

Munichre General Services Limited

Directors report and financial statements

For the year ended 31 December 2011

Registered number 01373441

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Munichre General Services Limited
Directors' report and financial statements
For the year ended 31 December 2011

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Directors report

The Directors present their Directors' report and the audited financial statements for the year ended 31 December 2011 of Munichre General Services Limited (Registered number 01373441)

Principal activities

The principal activity of Munichre General Services Limited ("the Company") was to provide services to the UK General Branch of its parent Münchener Rückversicherungs-Gesellschaft AG ("Munich Re") and other entities within the Munich Re Group ("the Group")

Basis and preparation of financial statements

On 31 December 2011 as a result of a decision to streamline operations, the assets, liabilities and obligations of the Company were transferred to Munich Re UK Services Limited a sister company. Following this transfer, all UK personnel previously employed by the Company are now employed by Munich Re UK Services Limited (MRUKS).

Operations

Munichre General Services Limited ("MRGS") is a wholly owned subsidiary Munich Re

Munich Re conducts reinsurance business in the United Kingdom through its UK General Branch. The principal activity of MRGS was the provision of services and secondment of staff in relation to the administration of contracts of reinsurance accepted under the name of Munich Re UK General Branch (MRUKGB). The Company does this according to the terms of a Services Agreement and a Staffing Agreement between it and MRUKGB. The staff seconded to carry out these services were employees of the Company.

The Company also provided services in relation to the claims handling and registered office lease functions for other Munich Re trading entities in the UK. In these cases, each entity is charged for its share of the service used.

The Company was a recipient of specific services from MRUKS and Great Lakes Services Limited (GLSL), fellow group companies. MRUKS provided services in respect of information technology & administration, human resources and office administration. GLSL provided accounting and compliance services up to 31 December 2011 where upon the GLSL assets and liabilities were also transferred to MRUKS.

Sources of turnover

Provision of administration services to MRUKGB and other Munich Re entities amounted to £22.48m (2010: 21.33m).

Sources of profit

The main source of profit for the Company was from:

1. The provision of administration services, the difference between the amounts charged to Munich Re entities and the costs incurred by the Company in providing those services was £0.87m (2010: £1.2m).
2. An Agency Fee which was derived from an agency agreement whereby the Company acted as an Appointed Representative of Great Lakes Reinsurance (UK) PLC was £10,000 (2010: £10,000).

Results and dividends

The profit for the year before taxation and dividends amounted to £0.88m (2010: £1.21m). The Directors have proposed a dividend of £2.3m on 30 April 2012.

Key Performance Indicators

1. Costs incurred in respect of provision of administration services (In respect of administration services only, operating expenses)
2. The margin on services provided by the company (In respect of administration services only, operating profit divided by operating expenses)

Key Performance Indicators

| | 2011 | 2010 |
|--------------------------------------------------|-------|-------|
| Costs in respect of administration services (£m) | 21.61 | 20.13 |
| Margin on administration services | 4.0% | 5.9% |

Margin on administration services has decreased by 1.9 percentage points compared to 2010 mainly due to an increase in expenses that do not attract a mark-up.

Principal risks and uncertainties & going concern

As the principal activities were the provision of services and secondment of staff to MRUKGB and other Munich Re entities, the Company was dependant on the continuing need for those services. Due to the transfer of assets, liabilities, staff and operating leases to MRUKS, the Company is no longer seen as a going concern.

Directors report (continued)

Directors and Directors' Interests

The Directors who held office during the year were as follows

Sebastian Hüskes (resigned 20 February 2011)
Frank Buchsteiner (appointed 1 February 2011)
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 8 to the financial statements

Political or charitable contributions

The Company made political donations during the year of £Nil (2010: £Nil), charitable donations were £Nil (2010: £Nil)

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

By order of the board



SG Pendlebury
Secretary

Registered Office
Plantation Place
30 Fenchurch Street
London
EC3M 3AJ

30-Apr-12

Statement of directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business. As explained in note 1 to the financial statements, the Directors do not believe the going concern basis to be appropriate for the preparation of the financial statements of the Company and accordingly the financial statements of the Company have not been prepared on a going concern basis.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Munichre General Services Limited

We have audited the financial statements of Munichre General Services Ltd for the year ended 31 December 2011 as set out on pages 6 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice). These financial statements have not been prepared on the going concern basis for the reasons set out in note 1 of the financial statements.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the Directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made or
- we have not received all the information and explanations we require for our audit.


