

THREE LIONS UNDERWRITING LIMITED

Report and Financial Statements

31 December 2012



THREE LIONS UNDERWRITING LIMITED

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D Niemann
J F Strain (resigned 29th May 2012)
M Rohrig (resigned 19th February 2013)
S Friese
A Durling

SECRETARY

J Griffin

REGISTERED OFFICE

55 King William Street
London
EC4R 9AD

AUDITORS

KPMG Audit Plc
Chartered Accountants
15 Canada Square
London E14 5GL

BANKERS

National Westminster Bank PLC
1 Princes Street
London
EC2R 8PA

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2012 for Three Lions Underwriting Limited ('the Company') (registered number 4516776)

PRINCIPAL ACTIVITY

The Company's principal activity is that of an underwriting agency

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The development of the Company's business during the year and its position at the end of the year were satisfactory. The profit for the year was £104,173 (2011- loss £13,999) and the net assets at year end are £968,066 (2011- £863,893)

During the 2013 financial year the directors intend to continue to develop the Company's core business, and further improve its in-house administrative capabilities in order to streamline the process for its customers

Subsequent Event

On the 5th August 2013, following FCA approval, the entire share capital of the Company was acquired by ERGO Versicherung Aktiengesellschaft, itself a wholly owned subsidiary of Munich Re

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's operating activities are exposed to various operational, financial, legal and regulatory risks. These include the key risk factors summarised below. The Company manages these risks within a Key Risk and Control framework ensuring that they are mitigated where possible

Legal and Regulatory Risk

The Company is exposed to potential claims and litigation arising out of the ordinary course of business relating to alleged errors and omissions, or non-compliance with laws and regulations. The directors are satisfied, based on present information and assessed probability of claims, that the Company has adequate insurance to meet such claims. However, like all businesses of our type, the risk exists that an increase in future claims for errors and omissions could have a material effect on the Company's reported results.

Financial Risks

The Company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk are currency risk, credit risk, liquidity risk, cash flow risk and interest rate risk.

Currency risk

The Company is exposed to currency risk in respect of assets and liabilities denominated in currencies other than Sterling. Due to the nature of insurance broking balances, the Company is able to largely mitigate this risk by matching the currencies in which insurance broking assets and liabilities are held.

Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. Full risk transfer mitigates this risk to the Company.

Liquidity and cash flow risk

Liquidity and cash flow risk is the risk that cash may not be available to pay obligations when they fall due. The Company has put in place appropriate financial and cash flow management structures so that it is able to anticipate demand for cash and meet obligations as they arise. The Company operates in a high cash flow business and the controls in place over insurance funds help to ensure that the Company has appropriate cash resource to meet its obligations as they fall due.

Interest Rate Risk

The Company's operating income is subject to the risk that interest rate fluctuations have on the interest earned on the Company's own funds and client balances.

DIRECTORS' REPORT (CONTINUED)

Operational Risk

Operational risk is the risk of loss due to factors such as inadequate systems and internal controls, management failure, fraud and human error. The Company mitigates these risks through a system of internal controls, internal audit and compliance functions, back-up procedures, contingency planning and insurance.

The Board has ultimate responsibility for the system of internal control maintained by the Company to manage operational, regulatory and financial risks. The Board, through the Management Committee and the Risk Committee, reviews the effectiveness of internal controls across the Company.

Group Risk

The Company is wholly reliant upon the requirements of Great Lakes Reinsurance (UK) PLC and ERGO Versicherung Aktiengesellschaft to provide underwriting capacity to meet its needs. These arrangements are reviewed annually and based upon the current position is expected to continue into the foreseeable future.

GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out above. The financial position of the company as disclosed on the balance sheet shows net current assets of £ 777,253 and net assets of £ 968,066. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

DIVIDEND

The amount that the directors recommend should be paid by way of a dividend was £nil (2011 - nil).

DIRECTORS AND THEIR INTERESTS

The present directors and the directors who served during the year are set out on page 1.

None of the directors had any interests in the shares of the Company.

J F Strain, D Niemann and S Friese are directors of Bell & Clements Limited.

