2020 Financial Statements

QBE INSURANCE (SINGAPORE) PTE LTD

QBE INSURANCE (SINGAPORE) PTE. LTD.

(Incorporated in Singapore. Registration Number: 198401363C)

ANNUAL REPORT

For the financial year ended 31 December 2020

QBE INSURANCE (SINGAPORE) PTE. LTD.
(Incorporated in Singapore)

ANNUAL REPORT
For the financial year ended 31 December 2020

Contents

DIRECTORS' STATEMENT
For the financial year ended 31 December 2020

The directors present their statement to the member together with the audited financial statements of QBE Insurance (Singapore) Pte. Ltd. (the "Company") for the financial year ended 31 December 2020.

In the opinion of the directors,

(a) the financial statements as set out on pages 6 to 56 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2020 and the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors in office at the date of this statement are as follows:

Ronak Akhil Shah
Arunothayam A/P V Rajaratnam
Jason Andrew Hammond
Tay Siang Leng (appointed on 3 January 2020)
Michael William Gourlay (appointed on 24 February 2020)

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

Directors' interests in shares or debentures (continued)

	Holdings registered in name of director			
	Ordinary shares of A$1 each		No. of share options	
	At 31.12.2020	At 1.1.2020	**At 31.12.2020**	At 1.1.2020
Ultimate Holding Corporation				
- QBE Insurance Group Limited				
Jason Andrew Hammond	4,011	259	-	-
Ronak Akhil Shah	5,175	4,998	-	-

Share options

No options were granted during the financial year to subscribe for unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

Independent Auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Ronak Shah

RONAK AKHIL SHAH
Director

Jason Hammond

JASON ANDREW HAMMOND
Director

29 March 2021

Report on the Audit of the Financial Statements

Opinion

In our opinion, the accompanying financial statements of QBE Insurance (Singapore) Pte. Ltd. (the "Company") are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 December 2020 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

What we have audited

The financial statements of the Company comprise:
- the statement of comprehensive income for the year ended 31 December 2020;
- the balance sheet as at 31 December 2020;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's 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 are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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, 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 in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's 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 auditor's 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 SSAs 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.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 29 March 2021

QBE INSURANCE (SINGAPORE) PTE. LTD.

STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 December 2020

	Note	**2020 S$'000**	2019 S$'000
Gross premium written	12(b)	**239,058**	226,478
Outward reinsurance premiums		**(94,487)**	(127,117)
Net premium written	12(b)	**144,571**	99,361
Change in net unearned premium reserves	12(e)(i)	**(29,720)**	(9,776)
Net earned premium		**114,851**	89,585
Investment income	6(a)	**7,768**	5,519
Commission income		**21,561**	38,971
Other income	6(b)	**5,440**	2,822
		34,769	47,312
Gross claims paid		**(131,588)**	(104,860)
Reinsurer's share of claims paid		**84,624**	59,536
Change in gross claims reserve	12(e)(ii)	**2,612**	(10,745)
Reinsurer's share of change in claims reserve	12(e)(ii)	**(3,246)**	12,927
Net claims incurred		**(47,598)**	(43,142)
Investment expenses		**(242)**	(244)
Commission expenses		**(43,310)**	(43,842)
Management expenses	4	**(52,231)**	(43,089)
Other expenses		**-**	(450)
Total expenses		**(95,783)**	(87,625)
Profit before tax		**6,239**	6,130
Income tax expense	7	**(911)**	(478)
Profit after tax		**5,328**	5,652
Total comprehensive income for the year		**5,328**	5,652

The accompanying notes form an integral part of these financial statements.

QBE INSURANCE (SINGAPORE) PTE. LTD.

BALANCE SHEET
As at 31 December 2020

	Note	**2020** **S$'000**	2019 S$'000
ASSETS			
Current assets			
Cash and cash equivalents	8	**13,615**	13,708
Trade and other receivables	9 (i)	**103,487**	86,564
Other assets	9 (ii)	**3,152**	1,572
Financial assets, at fair value through profit or loss	10	**269,824**	274,063
Derivative financial instruments	11	**778**	-
Reinsurer's share of unearned premium reserves	12(d)	**21,341**	33,954
Reinsurer's share of claims reserves	12(d)	**98,419**	95,850
Total current assets		**510,616**	505,711
Non-current assets			
Property, plant and equipment	13	**18,715**	4,186
Intangible assets	14	**3,708**	2,350
Reinsurer's share of unearned premium reserves	12(d)	**6,197**	8,761
Reinsurer's share of claims reserves	12(d)	**40,082**	45,897
Total non-current assets		**68,702**	61,194
Total assets		**579,318**	566,905
LIABILITIES			
Current liabilities			
Trade and other payables	15	**67,647**	67,819
Tax payable	7(b)	**1,216**	11
Unearned premium reserves	12(d)	**86,987**	77,662
Outstanding claims reserves	12(d)	**148,768**	152,939
Total current liabilities		**304,618**	298,431
Non-current liabilities			
Trade and other payables	15	**16,121**	-
Unearned premium reserves	12(d)	**25,258**	20,040
Outstanding claims reserves	12(d)	**83,473**	81,914
Deferred tax liabilities	16	**345**	640
Other liabilities		**324**	450
Total non-current assets		**125,521**	103,044
Total liabilities		**430,139**	401,475
NET ASSETS		**149,179**	165,430
EQUITY			
Share capital	17	**135,001**	156,580
Retained profits		**14,178**	8,850
Total Equity		**149,179**	165,430

The accompanying notes form an integral part of these financial statements.

QBE INSURANCE (SINGAPORE) PTE. LTD.

STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2020

	Note	Share capital $'000	Retained profits $'000	Total Equity $'000
2020				
Beginning of financial year		156,580	8,850	165,430
Reduction of share capital	24	(21,579)	-	(21,579)
Total comprehensive income		-	5,328	5,328
End of financial year		**135,001**	**14,178**	**149,179**
2019				
Beginning of financial year		156,580	3,198	159,778
Total comprehensive income		-	5,652	5,652
End of financial year		156,580	8,850	165,430

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2020

	Note	**2020 $'000**	2019 $'000
Cash flows from operating activities			
Profit before tax		**6,239**	6,130
Adjustments for:			
- Change in contingency reserves		**(126)**	450
- Depreciation of property, plant and equipment		**4,930**	3,896
- Amortisation of intangible assets		**1,561**	688
- Loss / (gain) on disposal of property, plant and equipment		**(9)**	32
- Loss on disposal of club membership		**-**	160
- Net realised loss/(gain) from sale of financial assets, at fair value through profit or loss		**72**	(1,742)
- Net unrealised (gain)/loss on financial assets, at fair value through profit or loss		**(439)**	523
- Interest income		**(4,459)**	(4,312)
- Allowance for impairment loss on trade receivables		**3,037**	(381)
- Unrealised gain on derivative financial instruments		**(778)**	-
- Net unearned premium reserves		**29,720**	9,776
- Net outstanding claims reserves		**635**	(2,182)
- Lease interest expense		**78**	117
		40,461	13,155
Change in working capital			
- Trade and other receivables		**(21,899)**	(12,200)
- Trade and other payables		**1,412**	23,592
Cash used in operations		**19,974**	24,547
- Income tax paid		**(19)**	-
Net cash provided by operating activities		**19,955**	24,547
Cash flows from investing activities			
Purchase of financial assets, at fair value through profit or loss		**(383,516)**	(463,080)
Proceeds from maturity and sale of financial assets, at fair value through profit or loss		**388,122**	428,203
Purchase of property, plant and equipment		**(1,481)**	(209)
Purchase of intangible assets		**(2,919)**	(2,179)
Interest received		**4,818**	4,057
Repayment of loan from a related corporation		**-**	13,630
Net cash used in investing activities		**5,024**	(19,578)
Cash flows from financing activity			
Reduction of share capital		**(21,579)**	-
Principal repayment of lease liabilities		**(3,415)**	(3,679)
Interest payment of lease liabilities		**(78)**	(117)
Net cash used in financing activity		**(25,072)**	(3,796)
Net (decrease)/ increase in cash and cash equivalents		**(93)**	1,173
Cash and cash equivalents at beginning of financial year		**13,708**	12,535
Cash and cash equivalents at end of financial year		**13,615**	13,708

STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2020

Reconciliation of liabilities arising from financing activities:

			Non-cash changes			
$'000	**1 January 2020**	**Principal & interest payments**	**Interest expense**	**Addition / (Reduction)**	**Adjustment**	**31 December 2020**
Lease liabilities	**3,288**	**(3,415)**	**78**	**17,442**	**(9)**	**17,384**
Reduction of share capital	**156,580**	**-**	**-**	**(21,579)**	**-**	**135,001**

			Non-cash changes			
$'000	1 January 2019	Principal & interest payments	Interest expense	Addition	Adjustment	31 December 2019
Lease liabilities	-	(3,796)	117	6,967	-	3,288
Reduction of share capital	156,580	-	-	-	-	156,580

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

The Company is incorporated and domiciled in Singapore. The address of the registered office is 1 Wallich Street, #35-01, Guoco Tower, Singapore 078881.

The Company is principally engaged in the underwriting of all classes of general insurance business. There has been no significant change in the nature of this activity during the financial year.

The financial statements are presented in Singapore dollars, which is the functional currency of the Company.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with FRS requires management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2020

On 1 January 2020, the Company adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Company’s accounting policies have been made as required, in accordance with the relevant transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Company and had no material effect on the amounts reported for the current period or prior financial years.

2. Significant accounting policies (continued)

2.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable from rendering of services in the ordinary course of the Company's activities, net of goods and services tax, rebates and discounts. Revenue is recognised as follows:

(a) Premium income

Written premiums include premiums on contracts incepting during the financial year, irrespective of whether they relate in whole or in part to later financial years. Written premiums are disclosed gross of commissions to insurance companies and intermediaries.

The earned portion of written premiums is recognised as revenue proportionally over the period of coverage.

Treaty and facultative reinsurance inward premiums are recognised as written upon receipt of statements and closing placement slips respectively from cedants up to the time of closing of the books.

(b) Commission income

Commission income is recognised as revenue on a basis that is consistent with the recognition of the costs incurred on the acquisition of underlying insurance contracts.

(c) Interest income

Interest income is recognised using the effective interest method.

2. Significant accounting policies (continued)

2.3 Financial assets

(a) Classification

The Company classifies its financial assets into loans and receivables and financial assets at fair value through profit or loss. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the balance sheet date, which are presented as non-current assets. Loans and receivables are presented as “cash and cash equivalents”, “trade and other receivables” and “deposits”.

(ii) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Company investment strategy. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.

Management has designated all its financial assets as at fair value through profit or loss at inception. The designation of financial assets as at fair value through profit or loss at inception is irrevocable.

2. Significant accounting policies (continued)

2.3 Financial assets (continued)

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

On disposal of a financial asset, the difference between the carrying amount and the net sale proceeds is recognised in profit or loss.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

(d) Subsequent measurement

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Financial assets at fair value through profit or loss are subsequently carried at fair value.

Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in profit or loss when the changes arise, and are presented as investment income (net).

2. Significant accounting policies (continued)

2.3 Financial assets (continued)

(e) Impairment

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost, had no impairment been recognised in prior periods.

2.4 Derivative financial instruments

A derivative financial instrument for which no hedge accounting is applied is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. Changes in its fair value are recognised in profit or loss. The Company does not apply hedge accounting for its derivative financial instruments.

2. Significant accounting policies (continued)

2.5 Currency translation

The financial statements are presented in Singapore Dollar, which is the functional currency of the Company.

Transactions in a currency other than the Singapore Dollar ("foreign currency") are translated into Singapore Dollar using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

2.6 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability that affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax is measured at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity.

The Company accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2. Significant accounting policies (continued)

2.7 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand and at bank, and deposits held at call with financial institutions which are subject to an insignificant change in value.

2.8 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). Otherwise they are presented as non-current liabilities.

Trade and other payables are initially recognised at their fair value, and subsequently carried at amortised cost, using the effective interest method.

2.9 Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and accumulated impairment losses (see Note 2.12).

The cost of property, plant and equipment initially recognised includes its purchase price and any costs that are 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.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	Useful lives
Computers	3 years
Furniture and fittings	5 years
Office equipment	5 years
Motor vehicles	5 years
Leasehold improvement	follows useful life of leasehold office
Leasehold office	shorter of lease term or 5 years

2. Significant accounting policies (continued)

2.9 Property, plant and equipment (continued)

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

2.10 Leases

Right-of-use assets

The Company recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets are presented within “Property, plant and equipment”.

Lease liabilities

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Company’s assessment of whether it will exercise an extension option; or
- There are modifications in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

2. Significant accounting policies (continued)

2.11 Intangible assets

(a) Software development cost

Software that are internally developed are reported at cost less accumulated amortisation and accumulated impairment losses.

Software development cost is amortised on a straight-line basis over its estimated useful life using the straight-line method over 3 years. The estimated useful life and amortisation are reviewed at the end of each annual reporting period, with the effect of any changes in estimates being accounted for on a prospective basis.

(b) Club membership

Club membership acquired is measured initially at cost less any accumulated impairment losses.

2.12 Impairment of non-financial assets

Property, plant and equipment and other non-financial assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. Impairment assessment for club membership is performed annually as it has an indefinite useful life.

For the purpose of impairment testing of assets, recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit (“CGU”) to which the asset belongs.

If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed only if, there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset, is recognised in profit or loss.

2. Significant accounting policies (continued)

2.13 Insurance contracts

Insurance contracts are those contracts that transfer significant insurance risk. As a general guideline, the Company defines significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event that are significant when compared to the premiums collected for such contracts.

For all these contracts, premiums are recognised as revenue (earned premiums) over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the balance sheet date is reported as unearned premium reserves. Premiums are shown before deduction of commission.

Claims and loss adjustment expenses are charged to profit or loss as incurred based on the estimated liability for compensation owed to contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the balance sheet date inclusive of provisions for incurred but not reported claims. The Company discounts its liabilities for unpaid claims using applicable risk free discount rates.

2.14 Reinsurance contracts held

Contracts entered into by the Company with reinsurers under which the Company is compensated for losses on one or more insurance contracts issued by the Company where significant insurance risk is transferred are classified as reinsurance contracts held. Insurance contracts entered into by the Company under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts.

Contracts may be modified from time to time either by agreement between the parties or due to change in regulation. In the event that a contract is modified to clarify coverage, indemnity, or other terms relevant to the operation of the contract, any changes in the financial performance of the contract since inception will be applied prospectively, and be fully reflected in the financial period in which the contract modification was executed.

The benefits to which the Company is entitled under its reinsurance contracts held are recognised as reinsurer's share of insurance liabilities. These assets consist of short-term balances due from reinsurers, as well as longer-term receivables that are dependent on the expected claims and benefits arising from the related reinsured insurance contracts.

