## Balance sheet
**as at 31 December 2019**

| | Note | 2019 £000 | 2018 £000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Debtors: amounts falling due after more than one | 12 | 8 | 1,726 |
| | | 8 | 1,726 |
| **Current assets** | | | |
| Debtors: amounts falling due within one year | 13 | 1,726 | 3,915 |
| Investments | 14 | - | 9,916 |
| Cash at bank and in hand | | 1,015 | 176 |
| | | 2,741 | 14,007 |
| **Current liabilities** | | | |
| Creditors: amounts falling due within one year | 15 | (35) | (41) |
| | | (35) | (41) |
| **Net current assets** | | 2,706 | 13,966 |
| **Total assets less current liabilities** | | 2,714 | 15,692 |
| **Net assets** | | 2,714 | 15,692 |
| **Capital and reserves** | | | |
| Called up share capital | 16 | 1,000 | 1,000 |
| Retained earnings | 17 | 1,714 | 14,692 |
| **Total equity** | | 2,714 | 15,692 |

The notes on pages 10 to 18 form part of these financial statements.

The financial statements on pages 8 to 18 were approved by the Directors on 18 February 2020 and were signed on its behalf by:

Drew Price

**Drew Price**
Director

# Swiss Re Specialised Investments Holdings (UK) Limited

Annual report 2019

**Registered number 4442605**

## Contents

## Strategic report

The Board of Directors ("the Board", "Directors") present their strategic report of Swiss Re Specialised Investments Holdings (UK) Limited ("SRSIH" or the "Company") for the year ended 31 December 2019.

**Results and dividends**
The Company's results for the year ended 31 December 2019 show a profit for the financial year of £872,000 (2018: £16,665,000). The 2019 and 2018 profit is primarily driven by a substantial increase in dividends received from subsidiaries, and in 2019 the sale of a subsidiary, net of impairment (Note 4). The Company declared and paid an ordinary dividend of £13,850,000 during the year (2018: £28,750,000). The Company's total assets for the year ended 31 December 2019 were £2,749,000 (2018: £15,733,000).

The Directors consider the overall results for the year, including underlying performance of the Company's investments in subsidiaries at 31 December 2019, to be satisfactory. Ampersand Investments (UK) Limited ("Ampersand") was a company held within the SRSIH Group. SRSIH held nil shares as of year-end 2019, due to the entity's sale on 20 December 2019 (2018: 100%).

**Section 172 (1) statement**
During the year the Company received dividends from its subsidiary, Ampersand of £9,850,000. This resulted in an impairment of the Company's investment in Ampersand of £9,859,000 to reduce the carrying value to the book value of Ampersand. Later in the year, the Board were approached by a Swiss Re group company who were interested in acquiring Ampersand. The sale of Ampersand to a Swiss Re group company was approved by the Board on 18 December 2019 after the Directors were satisfied that the sale at the agreed price (of £974,000) was in the Company's long-term interest. Also, after determining that the Company had sufficient distributable profits, the Directors resolved to declare an interim dividend of £900,000 to be paid following the receipt of the purchase price. This dividend payment was made on 6 January 2020.

**Development and performance**
The Company focused on its core business areas and principal activities, and maintained a balanced investment approach throughout the year that is appropriate to the ultimate parent undertaking and controlling party's risk appetite and strategy. This is not envisaged to change in the near future.

**Principal objectives and strategies**
The Company is a private investment holding company of a group of companies ("SRSIH Group") whose principal activities are raising and investing of funds.

The Company's immediate parent is Swiss Re Ltd which is incorporated in Switzerland.

**Business model**
The risk profile of the Company is low as it primarily conducts activities on behalf of the Swiss Re Group ("Group"). All of the structured transactions have matured or been run off. The Virgo transaction was active until 15 June 2018.

**Future Outlook**
It is planned that the Company will be converted to a PLC to be used in the future to issue debt as part of financing operations within the Swiss Re Group.

## **Strategic report** (continued)

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

**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.

On behalf of the Board

Drew Price

Drew Price
Director
18 February 2020

## Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2019.

**Directors and Directors' interests**
The Directors who held office during the year and up to the date of signing of these financial statements were as follows:

Drew Price
Stephen Hjorring
Damon Lambert
Ian Bullock

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

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

**Company Secretary**
The current company secretary is Maples Fiduciary Services (UK) Limited, whose registered office is 11th Floor, 200 Aldersgate Street, London EC1A 4HD, UK.

**Place of Registration**
The Company is registered with the Companies House in the UK. The registration number is 4442605. The registered office is 5th Floor, 6 St. Andrew Street, London EC4A 3AE, UK.

