Metlife Investments Limited

Annual report and financial statements

for the year ended 31 December 2016

Metlife Investments Limited

Contents

Metlife Investments Limited

Company information

Directors	R Leist E Palmer
Secretary	M Szwed
Registered office	Level 34 One Canada Square London E14 5AA
Registered Number	02676407 (England and Wales)
Auditors	Deloitte LLP 2 New Street Square London EC4A 3BZ

Metlife Investments Limited

Strategic report
For the year ended 31 December 2016

The Directors, in preparing this Strategic report, have complied with s414C of the Companies Act 2006. It has been prepared solely to provide additional information to facilitate an assessment of how the Directors have performed their duty to promote the success of MetLife Investments Limited ('the Company').

STRATEGIC REVIEW AND PRINCIPAL ACTIVITIES
The principal activity of the Company in the year under review was the provision of investment advice to its ultimate parent Company, MetLife Inc., who are based in the United States and to certain other affiliated companies. The Company also provided investment management and advisory services to fellow group undertakings in the UK, Europe and Asia.

The Company is a wholly-owned subsidiary of Metropolitan Life Insurance Company, a Company registered in the USA.

As shown in the Statement of Comprehensive Income on page 7, there was an operating profit of £2,726,919 (2015: operating profit £1,539,843). The Company's performance is monitored by using key performance indicators comparing budgeted expenses with actual expenses as follows:

Actual expenses 2016 (page 7)	£11,725,553
Budgeted expenses 2016	£15,484,439
Favourable variance	£3,758,886

The favourable variance relates mainly to savings in staff costs during the year and also an exchange gain recognised as a result of the weaknesses against the US Dollar.

The actual expenses for the year decreased by £2.6 (2015 decreased by £1.1 million). This was due to changes in the overall expense structure and favourable exchange rate variances. As at 31 December 2016 the Company's balance sheet showed capital and reserves amounting to £14.6 million (2015 £12.5 million), net current assets of £16.4 million (2015 £12.9 million) and bank and cash balances in the sum of £13.2 million (2015 £9.6 million). The Directors consider this adequate to continue carrying out the company's activities. There have not been any significant changes in the Company's principal activities in the year under review.

The Directors do not foresee any change in the company's activities in the current year, and the budgets prepared indicate that the results for 2017 will be similar to 2016.

PRINCIPAL RISKS AND UNCERTAINTIES
Financial risk management
The Company is exposed to financial risk through its financial assets and financial liabilities. In particular, the key financial risk is that the debtors may not be able to pay the amounts in full when they become due. However, as substantially all debts are due from group companies, this risk is monitored closely and any potential issues would be notified to the company promptly due to the close relationship. All balances due are followed up on a monthly basis and any significant delays are reported to management. The Company is not exposed to any significant interest rate risk, as the funds held on deposit are not a material part of operations. Significant fluctuations in interest rates would not affect the Company's operations.

Credit risk
Credit risk is the risk that the counterparty will be unable to pay amounts in full when due. The Directors monitor exposure to credit risk through regular review of credit exposures, assessment of the creditworthiness of counterparties and informed estimates of provision for doubtful debts. Due to the nature of its financial assets, the Company believes that the concentration of credit risk on debts receivable from companies within the MetLife group is acceptable given the credit standing of the MetLife group.

Liquidity risk
Liquidity risk is the risk that cash may not be available, or the assets cannot be liquidated at a reasonable cost, to pay obligations when they fall due. To guard against this risk, assets are managed with liquidity in mind maintaining a healthy balance of cash and cash equivalents. The maturity profile is monitored to ensure adequate liquidity is maintained.

PRINCIPAL RISKS AND UNCERTAINTIES - continued

Future Developments

The Directors are not aware, at the date of this report, of any likely major changes in the nature of the Company's activities over the next year. Over the last three years the Company has continued to expand is business by providing services to additional group companies, and has recruited new staff to meet demand. However, significant expansion is not forecast for the foreseeable future and turnover and operating profit is expected to remain at similar levels to 2016. There have been no significant events since the balance sheet date which require disclosure.

ON BEHALF OF THE BOARD:

....

E Palmer - Director

Date: 7/9/17

Directors' report
For the year ended 31 December 2016

The Directors present their Annual report with the financial statements of the Company for the year ended 31 December 2016.