2. Significant accounting policies (continued)

2.14 Reinsurance contracts held (continued)

Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

The Company assesses its reinsurance assets for impairment when there is objective evidence that the Company will not be able to collect all amounts due in accordance with the original terms of the contract, having regard to market data on the financial strength of each of the reinsurance companies. The amount of the allowance is recognised in profit or loss.

2.15 Insurance liabilities

Insurance liabilities comprise unearned premiums reserves and outstanding claims reserves.

(a) Unearned premium reserves/deferred acquisition cost

An unearned premium reserve is made for the amount of premium not yet earned at the balance sheet date. Net unearned premium reserves are calculated using the $1/365^{th}$ method based on the gross premiums written less return premiums and 25% method for marine cargo business.

Premium ceded to reinsurers by the Company in exchange for reinsurance protection is expensed in profit or loss in accordance with the reinsurance contract's expected pattern of incidence of risk. The deferred reinsurance premium asset is that portion of the reinsurance premium that the Company has not yet expensed in profit or loss as it represents reinsurance coverage to be received by the Company after the balance date.

Commission income and commission expense are deferred consistent with the earning of the related premium for that business. All other acquisition costs are recognised as expenses when incurred.

2. Significant accounting policies (continued)

2.15 Insurance liabilities (continued)

(b) Outstanding claims reserves

Provision for claims is made for the estimated cost of claims notified but not settled at the date of the balance sheet, using the best information available at that time.

In addition, a provision is made for claims incurred but not reported ("IBNR") for all business written at the balance sheet date based on the past claims experience and statistics derived from prior trends (see Note 3).

The reserve for IBNR losses and loss expenses is established by management based on actuarially determined estimates of ultimate losses and loss expenses. Inherent in the estimate of ultimate losses and loss expenses are expected trends in claim severity and frequency and other factors which may vary significantly as claims are settled. Accordingly, ultimate losses and loss expenses may differ materially from the amounts recorded in the financial statements. These estimates are reviewed regularly and, as experience develops and new information becomes known, the reserves are adjusted as necessary. Such adjustments, if any, will be recorded in profit or loss in the period in which they become known.

The claims provisions are intended to provide a 75% level of assurance of sufficiency, and as such include a Provision for Adverse Deviation (PAD) beyond the estimated cost of claim including the required IBNR.

Insurance companies may elect to purchase reinsurance cover to manage their exposure to any one claim or series of claims. Reinsurance recoveries is the provision that bases on incurred claims to recover some claim from reinsurance.

(c) Liability adequacy test

At each balance sheet date, a liability adequacy test is performed to ensure the adequacy of unearned premium liabilities. In performing the test, current best estimates of future contractual cash flows are used. Any deficiency is immediately charged to profit or loss.

2. Significant accounting policies (continued)

2.16 Employee benefits compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as The Central Provident Fund on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

2.17 Government grants

Grants from the government are recognised as receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Job Support Scheme (JSS) is qualified as government grant. It is part of Covid-19 Government relief measure that provided by government as wage support to the companies to help to retain local employees during the period of economy uncertainty. Employers who have made CPF contribution for their local employee qualify for payouts under the JSS.

2.18 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

3. Critical accounting estimates, assumptions and judgments

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates, assumptions and judgments in determining the reported insurance liabilities. 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 amount of assets and liabilities within the next financial year are discussed below.

<u>The ultimate liability arising from claims made under insurance contracts</u>

The estimation of the ultimate liability arising from claims made under insurance contracts is the Company's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Company will ultimately pay for such claims. Estimation of the ultimate liability arising from claims is done using conventional actuarial techniques.

The assumptions used by the Company, in determining its insurance liability are disclosed in Note 12(c).

The estimation of IBNR and IBNER is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims that have been reported to the Company but not yet paid, for which more information about the claims is generally available. The notification and settlement of claims relating to liability and other long-tail classes of business may not happen for many years after the event giving rise to the claim. As a consequence, liability and other long-tail classes typically display greater variability between initial estimates and final settlement due to delays in reporting claims and uncertainty in respect of court awards and future claims inflation. Claims in respect of property and other short-tail classes are typically reported and settled soon after the claim event, giving rise to more certainty.

Central estimates for each class of business are determined using a variety of estimation techniques, generally based on an analysis of historical experience and with reference to external benchmarks where relevant. The gross central estimate is discounted to present value using appropriate risk-free rates.

Central estimates are calculated gross of any reinsurance and other recoveries. A separate estimate is made of the amounts recoverable based on the gross central estimate.

4. Management expenses

	2020 **S$'000**	2019 S$'000
Employee compensation (Note 5)	**21,952**	19,707
Consultant services	**2,107**	1,053
Management fees paid to immediate holding company	**11,500**	11,510
Depreciation of property, plant and equipment	**4,930**	3,896
Amortisation of intangible assets	**1,561**	688
Advertising and subscriptions	**864**	943
Impairment loss on trade receivables	**3,037**	193
Audit fees	**337**	279
IT expense	**1,139**	1,120
Bank charges	**423**	442
Admin fees	**780**	569
Realised foreign exchange loss	**975**	199
Postage, telephone and telex charge	**231**	220
Printing, stationery	**289**	210
Entertainment	**131**	169
Other expenses	**1,975**	1,891
	52,231	43,089

5. Employee compensation

	2020 **S$'000**	2019 S$'000
Wages and salaries	**14,949**	13,829
Employer's contribution to defined contribution plans	**1,588**	1,704
Other benefits	**5,415**	4,174
	21,952	19,707

6. (a) Investment income

	2020 **S$'000**	2019 S$'000
Interest income		
- Financial assets at fair value through profit or loss	**4,454**	4,266
- Fixed deposits	**5**	46
Net realised (loss)/gain from sale of financial assets at fair value through profit or loss	**(72)**	1,742
Net gain/(loss) from re-measurement of financial assets at fair value	**1,203**	(118)
Net loss on foreign exchange	**(764)**	(417)
Net realised gain from derivative financial instrument	**2,164**	-
Net unrealised gain from derivative financial instrument	**778**	-
	7,768	5,519

(b) Other income

	2020 **$'000**	2019 $'000
Miscellaneous income	**2,637**	2,822
Government grants - Jobs Support Scheme	**2,803**	-
	5,440	2,822

7. Income tax

(a) Income tax expense

	2020 **S$'000**	2019 S$'000
Tax expense attributable to profit is made up of:		
Current income tax	**1,206**	-
Deferred income tax (Note 16)	**(295)**	478
Tax expense	**911**	478
Current income tax		
Current year	**1,206**	-
	1,206	-
Deferred income tax		
Origination and reversal of temporary difference (Note 16)	**(295)**	478
	(295)	478

The tax on loss before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	2020 **S$'000**	2019 S$'000
Profit before tax	**6,238**	6,130
Tax calculated at a tax rate of 17% (2019: 17%)	**1,061**	1,042
Tax effect of:		
Income tax (expense)/credit calculated at a lower rate of 10% instead of at 17%	**581**	(398)
Expense not deductible for tax purpose	**30**	44
Income not subject to tax	**(676)**	-
Utilisation of previously unrecognised tax (losses) / credit	**-**	(210)
Statutory stepped income exemption	**(17)**	-
Tax incentives	**(68)**	-
Income tax expense	**911**	478

7. Income tax (continued)

The Company has been approved by Monetary Authority of Singapore “MAS” for Concessionary Rate of Tax for Insurance Business Development “IBD” awarded from 1 January 2020 to 31 December 2029 under Section 43C of the Singapore Income Tax Act. The Company enjoys 10% concessionary tax rate for the qualify income generated from all classes of business except Fire, Motor, Work injury compensation, Personal accident, Health insurance.

