
QBE Holdings (Europe) Limited

Annual Report

31 December 2013



Registered Number 2843890

QBE HOLDINGS (EUROPE) LIMITED

ANNUAL REPORT

for the year ended 31 December 2013

Contents	Page
Directors and officers	2
Directors' report	3
Independent Auditors' report to the Members of QBE Holdings (Europe) Limited	5
Profit and loss account	7
Balance sheet	8
Notes to the financial statements	9

QBE HOLDINGS (EUROPE) LIMITED

DIRECTORS AND OFFICERS

Directors

R C Stone
D J Winkett

Former directors who served during part of the year

S P Burns Resigned on 22 July 2013

Company Secretary

S M Boland

Registered office

Plantation Place
30 Fenchurch Street
London
EC3M 3BD

Independent Auditors

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

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2013.

Principal activities

The principal activity of the Company is that of a holding company. The Company does not intend to operate in the future.

The Company is a wholly owned subsidiary of QBE European Operations plc, which is the holding company for the European Operations division (QBE EO) of QBE Insurance Group Limited (QBE Group). The Company is managed together at the QBE EO level.

Business review and future developments

The results of the Company are set out in the profit and loss account on page 7. The profit for the year was £2,000 (2012 £966,922,000). An interim dividend was paid in the year of nil (2012 £1,060,632,000). The directors do not propose the payment of a final dividend (2012 nil).

Given the straightforward nature of the Company, the directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

Principal risks and uncertainties

Directors are of the opinion that the Company's activities do not expose the business to key risks that have the potential to affect Company's ability to achieve its business objective.

The Company, as part of QBE EO, continues to develop its risk management capability to ensure that an effective framework exists to support the management of all types of risk. Elements of this framework include the regular identification and assessment of key risks and controls and clearly defined ownership of both the risks and controls. These are disclosed within QBE European Operations plc's annual report, which does not form part of this report. Copies of QBE European Operations plc's annual report are available from the Company's registered office.

Directors

The directors of the Company who were in office during the year and up to the date of the signing of the financial statements are shown on page 2.

A qualifying third party indemnity provision (as defined in section 234 of the Companies Act 2006) was in force during the course of the financial year ended 31 December 2013 for the benefit of the then directors. This provision remains in force for the benefit of the directors and provides indemnity protection in relation to certain losses, expenses and liabilities which they may incur in the actual or purported execution and/or discharge of their duties.

QBE HOLDINGS (EUROPE) LIMITED

DIRECTORS' REPORT (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Statement of disclosure of information to auditors

Each person who is a director at the date of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the auditors are unaware; and
- the director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of, and to establish that the Company's auditors are aware of, any relevant audit information.

This confirmation is given, and should be interpreted, in accordance with the provisions of section 418 of the Companies Act 2006.

By order of the Board:



S M Boland
Company Secretary
QBE Holdings (Europe) Limited
Registered Number 2843890
London
23 June 2014

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF QBE HOLDINGS (EUROPE) LIMITED

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

Emphasis of matter - Basis of preparation

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the going concern basis of accounting. Following the year end the Directors have decided that the company will cease trading during the next financial year. Accordingly, the going concern basis of accounting is no longer appropriate and the financial statements have been prepared on a basis other than going concern as described in note 1 to the financial statements. No adjustments were required to the financial statements following this decision.

What we have audited

The financial statements, which are prepared by QBE Holdings (Europe) Limited, comprise:

- the balance sheet as at 31 December 2013;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

QBE HOLDINGS (EUROPE) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF QBE HOLDINGS (EUROPE) LIMITED

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

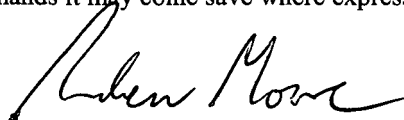
Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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



Andrew Moore (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
23 June 2014

QBE HOLDINGS (EUROPE) LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Income from shares in group undertakings		1	27,281
Income on sale of group undertaking	4	-	1,086,000
Amounts written off investments	8	-	(145,930)
Interest payable and similar charges	5	(1)	(491)
Profit on ordinary activities before taxation	6	-	966,860
Tax on profit on ordinary activities	7	2	62
Profit for the financial year	14	2	966,922

The results above are derived from discontinued operations.

