

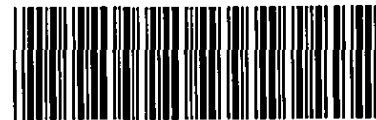
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Munichre General Services Limited

Directors' report and financial statements

For the year ended 31 December 2008
Registered number 1373441

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Directors' report and financial statements

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2008.

Principal activities

The principal activity of the company is to provide services to the United Kingdom General Branch of Munich Reinsurance Company AG.

Business review

The company continues to fulfil its role as a service provider to the Munich Re UK General Branch including the provision of a claims handling, negotiation and settlement function to the branch and to Great Lakes Reinsurance (UK) plc, a fellow subsidiary.

MRGS continues to hold the leasehold interest in the third floor of Plantation Place, together with the fixed assets associated with the offices.

Results and dividends

The profit for the year before taxation and dividends amounted to £746,932 (2007: £721,016).
Directors have proposed a dividend of £1.0m on the 21 May 2009.

Key Performance Indicators

1. Costs incurred in respect of provision of administration services. (In respect of administration services only, operating expenses).
2. Margin on services provided by MRGS (In respect of administration services only, operating profit divided by operating expenses).

Key Performance Indicators	2008	2007
Costs in respect of administration services (£m)	16.0	16.9
Margin on administration services	3.8%	4.4%

Principal risks and uncertainties

As the principal activities are the provision of services and staff to MRUKGB and other Munich Re UK trading entities, MRGS is dependant on the continuing need for those services. Therefore, should MRUKGB cease to require the services from MRGS it would have a dramatic and adverse impact on MRGS. Because of the nature of the business of MRUKGB, its place in the UK reinsurance market and its status as part of the UK branch of Munich Re, this risk is not considered significant.

Directors and directors' interests

The directors who held office during the year were as follows:

Sebastian Hueskes
Manfred Aldag

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

Fixed assets

Information relating to tangible fixed assets is given in note 11 to the financial statements.

Political and charitable contributions

The company made no political donations during this or the previous year. There were no charitable donations during the year (2007: £850).


Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG Audit Plc as auditor of the company, is to be proposed at the forthcoming Annual General Meeting.

By order of the board


SG Pendlebury
Secretary

Registered Office:
Plantation Place
30 Fenchurch Street
London
EC3M 3AJ

21 May 2009

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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 elected to prepare the financial statements in accordance with United Kingdom accounting standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and 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;
- 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

Independent auditors' report to the members of Munichre General Services Limited

We have audited the financial statements of Munichre General Services Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

8 Salisbury Square
London EC4Y 8BB

21 May 2009

Profit and loss account

for the year ended 31 December

	Note	2008 £	2007 £
Turnover		16,581,724	17,672,691
Operating expenses	6	(15,978,475)	(16,930,736)
Operating profit		<u>603,249</u>	<u>741,955</u>
Other interest receivable and similar income	7	133,683	-
Other income	8	10,000	10,000
Loss on disposal of fixed assets		-	(30,939)
Profit on ordinary activities before taxation		<u>746,932</u>	<u>721,016</u>
Tax on profit on ordinary activities	9	(379,965)	(627,823)
Profit for the financial year	17	<u><u>366,967</u></u>	<u><u>93,193</u></u>

There are no recognised gains or losses other than the profit for the period.

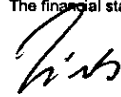
The results for the year relate entirely to continuing activities.
 The notes on page 6-10 form part of these Financial Statements.