(b) Movements in current income tax liabilities

	2020	2019
	S$’000	S$’000
Beginning of financial year	**11**	11
Tax payable on profit for current financial year	**1,205**	-
End of financial in year	**1,216**	11

8. Cash and cash equivalents

	2020	2019
	S$’000	S$’000
Cash at bank and on hand	**13,615**	13,708

Cash and cash equivalents at the balance sheet date are denominated in the following currencies:

	2020	2019
	S$’000	S$’000
United States Dollar	**4,483**	7,210
Singapore Dollar	**9,132**	6,498
	13,615	13,708

The exposure of cash and cash equivalents to interest rate risks is disclosed in Note 18.

9. Trade and other receivables

(i)

	2020 S$'000	2019 S$'000
Insurance receivables – Immediate holding company	**7,487**	-
Insurance receivables – Other related parties	**8,616**	2,438
Less: Allowance for impairment of receivables – Other related parties	**(94)**	-
	16,009	2,438
Insurance receivables – Non-related parties	**87,959**	74,777
Less: Allowance for impairment of receivables – Non-related parties	**(2,575)**	(936)
	85,384	73,841
Interest receivables	**912**	1,271
Other receivables – Immediate holding company	**-**	-
Other receivables – Other related parties	**731**	8,867
Other receivables – Non-related parties	**451**	147
	103,487	86,564

At the balance sheet date, all insurance and other receivables, and interest receivables are current, and the carrying amounts approximate their fair values.

Insurance and other receivables include intercompany balances, which are unsecured and recoverable on demand.

(ii) Other Assets

	2020 S$'000	2019 S$'000
Prepayments	**980**	379
Deposits	**2,172**	1,193
	3,152	1,572

10. Financial assets, at fair value through profit or loss

	2020 **S$'000**	2019 S$'000
Government debt securities	**259,669**	263,906
Corporate bonds	**10,155**	10,157
	269,824	274,063

The maturity profile and interest rate risk exposure of financial assets, at fair value through profit or loss rearris disclosed in Note 18.

Financial assets, at fair value through profit or loss, at the balance sheet date are denominated in the following currencies:

	2020 **S$'000**	2019 S$'000
Singapore Dollar	**236,474**	248,352
United States Dollar	**33,350**	25,711
	269,824	274,063

11. Derivative financial instruments

The Company has a fair value foreign exchange hedge arrangement with QBE Strategic Capital Company Pty Ltd (QSCC), commencing in May 2020, under which QSCC acts as counterparty for the purchase or sale of forward contracts covering the Company's net USD exposure. Derivative contracts are recognised at fair value on the date each contract is entered into, and are subsequently remeasured to their fair value at the end of each accounting period. The contracted notional principal amount of the derivative outstanding at balance sheet date is $53,528,850 (2019: nil) and matures in April 2021. The Company has not elected hedge accounting.

	2020 **S$'000**	2019 S$'000
Fair value of asset	**778**	-
	778	-

12. Insurance liabilities and reinsurer's share of insurance liabilities

	2020	2019
	S$'000	S$'000
Gross		
Insurance contracts:		
- unearned premium reserves	**112,245**	97,702
- outstanding claims reserves	**232,241**	234,853
Total insurance liabilities - gross	**344,486**	332,555
Reinsurance Outwards		
Insurance contracts:		
- unearned premium reserves	**27,538**	42,715
- outstanding claims reserves	**138,501**	141,747
Total reinsurers' share of insurance liabilities	**166,039**	184,462
Net		
Insurance contracts:		
- unearned premium reserves	**84,707**	54,987
- outstanding claims reserves	**93,740**	93,106
Total insurance liabilities - net	**178,447**	148,093

The estimated timing of the net cash outflows arising from the reinsurance assets and insurance liabilities are disclosed in Note 12(d).

(a) Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable. The Company faces the possibility of incurring higher claims costs than expected owing to the nature of the claims, their frequency and severity and the risk of change in legal or economic conditions or behavioural patterns affecting pricing and conditions of insurance or reinsurance cover.

The Company seeks to minimise and manage these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The Company's underwriting policy supports the seeking of risks with adequate pricing that is commensurate with the risk profiles and claims experience.

The underwriting strategy attempts to ensure that there are appropriate risk criteria. There are underwriting policies setting the Company's risk appetite, risk management and control. Also in place are underwriting and claims authority limits. Where applicable, the Company has the right not to renew any policy, impose deductibles and reject payment of any fraudulent claim.

12. Insurance liabilities and reinsurer's share of insurance liabilities (continued)

(a) Insurance risk (continued)

(i) Loss reserves

Outstanding claims reserves include unpaid losses, loss adjustment expenses and estimates for ultimate reserves for IBNR.

The reserves represent estimates of future payments of reported and unreported claims for losses and related expenses with respect to insured events that have occurred. Reserving is a complex process dealing with uncertainty, requiring the use of informed estimates and judgements. Significant delays occur in the notification of claims and a substantial measure of experience and judgement is involved in assessing outstanding liabilities, the ultimate cost of which cannot be known with certainty as of the balance sheet date. The reserves for losses and loss adjustment expenses are determined on the basis of information currently available and assessed regularly by reference to both levels of business and actual claims development. The statistics are divided by class of business and arranged on an accident year basis. Estimates of ultimate outcome are assessed by accident year allowing for past experience, levels of business and known claims trends.

The establishment of an ultimate outcome for older accident years is more certain and IBNR is established mainly to allow for the adverse deterioration in the case of more recent years, and the most recent year in particular. However, it is inherent in the nature of the business written that the ultimate liabilities may vary as a result of subsequent developments.

IBNR allowance is established for the onshore and offshore fund as a whole. The IBNR allowance is reflecting this approach and is allocated to the respective funds on a consistent basis. Comfort should be taken from looking at the development of earlier accident years that adequate provisions have been established reflecting an allowance for adverse deviation.

12. Insurance liabilities and reinsurer's share of insurance liabilities (continued)

(a) Insurance risk (continued)

(ii) Reinsurance

The Company cedes insurance premiums and risks in a normal course of its business in order to limit the potential for single large loss or losses arising from a single event or longer exposures. Reinsurance does not, however, relieve the originating insurer of its liability. Reinsurance assets include balances due from reinsurance companies for paid and unpaid losses and loss adjustment expenses and ceded unearned premiums. Amounts recoverable from reinsurers are estimated in a manner consistent with the claims liability associated with the reinsured policy. Reinsurance is recorded gross in the balance sheet unless a right of offset exists.

