Swiss Re Specialised Investments Holdings (UK) Limited

Directors' report and financial statements
for the period ended 31 May 2012

Registered number 4442605

Contents

Directors' report

The Directors present their annual report and the audited financial statements for the period 1 January 2012 to 31 May 2012 The Directors have elected to shorten the reporting period which would otherwise have ended on 31 December 2012

Principal activities, business review and future developments

Swiss Re Specialised Investments Holdings (UK) Limited ("the Company") is an investment company and holding company of a group of companies whose principal activities are the raising and investing of funds

The Company's results for the period/year show a loss after tax of £205,897,000 (2011 loss after tax of £3,399,000) in the Profit and Loss Account and reported a total recognised gain for the period of £41,414,000 (2011 loss £3,399,000) in the Statement of Total recognised Gains and Losses

During the period the Company issued a new loan instrument, a Eurobond, which is listed on the Channel Islands Stock Exchange The proceeds received of £600,000,000 were used to repay existing debts

The Directors consider the overall results for the period, including unrealised value in subsidiaries at 31 May 2012, to be satisfactory It is anticipated the Company will continue to raise and invest funds

Principal place of business

The offices of the Company and the location of board meetings during the period was 30 St Mary Axe, London EC3A 8EP

Dividends

No ordinary dividends were paid in the current period or prior year

Principal risks and uncertainties
Refer to note 19 for details of the Company's policies relating to financial risk management

Directors and Directors' interests

The Directors who held office during the period and up the date of signing of these financial statements were as follows

Richard Banks

Stephen Hjorring

Sean Andrews

Drew Price

No Director had any interest in any material contract or arrangement with the Company during or at the end of the period, or any interest in the Company shares

Directors' report *(continued)*

Key performance indicators ("KPIs")
Given the straightforward nature of the business and the low volume of transactions, the Company's Directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or financial position of the business

Political and charitable contributions
The Company made no political or charitable contributions during the current period or previous year

Directors indemnity
As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006 The indemnity was in force throughout the last financial year and is currently in force The Company also purchased and maintained throughout the financial year Directors'and Officers'liability insurance in respect of itself and its Directors

Post balance sheet date events

In June 2012 the Company entered into a contract for difference ("CFD") with a subsidiary undertaking, Ampersand Investments (UK) Limited ("Ampersand"), relating to an admitted claim against Lehman Brothers International (Europe) – In administration ("LBIE") This CFD had the effect of ensuring Ampersand would have a minimum benefit from the admitted claim of £40,415,842 and the Company would receive a percentage of any amount received above £50,612,232

In August 2012 Ampersand entered into a claim purchase agreement with a third party whereby it sold its admitted claim against LBIE for the sum of £90,290,711 Under the CFD, the Company received £33,556,806 from Ampersand paid in September 2012

An ordinary dividend of £40,000,000 was declared and paid to the Company's parent, Swiss Re Ltd, in December 2012

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office

Directors' report *(continued)*

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 prepared the financial statements in accordance with United Kingdom 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 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 judgements and accounting 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 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 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

The Directors are responsible for the maintenance and integrity of the company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Disclosure of information to auditors

In accordance with Section 418, directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved, that

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) he has taken all the 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

By order of the Board

Stephen Hjorring
Director
26 February 2013

Independent auditors' report to the members of Swiss Re Specialised Investments Holdings (UK) Limited

We have audited the financial statements of Swiss Re Specialised Investments Holdings (UK) Limited for the period ended 31 May 2012 which comprise the profit and loss account, the Statement of total recognised gains and losses, the Balance sheet 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 Statement of Directors' Responsibilities on page 2 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

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 directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the director's 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

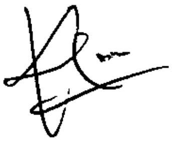
- give a true and fair view of the state of the Company's affairs as at 31 May 2012 and of its loss for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Independent auditors' report to the members of Swiss Re Specialised Investments Holdings (UK) Limited *(continued)*

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



Kenneth Yam (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
26 February 2013

Profit and loss account
for the period ended 31 May 2012

	Note	5 months ended 31 May 2012 £000	12 months ended 31 December 2011 £000
Investment income	3	**107**	-
Exceptional item impairment of investment	3	**(199,300)**	-
Administrative expenses	4	**(251)**	1,150
Operating (loss) / profit		**(199,444)**	1,150
Interest receivable	7	-	5
Interest payable	8	**(6,453)**	(4,554)
Loss on ordinary activities before taxation		**(205,897)**	(3,399)
Tax on loss on ordinary activities	9	-	-
Loss for the period/year		**(205,897)**	(3,399)