Balance sheet

at 31 December

	Note	2008 £	2007 £
Fixed assets			
Tangible assets	11	9,903,964	13,305,944
Current assets			
Debtors			
- Amounts owed by group undertakings	12	251,737	10,521,670
- Other debtors, prepayments and accrued income		<u>1,507,235</u>	<u>1,475,961</u>
		1,758,972	11,997,631
Cash at bank and in hand		<u>276,179</u>	<u>199,583</u>
Total current assets		<u>2,035,151</u>	<u>12,197,214</u>
Creditors: amounts falling due within one year			
- Corporation tax payable		(193,793)	(550,937)
- Other creditors and accruals	13	<u>(2,336,283)</u>	<u>(4,071,105)</u>
		<u>(2,530,076)</u>	<u>(4,622,042)</u>
Net current (liabilities)/assets		(494,925)	7,575,172
Total assets less current liabilities		<u>9,409,039</u>	<u>20,881,116</u>
Creditors: amounts falling due after one year			
- Amounts owed to group undertakings	12	(4,167,665)	(16,504,977)
- Other creditors and accruals	13	(2,715,529)	(2,714,046)
- Deferred tax	10	<u>(603,225)</u>	<u>(416,617)</u>
		(7,486,419)	(19,635,640)
Provision for dilapidation	14	(775,442)	(465,265)
Net assets		<u>1,147,178</u>	<u>780,211</u>
Capital and Reserves			
Called up share capital	16	1,000	1,000
Profit and loss account	17	<u>1,146,178</u>	<u>779,211</u>
		<u>1,147,178</u>	<u>780,211</u>

The financial statements were approved by the board of directors on 21 May 2009 and were signed on its behalf by:


S Hueskes
Director

21 May 2009

Notes

(forming part of the financial statements)

1 Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, under the historical cost accounting rules and on a going concern basis, notwithstanding the net current liabilities of £494,925 in the balance sheet which the directors believe to be appropriate for the following reasons:

- The directors have reviewed the budget and cash flow forecasts for the company for a period of not less than 12 months from the date of approving these financial statements and are confident that the company will have sufficient resources to meet its liabilities as they fall due.

- As part of this review the directors have taken into account the funding that has been made available to the company from the UK branch of its parent Münchener Rückversicherungs-Gesellschaft (Munich Re) since the year end and the intention to continue to make such funding available.

Accordingly, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

2 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Turnover

The company derives its income from agency agreements under which it provides services to the United Kingdom General Branch of Munich Reinsurance Company. It also provides insurance claims services to Great Lakes Services Ltd.

Fixed Assets and Depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Fixtures fittings and equipment - 4 years to 10 years [10% - 25% per annum]

Items individually costing less than £3,000 are included in the profit and loss account as the expenditure is incurred.

Taxation

The charge for taxation is based upon the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Full provision is made for deferred tax in accordance with FRS19. Deferred tax is recognised without discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19.

Pensions

The company is a participant in the Munich Re UK pension scheme providing benefits based on final pensionable pay and as permitted by FRS 17 "Retirement Benefits" the scheme has been accounted for in these financial statements as if it was a defined contribution scheme. The scheme closed to new members on 31 December 2000. The assets of the scheme are held separately from those of the company, being invested with the investment subsidiary of Standard Life Assurance Company.

The company also operates a defined contribution pension scheme where the benefits are based on the value of the individual employees' funds.

Cash flow statement

Under FRS 1 (revised 1996) the company is exempt from the requirement to prepare a cash flow statement on the grounds that its parent undertaking includes the company in its own published consolidated financial statements.

Operating Lease

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Notes (continued)

3 Multi-employer Pension scheme

The company is a participant in the Munich Re UK Pension Scheme providing benefits based on final pensionable pay. Munichre Life Services Ltd is the principal employer sponsoring this scheme and, as a result, accounts for it as a defined benefit scheme. Munichre General Services Ltd is a participating member and accounts for the scheme as if it was a defined contribution scheme as permitted by FRS 17 "Retirement Benefits".

A full valuation of the defined benefit pension scheme was carried out at 31 December 2006 by the scheme actuary. The major assumptions used by the actuary were:

	Funding % per annum	Solvency % per annum
Rate of interest		
- before retirement	6.40%	3.80%
- after retirement	4.80%	3.80%
Rate of salary increases	5.40%	n/a
Rate of earnings CAP	3.40%	3.40%

This valuation showed that on the Funding Basis there was a funding deficiency of £14,153,000. The actuary recommended that Munichre General Services Ltd contribution rate should be set at 30.96% of Scheme Salaries to meet ongoing funding requirements. In addition, Munichre General Services Ltd would need to pay off part of the deficiency. They committed to do this in three payments of £750,000 in December 2007, £1,025,000 on or before 31 March 2008 and £1,025,000 on or before 31 March 2009.