The Company maintains cover for the risk of errors and omission at a level considered by the Board to be appropriate and which satisfied its regulators. The Directors benefit from a group wide qualifying third party indemnity provision, which was in place during the financial year and at the date of this report.

CHARITABLE DONATIONS

The Company made charitable donations of £200 during the year (2011 - £500).

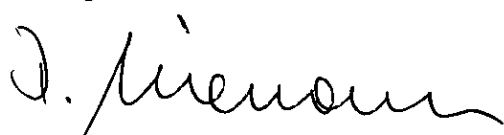
DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office.

Approved by the Board of Directors
and signed on behalf of the Board



D Niemann
Chairman
28th August 2013

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

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 period. Under that law they have elected to prepare company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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

In preparing these financial statements, the directors are required to

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THREE LIONS UNDERWRITING LIMITED

We have audited the financial statements of Three Lions Underwriting Limited for the year ended 31 December 2012 as set out on pages 6 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

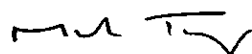
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



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

28th August 2013

THREE LIONS UNDERWRITING LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 December 2012

	Note	2012	2011
		£	£
TURNOVER	2	2,519,083	2,954,912
Other operating income		14,838	21,227
Administrative expenses		<u>(2,386,721)</u>	<u>(2,978,905)</u>
OPERATING PROFIT/(LOSS) AND PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	3	147,200	(2,766)
Tax on profit/(loss) on ordinary activities	6	<u>(43,027)</u>	<u>(11,233)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	13	<u>104,173</u>	<u>(13,999)</u>

CONTINUING OPERATIONS

Turnover and operating profit derive from continuing operations

The Company has no recognised gains and losses other than those included in the results above and, therefore, no separate statement of total recognised gains and losses has been presented

The notes on pages 8 to 15 form part of these financial statements

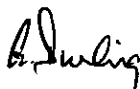
THREE LIONS UNDERWRITING LIMITED

BALANCE SHEET 31 December 2012

	Note	2012	2011
		£	£
FIXED ASSETS			
Tangible assets	7	225,029	321,819
CURRENT ASSETS			
Debtors	8	4,363,887	5,489,282
Cash at bank and in hand	9	4,322,590	7,782,611
		8,686,477	13,271,893
CREDITORS: amounts falling due within one year	10	(7,909,224)	(12,691,589)
NET CURRENT ASSETS		777,253	580,304
TOTAL ASSETS LESS CURRENT LIABILITIES		1,002,282	902,123
PROVISION FOR LIABILITIES AND CHARGES	11	(34,216)	(38,230)
NET ASSETS		968,066	863,893
CAPITAL AND RESERVES			
Called up share capital	12	50,000	50,000
Profit and loss account	13	918,066	813,893
EQUITY SHAREHOLDERS' FUNDS	13	968,066	863,893

The Board of Directors approved these financial statements on pages 6 to 15 on 28th August 2013

Signed on behalf of the Board of Directors



A Durling
Managing Director

NOTES

Year ended 31 December 2012

1. ACCOUNTING POLICIES

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

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards

Provisions made for the expected cost of dilapidations and deferred taxation were in the prior year included in accruals. For the current period these amounts have been presented as provisions with the prior year numbers being represented accordingly. The amounts involved for the prior year were £14,321 for dilapidations and £23,909 for deferred taxation.

Going concern

The financial statements have been prepared on the going concern basis. The directors have reviewed the budget and cash flow forecasts of the company for a period of not less than 12 months from the date of approving these financial statements and are confident that they show the company will have sufficient resources to meet their liabilities as they fall due.

Accordingly the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

Cash flow statement

A cash flow statement has not been prepared as the Company has taken advantage of the exemption allowed by Financial Reporting Standard 1 (revised) where the financial statements of the Company are consolidated by its ultimate parent undertaking and those consolidated statements are available to the public from the address given in note 14.

Turnover

Turnover represents commissions receivable from underwriters on whose behalf the Company binds insurance risks. Where the Company has contractual obligations to perform post placement activities, an appropriate portion of the commission is deferred to future periods and recognised over the period over which contractual obligations are performed.