DIVIDENDS
The Directors do not recommend payment of a dividend for the year ended 31 December 2016 (2015 £nil).

DIRECTORS
The Directors shown below have held office during the whole of the period from 1 January 2016 to the date of this report.

R Leist
H P M Pénot (resigned 1 June 2017)

Other changes in Directors holding office are as follows:

E Palmer (appointed 1 June 2017)

POLITICAL DONATIONS AND EXPENDITURE
No political donations were made during the year (2015: none)

GOING CONCERN
After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. In carrying out this assessment they have considered financial risk management, credit risk and liquidity risk as detailed in the Strategic Report. For this reason, they continue to adopt the going concern basis in preparing the accounts. Further details regarding the adoption of the going concern basis can be found in note 1 of the financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with UK Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit and loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website (www.metlife.com). Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each Director has taken all the

Directors' report
For the year ended 31 December 2016

steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditor
The auditors, Deloitte LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

....
E Palmer - Director

Date: 7/9/17

Independent auditor's report to the members of Metlife Investments Limited

We have audited the financial statements of Metlife Investments Limited for the year ended 31 December 2016 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 16. 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 Statement of Directors' Responsibilities set out on page four, 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 Ethical Standards for Auditors.

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

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 2016 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.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Strategic Report and 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.

E. Gill

Elanor Gill (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

Date: 7 September 2017

Metlife Investments Limited

Statement of Comprehensive Income
for the year ended 31 December 2016

	Notes	31.12.16 £	31.12.15 £
TURNOVER	2	14,443,556	15,876,737
Administrative expenses		(11,725,553)	(14,345,810)
	5	2,718,003	1,530,927
Other operating income		8,916	8,916
OPERATING PROFIT		2,726,919	1,539,843
Interest receivable and similar income		2,878	3,291
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,729,797	1,543,134
Tax on profit on ordinary activities	6	(596,815)	(372,763)
PROFIT FOR THE FINANCIAL YEAR		2,132,982	1,170,371

There was no Other Comprehensive Income during the year.

All income was derived from continuing operations

The notes form part of these financial statements

Metlife Investments Limited

Balance sheet
As at 31 December 2016

	Notes	31.12.16 £	£	31.12.15 £	£
FIXED ASSETS					
Tangible assets	7		1,026,122		1,259,209
CURRENT ASSETS					
Debtors	8	7,961,961		8,311,825	
Cash at bank		13,216,247		9,584,000	
		21,178,208		17,895,825	
CREDITORS					
Amounts falling due within one year	9	(5,640,128)		(5,001,098)	
NET CURRENT ASSETS			15,538,080		12,894,727
TOTAL ASSETS LESS CURRENT LIABILITIES			16,564,202		14,153,936
PROVISIONS FOR LIABILITIES	10		(234,026)		(200,402)
LIABILITY FOR SHARE BASED PAYMENTS	11		(1,695,843)		(1,452,183)
NET ASSETS			14,634,333		12,501,351
CAPITAL AND RESERVES					
Called up share capital	12		250,100		250,100
Retained earnings	13		14,384,233		12,251,251
SHAREHOLDERS' FUNDS			14,634,333		12,501,351

The financial statements were approved by the Board of Directors on 7/9/17 and were signed on its behalf by

....
E Palmer - Director

The notes form part of these financial statements

Metlife Investments Limited

Statement of changes in equity
At 31 December 2016

	Called up share capital £	Retained earnings £	Total £
Balance at 1 January 2015	250,100	11,080,880	11,330,980
Total comprehensive income	-	1,170,371	1,170,371
Balance at 31 December 2015	250,100	12,251,251	12,501,351
Total comprehensive income	-	2,132,982	2,132,982
Balance at 31 December 2016	**250,100**	**14,384,233**	**14,634,333**

1. ACCOUNTING POLICIES

Basis of preparing the financial statements
These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention. The accounting policies adopted reflect United Kingdom Law and Accounting Standards. The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Financial reporting standard 102 - reduced disclosure exemptions
The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

The ultimate and controlling party is Metlife Inc, a company incorporated in USA. Metlife Inc prepares publically available consolidated accounts which includes the results of Metlife Investments Limited. The company is taking advantage of the exemptions granted by FRS102 as stated above. Copies of the group financial statements of Metlife Inc can be obtained from 200 Park Avenue, New York, USA.