**Principal place of business**
The offices of the Company and the location of board meetings during the year was 30 St Mary Axe, London EC3A 8EP.

**Dividends**
On 3 April 2019, the Company declared a dividend of £13,850,000, which was paid on 4 April 2019 (2018: dividends of £28,750,000 declared and paid).

On 18 December 2019, the Company declared a dividend of £900,000, which was paid on 6 January 2020 (Note 21).

**Future developments**
It is planned that the Company will be converted to a PLC to be used in the future to issue debt as part of financing operations within the Swiss Re Group.

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

# Directors' report (continued)

**Going concern**
The Directors have considered the going concern position of the Company for a period of 12 months from the date of this report. The Directors believe the Company will continue to operate as a going concern and has sufficient resources to meet its liabilities as they fall due within that period.

**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.

**Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, 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; 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 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 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.

# Directors' report (continued)

**Statement of 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.

**Independent auditors**
The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office. The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 487(2) of the Companies Act 2006.

On behalf of the Board

Drew Price

Drew Price
Director
18 February 2020

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

## Report on the audit of the financial statements

### Opinion

In our opinion, Swiss Re Specialised Investments Holdings (UK) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: Statement of income and retained earnings for the year ended 31 December 2019; Balance sheet as at 31 December 2019; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence*

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

ISAs (UK) require us to report to you when:

•the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

•the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms of the United Kingdom's withdrawal from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

*Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

### Responsibilities for the financial statements and the audit

*Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of Directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

*Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

*Use of this report*

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.

## Other required reporting

### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Daniel Brydon (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
19 February 2020

**Statement of income and retained earnings**
**for the year ended 31 December 2019**

| | Note | 2019 £000 | 2018 £000 |
|---|---|---|---|
| Investment income | 4 | 908 | 24,019 |
| Administrative expenses | 5 | (44) | (54) |
| **Operating profit** | | 864 | 23,965 |
| Interest receivable and similar income | 8 | - | 128 |
| Interest payable and similar expenses | 9 | - | (9,160) |
| **Profit before taxation** | | 864 | 14,933 |
| Tax on profit | 10 | 8 | 1,732 |
| **Profit for the financial year** | | 872 | 16,665 |
| Retained earnings at 1 January | | 14,692 | 26,777 |
| Dividends paid | 11 | (13,850) | (28,750) |
| Retained earnings at 31 December | | 1,714 | 14,692 |

The Company has no recognised gains and losses other than the gain for the financial year. Accordingly no statement of comprehensive income is presented.

The Company's results are derived from continuing operations.

The notes on pages 10 to 18 form part of these financial statements.

# Notes to the financial statements
**(forming part of the financial statements)**

## 1 General information

The Company is a limited liability company incorporated, domiciled, managed and controlled in England and Wales. 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 had a Eurobond, listed on The International Stock Exchange, which matured on 15 June 2018 and was delisted. The Company is registered in the UK under the registration number 4442605.

The financial statements were authorised for issue by the Directors on 18 February 2020. Once approved, the financial statements cannot be amended without re-presenting them for approval by the Board.

## 2 Statement of compliance

The individual financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standards 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

## 3 Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements.

**Basis of preparation**
These financial statements are prepared on the going concern basis, under the historical cost convention.

**Financial instruments**
The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

**Taxation**
The tax expense represents the sum of tax currently payable and deferred tax. Tax payable is based on the taxable profit for the year. Taxable profit differs from profit before tax as reported in the statement of income and retained earnings 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 current tax balance 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.

## Notes to the financial statements (continued)

### 3 Accounting policies (continued)

**Investment income**
Investment income represents income generated through Group investment. Dividend income on ordinary shares classified as equity is recognised when declared.

**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 do not contain any significant areas involving estimates or judgements.

**Consolidated financial statements**
The Company has taken advantage of the exemption contained within s401 of the Companies Act 2006 not to prepare consolidated financial statements.

**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.

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 statement of income and retained earnings in the period.

**Investments – Investments in Subsidiaries**
Equity shares intended to be held on a continuing basis are disclosed as non-current 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. Impairment is made for any permanent diminution in value of the investment (Note 4).

**Dividend distribution**
Dividend distributions to the Company's shareholders are recognised as liabilities in the year in which the dividends are approved by the shareholders.

On 3 April 2019, the Company declared a dividend of £13,850,000, which was paid on 4 April 2019 (2018: dividends of £28,750,000 declared and paid). On 18 December 2019, the Company declared a dividend of £900,000, which was paid on 6 January 2020.