There is no difference between the loss on ordinary activities before taxation and the loss for the period stated above and their historical cost equivalents

The Company's results are derived from continuing operations

The notes on pages 9 to 18 form part of these accounts

Statement of total recognised gains and losses
for the period ended 31 May 2012

	Note	5 months ended 31 May 2012 £000	12 months ended 31 December 2011 £000
Loss after tax for the year		(205,897)	(3,399)
Dividend received in specie	3	247,311	-
Total recognised gains/(losses) for the period/year		41,414	(3,399)

Balance sheet
as at 31 May 2012

	Note	31 May 2012 £000	31 December 2011 £000
Fixed assets			
Investments	10	**650,304**	602,303
Current assets			
Debtors	11	**729**	719
Cash at bank and in hand		**8,195**	8,607
		8,924	9,326
Creditors amounts falling due within one year	12	**(9,435)**	(603,250)
Net current liabilities		**(511)**	(593,924)
Total assets less current liabilities		**649,793**	8,379
Creditors amounts falling due after more than one year	13	**(600,000)**	-
Net assets		**49,793**	8,379
Capital and reserves			
Called up share capital	14	**1,000**	1,000
Profit and loss account	15	**48,793**	7,379
Total shareholders' funds	16	**49,793**	8,379

The financial statements on pages 6 to 18 were approved by the Board of Directors on 26 February 2013 and were signed on its behalf by

Stephen Hjorring
Director

Notes

(forming part of the financial statements)

1 General information

Swiss Re Specialised Investments Holdings (UK) Limited ("the Company") is a company which makes and manages investments The Company is a limited liability company incorporated in the UK and is domiciled, managed and controlled in the UK The offices of the Company and the location of board meetings throughout the year were 30 St Mary Axe, London EC3A 8EP The Company's equity is not listed on any exchange, however it has a Eurobond listed on the Channel Islands Stock Exchange The Company is registered in the UK under the registration number 4442605

The financial statements were authorised for issue by the Board of Directors on 26 February 2013 Once approved, the financial statements cannot be amended without re-presenting them for approval by the Board

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

Basis of preparation

The financial statements have been prepared on a going concern basis in accordance with applicable accounting standards in the United Kingdom and under the historical cost accounting rules

Cash flow statement

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking, controlling 90% or more of the Company's voting rights, includes the Company in its own published consolidated financial statements which are publicly available

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts Bank overdrafts, if any, are shown within borrowings in current liabilities on the Balance Sheet Cash held in current accounts is not interest bearing

Consolidated accounts

The Company has taken advantage of the exemption contained within s400 of the Companies Act 2006 not to prepare consolidated accounts

Notes *(continued)*

Foreign currencies

Transactions in currencies other than the reporting currency of the entity are recorded at the rate of exchange prevailing on the date of transaction, with the exception of transactions covered by a matching forward contract, in which case the rate of exchange specified in the contract is used

Monetary assets and liabilities in the balance sheet, other than those covered by matching forward contracts, are restated at the prevailing rate of exchange on the balance sheet date with any foreign exchange difference taken to the profit and loss account in the period

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances The financial statements contain estimates of impairment charges on investments

Taxation

The tax expense represents the sum of tax currently payable and deferred tax Tax payable is based on the taxable profit for the period Taxable profit differs from profit before tax as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date

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 where it is more likely than not that deferred tax assets will not be recoverable Timing differences arise where transactions or events during the year result in an obligation to pay more tax in the future, or a right to pay less tax in the future

Investment income

Investment income represents net income generated through Group investment strategies except to the extent elements of investment income are disclosed in the Statement of Total Recognised Gains and Losses

Investments

Equity shares intended to be held on a continuing basis are disclosed as fixed asset investments These are included in the balance sheet at cost, adjusted for any amortisation of premium or discount incurred at acquisition, or adjustments for any repayments of capital; on an appropriate basis over the period until the investment's contracted or anticipated maturity Provision is made for any permanent diminution in value of the investment

Interest receivable and payable

Interest expense on financing and interest income on funds lent that are not generated through investment strategies are included under "interest receivable" and "interest payable "

