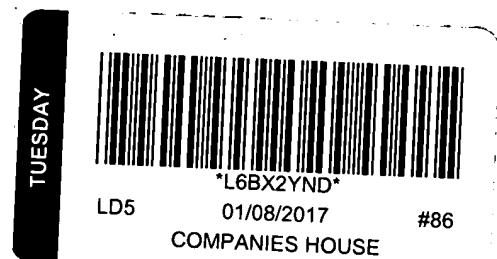


Kiln Pension Guarantee Limited

**Annual Report and
Financial Statements
For the year ended 31 December 2016**

Registered Office
20 Fenchurch Street
London
EC3M 3BY

Registered Number 05091865



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Strategic report for the year ended 31 December 2016

The directors of Kiln Pension Guarantee Limited (the Company) present their strategic report together with the audited financial statements for the year ended 31 December 2016. The Company is a private limited company incorporated, domiciled and registered in England and Wales.

Principal activities and review of the business

The Company is a wholly-owned subsidiary of Tokio Marine Kiln Group Limited (TMKGL). The principal activity of the Company is to hold funds that may be required for fellow subsidiary Tokio Marine Kiln Syndicates Limited's (TMKS) defined benefit (DB) pension scheme.

The Company has guaranteed that in the event of TMKS becoming insolvent, the Company will meet the pension obligations of TMKS, up to £20 million, due to the TMKS's Pension and Assurance scheme.

As the principal activity of the Company is to hold funds rather than generate income, the requirement of the business review to include analysis using key financial performance indicators is not considered relevant.

Summary of financial results

The profit for the financial year was £645,000 (2015: £681,000). The net asset position as at 31 December 2016 was £21,807,000 (2015: £21,162,000).

During 2016, the funds held within the Company have been invested, which has generated investment income and contributed to the increased result in 2016.

Future developments

The Company will continue to hold funds that may be required for TMKS's defined benefit (DB) pension scheme.

Principal risks and uncertainties

The principal risks of the Company are operational risk, credit risk and market risk.

Operational Risk

Operational risk is the risk that errors caused by people, processes or systems result in financial loss. The Company is operated as part of the Tokio Marine Kiln Group (TMK Group), which seeks to manage this risk through the use of a comprehensive risk register and a quarterly review system with departmental heads responsible for identifying, assessing, and controlling operational risks effectively.

The TMK Group has a strong risk reporting and risk governance system in place to ensure effective risk management of risk. Management receive operational risk updates on a monthly basis and the TMK Group Audit, Risk and Compliance Committee also reviews the operational risk profile bi-annually.

Credit Risk

Credit risk is the risk of loss if another party fails to settle its financial obligations, including failure to settle them in a timely manner.

The TMK Group has a framework of policies, procedures and internal controls. All policies are subject to board approval and ongoing review by management, the TMK Group Credit Control Committee and TMK Group internal audit. Any changes to policies or strategies are communicated clearly via policy statements and guidelines.

Strategic report for the year ended 31 December 2016 (Continued)

Market Risk

Market risk is the risk that arises from fluctuations in values of, or income from, assets or interest or exchange rates. Funds managed by our investment managers are subject to TMK Group guidelines, and the on-going investment strategy and investment objectives that are agreed by the TMK Group Investment Committee.

By order of the Board



F J Molloy
Company Secretary
21 June 2017

Directors' report for the year ended 31 December 2016 (Registered number 05091865)

The directors of Kiln Pension Guarantee Limited ('the Company') present their report together with the audited financial statements for the year ended 31 December 2016.

Future developments

Future developments are discussed in the strategic report.

Dividends

The directors did not declare or pay a dividend for the year ended 31 December 2016 (2015: Nil).

Directors and officers

The directors and officers who served during the financial year and up to the date of signing the financial statements are as follows:

P Culham (appointed 1 April 2016)
C A S Franks
R C W Lewis (resigned 31 March 2016)
F J Molloy (Company Secretary)

Directors' and officers' liability insurance

Directors' and officers' liability insurance has been purchased by TMKGL in respect of all TMK Group companies and this was in force during the year and at the date of signing the financial statements.

Financial instruments and risk management

It is the TMK Group's policy to confine its exposure to risk primarily to its core areas of expertise: the underwriting of specialist insurance and reinsurance risks. This approach means that we are at the cautious end of the spectrum in all areas of financial risk management, such as investment management. Therefore the Company's principal financial risk is liquidity risk.

Liquidity risk is defined as the risk of the Company being unable to meet its liabilities in a timely manner because of the lack of liquid resources. Future cash flows are managed on a daily basis and the Company ensures that there is sufficient day-to-day cash to settle immediate liabilities.

Statement of disclosure of information to auditors

Each of the persons who is a director at the date of this report confirms that:

- 1) so far as each of them is aware, there is no information relevant to the audit of the Company's financial statements for the year ended 31 December 2016 of which the auditors are unaware; and
- 2) each director has taken all steps that he ought to have taken in his duty 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.