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

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

The notes on pages 9 to 13 form an integral part of these financial statements.

QBE HOLDINGS (EUROPE) LIMITED

BALANCE SHEET

as at 31 December 2013

	Note	2013 £'000	2012 £'000
Fixed assets			
Other financial investments	9	-	10
		-	10
Current assets			
Debtors	10	40,425	40,610
		40,425	40,610
Creditors - amounts falling due within one year	12	-	(197)
Net current assets		40,425	40,413
Total assets less current liabilities		40,425	40,423
Net assets		40,425	40,423
Capital and reserves			
Called up share capital	13,14	1,000	1,000
Other capital reserve	14	20,027	20,027
Profit and loss account	14	19,398	19,396
Total shareholders' funds	14	40,425	40,423

These financial statements on pages 7 to 13 were approved by the Board of directors on 23 June 2014 and signed on its behalf by:



R C Stone
Director

The notes on pages 9 to 13 form an integral part of these financial statements.

QBE HOLDINGS (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2013

1. Accounting policies

(a) Basis of preparation

These financial statements are prepared in accordance with the provision of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, the accounting policies set out below, and applicable accounting standards in the United Kingdom have been applied consistently throughout the year.

In accordance with Section 401 of the Companies Act 2006, the Company is exempt from preparing group financial statements. The Company's Ultimate Parent Company, QBE Insurance Group Limited, incorporated in Australia, prepares consolidated group financial statements for the year ended 31 December 2013, in which the Company is included.

No adjustments have been made to the accounts to reflect that the Company is not a going concern because the Company expects to continue to realise its assets and settle liabilities in an orderly fashion and for the amounts stated.

(b) Cash flow statement and related party disclosures

The Company is included in the consolidated financial statements of QBE Insurance Group Limited, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard (FRS) 1 (revised 1996). The Company is also exempt under the terms of FRS 8 (revised 2008) from disclosing related party transactions with entities that are wholly owned by QBE Insurance Group Limited.

(c) Investment income and expenses

Investment income and expenses are taken into account on an accruals basis.

(d) Dividends

Interim dividends are recognised when paid and final dividends are recognised as a liability when they are approved by members when passing a written resolution.

(e) Foreign currency

The functional currency of the Company is UK pound Sterling (£). The Company presents its financial statements in thousands of pounds Sterling.

Transactions denominated in foreign currencies are translated into pound Sterling at the rates of exchange prevailing at the time of the transactions. Assets and liabilities denominated in foreign currencies are translated into pound Sterling at the rates of exchange prevailing at the balance sheet date, with the exception of non-monetary items, which are maintained at historic rates. Unclosed foreign exchange derivatives are marked to market at year end date.

Exchange gains or losses are recognised in the profit and loss account, including gains and losses on foreign exchange derivatives.

(f) Investments

Shares in group undertakings are included in the Company's balance sheet at cost less any impairment, based on the directors having prudent regard for their likely realisable value. Dividends from group undertakings are taken into account when the right to receive payment is established, for interim dividends, when they are paid and, for final dividends, when they are approved by the members.

(g) Taxation

The charge for taxation is based on the result for the year adjusted for disallowable items. Deferred taxation is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

QBE HOLDINGS (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2013

2. Employees

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

3. Directors' emoluments

The emoluments of the directors are paid by QBE Management Services (UK) Limited for their services to the QBE EO as a whole. No emoluments were payable to the directors in respect of their services to this Company for the year ended 31 December 2013 (2012 nil).

4. Income on sale of group undertaking

During 2012, the Company sold its entire shareholding in QBE Corporate Limited to its immediate parent company, QBE Holdings (EO) Limited for £1,086,000,000.

5. Interest payable and similar charges

	2013 £'000	2012 £'000
Interest expense	1	-
Interest on overdue tax	-	339
Foreign exchange losses	-	152
	1	491

6. Profit on ordinary activities before taxation

Remuneration receivable by the Company's auditors for the auditing of these financial statements of £10,184 (2012 £9,888) is borne by QBE Management Services (UK) Limited. Fees for the supply of other services are also borne by QBE EO Group companies and are disclosed in total in the QBE European Operations plc Group financial statements.