Notes *(continued)*

Capital management

The Company regards its equity and retained profits as its capital The Company's objectives when managing its capital are to safeguard the Company's ability to continue as a going concern, and to manage its market risk, interest rate risk and credit risk and its cost of capital To maintain or adjust its capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce its debt To manage its market risk and credit exposure the Company lends only to, and invests in, highly rated counterparties and regularly monitors those credit ratings To manage its interest rate risk the Company loans funds under agreements with short maturity dates, either on a standalone basis or across its subsidiaries, or invests in highly liquid investments

The Company does not have any externally imposed capital requirements

3 Investment income

	Period 1 January to 31 May 2012 £000	Year to 31 December 2011 £000
Dividend income from equity investments	**106**	-
Profit on realisation of investments	**1**	-
	107	-

Exceptional item impairment of investment	Period 1 January to 31 May 2012 £000	Year to 31 December 2011 £000
Impairment of equity investments	**(199,300)**	-

Ampersand Investments (UK) Limited ("Ampersand") paid a dividend in specie to the Company during the period, comprising the entire share capital of Swiss Re Strategic Investments UK Limited ("Strategic") (15,255 ordinary shares valued at £247,311,000) Following the dividend payment the Company performed an impairment review of its investment in Ampersand and a provision of £199,300,000 was made for the permanent diminution in value of the Company's investment in Ampersand Of the overall profit recognised on the transaction of £48,011,000, the loss on impairment of £199,300,000 is presented on the face of the Profit and Loss Account and the dividend in specie of £247,311,000 is presented on the face of the Statement of Total Recognised Gains and Losses

Notes *(continued)*

4 Administrative expenses

	Period 1 January to 31 May 2012 £000	Year to 31 December 2011 £000
Audit fees	(15)	(35)
Legal and professional fees	(250)	(22)
Service fees	-	1,178
Management and Cost Bearing Agreements	12	30
Bank charges	2	(1)
	(251)	1,150

Service fees represent charges made by Swiss Re Services Limited ("SRSL") in relation to finance, operational, legal, infrastructure, advisory and other services provided to the Company by Swiss Re Group companies

Fees charged by the independent auditors to SRSL for audit services relating to SRSIH amounted to £40,000 Of this amount, £15,000 was recharged to SRSIH and the balance recharged to other Swiss Re Group companies

In furtherance of the rationalisation of its investments, the Company enters into Management and Cost Bearing Agreements ("the Agreements") with entities within the SRSIH Group Under the terms of the Agreements, the Company will settle all current and future administrative and other expenses, will receive any current and future revenues, and will act as agent of the respective entities until such time as those entities are wound-up or dissolved

5 Employees

The Company had no employees during the current period or previous year, all services being provided by Swiss Re Services Limited, a Swiss Re Group company

6 Directors' emoluments

The Directors received no remuneration in respect of their services to the Company in the current period or previous year

7 Interest receivable

	Period 1 January to 31 May 2012 £000	Year to 31 December 2011 £000
Non-Group companies		
- Interest receivable on bank deposits	-	5

Notes *(continued)*

8 Interest payable

	Period 1 January to 31 May 2012 £000	Year to 31 December 2011 £000
Group companies		
- Interest payable on funds borrowed	**(569)**	(4,554)
- Interest payable on Eurobond (note 13)	**(5,884)**	-
	(6,453)	**(4,554)**

9 Tax on loss on ordinary activities

	Period 1 January to 31 May 2012	Year to 31 December 2011
Analysis of (credit)/charge in period/year	**£000**	£000
Current tax		
Tax on loss on ordinary activities	-	-

The current tax charge for the period differs from the standard rate of corporation tax in the UK The differences are explained below

Factors affecting the tax charge for the period/year		
Loss on ordinary activities before tax	**(205,897)**	(3,399)
Loss on ordinary activities multiplied by the weighted average standard rate of corporation tax in the UK of 25 2% (2011 26 5%)	**(51,886)**	(901)
Effects of		
Non-taxable dividends received	**(27)**	-
Group relief surrendered for no consideration	**1,689**	901
Impairment of subsidiary	**50,224**	-
Current tax (credit)/charge for the period/year	-	-

No provision has been made for a deferred tax asset in respect of operating losses carried forward of approximately £19,627,000 (2011 £20,776,000) The losses can be utilised against future taxable investment income, however due to uncertainty over whether such income will arise no deferred tax asset has been recognised

Notes *(continued)*

9 Tax on loss on ordinary activities *(continued)*

Legislation was introduced in the Finance Bill 2012 to reduce the main rate of corporation tax from 25% to 24% from 1 April 2012 and to 23% from 1 April 2013 In addition, the UK Government has announced that legislation will be introduced in Finance Bill 2013 to reduce the main rate of corporation tax to 22% for the financial year commencing 1 April 2014