Mark J Taylor (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL

02 May 2012

Profit and loss account

for the year ended 31 December 2011

| | Note | 2011 £000 | 2010 £000 |
|-----------------------------------------------|-------|--------------|--------------|
| Turnover | | 22,482 | 21 326 |
| Operating expenses | | (21 613) | (20 129) |
| Operating profit | | 869 | 1,197 |
| Other finance income | 6 | 10 | 10 |
| Profit on ordinary activities before taxation | 2 | 879 | 1,207 |
| Tax on profit on ordinary activities | 7 (a) | (384) | (514) |
| Profit for the financial year | 14 | 495 | 693 |

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

The results for the year relate entirely to discontinuing activities
 The notes on pages 8 to 13 form part of these financial statements

Munichre General Services Limited
Directors' report and financial statements
For the year ended 31 December 2011

Balance sheet

| | Note | 2011 | 2010 |
|------------------------------------------------------|------|--------------|----------------|
| at 31 December 2011 | | £000 | £000 |
| Fixed assets | | | |
| Tangible assets | 8 | - | 6 871 |
| Current assets | | | |
| Debtors | | | |
| Amounts owed by group undertakings | 9 | 1,837 | - |
| Other debtors, prepayments and accrued income | 9 | - | 1,327 |
| Deferred tax asset | 9 | - | 276 |
| | | <u>1,837</u> | <u>1,603</u> |
| Cash at bank and in hand | | 491 | 3 647 |
| Total current assets | | <u>2,328</u> | <u>5,250</u> |
| Creditors amounts falling due within one year | | | |
| Corporation tax payable | 10 | - | (506) |
| Other creditors and accruals | 10 | - | (2,325) |
| | | <u>-</u> | <u>(2,831)</u> |
| Net current assets | | <u>2,328</u> | <u>2 419</u> |
| Total assets less current liabilities | | <u>2,328</u> | <u>9 290</u> |
| Creditors amounts falling due after one year | | | |
| Amounts owed to group undertakings | 11 | - | (3,392) |
| Other creditors and accruals | 11 | - | (1 782) |
| Deferred tax liability | 11 | - | (486) |
| | | <u>-</u> | <u>(5 660)</u> |
| Provision for liabilities | 12 | - | (1 396) |
| Net assets | | <u>2,328</u> | <u>2,234</u> |
| Capital and Reserves | | | |
| Share capital | 13 | 1 | 1 |
| Profit and loss account | 14 | <u>2,327</u> | <u>2,233</u> |
| Shareholders' Funds | 14 | <u>2,328</u> | <u>2,234</u> |

The financial statements on pages 6 to 13 were approved by the board of directors on 30 April 2012 and were signed on its behalf by



F Buchsteiner
Director

Notes
(forming part of the financial statements)

1 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

Basis of preparation

The financial statements have been prepared in accordance with both applicable accounting standards and the historical cost accounting rules

Going concern

On 31 December 2011, as a result of a decision to streamline operations, the asset, liabilities and obligations of the Company were transferred to Munich Re UK Services Limited a sister company. Following this transfer, all UK personnel previously employed by the Company are now employed by Munich Re UK Services Limited. The Directors now intend to commence winding up the Company and accordingly the financial statements have not been prepared on a going concern basis. No adjustments were necessary to the amounts at which the remaining assets and liabilities are included in these financial statements.

Tangible fixed assets and depreciation

Items of expenditure individually costing less than £3,000 are included in the profit account as the expense is incurred. Items of expenditure individually costing more than £3,000 were capitalised and depreciation was 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 explained in the Directors' report the assets of the Company were transferred to MRUKS on 31 December 2011.

| | | |
|------------------------------------|---|--------------------------|
| Equipment costing more than £3,000 | - | 4 years or 25% per annum |
| Leasehold improvements | - | Life of Lease |
| Fixtures and fittings | - | 4 years or 25% per annum |
| Plant and machinery | - | 4 years or 25% per annum |

Leases

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

Post-retirement benefits

As stated in the Directors' Report, the Company transferred its assets and liabilities to MRUKS. As part of this transfer the obligations of the Company with respect to the Pension Plans in which the Company participated also transferred to MRUKS.