**Directors' report for the year ended 31 December 2016 (Registered number 05091865)
(Continued)**

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 101 "Reduced Disclosure Framework", 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 101, 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 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.

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.

Appointment of independent auditors

The board has approved the appointment of PricewaterhouseCoopers LLP as auditors on an ongoing basis.

By order of the Board



F J Molloy
Company Secretary
21 June 2017

**Independent auditor's report to the members of Kiln Pension Guarantee Limited
Report on the financial statements**

Our opinion

In our opinion, Kiln Pension Guarantee Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Statement of financial position as at 31 December 2016;
- the Income Statement for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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, 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Independent auditor's report to the members of Kiln Pension Guarantee Limited (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 5, 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) ("ISAs (UK & 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Deepti Vohra (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
21 June 2017

Income statement

for the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
Investment income	3	814	855
Investment expenses and charges	3	(4)	(5)
Unrealised losses on investments	3	(8)	(52)
Operating income and other charges	4	4	56
Profit on ordinary activities before taxation		806	854
Tax on profit on ordinary activities	8	(161)	(173)
Profit for the financial year		645	681

All activities are continuing. There is no other comprehensive income or loss attributable to the members of the Company (2015: nil). Accordingly, a separate statement of comprehensive income has not been provided for current or prior year.

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

Statement of changes in equity

for the year ended 31 December 2016

		Called-up share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
Balance as at 1 January 2015		0	20,000	481	20,481
Profit for the year		-	-	681	681
Balance as at 31 December 2015	11	0	20,000	1,162	21,162
Balance as at 1 January 2016		0	20,000	1,162	21,162
Profit for the year		-	-	645	645
Balance as at 31 December 2016	11	0	20,000	1,807	21,807

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

Statement of financial position
as at 31 December 2016

	Note	2016 £'000	2015 £'000
Fixed Assets			
Financial Investments	9	17,015	19,712
Current assets			
Accrued interest		105	-
Amount owed by group undertakings		-	351
Cash at bank and in hand		5,377	1,569
		22,497	21,632
Creditors: amounts falling due within one year			
Other creditors including taxation and social security	10	(690)	(470)
		(690)	(470)
Net assets		21,807	21,162
Capital and reserves			
Called up share capital	11	0	0
Share Premium account		20,000	20,000
Retained earnings		1,807	1,162
Total shareholders' funds		21,807	21,162

The financial statements on pages 8 to 18 were approved by the board of directors on 21 June 2017 and signed on its behalf by:



C A S Franks
Chief Executive Officer

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

Notes to the financial statements for the year ended 31 December 2016

1 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.

1.1 Statement of compliance

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). They are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

Exemptions for qualifying entities under FRS101

FRS 101 allows a qualifying entity certain disclosure exemptions, subject to certain conditions which have been complied with.

The company has taken advantage of the following exemptions:

- The preparation of cash flow statements on the basis that the parent company's consolidated statement of cash flows will include the Company's cash flows;
- The preparation of capital management disclosures on the basis that the parent company's consolidated financial statements will include the Company's capital management disclosures; and
- The preparation of related party disclosures on the basis that the parent company's consolidated financial statements will include the Company's related party disclosures;

New standards, amendments and IFRIC interpretations

A new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2017, and have not been applied in preparing these financial statements. None of these are expected to have significant effect on the financial statements of the Company. The Company is yet to determine the impact of the following new standard:

IFRS 9 'Financial Instruments' which addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets (effective 1 January 2018).

1.2 Principal accounting policies

The significant accounting policies adopted in the preparation of the financial statements are set out below. They have been applied consistently to all periods presented in these financial statements.

a. Investment return

Investment return comprises interest and dividends receivable for the year together with realised and unrealised investment gains and losses from the assets held by the Company.

b. Financial investments

Financial investments are carried in the statement of financial position at market values. Market valuations of funds are obtained from fund administrators. The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques including amortised cost method.

Notes to the financial statements (continued)

c. Derivative financial instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently carried at fair value. Changes in the fair value are recognised immediately in the income statement. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and options pricing models, as appropriate. All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets.

d. Other debtors/creditors

Other debtors/creditors are recognised and carried at the recoverable amount. The carrying value of other debtors/creditors are reviewed for impairment whenever events or circumstances indicate that the carrying amount is greater than the recoverable amount, with the impairment adjustment recorded in the income statement.

e. Foreign currency translation

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in sterling which is also the functional currency of the company.

Transactions and balances

Foreign currency transactions are recorded in the functional currency using the exchange rates prevailing at the dates of the transactions or an appropriate average rate of exchange. Foreign exchange gains and losses resulting from the settlement of monetary items relating to such transactions and from the measurement at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

f. Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

Notes to the financial statements (continued)**2 Use of critical accounting estimates and judgements in applying accounting policies**

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The areas involving significant estimates or judgements are:

Financial investments Financial investments are carried in the statement of financial position at market values. Market valuations of funds are obtained from fund administrators. The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques including amortised cost method.