Profit Commission

Profit commission is taken to income when the right to profit commission is achieved and is capable of reliable measurement. Any adjustments are dealt with in subsequent periods.

Taxation

The charge for taxation is based on the result for the year, at current rates of tax. Deferred taxation is provided in full on 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 rates expected to apply when they crystallise based on current tax rates and law. 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 the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. The company anticipates future years results to be in profit rather than loss therefore the deferred tax asset will be covered. Deferred tax assets and liabilities are not discounted.

Depreciation

Depreciation is calculated to write off the cost of tangible fixed assets on a straight-line basis over their estimated useful lives, which are estimated to be:

Leasehold improvements	-	term of the lease
Furniture, fixtures and fittings	-	80 months
Computer equipment	-	36 months
Office machinery	-	60 months

NOTES

Year ended 31 December 2012

1. ACCOUNTING POLICIES (CONTINUED)

Trade debtors and creditors

The Company acts as agent in placing the insurable risks of its clients with insurers and, as such, generally, is not liable as principal for amounts arising from such transactions. Notwithstanding these legal relationships, debtors and creditors arising from insurance broking transactions are shown as assets and liabilities. This recognises that the Company is entitled to retain the investment income on any cash flows arising from these transactions.

Debtors and creditors arising from a transaction between a client and insurers (e.g. a premium or a claim) are recorded simultaneously. Consequently, there is a high level of correlation between the totals reported in respect of trade debtors and trade creditors.

It is normal practice for the Company to settle accounts with other intermediaries, clients, insurers and market settlement bureaux on a net basis. Thus, large changes in both trade debtors and creditors can result from comparatively small cash settlements. For this reason, the totals of trade debtors and creditors give no indication of future cash flows.

The legal status of this practice of net settlement is uncertain and in the event of insolvency it is generally abandoned. FRS 5 "Reporting the substance of transactions" requires that offset of assets and liabilities should be recognised in the financial statements where, and only where, the offset would survive the insolvency of the other party. Accordingly, only such offsets have been recognised in calculating trade debtors and creditors.

Operating leases

Operating lease rentals are charged to the profit and loss account in equal annual amounts over the term of the lease.

Pension scheme

The Company operates a Group Personal Pension Scheme ("the GPP"), which is a defined contribution scheme, for all employees. Contributions to the GPP are charged to the profit and loss account in the year in which they are payable.

Foreign currencies

Assets and liabilities in foreign currencies have been translated into sterling at the rates ruling at the balance sheet date. Differences arising on the translation of such items are dealt with in the profit and loss account.

2. TURNOVER

Turnover is derived from the principal activity of acting as an underwriting agency. The entire turnover arises in the United Kingdom.

3. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging

	2012	2011
	£	£
Amounts receivable by the auditors and their associates in respect of Audit of these financial statements pursuant to legislation	25,828	22,392
Depreciation of tangible fixed assets	115,564	107,609
Loss on disposal of fixed assets	-	713
	<u> </u>	<u> </u>

NOTES

Year ended 31 December 2012

4. DIRECTORS AND EMPLOYEES

Staff costs (including directors)

	2012	2011
	£	£
Wages, salaries and bonuses	1,222,108	1,683,901
Social security costs	146,950	197,382
Defined contribution pension scheme contributions	92,543	117,985
Other staff benefits	60,884	72,600
Other staff costs	27,549	61,255
	<u>1,550,034</u>	<u>2,133,123</u>

Directors' emoluments

	2012	2011
	£	£
Total aggregated emoluments (excluding pension contributions)	129,150	124,650
Pension contributions	25,710	24,810
	<u>154,860</u>	<u>149,460</u>

The aggregated emoluments and pension contributions shown above include all directors. There were no outstanding pension contributions as at 31 December 2012 (2011 - nil)

	2012	2011
	£	£
Highest paid director emoluments (excluding pension contributions)	129,150	124,650
Highest paid director pension contributions	25,710	24,810
	<u>154,860</u>	<u>149,460</u>

Monthly average number of employees (excluding directors)

The average number of employees was 27 during the year to 31 December 2012 (2011 – 36)

5. PENSION

The pension scheme run by the company is a group personal pension with Clerical Medical. The cost for the year was £ 92,543 (2011 - £117,985) and there were no outstanding or prepaid contributions at the balance sheet date.