The Company participated in the Munich Re Group UK Plan 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 and to future accrual of all pension benefits on 31 December 2009. All active members at that time became deferred and were granted pension improvements. In addition, some current pensioners have received enhancements to part of their pension. The assets of the scheme are held separately from those of the Company in a managed fund administered by a pension management company.

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

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.

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 FRS 19. As stated in the Directors' report all assets and liabilities of the Company were transferred to MRUKS, this included deferred taxation assets and liabilities.

Turnover

The Company principally derives its income from a number of service contracts under which it provides services to MRUKGB.

Dividends on shares presented within shareholders' funds

Dividends are only recognised as a liability at that date to the extent that they are declared prior to the year end. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Cash flow statement

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

Notes (continued)

2 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging

| | 2011 £000 | 2010 £000 |
|-----------------------------------------------------------------------------------|--------------|--------------|
| Staff costs (also see note 4) | 13,211 | 11,371 |
| Depreciation and other amounts written off tangible (and intangible) fixed assets | 1,412 | 1,545 |
| Operating lease expenditure | <u>2,637</u> | <u>2,637</u> |

Auditor's remuneration

| | 2011 £000 | 2010 £000 |
|----------------------------------------------------------------------------------------------------------------------------------------|--------------|--------------|
| Audit of these financial statements | 9 | 12 |
| Amounts received by the auditors and their associates in respect of audit of financial statements of parent pursuant to legislation | 81 | 106 |
| other services relating to taxation | 179 | 4 |
| all other services | <u>-</u> | <u>1</u> |

Remuneration for audit services and for non audit services for MRUKGB is paid by the Company and then recharged to the MRUKGB

3 Remuneration of directors

| | 2011 £000 | 2010 £000 |
|-----------------------|--------------|--------------|
| Directors' emoluments | <u>459</u> | <u>312</u> |

| | 2011 | 2010 |
|---------------------|----------|----------|
| Number of directors | <u>2</u> | <u>2</u> |

The Company bears part of the cost of one of the Directors' emoluments, with the remaining amounts being paid by the Parent Company. The highest paid director received emoluments during the year of £322,147 (2010: £312,211) and pension contributions of £Nil (2010: £Nil).

4 Staff numbers and costs

The average number of persons employed by the Company (including director F Buchsteiner) during the year, analysed by category, was as follows:

| | 2011 | 2010 |
|-------------------------|-----------|-----------|
| Underwriting Services | 31 | 31 |
| Claims Services | 35 | 34 |
| Administration Services | <u>16</u> | <u>20</u> |
| | <u>82</u> | <u>85</u> |

| | 2011 £000 | 2010 £000 |
|-----------------------|---------------|---------------|
| Wages and salaries | 7,087 | 7,077 |
| Social security costs | 931 | 771 |
| Pension costs | <u>5,193</u> | <u>3,523</u> |
| | <u>13,211</u> | <u>11,371</u> |

6 Other finance income

| | 2011 £000 | 2010 £000 |
|------------|--------------|--------------|
| Agency Fee | <u>10</u> | <u>10</u> |

Agency Fees were derived from an agency agreement whereby the Company acted as an Appointed Representative of Great Lakes Reinsurance (UK) PLC. As per Note 1 to the Accounts this agency agreement was transferred to Munich Re UK Services Limited on 31 December 2011.

Notes (continued)

7 Taxation

7 (a) Analysis of tax charge

UK corporation tax

Current tax on income for the period at 26.5% (2010: 28%)

Adjustments in respect of prior years

Total current tax

2011
£000

2010
£000

551
-
551

663
-
663

Deferred tax (see note 7(c))

Origination and reversal of timing differences

Adjustment in respect of previous years

Rate change adjustment (27% to 25%)

Total deferred tax

(146)
-
(21)
(167)

(141)
-
(8)
(149)

Tax on profit on ordinary activities

384

514

In the emergency budget on 23 March 2011 it was announced that the UK corporation tax rate will be reduced from 28% to 24% over the period of 4 years with the first reduction substantially enacted on 01/04/2011. This was followed with an announcement in the 2012 budget that the tax rate will be reduced to 22% over the same period instead of 24%. The first reduction from 28% to 26% was effective 1 April 2011 and a further 2% reduction to 24% will be effective 1 April 2012 with a 1% reduction in the 2013 and 2014 tax years. This will mean that the deferred tax will reverse at a lower rate than that at which it is currently recognised.