Munichre General Services Ltd contributions for the year ended 31 December 2008 were £1,493,039 (2007: £1,653,550), which included a single contribution of £1,025,000 paid in March 2008, as part of the company's commitment to meet the deficiency.

4 Staff

The average number of persons employed by the company are shown below:

	2008	2007
Underwriting Services	30	29
Claims Services	27	22
Marketing Services	2	5
Administration Services	18	23
	<u>77</u>	<u>79</u>
	2008	2007
	£	£
Wages and salaries	5,290,777	6,034,786
Pension costs	1,730,723	1,990,441
Social security costs	561,432	560,101
	<u>7,582,932</u>	<u>8,585,328</u>

The staff costs include the following emoluments in respect of the directors of the company:

5 Remuneration of directors

	2008	2007
	£	£
Directors' emoluments	<u>300,203</u>	<u>316,533</u>

Directors' remuneration consists of the emoluments on behalf of one (2007 - one) director.

Notes (continued)

6 Operating expenses

Operating expenses include the following:

	2008	2007
	£	£
Staff costs (Note 4)	7,582,932	8,585,328
Depreciation (Note 11)	1,550,865	726,483
Operating lease rentals		
- Land and buildings	<u>2,636,501</u>	<u>3,101,766</u>

Remuneration for audit services and for non audit services for Munich Re UK General Branch, are paid through Munich Re General Services Ltd and then recharged on to the branch.

	2008	2007
	£	£
Auditors' remuneration		
- for the audit of these financial statements	12,765	15,000

Amounts received by the auditors in respect of Munich Re UK General Branch:

- audit of financial statements	114,885	94,980
- services related to taxation	34,407	38,666
- all other services	<u>16,615</u>	<u>27,730</u>

7 Other interest receivable and similar income

	2008	2007
	£	£
Interest on deposits with banks	<u>133,683</u>	<u>-</u>

8 Other Income

	2008	2007
	£	£
Agency Fee	<u>10,000</u>	<u>10,000</u>

Other Income is derived from an agency agreement whereby the company acts as an appointed representative for Great Lakes Reinsurance (U.K.) plc.

9 Taxation

Analysis of tax charge

	2008 £	2007 £
Current tax		
- UK Corporation tax on profits of the period at 28.5% (2007: 30%)	305,631	141,504
- (Overprovision) in prior year	(112,274)	(162)
	<u>193,357</u>	<u>141,342</u>
Deferred tax debit/(credit) in profit and loss account		
- Effect of decreased tax rate on opening asset (note 10)	-	4,657
- Origination and reversal of timing differences (note 10)	186,608	481,824
	<u>379,965</u>	<u>627,823</u>
Tax on profit on ordinary activities		

Reconciliation of the standard tax rate to the effective tax rate:

The current tax charge for the period is lower (2007: lower) than the standard rate of corporation tax in the UK 28.5% (2007: 30%). The differences are explained below:

	2008 £	2007 £
Profit on ordinary activities before tax	<u>746,932</u>	<u>721,016</u>
Corporation tax at 28.5% (2007: 30.0%)	212,876	216,305
Expenses not deductible for tax purposes	121,161	375,483
Permanent Difference : Non-qualifying expenditure	-	77,391
Temporary Differences : Excess capital allowances over depreciation	(28,406)	(527,875)
Adjustment to prior year tax charge	(112,274)	(162)
Total current tax charge	<u>193,357</u>	<u>141,342</u>

10 Deferred tax liability

	2008 £	2007 £
At beginning of year	(416,617)	69,864
Deferred tax charge:		
- effect of decreased tax rate on opening asset (note 9)	-	(4,657)
- recognised in profit and loss account for the year (note 9)	(186,608)	(481,824)
At end of year	<u>(603,225)</u>	<u>(416,617)</u>

The elements of deferred tax are as follows:

All of the deferred tax liabilities are in respect of capital allowances	<u>(603,225)</u>	<u>(416,617)</u>
--------------------------------------------------------------------------	------------------	------------------

