

NM Insurance Holdings Limited
Annual report and financial statements for the year ended
31 December 2012

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NM INSURANCE HOLDINGS LIMITED

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NM INSURANCE HOLDINGS LIMITED

COMPANY INFORMATION

Directors

M Woodcock (appointed 4 October 2012)

R Craine (resigned 4 October 2012)

Company Secretary

P Shakespeare

Registered Office

Windsor House

Telford Centre

Telford

Shropshire

TF3 4NB

Solicitors

Wragge & Co, Birmingham

Bankers

Barclays Bank Plc

Independent Auditor

PricewaterhouseCoopers LLP

Chartered Accountants & Statutory Auditors

7 More London Riverside

London

SE1 2RT

Company Registration Number

2221244

NM INSURANCE HOLDINGS LIMITED (registered number 2221244)

DIRECTOR'S REPORT

The director presents the annual report and the audited financial statements of NM Insurance Holdings Limited for the year ended 31 December 2012

Principal activities

The principal activity of the Company is a holding Company for NM Pensions Limited, NM Life Limited and NM Life Trustees

Future outlook

The Company will continue to be a holding company for the above subsidiaries

The Company is a direct subsidiary of Admin Re UK Limited which is part of the Swiss Re Group, a worldwide reinsurance and financial services group, of which Swiss Re Limited is the ultimate parent company

Results

The results for the year ended 31 December 2012 are shown in the financial statements on pages 7 to 13

Key Performance Indicators

Given the straightforward nature of the business, the Company's director is of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business

Directors

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

Director's responsibilities statement

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the director must not approve the financial statements unless he is 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 director is required to

- select suitable accounting policies and then apply them consistently,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

NM INSURANCE HOLDINGS LIMITED (registered number 2221244)

DIRECTOR'S REPORT (continued)

Director's responsibilities statement (continued)

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

Disclosure of information to auditors

The director confirms that the financial statements comply with the above requirements and also confirms that

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

Independent Auditor

PricewaterhouseCoopers LLP have expressed their willingness to continue in office and accordingly a resolution to re-appoint PricewaterhouseCoopers LLP as auditor to the company will be proposed at the annual general meeting.

By order of the Board



M Woodcock
Director
10 July 2013

NM INSURANCE HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NM INSURANCE HOLDINGS LIMITED

We have audited the financial statements of NM Insurance Holdings Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet, Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Director's Responsibilities Statement set out on pages 3 and 4, the director is 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 Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the director, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

NM INSURANCE HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NM INSURANCE HOLDINGS LIMITED (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Director's 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 director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Mark Bolton (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
11 July 2013

NM INSURANCE HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2012

	Notes	2012 £000	2011 £000
Administrative expenses	1	362	146
Profit on ordinary activities before taxation		362	146
Tax on profit on ordinary activities	4	(232)	(108)
Profit for the financial year	11,12	130	38

All transactions arise from continuing operations

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents

There are no recognised gains or losses other than the profit on ordinary activities shown above accordingly no statement of total recognised gains and losses has been presented

The accounting policies and notes on pages 9 to 13 form part of these financial statements

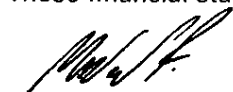
NM INSURANCE HOLDINGS LIMITED

BALANCE SHEET

As at 31 December 2012

	Notes	2012 £000	2011 £000
Fixed assets			
Shares in group undertakings	5	6,123	3,062
Current assets			
Amounts owed by group undertakings	6	25,245	24,585
Other debtors	6	9	307
Total current assets		25,254	24,892
Creditors amounts falling due within one year			
Amounts owed to group undertakings	7	(7,637)	(3,787)
Other creditors including tax and social security	7	(224)	-
		(7,861)	(3,787)
Net current assets		17,393	21,105
Total assets less current liabilities		23,516	24,167
Provisions for other risks and charges	8	(29)	(810)
Total net assets		23,487	23,357
Capital and reserves			
Called up share capital	10	131,487	131,487
Share premium account	11	87,891	87,891
Capital contribution	11	2,000	2,000
Profit and loss account	11	(197,891)	(198,021)
Total shareholders' funds	12	23,487	23,357

These financial statements on pages 7 to 13 were signed and approved by the Director on 10 July 2013



M Woodcock
Director

The accounting policies and notes on pages 9 to 13 form an integral part of these financial statements

NM INSURANCE HOLDINGS LIMITED

ACCOUNTING POLICIES

For the year ended 31 December 2012

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

Basis of preparation

The financial statements are prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom

The Company has taken advantage of the exemption under S401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. The Company is exempt from preparing a cash flow statement in accordance with Financial Reporting Standard 1 (revised 1996) as the ultimate parent company Swiss Re Limited, prepares a consolidated cash flow statement in which the results of the company are included. In addition, advantage has been taken of the exemption available under Financial Reporting Standard 8, not to disclose details of transactions with other related companies as it is a wholly owned subsidiary.

Taxation

Tax is charged on all profit and income earned to date less reliefs.

Operating leases

For empty or sub-let properties any anticipated shortfall, between projected rent expense and income, is provided for in full at appropriate discount rates and the provision is released as this expense is incurred.

Investment in subsidiaries

Investments in group undertakings are valued at cost, unless their value has been impaired, in which case they are valued at net realisable value which is based on the director valuation.