(b) Concentration of insurance risk

The concentration of insurance risk before and after reinsurance by territory in relation to the type of insurance risk accepted by the Company is summarised below, with reference to the carrying amount of the premiums (gross and net of reinsurance) arising from insurance contracts:

	2020		2019	
	Gross premium written S$'000	**Net premium written S$'000**	Gross premium written S$'000	Net premium written S$'000
Property	**14,255**	**6,610**	16,048	5,867
Motor	**7,674**	**5,451**	8,651	4,215
Marine Cargo	**11,865**	**7,943**	13,828	10,784
Marine Hull	**66,972**	**26,918**	43,759	19,477
Work Injury Compensation	**22,546**	**16,389**	22,608	10,975
Health	**17,726**	**10,005**	15,524	6,998
Public Liability	**16,688**	**12,712**	15,171	7,198
Engineering	**21,364**	**18,453**	22,020	9,257
Professional Indemnity	**32,833**	**28,043**	39,249	17,283
Others	**27,135**	**12,047**	29,620	7,307
Total	**239,058**	**144,571**	226,478	99,361

12. Insurance liabilities and reinsurer's share of insurance liabilities (continued)

(c) *Sensitivity analysis*

The general insurance claim liabilities are sensitive to the key assumptions shown below. It has not been possible to quantify the sensitivity of certain assumptions, such as, legislative changes or uncertainty in the estimation process.

The analysis below is performed for reasonably possible movement in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities and profit before tax. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear.

	Change in assumptions	**Impact on gross liabilities $'000**	**Impact on net liabilities $'000**	**Impact on profit before tax $'000**
2020				
Ultimate loss ratio	**+5%**	**6,837**	**2,963**	**(2,963)**
Discount rate	**+1%**	**(2,576)**	**(1,290)**	**1,290**
Provision for adverse deviation	**+1%**	**2,088**	**853**	**(853)**
2019				
Ultimate loss ratio	+5%	7,789	2,823	(2,823)
Discount rate	+1%	(2,584)	(1,116)	1,116
Provision for adverse deviation	+1%	2,349	931	(931)

12. Insurance liabilities and reinsurer's share of insurance liabilities (continued)

(d) *Maturity analysis*

The table below indicates the estimated timing of the net cash outflows arising from recognised insurance liabilities of the Company:

	2020 Payable within 12 months S$'000	**2020** Payable after 12 months S$'000	**2020** Total S$'000	2019 Payable within 12 months S$'000	2019 Payable after 12 months S$'000	2019 Total S$'000
Gross						
Unearned premium reserves	**86,987**	**25,258**	**112,245**	77,662	20,040	97,702
Outstanding claims reserves	**148,768**	**83,473**	**232,241**	152,939	81,914	234,853
Total as at end of financial year	**235,755**	**108,731**	**344,486**	230,601	101,954	332,555
Reinsurance						
Unearned premium reserves	**(21,341)**	**(6,197)**	**(27,538)**	(33,954)	(8,761)	(42,715)
Outstanding claims reserves	**(98,650)**	**(39,851)**	**(138,501)**	(95,850)	(45,897)	(141,747)
Total as at end of financial year	**(119,991)**	**(46,048)**	**(166,039)**	(129,804)	(54,658)	(184,462)
Net						
Unearned premium reserves	**65,646**	**19,061**	**84,707**	43,708	11,279	54,987
Outstanding claims reserves	**50,117**	**43,623**	**93,740**	57,089	36,017	93,106
Total as at end of financial year	**115,763**	**62,684**	**178,447**	100,797	47,296	148,093

12. Insurance liabilities and reinsurer's share of insurance liabilities (continued)

(e) *Movements in insurance liabilities and reinsurance assets*

(i) *Unearned premium reserves*

	Gross S$'000	Reinsurance S$'000	Net S$'000
2020			
Total at beginning of financial year	97,702	(42,715)	54,987
Increase/(decrease) in unearned premium reserves	14,543	15,177	29,720
Total at end of financial year	112,245	(27,538)	84,707
2019			
Total at beginning of financial year	78,864	(33,653)	45,211
(Decrease)/increase in unearned premium reserves	18,838	(9,062)	9,776
Total at end of financial year	97,702	(42,715)	54,987

(ii) *Outstanding claims reserves*

	Gross S$'000	Reinsurance S$'000	Net S$'000
2020			
Total at beginning of financial year	234,853	(141,747)	93,106
Increase/(decrease) in claims reserves	(2,612)	3,246	634
Total at end of financial year	232,241	(138,501)	93,740
2019			
Total at beginning of financial year	224,108	(128,820)	95,288
Increase/(decrease) in claims reserves	10,745	(12,927)	(2,182)
Total at end of financial year	234,853	(141,747)	93,106

12. Insurance liabilities and reinsurer's share of insurance liabilities (continued)

(f) *Loss development tables (Gross of reinsurance)*

The loss development tables presented below are gross of reinsurance.

Accident Year **NET INCURRED**	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOTAL
0							161,506	131,357	152,054	135,582	
1						129,367	202,161	117,945	163,077		
2					114,926	130,526	187,083	112,470			
3				112,298	115,290	128,109	177,859				
4			94,577	111,854	113,006	130,442					
5		64,317	95,125	110,542	112,218						
6	69,647	64,673	96,233	108,524							
7	69,535	64,063	95,170								
8	69,601	63,960									
9	68,706										
Movement	(895)	(103)	(1,063)	(2,018)	(788)	2,333	(9,224)	(5,475)	11,023	135,582	129,372
Current estimate	68,706	63,690	95,170	108,524	112,218	130,442	177,859	112,470	163,077	135,582	1,168,009
Cumulative Payments	69,277	63,057	92,926	106,654	108,189	121,206	156,751	85,987	104,309	27,413	935,768
Net Outstanding Liability	(571)	903	2,244	1,870	4,029	9,236	21,109	26,484	58,768	108,169	232,241

(g) *Loss development tables (Net of reinsurance)*

The loss development tables presented below are net of reinsurance.

Accident Year **NET INCURRED**	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOTAL
0							69,185	53,055	51,573	53,365	
1						105,833	70,146	50,552	54,725		
2					98,802	103,398	71,892	51,130			
3				97,857	99,145	102,224	69,847				
4			87,127	96,735	99,134	101,805					
5		55,547	85,840	96,798	97,343						
6	51,375	55,660	86,294	95,348							
7	51,276	55,509	86,750								
8	51,287	56,121									
9	51,410										
Movement	123	612	457	-1,451	-1,791	-419	-2,044	578	3,152	53,365	52,581
Current estimate	51,410	56,121	86,750	95,348	97,343	101,805	69,847	51,130	54,725	53,365	717,843
Cumulative Payments	50,928	55,376	84,541	94,426	93,865	96,026	62,104	39,211	36,367	11,258	624,103
Net Outstanding Liability	482	745	2,209	922	3,478	5,779	7,744	11,918	18,358	42,107	93,740

13. Property, plant and equipment

	Computers S$'000	Furniture and fittings S$'000	Motor vehicles S$'000	Office equipment S$'000	Leasehold improvement S$'000	Leasehold office $'000	Total S$'000
2020							
Cost							
Beginning of financial year	675	21	-	360	1,490	6,967	9,513
Additions	613	2	-	154	712	17,990	19,471
Disposals	-	(5)	-	-	-	(6,967)	(6,972)
End of financial year	1,288	18	-	514	2,202	17,990	22,012
Accumulated depreciation							
Beginning of financial year	471	13	-	300	1,128	3,415	5,327
Depreciation charge	178	3	-	69	358	4,324	4,932
Disposals	-	(5)	-	-	-	(6,958)	(6,963)
End of financial year	649	11	-	369	1,487	781	3,297
Net book value							
End of financial year	**639**	**7**	**-**	**145**	**715**	**17,209**	**18,715**