11 Tangible fixed assets

	Fixtures fittings and equipment £	Total £
Cost		
At beginning of year	14,028,764	14,028,764
Additions	-	-
Disposals	(1,851,115)	(1,851,115)
At end of year	<u>12,177,649</u>	<u>12,177,649</u>
Depreciation		
At beginning of year	722,820	722,820
Charge for year	1,550,865	1,550,865
Disposals	-	-
At end of year	<u>2,273,685</u>	<u>2,273,685</u>
Net book value		
At 31 December 2007	<u>13,305,944</u>	<u>13,305,944</u>
At 31 December 2008	<u>9,903,964</u>	<u>9,903,964</u>

12 Ultimate holding company and intercompany balances

The company's parent company and ultimate holding company is Münchener Rückversicherungs-Gesellschaft (Munich Re), a joint stock company incorporated in Germany with limited liability. Copies of Munich Re accounts can be obtained from Königinstrasse 107, 80802 Munich, Germany.

	2008 £	2007 £
The balance due from group undertakings at 31 December		
- Due within one year	<u>251,737</u>	<u>10,521,670</u>
The balance due to group undertakings at 31 December		
- Due after one year	<u>(4,167,665)</u>	<u>(16,504,977)</u>

13 Other Creditors

	2008 £	2007 £
Sundry Creditors		
- Due within one year	(2,336,283)	(4,071,105)
- Due after one year	<u>(2,715,529)</u>	<u>(3,179,311)</u>
	<u>(5,051,812)</u>	<u>(7,250,416)</u>

14 Provision for dilapidation

	2008 £	2007 £
At beginning of year	(465,265)	(155,088)
Increase in accrual	<u>(310,177)</u>	<u>(310,177)</u>
At end of year	<u>(775,442)</u>	<u>(465,265)</u>

15 Operating lease commitments

At 31 December 2008, the company has the following annual commitments under operating leases:

	2008 £	2007 £
Land and buildings which expire : after 5 years:	<u>(3,103,123)</u>	<u>(3,101,766)</u>

16 Share Capital

	2008 £	2007 £
Allotted, called up and fully paid		
510 ordinary shares (2007: 510 'A' shares) of £1 each	510	510
490 ordinary shares (2007: 490 'B' shares) of £1 each	<u>490</u>	<u>490</u>
	<u>1,000</u>	<u>1,000</u>

17 Reconciliation of movement in shareholders' funds

	Share Capital £	Profit & Loss Account £	Total £
At 1 January 2008	1,000	779,211	780,211
Retained profit for the financial year	-	<u>366,967</u>	<u>366,967</u>
At 31 December 2008	<u>1,000</u>	<u>1,146,178</u>	<u>1,147,178</u>

18 Related party transactions

Advantage has been taken of the exemption in FRS8 from disclosing related party information as these accounts relate to a wholly owned subsidiary and the consolidated financial statements in which they are included are publicly available from the address in note 12.

19 Capital commitments

There were no capital commitments as at 31 December 2008 (2007: nil)

20 Contingent liabilities

There were no contingent liabilities as at 31 December 2008 (2007: nil)



KPMG Audit Plc
8 Salisbury Square
London
EC4Y 8BB

21 May 2009

Dear Sirs

This representation letter is provided in connection with your audit of the 2008 financial statements of Munichre General Services Limited ("the Company"), for the purpose of expressing an opinion as to whether these financial statements give a true and fair view of the financial position of the company and of its financial performance in accordance with UK Generally Accepted Accounting Practice. These financial statements comprise the Balance Sheet as at 31 December 2008, and the Profit and Loss Account for the year then ended, and a summary of significant accounting policies and other explanatory notes.

We acknowledge as directors our responsibilities under the Companies Act 1985 for preparing financial statements which give a true and fair view of the Company.

We also acknowledge as directors our responsibilities under the Companies Act 1985 for making accurate representations to you and for ensuring that there is no relevant audit information that you are unaware of.

The Board approves the financial statements.

The Board understands that auditing standards require you to obtain representations from directors on matters that are material to your opinion. The Board understands that omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions of users taken on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor.