**Cash at bank and in hand**
Cash at bank and in hand comprises deposits repayable on demand with any qualifying financial institution, less overdrafts from any qualifying financial institution repayable on demand. Deposits are repayable on demand if they can be withdrawn at any time without notice and without penalty or if a maturity or period of notice of not more than 24 hours or one working day has been agreed. Cash includes cash in hand and deposits denominated in foreign currencies. Cash held in current accounts is not interest generating.

# Notes to the financial statements (continued)

## 3 Accounting policies (continued)

**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 similar income" and "interest payable and similar charges."

**Exemptions for qualifying entities under FRS 102**
The Company's ultimate parent company and ultimate controlling party is Swiss Re Ltd which is registered in Switzerland. The Company's financial statements are included in the consolidated financial statements of Swiss Re Ltd, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 102 paragraph 1.12(b). The Company is also exempt under FRS 102 paragraph 1.12(e) from disclosing key management personnel compensation in total and disclosing related party transactions with other companies that are wholly owned within the Group according to FRS 102 paragraph 33.1A. Shareholders have been notified and have not objected to the exemptions. It is also the Company's intention to use these exemptions next year.

## 4 Investment income

| | 2019<br>£000 | 2018<br>£000 |
|---|---|---|
| Dividend income from investments in Group Companies | 9,850 | 62,174 |
| Impairment of investments in Group Companies | (9,859) | (38,155) |
| Realised gain on sale | 917 | - |
| | 908 | 24,019 |

The impairment of investments in Group Companies is due to the change in the book value of the underlying company (Note 14). The impairment of investments relates to dividends and capital repayments as part of the closing of Virgo for 2018 and for the sale of Ampersand for 2019. During 2019, the Company sold its shares in Ampersand, recognising a gain on this sale (Note 14).

## 5 Administrative expenses

| | 2019<br>£000 | 2018<br>£000 |
|---|---|---|
| Audit fees | (33) | (40) |
| Other expenses | (9) | (13) |
| Bank charges | (2) | (1) |
| | (44) | (54) |

Audit fees relate to the statutory audit and are payable to PricewaterhouseCoopers LLP for work performed in the year on behalf of the Company. There are no fees payable to the auditors and their associates for services other than the statutory audit.

## Notes to the financial statements (continued)

### 6 Employees

The Company had no employees during the current or prior year with all services being provided by Swiss Re Management Limited.

### 7 Directors' emoluments

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

### 8 Interest receivable and similar income

| | 2019<br>£000 | 2018<br>£000 |
|---|---|---|
| Group companies | | |
| - Interest on funds advanced | - | 67 |
| - Other income | - | 61 |
| | - | 128 |

### 9 Interest payable and similar expenses

| | 2019<br>£000 | 2018<br>£000 |
|---|---|---|
| Group companies | | |
| - Interest on Eurobond | - | (9,160) |
| | - | (9,160) |

### 10 Tax on profit

| **Analysis of tax credit in the financial year** | 2019<br>£000 | 2018<br>£000 |
|---|---|---|
| **Non-current/current tax:** | | |
| UK corporation tax | 8 | 1,726 |
| Adjustments in respect of prior periods | - | 6 |
| Total non-current/current tax | 8 | 1,732 |

The group relief receivable of £1,726,000 related to 2018 is classified as current since it will be received within 2020 (Note 13). However, the group relief receivable of £8,000 related to 2019 has been classified as non-current since it will be received in 2021 (Note 12).

The tax assessed for the year is lower than the standard rate of corporation tax in the United Kingdom at 19.00% (2018: 19.00%). The differences are explained as follows:

# Notes to the financial statements (continued)

## 10 Tax on profit (continued)

| | 2019 £000 | 2018 £000 |
|---|---|---|
| Profit before taxation | 864 | 14,933 |
| Profit multiplied by standard rate of corporation tax in the United Kingdom of 19.00% (2018: 19.00%) | (164) | (2,837) |
| Capital gain offset by capital gains tax losses brought forward | 174 | - |
| Non deductible expenditure | (1,873) | (7,250) |
| Non taxable income | 1,871 | 11,813 |
| Prior year adjustments | - | 6 |
| Tax on profit/(loss) | 8 | 1,732 |

The aggregate current and deferred tax relating to items that are recognised as items of other comprehensive income is £nil (2018: £nil).

As at the date of signing the accounts, legislation had been enacted to further reduce the main UK corporation tax rate to 17% from 1 April 2020.

The amount of the net reversal of deferred tax expected to occur next year is £nil (2018: £nil).

There is deferred tax unprovided of £16,026,000 (2018: £16,175,000) on capital gains tax losses that are available for offset against future chargeable gains of the Company.