	Computers S$'000	Furniture and fittings S$'000	Motor vehicles S$'000	Office equipment S$'000	Leasehold improvement S$'000	Leasehold office $'000	Total S$'000
2019							
Cost							
Beginning of financial year	503	16	189	360	1,490	-	2,558
Adoption of FRS 116 (Note 2.1 (a))	-	-	-	-	-	6,967	6,967
Additions	204	5	-	-	-	-	209
Disposals	(32)	-	(189)	-	-	-	(221)
End of financial year	675	21	-	360	1,490	6,967	9,513
Accumulated depreciation							
Beginning of financial year	382	11	168	229	830	-	1,620
Depreciation charge	89	2	21	71	298	3,415	3,896
Disposals	-	-	(189)	-	-	-	(189)
End of financial year	471	13	-	300	1,128	3,415	5,327
Net book value							
End of financial year	**204**	**8**	**-**	**60**	**362**	**3,552**	**4,186**

14. Intangible assets

Software development cost	**2020 Total S$'000**	2019 Total S$'000
Cost		
Beginning of financial year	**11,254**	9,075
Additions	**2,919**	2,179
End of financial year	**14,173**	11,254
Accumulated amortisation		
Beginning of financial year	**9,072**	8,384
Amortisation	**1,561**	688
End of financial year	**10,633**	9,072
Net book value		
End of financial year	**3,540**	2,182

Club membership	**2020 Total S$'000**	2019 Total S$'000
Cost		
Beginning of financial year	**290**	525
Disposal	**-**	(235)
End of financial year	**290**	290
Impairment		
Beginning of financial year	**122**	197
Disposal	**-**	(75)
End of financial year	**122**	122
Net book value		
End of financial year	**168**	168
Total intangible assets	**3,708**	2,350

15. Trade and other payables

	2020 **S$'000**	2019 S$'000
Trade payables consists of:		
- amounts due to non-related parties	**36,143**	13,064
- amounts due to other related parties	**4,846**	28,180
	40,989	41,244
Other payables consists of:		
- amounts due to immediate holding company	**5,116**	5,892
- amounts due to other related parties	**3,204**	-
- lease liabilities	**17,384**	3,288
- other payables	**8,306**	12,263
	34,010	21,443
Accrued expenses	**8,769**	5,132
	83,768	67,819

16. Deferred tax assets and liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

	2020 **S$'000**	2019 S$'000
Deferred tax liability as at 1 January	**640**	162
Credited to profit or loss (Note 7)	**(295)**	478
Deferred tax liability as at 31 December	**345**	640

16. Deferred tax assets and liabilities (continued)

The movements in deferred tax liabilities and assets during the financial year comprise the tax effects of the following:

	Beginning of financial year S$'000	Credited S$'000	End of financial year S$'000
2020			
Recognised in profit or loss:			
Excess of capital allowance over depreciation	**640**	**(295)**	**345**
2019			
Recognised in profit or loss:			
Excess of capital allowance over depreciation	162	478	640

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Company has NIL unrecognised tax losses (2019: Nil) and unutilised capital allowance of $540,003 (2019: $546,768) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. The tax losses and capital allowance have no expiry date.

17. Share capital

	2020		2019	
	No. of shares	**S$'000**	No. of shares	S$'000
Issued and fully paid ordinary shares with par value				
As at 1 January	**156,579,532**	**156,580**	156,579,532	156,580
Reduction of share capital	**(21,579,000)**	**21,579**	-	-
As at 31 December	**135,000,572**	**135,001**	156,579,532	156,580

18. Management of financial risk

The Company's activities also expose it to a variety of financial risks, including the effects of changes in debt market prices and foreign currency exchange rates.

Financial risk management objectives

The Company is exposed to financial risk through its financial assets, financial liabilities, reinsurance assets and policyholder liabilities. In particular, the key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from claims as they fall due. The most important components of this financial risk are market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Company manages these positions within an investment strategy that has been developed with the following objectives:

(i) to preserve capital in reasonably liquid investments to pay claims, and
(ii) to maximise returns to the Company's income needs.

The Company's investment strategy is integrated with the management of the financial risks associated with the Company's other financial assets and liabilities not directly associated with insurance and investment liabilities.

(a) <u>Market risk</u>

(i) Currency risk

The Company maintains cash and deposits mainly in Singapore Dollars ("SGD") which is consistent with its functional currency. The foreign exchange exposure arose mainly from exchange rate movements of the United States Dollar (“USD”) against the SGD. However, the Company manages its exposure to USD by applying fair value hedge in USD.

The table below summarises the Company’s exposures to foreign currency exchange rate movements as at 31 December 2020. The Company’s assets and liabilities at carrying amounts are included in the table, categorised by currency at their carrying amount. All the amounts are presented in Singapore Dollars.

18. Management of financial risk (continued)

(a) Market risk(continued)

(i) Currency risk (continued)

	SGD $'000	USD $'000	Total $'000
As at 31 December 2020			
Cash and cash equivalents	**9,132**	**4,483**	**13,615**
Trade and other receivables	**50,121**	**53,366**	**103,487**
Other assets (excluding prepayments)	**2,172**	**-**	**2,172**
Financial assets, at fair value through profit or loss	**236,474**	**33,350**	**269,824**
Derivative financial instruments	**-**	**778**	**778**
Financial assets	**297,900**	**91,977**	**389,877**
Trade and other payables	**44,266**	**39,502**	**83,768**
Total liabilities	**44,266**	**39,502**	**83,768**
Net financial assets	**253,634**	**52,475**	**306,109**
As at 31 December 2019			
Cash and cash equivalents	6,498	7,210	13,708
Trade and other receivables	62,982	23,582	86,564
Other assets (excluding prepayments)	1,193	-	1,193
Financial assets, at fair value through profit & loss	248,352	25,711	274,063
Derivative financial instruments	-	-	-
Financial assets	319,025	56,503	375,528
Trade and other payables	64,369	3,450	67,819
Total liabilities	64,369	3,450	67,819
Net financial assets	254,656	53,053	307,709

(ii) Interest rate risk

The Company's exposure to changes in interest rates relate primarily to interest-earning financial assets. Interest rate risk is managed by the Company on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates. However, the Company does not hedge against such exposures.

18. Management of financial risk (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

Summary quantitative data of the Company's interest-bearing financial instruments can be found in below.

Effective interest rates and maturity analysis

Non-derivative financial assets

In respect of interest-earning financial assets, the following table indicates their weighted average effective interest rates per annum at the end of the reporting period drawn up based on the undiscounted contractual maturities of the financial assets that will be earned on those assets except where the Company anticipates that the cash flow will occur in a different period.

		INTEREST BEARING FINANCIAL ASSETS			
Maturity Date		**WITHIN 1 YEAR**	**1 YEAR - 5 YEARS**	**MORE THAN 5 YEARS**	**TOTAL**
As at 31 December 2020					
Fixed Interest	S$'000	185,701	73,968	10,155	269,824
Weighted Average Interest Rate	%	0.34	0.32	2.45	0.41
Floating Rate	S$'000	-	-	-	-
Weighted Average Interest Rate	%	-	-	-	-
As at 31 December 2019					
Fixed Interest	S$'000	147,445	116,461	10,157	274,063
Weighted Average Interest Rate	%	1.62	1.54	3.02	1.64
Floating Rate	S$'000	-	-	-	-
Weighted Average Interest Rate	%	-	-	-	-

18. Management of financial risk (continued)

(b) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit rating to its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The carrying amount of reinsurers' share of insurance contract provisions, insurance and other receivables, financial assets at fair value through profit or loss, and cash and cash equivalents represent the Company's maximum exposure to credit risk.