The Board has made appropriate inquiries of directors and officers of the Company with the relevant knowledge and experience. Accordingly, the Board confirms, to the best of its knowledge and belief, the following representations:

1. The financial statements referred to above, which have been prepared on a going concern basis, give a true and fair view in accordance with UK Generally Accepted Accounting Practice.
2. All the accounting records have been made available to you for the purpose of your audit, and the full effect of all the transactions undertaken by the company have been properly reflected and recorded in the accounting records in accordance with agreements, including side agreements, amendments and oral agreements. All other records and related information, including minutes of all management, Board and shareholders meetings and, when applicable, summaries of actions of meetings held after period end for which minutes have not yet been prepared, have been made available to you.
3. The Board is not aware of any known actual or possible non-compliance with laws and regulations that could have a material effect on the ability of the Company to conduct its business and therefore on the results and financial position to be disclosed in the financial statements for the year ended 31 December 2008.

Munich Reinsurance Company
United Kingdom General Branch
Level 3, 30 Fenchurch Street
London
EC3M 3AJ

Tel: 020 3003 7000
Fax: 020 3003 7014
E-mail: info@munichre.com
<http://www.munichre.com>

Münchener Rückversicherungs-Gesellschaft
D-80791 München is a company with limited liability
incorporated in Germany
(Handelsregister München Nr. B 42039)

UK Manager:
Munichre General Services Limited

Managing Director and General Manager:
S. Hüskes



4. The Board:

- (a) understands that the term “fraud” includes misstatements resulting from fraudulent financial reporting and misstatements resulting from misappropriation of assets. Misstatements resulting from fraudulent financial reporting involve intentional misstatements including omissions of amounts or disclosures in the financial statements to deceive financial statement users. Misstatements resulting from misappropriation of assets involve the theft of an entity’s assets, often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorisation.
 - (b) acknowledges responsibility for the design and implementation of internal control to prevent and detect fraud and error.
 - (c) has disclosed to you its knowledge of fraud or suspected fraud affecting the Company involving:
 - management and those charged with governance;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
 - (d) has disclosed to you its knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
 - (e) has disclosed to you the results of its assessment of the risk that the financial statements may be materially misstated as a result of fraud.
5. The Board believes the effects of uncorrected financial statement misstatements summarised in the accompanying schedule are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.
6. The Board confirms the completeness of the information provided to you regarding the identification of related parties and regarding transactions with such parties that are material to the financial statements. The identity of, and balances and transactions with, related parties have been properly recorded and when appropriate, adequately disclosed in the notes to the financial statements. The Board is not aware of any other such matters required to be disclosed in the financial statements, whether under FRS 8 *Related party disclosures* or other requirements. Included in Appendix A to this letter are the definitions of both a related party and a related party transaction as the Board understands them and as defined in FRS 8.
7. Presentation and disclosure of the fair value measurements of material assets, liabilities and components of equity are in accordance with UK Generally Accepted Accounting Practice. The amounts disclosed represent the Board’s best estimate of fair value of assets and liabilities required to be disclosed by these standards. The measurement methods and significant assumptions used in determining fair value have been applied on a consistent basis, are reasonable and such assumptions appropriately reflect the Board’s intent and ability to carry out specific courses of action on behalf of the Company where relevant to the fair value measurements or disclosures.
8. The Board has recorded or disclosed, as appropriate, all liabilities, both actual and contingent.
9. The estimated financial effect of pending or threatened litigation and claims against the Company has been properly recorded and/or disclosed in the financial statements. The Board is not aware of any additional claims that have been or are expected to be received.



10. Except as disclosed in the financial statements or notes thereto there are no:

- (a) other gain or loss contingencies or other liabilities that are required to be recognised or disclosed in the financial statements, including liabilities or contingencies arising from environmental matters resulting from illegal or possibly illegal acts, or possible violations of human rights legislation; or
- (b) other environmental matters that may have a material impact on the financial statements.

11. The Board confirms that:

- a) The financial statements disclose all of the key risk factors, assumptions made and uncertainties surrounding the company's ability to continue as a going concern as required to provide a true and fair view.
- b) Any uncertainties disclosed are not considered to be material and therefore do not cast significant doubt on the ability of the Company to continue as a going concern.