These changes had not been substantively enacted at the balance sheet date and therefore are not recognised in these financial statements The impact of these changes on future periods will be dependent on the level of taxable profit in those periods

10 Fixed asset investments

Investments in subsidiaries	**£000**
At 1 January 2012	**602,303**
Disposals	**(10)**
Additions	**247,311**
Impairment	**(199,300)**
At 31 May 2012	**650,304**

The Company sold its 100% controlling interest (being 15,000 ordinary shares) in Swiss Re Strategic Investments UK Limited ("Strategic") to Ampersand for a payment of £10,651 and realised a gain of £985 (note 3)

Following an issuance of further shares by Strategic to Ampersand, for a consideration valued at £247,300,000, the Company received a dividend in specie from Ampersand, wholly out of share premium, being the entire share capital of Strategic (15,255 ordinary shares) The value of this distribution was £247,310,651, this was based on the value of the underlying shares in Swiss Re (Barbados) Finance Limited

Notes *(continued)*

10 Fixed asset investments *(continued)*

The unlisted entities in which the Company has an interest are set out in the table below

	Principal activity	Class of share	% held
Barbados			
Swiss Re (Barbados) Finance Limited	Investment	Ordinary	100
Cayman Islands			
Ampersand Investments (UK) Limited	Investment	Ordinary	100
Epsom Funding Limited*	Investment	Ordinary	100
Farnham Funding Limited*	Investment	Ordinary	100
Swiss Re Strategic Investments UK Limited*	Investment	Ordinary	100
SR Cayman Holdings Limited	Non-trading	Ordinary	100
Jersey			
Banian Investments UK Limited*	Non-trading	Ordinary	100
United Kingdom			
SR Delta Investments (UK) Limited	Investment	Ordinary	100

The financial year ends of the Company's subsidiaries are all 31 December All investments are directly held unless indicated by *, in which case they are held by intermediate holding companies within the SRSIH Group

11 Debtors amounts falling due within one year

	31 May 2012 £000	31 December 2011 £000
Group companies		
- Funds lent	729	719

Notes *(continued)*

12 Creditors amounts falling due within one year

	31 May 2012 £000	31 December 2011 £000
Group companies		
- Funds borrowed	**(3,479)**	(603,010)
- Accrued interest on Eurobond (note 13)	**(5,884)**	-
- Accrued interest on funds borrowed	**(1)**	(169)
- Deferred income	**(18)**	(30)
- Accrued expenses	**(53)**	(41)
	(9,435)	(603,250)

Funds borrowed from Group companies represent short term advances at prevailing commercial interest rates

13 Creditors amounts falling due over one year

	31 May 2012 £000	31 December 2011 £000
Group companies		
- Eurobond	**(600,000)**	-

In February 2012 the Company entered into an agreement with Ampersand, its subsidiary, whereby an existing £600,000,000 on demand loan outstanding from the Company to Ampersand was prepaid by the Company and refinanced by a new loan instrument (the "Eurobond") listed on the Channel Islands Stock Exchange issued to Ampersand The Eurobond was issued at par, has a nominal of £600,000,000 and bears interest at 3 377%, paying quarterly with a maturity date of 15 June 2018 The Eurobond was subsequently assigned by Ampersand to Swiss Re (Barbados) Finance Limited

14 Called up share capital

	31 May 2012 £000	31 December 2011 £000
Allotted, called up and fully paid		
1,000,000 Ordinary shares of £1 each	**1,000**	1,000

Notes *(continued)*

15 Profit and loss account

	31 May 2012 £000	31 December 2011 £000
At 1 January	**7,379**	10,778
Loss for the period/year	**(205,897)**	(3,399)
Dividend received in specie	**247,311**	-
At 31 May / December	**48;793**	7,379

16 Reconciliation of movements in shareholders' funds

	31 May 2012 £000	31 December 2011 £000
At 1 January	**8,379**	11,778
Loss for the period/year	**(205,897)**	(3,399)
Dividend received in specie	**247,311**	-
At 31 May/December	**49,793**	8,379

17 Dividends

No dividends were declared or paid in the current or prior year

18 Fair value disclosure

The carrying value of financial assets and current financial liabilities approximates their fair value The fair value of the Company's non-current financial liabilities (note 13) is £641,600,000