As at 31 December 2020, the Company had exposure to concentration of credit risk arising from one trade debtor (2019: one trade debtor) that represented 16% (2019: 18%) of trade receivables at balance sheet date.

At the end of the reporting period, there is no other significant concentration of credit risk and exposures are well spread. The Company's exposure to credit risk relating to its financial and insurance assets are summarised below:

2020	**AAA**	**A- to AA+**	**BB to BBB+**	**Not Rated**	**Total**
	S$'000	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Financial Assets, at fair value through profit or loss	**226,319**	**33,350**	**10,155**	**-**	**269,824**
Cash and cash equivalent	**-**	**13,615**	**-**	**-**	**13,615**
Trade and other receivables	**779**	**23,739**	**4,901**	**74,068**	**103,487**
Other assets (excluding prepayment)				**2,172**	**2,172**
Derivative financial instruments	**-**	**-**	**-**	**778**	**778**

2019	**AAA**	**A- to AA+**	**BB to BBB+**	**Not Rated**	**Total**
	S$'000	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Financial Assets, at fair value through profit or loss	238,196	25,710	10,157	-	274,063
Cash and cash equivalent	-	13,708	-	-	13,708
Trade and other receivables (excluding prepayment)	966	13,714	373	71,511	86,564
Other assets (excluding prepayment)				**1,193**	**1,193**
Derivative financial instruments	-	-	-	-	-

18. Management of financial risk (continued)

(b) Credit risk (continued)

The following table provides information regarding the ageing of the Company's financial assets that are past due but not impaired at the balance sheet date.

	Neither Past Due Nor Impaired	**Past Due But Not Impaired**			
		0-3mths	**3-9mths**	**More than 9mths**	**Total**
	S$'000	**S$'000**	**S$'000**	**S$'000**	**S$'000**
2020					
Insurance receivables	**38,587**	**22,263**	**22,093**	**18,450**	**101,393**
Other receivables - related parties	**-**	**731**	**-**	**-**	**731**
Other receivables – non-related parties	**-**	**1,363**	**-**	**-**	**1,363**

	Neither Past Due Nor Impaired	Past Due But Not Impaired			
		0-3mths	3-9mths	More than 9mths	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
2019					
Insurance receivables	33,057	20,295	11,650	11,277	76,279

(c) Liquidity risk

An important aspect of the Company's management of financial and insurance assets and liabilities is to ensure that cash is available to settle liabilities as they fall due. The Company maintains sufficient cash and liquid deposits, and internally generated cash flows to finance its activities. In normal circumstances, the majority of claims are settled with the cash at bank balances and bank deposits available.

18. Management of financial risk (continued)

(c) Liquidity risk (continued)

The following are the contractual maturities of financial liabilities of the Company as at 31 December 2020 and 2019:

	Carrying amount	**Contractual cashflow**	**Up to 1 year**	**1 to 5 years**
	S$'000	**S$'000**	**S$'000**	**S$'000**
2020				
Amount due to immediate holding company	**5,116**	**5,116**	**5,116**	**-**
Amount due to other related parties	**3,204**	**3,204**	**3,204**	**-**
Insurance payables	**40,989**	**40,980**	**40,989**	**-**
Lease liabilities	**17,384**	**17,912**	**1,791**	**16,121**
Other payables	**8,306**	**8,306**	**8,306**	**-**
Accrued expenses	**8,769**	**8,769**	**8,769**	**-**
	83,768	**84,296**	**68,175**	**16,121**

	Carrying amount	Contractual cashflow	Up to 1 year	1 to 5 years
	S$'000	S$'000	S$'000	S$'000
2019				
Amount due to immediate holding company	5,550	5,550	5,550	-
Amount due to other related parties	342	342	342	-
Insurance payables	41,244	41,244	41,244	-
Lease liabilities	3,288	3,319	3,319	-
Other payables	12,263	12,263	12,263	-
Accrued expenses	5,132	5,132	5,132	-
	67,819	67,850	67,850	-

18. Management of financial risk (continued)

(d) Capital risk

The Company's policy is to maintain an economic capital base adequate to support its underwriting strategy within its risk appetite. The Company is also required to comply with the regulatory capital requirements prescribed by the MAS. Under the Risk-based Capital 2 Framework (RBC 2) as set out in MAS Notice 133, insurance companies are required to maintain minimum admissible surplus capital of 100% of the Prescribed Capital Requirement (PCR). The MAS may prescribe additional capital add-ons for each insurer, or for the industry as a whole. The Company has surplus admissible capital in excess of the minimum requirement and all applicable capital add-ons. Capital adequacy ratio as of 2020 is 264% for the entity.

(e) Fair value measurements

The table below presents assets and liabilities measured and carried at fair value and classified by level of the following fair value measurement hierarchy:

	Level 1	Level 2	Level 3	Total
	S$'000	S$'000	S$'000	S$'000
2020				
Financial assets, at fair value through profit or loss	**259,669**	**10,155**	**-**	**269,824**
Derivative financial instruments	**-**	**778**	**-**	**778**
	259,669	**10,933**	-	**270,602**

	Level 1	Level 2	Level 3	Total
	S$'000	S$'000	S$'000	S$'000
2019				
Financial assets, at fair value through profit or loss	263,906	10,157	-	274,063
Derivative financial instruments	-	-	-	-
	263,906	10,157	-	274,063

18. Management of financial risk (continued)

(e) Fair value measurements (continued)

The Company's assets measured at fair value are its fair value through profit or loss financial assets, which are classified by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The fair value of financial instruments traded in active markets (at fair value through profit or loss) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Company is the current bid price.

The carrying value less impairment provision of current trade and other receivables and payables are approximate to their fair values. The fair value of financial liabilities approximates their carrying amount.

(f) Financial instruments by category

The carrying amounts of financial assets measured at fair value through profit or loss are disclosed on the face of the balance sheet and in Note 10 to the financial statements respectively.

The aggregate carrying amounts of financial assets, are as follows:

	2020	2019
	S$'000	S$'000
Cash and cash equivalents	**13,615**	13,708
Trade and other receivables (excluding prepayments)	**105,660**	87,757
Financial assets, at fair value through profit or loss	**269,824**	274,063
Derivative financial instruments	**778**	-

19. Immediate and ultimate holding corporation

The Company's immediate holding corporation is QBE Asia Pacific Holdings Limited ("QAPH"), incorporated in Hong Kong. The ultimate holding corporation is QBE Insurance Group Limited, incorporated in Australia.

20. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following significant transactions took place between the Company and related parties at terms agreed between the parties:

		2020 **S$'000**	2019 S$'000
(a)	Revenue		
	Reinsurance premiums received from immediate holding company	**2,754**	-
	Reinsurance premiums received from other related parties	**2,563**	1,887
	Reinsurance commissions received from immediate holding company	**-**	-
	Reinsurance commissions received from related parties	**20,298**	37,845
	Reinsurance claims recovered from immediate holding company		
	Reinsurance claims recovered from other related parties	**82,095**	40,824

		2020 **S$'000**	2019 S$'000
(b)	Expenses		
	Reinsurance premiums ceded to immediate holding company	**-**	-
	Reinsurance premiums ceded to other related parties	**86,415**	96,096
	Reinsurance commissions paid to immediate holding company	**-**	-
	Reinsurance commissions paid to other related parties	**474**	381
	Reinsurance claims paid to immediate holding company	**-**	-
	Reinsurance claims paid to other related parties	**2**	99
	Management fees paid to a related party	**11,500**	11,510
	Management expenses received from related parties	**3,653**	(200)
	Payment made on behalf by the Company	**16,083**	16,515

20. Related party transactions (continued)

(c) Key management personnel compensation

Key management personnel are those people defined as having authority and responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly.