7 (b) Factors affecting the tax charge for the year

The current tax charge for the period is higher (2010: higher) than the standard rate of corporation tax in the UK 26% (2010: 28%).

The differences are explained below:

Current tax reconciliation

Profit on ordinary activities before tax

2011
£000

2010
£000

879

1,207

Current tax at 26.5% (2010: 28%)

233

338

Effects of

Expenses not deductible for tax purposes

Permanent differences on non-qualifying expenditure

Temporary Differences: Excess capital allowances over depreciation

Adjustment to prior year tax charge

Other short term timing differences

Adjustments to tax charge in respect of previous periods

Total current tax charge (see above)

154
65
100
-
-
-
551

168
74
83
-
-
-
663

Factors that may affect future current and total tax charges

7 (c) Deferred tax liability

At beginning of year

Net deferred tax credit: Recognised in profit and loss account for the year (note 7a)

Transfer of deferred tax liability to MRUKS

Transfer of deferred tax asset to MRUKS

At end of year

2011
£000

2010
£000

(210)
167
355
(312)
-

(359)
149
-
(210)

7 (d) Deferred tax

The elements of deferred tax are as follows:

Differences between accumulated depreciation and capital allowances

Deferred tax accruals for Defined Contribution pension expenses (which is deductible in a future period)

Deferred tax asset in respect of provision for leasehold premises dilapidations

2011
£000

2010
£000

-
-
276
-

(486)
-
276
(210)

Notes (continued)

8 Tangible fixed assets

| | Leasehold Improvements | Fixtures fittings & equipment | Total Fixed Assets |
|-------------------------------------------------|---------------------------|----------------------------------|-----------------------|
| | 2011 £000 | 2011 £000 | 2011 £000 |
| Cost | | | |
| At beginning of year | 10,662 | 1,590 | 12,252 |
| Additions | 11 | - | 11 |
| Transfer of assets to Munich Re UK Services Ltd | (10,673) | (1,590) | (12,263) |
| At end of year | - | - | - |
| Depreciation | | | |
| At beginning of year | 4,009 | 1,372 | 5,381 |
| Charge for year | 1,194 | 218 | 1,412 |
| Disposals | - | - | - |
| Transfer of assets to Munich Re UK Services Ltd | (5,203) | (1,590) | (6,793) |
| At end of year | - | - | - |
| Net book value | | | |
| At 31 December 2010 | 6,653 | 218 | 6,871 |
| At 31 December 2011 | - | - | - |

9 Debtors

| | 2011 £000 | 2010 £000 |
|------------------------------------|--------------|--------------|
| Amounts owed by group undertakings | - | - |
| Other debtors | 1,837 | - |
| Deferred tax assets (note 7d) | - | 271 |
| Prepayments and accrued income | - | 276 |
| | <u>1,837</u> | <u>1,603</u> |

10 Creditors amounts falling due within one year

| | 2011 £000 | 2010 £000 |
|------------------------------|--------------|----------------|
| VAT | - | (81) |
| Corporation tax payable | - | (506) |
| Accruals and deferred income | - | (2,048) |
| Sundry Creditors | - | (196) |
| Due within one year | <u>-</u> | <u>(2,831)</u> |

11 Creditors amounts falling due after more than one year

| | 2011 £000 | 2010 £000 |
|------------------------------------|--------------|----------------|
| Amounts owed to group undertakings | - | (3,392) |
| Operating lease commitment | - | (1,782) |
| Deferred tax (see note 7 (d)) | - | (486) |
| Due after one year | <u>-</u> | <u>(5,660)</u> |

Notes (continued)

12 Provision for liabilities (dilapidations)

| | 2011 £000 | 2010 £000 |
|---------------------------------------|--------------|--------------|
| At beginning of year | (1,396) | (1,086) |
| Increase in accrual | (310) | (310) |
| Transfer to Munich Re UK Services Ltd | 1,706 | - |
| At end of year | - | (1,396) |

The terms of a property lease contract required the Company to return the premises to a pre agreed state at the completion of the lease term. The costs are being accrued evenly throughout the duration of the lease. The assets and obligations have been transferred on 31 December 2011 to MRUKS, therefore the Company has no further obligations after this date.