NOTES

Year ended 31 December 2012

6. TAXATION

	2012	2011
Analysis of charge in the year		
	£	£
UK corporation tax		
Current tax on income for the year	61,363	23,005
Adjustments in respect of prior years	-	(67,773)
Total current tax	61,363	(44,768)
Deferred tax (see note 11)		
Current year movement	(16,497)	(10,952)
Prior year adjustment	-	68,294
Effect of decrease in tax rate	(1,839)	(1,341)
Total deferred tax	(18,336)	56,001
Tax on profit/(loss) on ordinary activities	43,027	11,233

	2012	2011
Factors affecting tax charge for the year		
	£	£
Profit/(Loss) on ordinary activities before tax	147,200	(2,766)
Profit/(Loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011 – 26.5%)	36,060	(733)
Effects of		
Expenses not deductible for tax purposes	7,993	12,522
Difference between depreciation and capital allowances	17,310	11,216
Adjustment in respect of prior periods	-	(67,773)
Current tax charge/(credit) for the year	61,363	(44,768)

Factors affecting future tax charges

The Finance Act 2012 enacted the reduction in corporation tax rate to 24% with effect from April 2012 and 23% from April 2013. The UK government announced on 20 March 2013 that the UK corporation tax rate would further reduce to 20% from April 2015. It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's UK deferred tax asset accordingly. Other than the enacted changes to 24% and 23%, the effects of the announced changes are not reflected in the financial statements for the year ended 31 December 2012 as they were not enacted (or substantively enacted) at the Balance Sheet date.

NOTES

Year ended 31 December 2012

7. TANGIBLE FIXED ASSETS

	Leasehold improvements £	Furniture, fixtures & fittings £	Computer hardware and software £	Office machinery £	Total £
Cost					
At 31 December 2011	276,921	120,019	167,780	41,218	605,938
Additions	-	-	12,587	6,187	18,774
Disposals	-	-	-	-	-
At 31 December 2012	<u>276,921</u>	<u>120,019</u>	<u>180,367</u>	<u>47,405</u>	<u>624,712</u>
Accumulated depreciation					
At 31 December 2011	144,137	42,375	75,714	21,893	284,119
Charge for the period	43,064	16,946	47,896	7,658	115,564
Disposals	-	-	-	-	-
At 31 December 2012	<u>187,201</u>	<u>59,321</u>	<u>123,610</u>	<u>29,551</u>	<u>399,683</u>
Net book value					
At 31 December 2012	<u>89,720</u>	<u>60,698</u>	<u>56,757</u>	<u>17,854</u>	<u>225,029</u>
At 31 December 2011	<u>132,784</u>	<u>77,644</u>	<u>92,066</u>	<u>19,325</u>	<u>321,819</u>

8. DEBTORS

	2012 £	2011 £
Trade debtors - fellow subsidiary	1,841,097	1,474,340
- others	2,343,102	3,687,558
Other debtors	5,520	96,089
Prepayments and accrued income	174,168	161,149
Corporation tax recoverable	-	70,146
	<u>4,363,887</u>	<u>5,489,282</u>

9. CASH AT BANK AND IN HAND

	2012 £	2011 £
Insurance accounts	3,337,623	6,910,591
Other accounts	984,967	872,020
	<u>4,322,590</u>	<u>7,782,611</u>

THREE LIONS UNDERWRITING LIMITED

NOTES

Year ended 31 December 2012

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012	2011
	£	£
Trade creditors - fellow subsidiary	6,773,268	11,702,052
- others	694,582	349,530
Other creditors including taxation and social security	99,568	179,386
Accruals and deferred income	299,281	460,621
Corporation tax payable	42,525	-
	<u>7,909,224</u>	<u>12,691,589</u>