## 11 Dividends paid

| | 2019 £000 | 2018 £000 |
|---|---|---|
| Ordinary shares | | |
| £13.85 (2018: £28.75) per £1 ordinary share | (13,850) | (28,750) |

## 12 Debtors: amounts falling due after more than one year

| | 2019 £000 | 2018 £000 |
|---|---|---|
| **Amounts owed by Group undertakings** | | |
| - Group relief receivable | 8 | 1,726 |
| | 8 | 1,726 |

## 13 Debtors: amounts falling due within one year

| | 2019 £000 | 2018 £000 |
|---|---|---|
| **Amounts owed by Group undertakings** | | |
| - Group relief receivable | 1,726 | 3,915 |
| | 1,726 | 3,915 |

## Notes to the financial statements (continued)

### 14 Investments

| Investments | 2019 £000 | 2018 £000 |
|---|---|---|
| As at 1 January | 9,916 | 612,152 |
| Repayment of capital | (57) | (564,081) |
| Impairment of investments in Group Companies | (9,859) | (38,155) |
| As at 31 December | - | 9,916 |

The Directors consider the carrying value of the remaining investments to be supported by their underlying assets.

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

| | Principal activity | Class of share | % held |
|---|---|---|---|
| **Cayman Islands** | | | |
| Swiss Re Strategic Investments UK Limited | Investment | Ordinary | 100 |

The financial year-end date of all of the Company subsidiaries is 31 December. All interests are directly held.

Swiss Re (Barbados) Finance Limited was a company held within the SRSIH Group. SRSIH held nil shares as of year-end 2018, due to the entity's liquidation.

Ampersand Investments (UK) Limited was a company held within the SRSIH Group. SRSIH held nil shares as of year-end 2019, due to the entity's sale on 20 December 2019 (2018: 100%).

### 15 Creditors: amounts falling due within one year

The creditors balance consists of the audit fee payable (Note 5), as well as various incremental expenses payable as of 31 December 2019.

### 16 Called up share capital

| | 2019 £000 | 2018 £000 |
|---|---|---|
| **Allotted, called up and fully paid** | | |
| 1,000,000 (2018: 1,000,000) Ordinary shares of £1 each | 1,000 | 1,000 |

# Notes to the financial statements (continued)

## 17 Retained earnings

| | 2019<br>£000 | 2018<br>£000 |
|---|---|---|
| **At 1 January** | 14,692 | 26,777 |
| Profit for the financial year | 872 | 16,665 |
| Dividends paid | (13,850) | (28,750) |
| **At 31 December** | 1,714 | 14,692 |

## 18 Fair value disclosure

The carrying value of financial assets and financial liabilities of the Company approximates their fair value.

## 19 Financial risk management

Risk management is an inherent part of the business activities of the 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 Directors.

An overview of the key aspects of risk management and use of financial instruments is provided below:

**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.

The Eurobond of £600,000,000 matured 15 June 2018 however liquidity was not be impacted since the Company raised this funding from the repayment of share premium and dividend income from Group companies.

**Credit risk**
The Company's exposure to credit risk arises from the possibility that counterparties may default on their obligations to the Company. The Company manages its credit risk by minimising its exposure to external counterparties. The amount of the Company's maximum exposure to credit risk is indicated by the carrying value of its financial assets. The cash balance of £1,015,000 (2018: £176,000) is held at JP Morgan. The Company has credit risk related to amounts due from Group companies of £1,734,000 (2018: £5,647,000).

**Market risk**
Market risk represents the potential loss in value of portfolios and financial instruments caused by adverse movements in market variables. At the balance sheet date, the Company does not have any significant exposure to market risk.

## Notes to the financial statements (continued)

### 19 Financial risk management (continued)

**Interest rate risk**

Interest rate risk is the risk of loss resulting from movements in interest rates. The Company does not have any significant funds loaned positions, however it had short term borrowings at a fixed rate of interest of 3.377%, which matured on 15 June 2018. The Company had investments in subsidiaries that are sensitive to short term movements in interest rates linked to LIBOR, and hence may impact the variability of return through dividend returns. However these are closely matched such that the Company's net exposure to interest rate movements is not significant.

**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 foreign currency bank balances, the net of which is not significant. 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.

**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.

### 20 Ultimate parent undertaking

The ultimate parent company and the ultimate controlling party is Swiss Re Ltd, 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 Ltd. The consolidated financial statements of the Group are available to the public and may be obtained from 30 St Mary Axe, London EC3A 8EP.

## **Notes to the financial statements** (continued)

### 21 Post balance sheet date events

The Company has evaluated whether events or transactions have occurred after 31 December 2019 that would require recognition or disclosure in these financial statements through 18 February 2020, which is the issuance date of these financial statements.

On 18 December 2019, the Company declared a dividend of £900,000, which was paid on 6 January 2020.