Financial Instruments
All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

1. ACCOUNTING POLICIES - continued

Turnover
Turnover comprises the value of charges levied for investment advice provided to associated group undertakings, and is stated net of VAT. Turnover is calculated on an accruals basis, any income due to the Company and not invoiced as at the year end date will be accounted for as accrued income. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due. Where a contract has only been partially completed at the balance sheet date turnover represents the value of the service provided to date based on a proportion of the total contract value. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of Creditors due within one year.

Tangible fixed assets
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life. Tangible Fixed Assets are stated at cost net of depreciation.

Leasehold property	-	over the lease period
Fixtures and fittings	-	20% on cost
Computer equipment	-	33% on cost

Foreign currencies
Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pension costs
Payments to the Company's defined contribution pension scheme are charged to the profit and loss account in the period to which they relate.

Share based payments
The MetLife Group offers certain employees the opportunity to partake in share-based payments award schemes under its long-term incentive plan, as described in note 16. The Company participates in three cash-settled schemes: the Unit Option scheme, the Restricted Units scheme and the Performance Units scheme. The schemes relate to the shares of MetLife, Inc., the Company's ultimate parent Company, and are administered by MetLife European Services Limited. The costs of the schemes are recharged to the Company, and are subject to specific vesting conditions.

A liability is recognised for the services received by the Company, measured initially at the fair value of the liability. At each balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in the profit and loss account. The Company recognises the expense over the requisite service period. An estimation of the future forfeitures of awards is incorporated into the determination of the compensation expense when recognising the expense over the requisite service period.

The fair value of the Restricted Units and Performance Units schemes are determined using the stock price of MetLife, Inc., at the balance sheet date, discounted using a 3-year Treasury security market yield for the assumed dividends to be paid in the vesting period. The Unit Options scheme fair value is measured using the Binomial model.

The Company recognises a provision in relation to National Insurance Contributions (NICs) which will become payable by the Company on the exercise of the share based payment schemes by the employees to whom awards have been made, as described in note 16. The provision has been calculated according to the value of the liability at the balance sheet date and based on the rate of NICs at the point at which the liability is expected to crystallise, based on current tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Notes to the financial statements (continued)
for the year ended 31 December 2016

1. ACCOUNTING POLICIES - continued

Taxation
Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is recognised in respect of all timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at average rates that are expected to apply in the periods in which the timing differences are expected to crystallise, based on current tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. A net deferred tax asset is recognised to the extent that, on the basis of all available evidence, it is regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities are measured on a non-discounted basis.

Going Concern
The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review which forms part of the strategic report. The strategic report also describes the financial position of the company; its cash flows and liquidity position. The company meets its day to day working capital requirements through the use of significant retained profits from previous years. The company's forecasts and projections show that the company will be able to operate with the capital resources it currently has for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Critical accounting judgements and key sources of estimation uncertainty
In the application of the entities accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The financial statements do not include any estimates.

With the exception of the forecasts made to assess going concern, there were no critical accounting judgements as the company's transactions to date have been straight forward.

2. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company, that of the provision of investment advice.

An analysis of turnover by geographical market is given below:

	31.12.16	31.12.15
	£	£
USA	10,318,310	12,507,822
United Kingdom	768,566	91,655
Europe	2,768,499	2,759,312
Asia	588,181	517,948
	14,443,556	15,876,737

All turnover materially relates to a single class of business and therefore no segmental analysis by class of business has been presented.

Notes to the financial statements (continued)
for the year ended 31 December 2016

3. STAFF COSTS

	31.12.16	31.12.15
	£	£
Wages and salaries	8,964,820	9,955,949
Social security costs	1,218,350	1,141,137
Other pension costs	578,399	689,535
	10,761,569	11,786,621

The average monthly number of employees during the year was as follows:

	31.12.16	31.12.15
	£	£
Investment advisory	51	46
Administrative	3	3
	54	49

4. DIRECTORS' EMOLUMENTS

	31.12.16	31.12.15
	£	£
Directors' remuneration	483,728	498,465
Amounts receivable under long-term incentive schemes	123,268	133,391
	606,996	631,856

The number of Directors to whom retirement benefits were accruing was as follows:

	31.12.16	31.12.15
Money purchase schemes	1	1

Information regarding the highest paid Director is as follows:

	31.12.16	31.12.15
	£	£
Emoluments	606,996	631,856

During the year the Company contributed £36,079 (2015: £37,589) into the Aviva Pension Scheme on behalf of the Directors.