13 Called up Share Capital

| | 2011 £000 | 2010 £000 |
|------------------------------------|--------------|--------------|
| Allotted, called up and fully paid | | |
| 510 ordinary shares of £1 each | 1 | 1 |
| 490 ordinary shares of £1 each | 0 | 0 |
| | <u>1</u> | <u>1</u> |

14 Share Capital and Reserves

| | Share Capital £000 | Profit & Loss Account £000 | Total £000 |
|----------------------------------------|-----------------------|----------------------------------|---------------|
| At 1 January 2011 | 1 | 2,233 | 2,234 |
| Dividend paid | - | (401) | (401) |
| Retained profit for the financial year | - | 495 | 495 |
| At 31 December 2011 | <u>1</u> | <u>2,327</u> | <u>2,328</u> |

15 Contingent liabilities & Post Balance Sheet events

As a result of the decision to transfer the assets, liabilities and obligations of the Company to MRUKS the Company entered into an agreement to guarantee payments made by MRUKS in respect of the lease at Level 3 Plantation Place, Fenchurch Street, London EC3M 3AJ. Payments of £3,103k are to be made annually over the next four years and £1,234k is to be paid in the fifth year by MRUKS.

There are no post balance sheet events.

16 Commitments

- (a) There were no capital commitments as at 31 December 2011 (2010 Nil)
- (b) There were no finance lease commitments as at 31 December 2011 (2010 Nil)
- (c) Annual commitments under non-cancellable operating leases

At 31 December 2011, the Company has the following annual commitments under operating leases

| | 2011 £000 | 2010 £000 |
|----------------------------------------|--------------|-----------------|
| Land and buildings which expire | | |
| Within one year | - | (3,103) |
| In the second to fifth years inclusive | - | (12,412) |
| After 5 years | - | (1,234) |
| | <u>-</u> | <u>(16,749)</u> |

Notes (continued)

17 Pension scheme

Defined contribution pension scheme

As stated in the Directors Report the Company transferred its assets and liabilities to MRUKS on 31 December 2011. As part of this transfer the obligations of the Company were also transferred to MRUKS.

The Company operated a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Company to the scheme and amounted to £507,673 (2010: £487,472).

There were no outstanding or prepaid contributions at the end of the financial year.

Multi-Employer pension scheme

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

The Scheme closed for all accruals on 31 December 2009. All active members at that time became deferred members of the Scheme with benefits based on final pensionable pay at that date.

A full valuation of the defined benefit pension scheme was carried out at 31 December 2009 by the scheme actuary. The major economic assumptions used by the actuary were:

| | Funding % per annum | Solvency % per annum |
|------------------------------------------------------------------------------|------------------------|-------------------------|
| Rate of Interest | | |
| - before retirement | 5.00% | 3.90% |
| - after retirement | 4.40% | 3.90% |
| Rate of Salary Increases | n/a | n/a |
| Rate of pension increase for members who left on 31 December 2009 | 3.80% | 3.80% |
| Main rate of pension increase for members who left prior to 31 December 2009 | 3.60% | 3.60% |

NB: Rate of Salary Increases is n/a due to the closure of the scheme to future accruals.

This valuation showed that on the funding basis there was a funding deficiency of £29,224,000. As part of the scheme closure agreement the Employers and Trustees agreed to fund the deficiency over a fixed 2 year period in the form of a fixed monetary contribution. Munichre General Services Ltd paid £2,955,021 in December 2010 and has committed to pay £4,540,869 on or before 31 December 2011.

On a solvency basis the deficit was £46,184,000. This would be the approximate additional amount required from the Employers at the valuation date if the Trustees were to buy out the benefits of the Scheme through an insurance company.

The assets and obligations have been transferred on 31 December 2011 to MRUKS, therefore the Company has no further obligations after this date.

18 Related party disclosures

Advantage has been taken of the exemption in FRS6 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 shown below.

The Company's parent company and ultimate holding company is Münchener Rückversicherungs-Gesellschaft AG (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.