11. PROVISIONS

	Dilapidations	Deferred Taxation	2012 £ Total
Balance at 1 January	14,321	23,909	38,230
Charge / (credit) to profit and loss	14,322	(18,336)	(4,014)
Balance at 31 December	<u>28,643</u>	<u>5,573</u>	<u>34,216</u>

	2012 £	2011 £
Balance at the beginning of the year	23,909	(32,092)
Difference between depreciation and capital allowances	(18,336)	(12,293)
Trade losses	-	68,294
Balance at the end of the year	<u>5,573</u>	<u>23,909</u>

The deferred tax comprises as follows

Deferred taxation	2012 £	2011 £
Accelerated capital allowances	(5,573)	(23,909)
Balance at the end of the year (note 10)	<u>(5,573)</u>	<u>(23,909)</u>

The standard rate of corporation tax in the UK has changed from 26% to 24% with effect from 1st April 2012. As such, the deferred tax balances outstanding at the balance sheet date are stated at 24%.

The company recognises a provision for the estimated costs for dilapidations that may become payable under the terms of current leasehold property contracts at the end of the lease. The costs are accrued over the life of the lease and reassessed each year.

NOTES

Year ended 31 December 2012

12. CALLED UP SHARE CAPITAL

	2012 £	2011 £
Authorised:		
600,000 "A" ordinary £1 shares	600,000	600,000
400,000 "B" ordinary £1 shares	400,000	400,000
	<u>1,000,000</u>	<u>1,000,000</u>
Called up, allotted, and fully paid:		
30,000 "A" ordinary £1 shares	30,000	30,000
20,000 "B" ordinary £1 shares	20,000	20,000
	<u>50,000</u>	<u>50,000</u>

The "A" and "B" shares rank pari passu in all respects

13. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS AND RESERVES RECONCILIATION

(a) Reconciliation of movements in shareholders' funds

	2012 £	2011 £
Profit/(Loss) for the year	104,173	(13,999)
Opening shareholders' funds	863,893	877,892
	<u>968,066</u>	<u>863,893</u>
Closing shareholders' funds		

(b) Profit and loss reserve

	2012 £
At beginning of year	813,893
Profit for the year	104,173
	<u>918,066</u>

NOTES

Year ended 31 December 2012

14. ULTIMATE PARENT UNDERTAKING AND RELATED PARTY TRANSACTIONS

The ultimate parent company and the parent company of the largest and smallest group of companies into which the company is consolidated is Munchener Ruckversicherungs-Gesellschaft AG ("Munich Re"). Copies of Munich Re's financial statements are available from Koniginstrasse 107, 80802 Munchen, Germany

The Company has entered into a binding authority agreement with Great Lakes Reinsurance (UK) plc ("Great Lakes") under which the Company earned a commission of £2,400,000 during the year (2011 - £2,536,400), this commission is earned under an arms-length agreement. The Company and Great Lakes are both controlled by Munich Re.

The Company also has a binding authority agreement with ERGO Versicherung Aktiengesellschaft ("ERGO") under which the company earned a commission of £100,000 during the year (2011 - £400,000), this commission is earned under an arms-length agreement. The company and ERGO are both controlled by Munich Re.

J F Strain, D Niemann and S Friese are directors of Bell & Clements Limited. During the year the Company paid Bell & Clements Limited £9,158 (2011 - £49,518) in management charges under an arms-length service agreement. There was a balance due to Bell & Clements Limited at the end of the year of £2,221 in respect of items paid for by Bell & Clements Limited (2011 - £ 39,311) and a balance due from Bell & Clements Limited of £nil (2011 - £21,643).

15 LEASE COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows

	2012	2011
	Land and	Land and
	Buildings	Buildings
	£	£
Operating leases which expire		
Within one year	22,552	-
In the second to fifth years inclusive	112,680	137,162
	<hr/>	<hr/>
	135,232	137,162
	<hr/>	<hr/>

16. POST BALANCE SHEET EVENT

On the 5th August 2013, following FCA approval, the entire share capital of the Company was acquired by ERGO Versicherung Aktiengesellschaft, itself a wholly owned subsidiary of Munich Re.