	2020 S$'000	2019 S$'000
Salary and other remuneration	**1,366**	1,016
Post-employment benefits – contribution to Central Provident Fund	**52**	14
	1,418	1,030

21. Lease

(a) The Company entered into a new lease on 27 March 2020 and took possession of the leased premises on 1 October 2020. The term of the lease is from 1 July 2021 to 30 June 2026.

(b) The Company relocated to new leased premises on 17 November 2020. The previous leased premises has been fully depreciated and derecognised.

(i) The company leases office space for the purposes of back office operations.

(ii) Carrying amounts in 2020

	2020 S$'000	2019 S$'000
Leasehold office	**17,209**	3,552

(iii) Depreciation charge during the year

	S$'000	S$'000
Leasehold office	**4,324**	3,415

(iii) Interest expense

	S$'000	S$'000
Interest expense on lease liabilities	**78**	117

21. Lease (continued)

(iv) Total cash outflow for all leases in 2020 was $3,492,532 (2019: $3,796,248).

(v) Addition of ROU assets during financial year 2020 was $17,990,410 (2019: $6,967,039).

22. New or revised accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

23. Disclosure on the temporary exemption from FRS 109

According to FRS 104 Insurance Contracts, the Company made the assessment based on the financial position as of 31 December 2015, concluding that the Company met the criteria as set out for the temporary exemption under FRS 109. There had been no significant change in the activities of the Company since then that requires reassessment. Therefore, the Company's activities are predominantly connected with insurance, meeting the criteria to apply temporary exemption from FRS 109.

(a) Temporary exemption on adoption of FRS 109 Financial Instruments

FRS 109 retains the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income ("FVOCI") and fair value through Profit or Loss ("FVTPL"). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at FVTPL with an irrevocable option at inception to present changes in fair value in Other Comprehensive Income ("OCI") . Gains and losses realised on the sale of such financial assets at FVOCI are not transferred to profit or loss on sale but reclassified from the FVOCI reserve to retained earnings.

FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management uses for risk management purposes.

23. Disclosure on the temporary exemption from FRS 109 (continued)

There is also now a new expected credit loss impairment model that replaces the incurred loss impairment model used in FRS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under FRS 115 Revenue from contracts with customers, lease receivables, loan commitments and certain financial guarantee contracts.

The new standard also introduces expanded disclosure requirements and changes in presentation.

(a) Temporary exemption on adoption of FRS 109 Financial Instruments (continued)

The standard is mandatorily effective for financial periods beginning on or after 1 January 2019 (except for prepayment features with negative compensation and modifications or exchange of financial liabilities that do not result in derecognition which will become effective for financial periods beginning on or after 1 January 2020), but the Company qualifies for a temporary exemption as explained in Note 23(c). Additional disclosures required by FRS 109 is made in Note 24.

(b) Applying FRS 109 Financial Instruments with FRS 104 Insurance Contracts

FRS104 introduces two approaches: an overlay approach and a deferral approach:

(1) gives all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when FRS 109 is applied before the new insurance contract is issued (the "Overlay Approach"); and

(2) gives companies whose activities are predominantly connected with insurance an optional temporary exemption from applying FRS 109 until 2021 (the "Deferral Approach").

In determining the appropriateness of the Company's eligibility in applying the exemption, management have reviewed the conditions prescribed by the Standard to ascertain if the Company has met the eligibility criteria set forth.

23. Disclosure on the temporary exemption from FRS 109 (continued)

As at 31 December 2015, the carrying amount of the Company's insurance liabilities within the scope of FRS 104 exceed 80% of the carrying amount of the Company's total liabilities; and the Company does not engage in any significant activity unconnected with insurance, on the basis that its business is almost exclusively in the nature of issuing insurance contracts, purchasing reinsurance protection and deriving a return from the investment of insurance premiums. As such, the Company has met the criteria as set out for the temporary exemption under FRS 109.

The Company has decided that it will defer the implementation of FRS 109 till the new insurance accounting standard is effective and it is able to perform a comprehensive assessment of both standards together.

On 17 March 2020, IASB has approved to defer the new insurance standard to financial period beginning on or after 1 January 2023. The entities that defer the application of FRS 109 will continue to apply the existing financial instruments standard – FRS 39.

(c) The table below presents the fair value of the following groups of financial assets under FRS 109 as at financial year end and fair value changes during the year:

	Fair value as at 31 December 2020			Fair value changes for the year ended 31 December 2020		
Assets	Financial assets that meet the SPPI Criteria S$'000	Financial assets that fail the SPPI criteria S$'000	Total S$'000	Financial assets that meet the SPPI Criteria S$'000	Financial assets that fail the SPPI criteria S$'000	Total S$'000
Cash and Cash equivalents	**13,615**	**-**	**13,615**	**-**	**-**	**-**
Trade and other receivables (excluding prepayment)	**105,660**	**-**	**105,660**	**-**	**-**	**-**
Financial assets	**269,824**	**-**	**269,824**	**1,203**	**-**	**1,203**
Derivative financial instruments		**778**	**778**	**-**	**-**	**-**
Total	**389,099**	**778**	**389,877**	**1,203**	**-**	**1,203**

23. Disclosure on the temporary exemption from FRS 109 (continued)

	Fair value as at 31 December 2019			Fair value changes for the year ended 31 December 2019		
Assets	Financial assets that meet the SPPI Criteria S$'000	Financial assets that fail the SPPI criteria S$'000	Total S$'000	Financial assets that meet the SPPI Criteria S$'000	Financial assets that fail the SPPI criteria S$'000	Total S$'000
Cash and Cash equivalents	13,708	-	13,708	-	-	-
Trade and other receivables (excluding prepayment)	87,757	-	87,757	-	-	-
Financial assets	274,063	-	274,063	230	-	230
Total	375,528	-	375,528	230	-	230

(d) The table below presents the credit risk exposure for aforementioned financial assets with contractual terms that give rise on SPPI:

	Carrying amount as 31 December 2020 $'000	**Fair value as at 31 December 2020 $'000**
AAA	**227,098**	**227,098**
A- to AA+	**59,337**	**59,337**
BB to BBB+	**10,274**	**10,274**
Not rated	**92,390**	**92,390**
	389,099	**389,099**

	Carrying amount as 31 December 2019 $'000	Fair value as at 31 December 2019 $'000
AAA	239,162	239,162
A- to AA+-	53,132	53,132
BB to BBB+	10,530	10,530
Not rated	72,704	72,704
	375,528	375,528

For financial assets measured at amortised cost, carrying amount represents amount before adjusting impairment allowance.

24. Reduction of share capital

Following formal approval from the MAS in early March 2020, 21,578,960 shares were re-purchased by the Company on 23 March 2020, and the consequential reduction in paid up capital has been notified to the Accounting and Corporate Regulatory Authority ("ACRA").

The Company remains strongly capitalised and in the range of its target capital levels subsequent to the execution of the share buy-back.

25. Authorisation of financial statements

The financial statements for the financial year ended 31 December 2020 were authorised for issue by the Board of Directors of the Company on 29 March 2021.

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QBE Insurance (Singapore) Pte Ltd
Part of QBE Insurance Group Unique Entity No. 198401363C

1 Wallich Street, #35-01, Guoco Tower, Singapore 078881
Tel : (65) 6224 6633
www.qbe.com/sg