available to be carried forward to be set against future taxable profits of the Company. No deferred tax asset has been recognised in respect of these losses and other timing differences due to the uncertainty of future profits.

In the Finance Bill 2015, it was announced that the main rate of UK corporation tax would reduce to 19% from 1 April 2017 and to 18% from 1 April 2020. The Bill was substantively enacted on 26 October 2015.

In March 2016, it was announced that there would be a further reduction to 17% from 1 April 2020. The Finance Bill 2016 was not substantively enacted at the approval of these financial statements nor is it expected to have a material impact on the Company.

The Company's 2017 losses give rise to a deferred tax asset at a rate of 17%.

**CHINA RE UNDERWRITING AGENCY LIMITED**

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

**11. Tangible fixed assets**

	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost or valuation</b>			
Additions	155,315	759	156,074
At 31 December 2017	<u>155,315</u>	<u>759</u>	<u>156,074</u>
<b>Depreciation</b>			
Charge for the period on owned assets	8,419	84	8,503
At 31 December 2017	<u>8,419</u>	<u>84</u>	<u>8,503</u>
<b>Net book value</b>			
At 31 December 2017	<u>146,896</u>	<u>675</u>	<u>147,571</u>
At 31 December 2016	<u>-</u>	<u>-</u>	<u>-</u>

**12. Debtors: Amounts falling due within one year**

	2017 £	2016 £
Amounts owed by group undertakings	9,025,414	6,024,391
Other debtors	27,673	5,845
Prepayments and accrued income	6,571,289	2,799,876
	<u>15,624,376</u>	<u>8,830,112</u>

Amounts owed by group undertakings are unsecured, have no fixed date of repayment and are repayable on demand. Interest is charged on the group loan at BofE base rate + 1%.

**13. Cash and cash equivalents**

	2017 £	2016 £
Cash at bank and in hand	<u>1,940,661</u>	<u>9,117,560</u>

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**CHINA RE UNDERWRITING AGENCY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**14. Creditors: Amounts falling due within one year**

	2017 £	2016 £
Other creditors	157,754	76,246
Accruals and deferred income	492,423	40,642
	<u>650,177</u>	<u>116,888</u>

**15. Financial instruments**

	2017 £	2016 £
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	15,602,605	8,819,328
	<u>15,602,605</u>	<u>8,819,328</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	(492,422)	(40,642)
	<u>(492,422)</u>	<u>(40,642)</u>

Financial assets measured at amortised cost comprise amounts owed by group undertakings, VAT control, season ticket control, corporation tax and accrued income.

Financial liabilities measured at amortised cost comprise accrued expenses.

**16. Called up share capital**

	2017 £	2016 £
<b>Allotted, called up and fully paid</b>		
18,000,000 Ordinary shares of £1 each	18,000,000	18,000,000
	<u>18,000,000</u>	<u>18,000,000</u>

**17. Reserves**

**Profit and loss account**

The profit and loss account represents accumulated losses.

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**CHINA RE UNDERWRITING AGENCY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**18. Related party transactions**

The Company is exempt from disclosing other related party transactions as they are with other Companies that are wholly owned within the group.

**19. Controlling party**

Group financial statements are prepared by the ultimate parent undertaking, China Reinsurance (Group) Corporation, a Company registered in China.