19 Financial risk management

Risk management is an inherent part of the business activities of Swiss Reinsurance Company ("Swiss Re") and its group of companies ("Swiss Re Group"), of which this company is a part The Company's risk management framework and governance structure are intended to provide comprehensive controls and ongoing management of its major risks The Company exercises oversight through the Board of Directors

An overview of the key aspects of risk management and use of financial instruments is provided over the page

Notes *(continued)*

Liquidity risk

Liquidity risk arises from the general funding needs of the Company's activities and in the management of its assets and liabilities The Company's funding needs are met by other Group companies and the funds are managed in a manner consistent with the overall Group liquidity management framework

An analysis of debt by maturity period is shown below

2012	Total	On demand / within one year	Between one and two years	Between two and five years	More than five years
	£000	£000	£000	£000	£000
Funds borrowed (floating rate)	3 480	3 480	-	-	-
Eurobond (fixed rate)	600 000	-	-	-	600,000
	603,480	3 480	-	-	600,000

2011	Total	On demand / within one year	Between one and two years	Between two and five years	More than five years
	£000	£000	£000	£000	£000
Funds borrowed (floating rate)	603 179	603 179	-	-	-

Credit risk

The Company's exposure to credit risk arises from the possibility that counterparties may default on their obligations to the Company The amount of the Company's maximum exposure to credit risk is indicated by the carrying value of its financial assets At the balance sheet date the Company does not have any credit exposure to external counterparties The Company's credit risk is concentrated in its investments in other Swiss Re Group companies and is not considered significant

Market risk

Market risk represents the potential loss in value of portfolios and financial instruments caused by adverse movements in market variables such as interest and foreign exchange rates, credit spreads and equity and commodity prices As the Company's only directly held investments are in other Swiss Re Group companies, it does not itself have significant exposure to market risk

One of the Company's indirectly held subsidiaries holds investments in highly rated asset-backed securities None of these investments were either past due or impaired Sensitivities to market risks in that subsidiary are monitored by that company's Board

Interest rate risk

Interest rate risk is the risk of loss resulting from movements in interest rates The Company does not have significant short term fixed interest positions, however has significant long term debt at a fixed rate of interest of 3 377% with a maturity date of 2018 The Company has significant liabilities and assets (through its investment in subsidiaries) that are sensitive to short term movements in interest rates linked to LIBOR, however these are closely matched such that the Company's net exposure to interest rate movements is not significant The post-tax returns on the Company's investments are expected to exceed the cost of the Company's long term debt

Notes *(continued)*

Financial risk management *(continued)*

Foreign exchange risk

Foreign exchange risk is the risk of fluctuations in future cash flows arising from changes in foreign exchange rates At the balance sheet date the Company had no foreign currency liabilities and no short term foreign currency assets other than bank balances, which are not significant One of the Company's investments is denominated in Euros, however as this is a long term investment there is no current intention to realise the gain or loss which would arise by disposing of the investment The Company therefore is not considered to have significant exposure to foreign exchange risk

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed processes or systems, human factors or external events To monitor and control operating risk, the Group and the Company maintain a system of comprehensive policies and a control framework designed to provide a sound and well-controlled operational environment

20 Related party disclosures

The Company is controlled by Swiss Re Ltd ("Swiss Re"), its immediate parent company. As 100% of the voting rights of the Company are controlled within the Swiss Re Group, the Company has taken advantage of the exemption within FRS 8 not to disclose transactions with entities which form part of the Swiss Re Group

21 Post balance sheet date events

In June 2012 the Company entered into a contract for difference ("CFD") with a subsidiary undertaking, Ampersand Investments (UK) Limited ("Ampersand"), relating to an admitted claim against Lehman Brothers International (Europe) – In administration ("LBIE") This CFD had the effect of ensuring Ampersand would have a minimum benefit from the admitted claim of £40,415,842 and the Company would receive a percentage of any amount received above £50,612,232

In August 2012 Ampersand entered into a claim purchase agreement with a third party whereby it sold its admitted claim against LBIE for the sum of £90,290,711 Under the CFD, the Company received £33,556,806 from Ampersand paid in September 2012

An ordinary dividend of £40,000,000 was declared and paid to the Company's parent, Swiss Re Ltd, in December 2012

22 Ultimate parent undertaking

The ultimate parent company and the ultimate controlling party is Swiss Re Ltd ("Swiss Re"), a company incorporated in Switzerland

The smallest and largest group in which the results of the Company are consolidated is that headed by Swiss Re The consolidated accounts of the Swiss Re Group are available to the public and may be obtained from 30 St Mary Axe, London EC3A 8EP