NM INSURANCE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2012

1 Administrative expenses

Included within the administrative expenses is a credit of £374,705 arising from a release in the onerous property provision (2011 credit of £139,950) This was due to a reassessment of the property held

Operating lease rentals of £375,000 (2011 £500,000) have been charged against the property leases provision

2 Auditors' remuneration

Audit fees of £2,000 (2011 £2,000) are borne by a parent undertaking

3 Staff costs and director's emoluments

No staff are employed by the company other than the director who is remunerated by a fellow subsidiary undertaking

The director received no emoluments for his services to the company (2011 £Nil)

4 Tax on profit on ordinary activities

(a) Tax charge

	2012 £000	2011 £000
Current tax charge	(187)	(108)
Adjustments relating to prior years	(45)	-
Total tax charge	<u>(232)</u>	<u>108</u>

(b) Factors affecting current tax charge

The tax assessed for the period is higher (2011 higher) than the standard rate of corporation tax in the UK of 24.5% (2011 26.5%) The differences are explained below

	2012 £000	2011 £000
Profit on ordinary activities before tax	362	146
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011 26.5%)	<u>(88)</u>	<u>(38)</u>
Effects of		
Imputed Interest on interest free loan	(99)	(68)
Adjustments relating to prior years	(45)	(2)
Current tax charge for year	<u>(232)</u>	<u>(108)</u>

NM INSURANCE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2012 (continued)

4 Tax on profit on ordinary activities (continued)

(c) Factors affecting future tax charge

During the year, the UK main corporation tax rate effective from 1 April 2012 changed from 26% to 24%

A corporation tax rate of 25% was due to come into force on 1 April 2012, however, further reductions in the rate were announced in the March 2012 Budget and the changes for the years commencing 1 April 2012 (reducing the rate by a further 1% to 24%) was substantively enacted by a resolution of Parliament on 26 March 2012 and 1 April 2013 (reducing the rate to 23%) was substantively enacted by a resolution of Parliament on 3 July 2012. The December 2012 "Autumn Statement" announced a further 2% reduction in the corporation tax rate for the year commencing 1 April 2014, reducing the rate to 21%. This was substantively enacted on 2 July 2013. The impact of these changes on future years will be dependent on the level of taxable profits in those years.

A reduction in the UK corporation tax rate to 20% with effect from 1 April 2015 was announced in the 2013 Budget. This was substantively enacted on 2 July 2013.

5 Shares in group undertakings

	2012 £000	2011 £000
Net asset value		
At 1 January 2012	3,062	3,069
Transfer of shares in group undertakings	3,061	(7)
At 31 December 2012	<u>6,123</u>	<u>3,062</u>

The movement in shares in group undertakings represents the transfer at cost of NM Life Limited and NM Trustees Limited from NM Life Group Limited during the year.

6 Debtors

	2012 £000	2011 £000
Amounts owed by group undertakings	25,245	24,585
Tax and social security	-	167
Other Debtors	9	140
	<u>25,254</u>	<u>24,892</u>

Amounts owed by group undertakings include one unsecured loan to Admin Re UK Limited, a fellow group undertaking, totalling £13,464,550. This is a non interest bearing loan and has no fixed date of repayment.

7 Creditors amounts falling due within one year

	2012 £000	2011 £000
Amounts owed to group undertakings	7,637	3,787
Tax and social security	114	-
Other creditors	110	-
	<u>7,861</u>	<u>3,787</u>

NM INSURANCE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2012 (continued)

8 Provisions for other risks and charges	2012	2011
Vacated premises	£000	£000
At 1 January 2012	810	1,042
Movement in provision for the year	(374)	(158)
Amounts utilised	(407)	(74)
At 31 December 2012	<u>29</u>	<u>810</u>

The property provision relates to the estimated net cost of carrying empty leased properties during the time until they reach a break point in the lease or are expected to be sub-let. The timing and amount depends on the property and the circumstances of any lease. All provisions are discounted at 0.92% (2011: 1.04%). The lease for the last property remaining was surrendered in December 2012.

9. Annual operating lease commitments

	Land and buildings 2012 £000	Land and buildings 2011 £000
Operating leases which expire		
- within one year	29	-
- between two and five years	-	500
	<u>29</u>	<u>500</u>

Against the liabilities for land and building leases there are sub-leases for which there is contracted rent receivable of £nil (2011: £423,000).

10 Called up share capital

	2012 Number 000	2012 £000	2011 Number 000	2011 £000
Allotted, called up and fully paid				
'A' Ordinary share of £1 each	130,487	130,487	130,487	130,487
'B' Ordinary shares of £1 each	1,000	1,000	1,000	1,000
	<u>131,487</u>	<u>131,487</u>	<u>131,487</u>	<u>131,487</u>

"A" Ordinary share and "B" Ordinary shares rank pari passu for the payment of dividends, return of assets on a winding up and on a conversion. Both classes of share have identical voting rights.

11. Reserves

	Called Up share capital £000	Share premium £000	Capital contribution £000	Profit and loss account £000	Total £000
1 January 2012	131,487	87,891	2,000	(198,021)	23,357
Retained profit for the year	-	-	-	130	130
31 December 2012	<u>131,487</u>	<u>87,891</u>	<u>2,000</u>	<u>(197,891)</u>	<u>23,487</u>

NM INSURANCE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 December 2012 (continued)

12 Reconciliation of movement in shareholders' funds

	2012 £000	2011 £000
Opening shareholders' funds	23,357	23,319
Result for the financial year	130	38
Closing shareholders' funds	<u>23,487</u>	<u>23,357</u>

13 Immediate and ultimate parent undertaking

The company's immediate parent undertaking is Admin Re UK Limited, registered in England and Wales

The parent undertaking of the smallest and largest group of undertakings for which Group consolidated financial statements are drawn up and the ultimate parent company is Swiss Re Limited

Financial statements of the ultimate parent company may be obtained by applying to the Company Secretary at the following address

Mythenquai 50/60
P O Box 8022
Zurich
Switzerland