The highest paid Director has accrued £697,046 entitlement under a long term incentive scheme as at 31 December 2016. One other Director was also entitled to these incentives but no costs associated with these are borne by the Company. The other director did not receive any emoluments and was employed and remunerated by another group entity. As such it is not practical to allocate costs due to the facts that the activities are minimal.

During the year, one Director was a member of a defined contribution pension scheme (2015: one). One Director of the Company is a member of a defined benefit pension scheme operated by MetLife, Inc. (2015: one) No costs associated with this scheme are borne by the Company because all contributions are paid for by MetLife, Inc. The Company is not entitled to any benefits arising from a surplus, nor is it liable for any costs associated with a deficit arising from the operation of the scheme.

Notes to the financial statements (continued)
for the year ended 31 December 2016

5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	31.12.16 £	31.12.15 £
Depreciation - owned assets	291,437	324,455
Foreign exchange gain	(1,412,150)	(130,670)
Auditors remuneration - audit fee for audit of annual accounts	20,882	20,882

6. TAXATION

The tax charge on the profit on ordinary activities for the year was as follows:

	31.12.16 £	31.12.15 £
Current tax:		
UK corporation tax	576,360	358,990
Total current tax	576,360	358,990
Deferred tax	20,455	13,773
Tax on profit on ordinary activities	596,815	372,763

Reconciliation of total tax charge included in profit and loss
The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	31.12.16 £	31.12.15 £
Profit on ordinary activities before tax	2,729,797	1,543,134
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	545,959	312,438
Effects of:		
Expenses not deductible for tax purposes	8,773	6,522
Depreciation in excess of capital allowances	46,127	53,272
Pension contributions accrual	(24,499)	(13,242)
Deferred tax	20,455	13,773
Total tax charge	596,815	372,763

6. TAXATION - continued

The effective tax rate for the year reduced to 20% (2015 20.25%). This is as a result of corporation tax rates being reduced from 21% to 20% for the financial years ending 31 March 2015 and 31 March 2016 respectively.

	Deferred tax £
Balance at 1 January 2016	(58,977)
Depreciation in excess of capital allowances	24,499
Expenses allowable in future years	(4,044)
	(38,522)

There is no expiry date on the provisions made in respect of these timing differences.

7. TANGIBLE FIXED ASSETS

	Leasehold property £	Fixtures and fittings £	Computer equipment £	Totals £
COST				
At 1 January 2016	1,806,081	405,797	131,086	2,342,964
Additions	-	58,350	-	58,350
At 31 December 2016	1,806,081	464,147	131,086	2,401,314
DEPRECIATION				
At 1 January 2016	692,623	260,046	131,086	1,083,755
Charge for year	210,417	81,020	-	291,437
At 31 December 2016	903,040	341,066	131,086	1,375,192
NET BOOK VALUE				
At 31 December 2016	903,041	123,081	-	1,026,122
At 31 December 2015	1,113,458	145,751	-	1,259,209

During 2012 the Company relocated to new office premises. The Company incurred costs of £1,806,081 in order to refit the office. The office lease is in the name of MetLife Europe Services Limited, however all rent and associated costs are recharged to the Company. The office refit costs are being amortised over the period of the lease.

Notes to the financial statements (continued)
for the year ended 31 December 2016

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.16	31.12.15
	£	£
Other debtors	109,973	50,064
Amounts due from group undertakings	2,028,116	1,804,936
VAT	211,308	147,118
Deferred tax asset	38,522	58,977
Accrued income	5,332,594	6,097,841
Prepayments	241,448	152,889
	7,961,961	8,311,825

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.16	31.12.15
	£	£
Trade creditors	8,816	91,254
Amounts owed to group undertakings	1,106,469	233,835
Tax	526,823	206,713
Other creditors	56,586	140,358
Accrued expenses	3,941,434	4,328,938
	5,640,128	5,001,098

The Company has recognised a liability of £1,695,843 (2015: £1,452,183) in respect of future payments to be made to employees partaking in long-term incentive schemes in which the Company participates (see note 11).