This letter was tabled and agreed at the meeting of the Board of Directors on 21st May 2009.

Yours truly

SG Pendlebury

Secretary

S Hueskes

Director



Appendix A to the Management Representation Letter of Munichre General Services Limited

Definitions

A. Two or more parties are related parties when at any time during the financial period:

- (i) One party has either direct or indirect control of the other party; or
- (ii) the parties are subject to common control from the same source; or
- (iii) one party has influence over the financial and operating policies of the other party to an extent that that other party might be inhibited from pursuing at all times its own separate interests; or
- (iv) the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.

B. For the avoidance of doubt, the following are related parties of the reporting entity:

- (i) its ultimate and intermediate parent undertakings, subsidiary undertakings, and fellow subsidiary undertakings;
- (ii) its associates and joint ventures;
- (iii) the investor or venturer in respect of which the reporting entity is an associate or a joint venture;
- (iv) directors¹ of the reporting entity and the directors of its ultimate and intermediate parent undertakings; and
- (v) pension funds for the benefit of employees of the reporting entity or of any entity that is a related party of the reporting entity.

C. The following are presumed to be related parties of the reporting entity unless it can be demonstrated that neither party has influenced the financial and operating policies of the other in such a way as to inhibit the pursuit of separate interests:

- (i) the key management of the reporting entity and the key management of its parent undertaking or undertakings;
- (ii) a person owning or able to exercise control over 20 per cent or more of the voting rights of the reporting entity, whether directly or through nominees;
- (iii) each person acting in concert in such a way as to be able to exercise control or influence over the reporting entity; and
- (iv) an entity managing or managed by the reporting entity under a management contract.

D. Additionally, because of their relationship with certain parties that are, or are presumed to be, related parties of the reporting entity, the following are also presumed to be related parties of the reporting entity:

- (i) members of the close family of any individual falling under parties mentioned above in A to C; and
- (ii) partnerships, companies, trusts or other entities in which any individual or member of the close family in a to C above has a controlling interest.

¹ Directors include shadow directors, which are defined in companies legislation as persons in accordance with whose directions or instructions the directors of the company are accustomed to act.

WP ref	Accounts and Description	Correcting Entry Required at Current Period End (Note - If there is an end-of-period balance sheet error, the correcting entry should be written irrespective of the period in which the error originated (i.e., there should not be any adjustments to opening retained earnings)).			Impact of audit differences on financial statement captions				Tax rate applicable to determine tax effect
		Debit	(Credit)	Type of Error Known Audit Difference (KD) or Most Likely Audit Difference (MLD)	Balance Sheet Effect Debit/(Credit)				
					Income Statement Effect Debit/(Credit)	Equity at period end	Assets	Liabilities	
M6	Rental for 25/12/08-31/12/08 not accounted for - amounts rechargeable to Group companies Income Statement Prepayment	66,668	(66,668)	KD	(3,334)	(3,334)	(66,668)	70,002	28.5%
	Accrued Income Income Statement	70,002	(70,002)						
M6	Differences from general ledger posting errors Income Statement Other receivables	31,310	(31,310)	KD		31,310	(31,310)		28.5%
M6	Rent receivable from AIG - with rent free period factored in Income Statement Other receivables	58,694	(58,694)	KD	(2,934)	(2,934)	2,934		28.5%
	Intercompany receivables Income Statement	61,628	(61,628)						
M6	Expenses paid for in Y/E 31/12/08 but not expenses in Income statement Income Statement Other receivables	14,069	(14,069)	KD	(704)	(704)	704		28.5%
	Intercompany receivables Income Statement	14,773	(14,773)						
Tax effect of uncorrected audit differences					24,338	24,338	(94,340)	70,002	
Aggregate of uncorrected audit differences (after tax)					(6,936)	(6,936)	0	6936	
Financial statement amounts (per final financial statements)					17,402	17,402	(94,340)	76,938	
Uncorrected audit differences after tax effect as a percentage of financial statement amounts					366,967	1,147,178	11,939,115	10,791,937	
					4.7%	1.5%	-0.8%	0.7%	