QBE HOLDINGS (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

7. Tax on profit on ordinary activities

Analysis of credit in the year	2013 £'000	2012 £'000
Current tax:		
UK corporation tax	-	(119)
Adjustment to tax in respect of prior year	(41)	62
Total current tax	(41)	(57)
Deferred tax:		
Change in rate of Corporation Tax	-	3
Adjustment to tax in respect of prior year	39	(8)
Total deferred tax	39	(5)
Tax credit on profit on ordinary activities	(2)	(62)

Factors affecting tax (credit) for the year

The tax for the year is lower (2012 lower) than the standard rate of corporation tax in the UK 23.25% (2012 24.5%)

	2013 £'000	2012 £'000
Profit on ordinary activities before taxation	-	966,860
Profit on ordinary activities before tax multiplied by standard rate of UK Corporation Tax at 23.25% (2012 24.5%)	-	236,881
Effects of:		
Income exempt from tax	-	(272,753)
Non deductible expenses	-	35,753
Adjustments to tax in respect of prior year	(41)	62
Current tax credit for the year	(41)	(57)

8. Shares in group undertakings

	2013 £'000	2012 £'000
At 1 January	-	139,374
Investment in Limit Holdings Limited	-	6,556
Write down of investment in Limit Holdings Limited	-	(145,930)
At 31 December	-	-

The investment in Limit Holdings Limited was written down to nil in 2012.

On 5 July 2013, the Company disposed of its 100% holdings in Limit No. 7 Limited and Limit No. 10 Limited, incurring total expenditure of £2. This gave rise to a nil gain or loss on disposal.

Limit Corporate Members Limited was dissolved on 7 January 2014 and Limit Holding Limited was dissolved on 21 January 2014.

QBE HOLDINGS (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

9. Other financial investments

	Cost 2013 £'000	Carrying value 2013 £'000	Cost 2012 £'000	Carrying value 2012 £'000
Deposit with credit institutions	-	-	10	10

10. Debtors

	2013 £'000	2012 £'000
Amounts owed by group undertakings	947	1,010
Deferred consideration	39,478	39,478
Corporation tax	-	83
Deferred tax (note 11)	-	39
	40,425	40,610

During 2012, the Company sold QBE Corporate Limited to its immediate parent company, QBE Holdings (EO) Limited, for £1,086,000,000. £39,478,000 of the consideration was deferred.

11. Deferred tax

Deferred tax asset	2013 £'000	2012 £'000
Deferred tax asset as at 1 January	39	34
Adjustment in respect of prior year	(39)	8
Deferred tax charge in profit and loss account (note 7)	-	(3)
Deferred tax asset as at 31 December	-	39
Comprising:		
Accelerated capital allowances	-	39
Undiscounted deferred tax asset	-	39

12. Creditors - amounts falling due within one year

	2013 £'000	2012 £'000
Amounts owed to group undertakings	-	197

13. Called up share capital

	2013 £'000	2012 £'000
Allotted and fully paid		
4,000,000 (2012 4,000,000) Ordinary shares at £0.25 each	1,000	1,000

QBE HOLDINGS (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

14. Reconciliation of movements in shareholders' funds and reserves

	Called up share capital £'000	Other capital reserve £'000	Profit and loss account £'000	Total 2013 £'000	Total 2012 £'000
At 1 January	1,000	20,027	19,396	40,423	134,133
Profit for the financial year	-	-	2	2	966,922
Dividend paid	-	-	-	-	(1,060,632)
At 31 December	1,000	20,027	19,398	40,425	40,423

During the year the Company declared and paid no interim dividend (2012 £1,060,632,000) to ordinary shareholders.

15. Parent undertakings

The Company's ultimate parent undertaking and controlling entity is QBE Insurance Group Limited, which is incorporated in Australia. This is the largest group of undertakings into which the Company's financial statements are consolidated. The smallest group of undertakings into which the Company's financial statements are consolidated is headed by QBE European Operations plc, which is incorporated in the United Kingdom. The consolidated financial statements for QBE Insurance Group Limited and QBE European Operations plc are available from the Company's registered office at Plantation Place, 30 Fenchurch Street, London, EC3M 3BD.

The Company's immediate parent company is QBE Holdings (EO) Limited, which is incorporated in the United Kingdom.