10. PROVISIONS FOR LIABILITIES

	31.12.16	31.12.15
	£	£
Other provisions	234,026	200,402

The provision for liabilities relates entirely to National Insurance Contributions (NICs) which will become payable by the Company on the exercise of the share-based payment schemes by the employees to whom awards have been made. The provision has been calculated according to the value of the liability at the balance sheet date and based on the rate of NICs at the point at which the liability is expected to crystallise, based on current tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

11. LIABILITY FOR SHARE BASED PAYMENTS

	31.12.16	31.12.15
	£	£
Liability for share based payments	1,695,843	1,452,183

12. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid Number:	Class:	Nominal value:	31.12.16	31.12.15
			£	£
250,100	Ordinary	£1	250,100	250,100

13. RESERVES

	Retained earnings
	£
At 1 January 2016	12,251,251
Profit for the year	2,132,982
	14,384,233

14. PENSION COMMITMENTS

The Company contributes to the cost of a defined contribution scheme for all eligible employees. During the year £578,399 was recognised in the profit and loss account in respect of this scheme. As at 31 December 2016 there were outstanding contributions of £38,692 (2015: £161,186). One of the Directors of the Company is a member of a defined benefit pension scheme operated by MetLife, Inc. No costs associated with this scheme are borne by the Company because all contributions are paid for by MetLife, Inc. The Company is not entitled to any benefits arising from a surplus, nor is it liable for any costs associated with a deficit arising from the operation of the scheme.

15. ULTIMATE PARENT COMPANY

The immediate parent Company is Metropolitan Life Insurance Company, a Company incorporated in the USA, which owns all of the Company's issued share capital. The ultimate Parent Company and controlling party is MetLife, Inc., which is organised under the laws of the State of Delaware, USA. Copies of the financial statements of the ultimate parent Company are publicly available and can be obtained from 200 Park Avenue, New York, USA. The largest and smallest group for which consolidated accounts are prepared is MetLife, Inc.

16. SHARE-BASED PAYMENT TRANSACTIONS

The Company participated in three cash-settled share based payment schemes during the period ended 31 December 2016, as part of its employee long-term incentive programme, the descriptions of which are provided below. The schemes all relate to the shares of MetLife, Inc., the ultimate parent company, and are administered by MetLife Inc. The value of the payments are determined in United States Dollars (US $) and are converted to local currency using an exchange rate of £1 = US$1.2340 (2015 US$1.4736). The costs of the share-based payments are recharged to the Company and are recognised as part of Administrative expenses.

Unit Options

Each Unit Option is the contingent right of the holders to receive a cash payment equal to the closing price of a share of MetLife, Inc. vesting date, less the closing price on the grant date, if the difference is greater than nil. The Unit Options become eligible for surrender at a rate of one-third of each award on each of the first three anniversaries of the grant date. An employee may surrender an amount of eligible Unit Options at any time until the expiration date as specified in the relevant Unit Option Agreement. Vesting is subject to continued service, except for employees who are eligible for retirement, and in certain other limited circumstances.

Restricted Units and Performance Units

Restricted Units are units that, if they vest, are payable in cash equal to the closing price of a share of MetLife, Inc. on the last day of the restriction period, being the period beginning on the grant date and ceasing on the third anniversary of the grant date. The Restricted Units vest in their entirety on the third anniversary of the grant date. Vesting is subject to continued service, except for employees who are eligible for retirement and in certain other limited circumstances.

Performance Units are units that, if they vest, are multiplied by a performance factor to produce a number of final Performance Units which are payable in cash equivalent to the closing price of a share of MetLife, Inc. on a date following the last day of the three-year performance period. Performance Units are accounted for as liability awards, but are not credited with dividend-equivalents for actual dividends paid on shares during the performance period. Accordingly, the estimated fair value of Performance Units is based upon the closing price of a share on the grant date, reduced by the present value of estimated dividends to be paid on that stock during the performance period. Performance shares vest in their entirety at the end of the performance period. Vesting is subject to continued service, except for employees who are eligible for retirement and in certain other limited circumstances.