3 Investment return

	2016 £'000	2015 £'000
Income from financial assets at fair value through profit and loss	814	855
Investment management expenses	(4)	(5)
Net unrealised losses on investments	(8)	(52)
Total investment return	802	798

All investment return is derived from assets held at fair value through the profit and loss.

4 Operating income and other charges

	2016 £'000	2015 £'000
Net foreign exchange (losses)/gains	(2,110)	593
Net gains/(losses) on translation of assets and liabilities at closing rates	2,152	(529)
Other charges	(38)	(8)
Total other charges	4	56

5 Auditors' remuneration

	2016 £'000	2015 £'000
Audit services:		
Fees payable to the Company's auditor for the audit of the statutory financial statements	5	6

The Company has not incurred any non-audit fees during the year.

Notes to the financial statements (continued)**6 Staff costs**

The Company has no employees (2015: nil). Staff engaged in the business of the Company, are employed by a fellow group undertaking, Tokio Marine Kiln Insurance Services Limited.

7 Directors' remuneration

All directors are also directors of TMK Group and their emoluments for services to the group are reported in the TMKGL consolidated financial statements. The directors do not receive emoluments for their services provided to this Company.

8 Tax on profit on ordinary activities**a. Analysis of charge in current year**

	2016 £'000	2015 £'000
Current Tax		
UK corporation tax on profit for the year	161	173
Total tax charge for the year	<u>161</u>	<u>173</u>

b. Factors affecting tax charge for year

The tax on the Company's profit before tax is the same as the theoretical amount that would arise using the weighted average tax rate applicable to profits of the Company (2015: same as).

	2016 £'000	2015 £'000
Profit on ordinary activities before taxation	<u>806</u>	<u>854</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015: 20.25%)	161	173
Total tax charge for the year	<u>161</u>	<u>173</u>

The rate of UK corporation tax has remained at 20% throughout 2016.

9 Financial Investments**Fair value estimation**

Financial instruments that are fair valued through profit and loss are classified using a fair value hierarchy that reflects the significance of the inputs used in these measurements.

- Level 1 financial instrument comprises government bonds and foreign currency derivatives. These have been valued at fair value using quoted prices in an active market.
- Level 2 financial instruments are less regularly traded government agency bonds and corporate bonds. These fair values have been derived from quoted prices.

Notes to the financial statements (continued)

- The fair value for level 3 financial instruments is generally derived from inputs that are not based on observable market data. Level 3 securities consist of a position in a private corporate loan fund.

	2016			
	£'000			
	Level 1	Level 2	Level 3	Total
Debt securities:				
Government securities	-	-	-	-
Debt securities	-	-	-	-
Loan fund	-	-	17,015	17,015
Derivatives	(175)	-	-	(175)
Total financial investments at fair value through profit and loss - designated upon initial recognition	(175)	-	17,015	16,840

	2015			
	£'000			
	Level 1	Level 2	Level 3	Total
Debt securities:				
Government securities	4,151	-	-	4,151
Debt securities	-	2,609	-	2,609
Loan fund	-	-	12,913	12,913
Derivatives	39	-	-	39
Total financial investments at fair value through profit and loss - designated upon initial recognition	4,190	2,609	12,913	19,712

Level 3 financial instruments

	2016	2015
	£'000	£'000
Financial investment assets		
Opening balance	12,913	9,268
Purchases during the year	7,285	5,005
Sales during the year	(5,827)	(1,829)
Gain recognised in the profit and loss	2,646	469
Closing balance	17,015	12,913

The Company enters into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency receivables. The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing the derivatives are the exchange rates for GBP/USD and GBP/EUR.

Notes to the financial statements (continued)**10 Creditors: amounts falling due within one year**

	2016	2015
	£'000	£'000
Amounts owed to group undertakings	354	122
Other creditors	-	175
Derivative liabilities	175	-
UK Corporation tax payable	161	173
	690	470

11 Called up share capital

	2016	2015
Ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid ordinary shares	2	2

12 Risk Management

Details of the Company's risk management framework are given in the 'principal risks and uncertainties' section pages 2-3 of the Strategic report.

Financial risk

The Company is exposed to a range of financial risks through its financial assets. In particular, the key financial risk is that the proceeds from financial assets are not sufficient to fund the pension obligations arising from an insolvency of TMKS. The most important components of this financial risk are credit risk, liquidity risk and market risk (including interest rate risk).

These risks arise from open positions in interest rate products, all of which are exposed to general and specific market movements. The risks that the Company primarily faces due to the nature of its investments are interest rate risk.

Credit risk

For details of the management of the Company's credit risk please refer to pages 2.

The following table provides information regarding credit risk exposures of the Company by classifying assets according to the credit ratings of the counterparties. For financial investments, the Standard & Poor's credit rating was used. For other assets, where a rating is provided by more than one rating agent, the highest rating was assigned to that asset. Where a security has no credit rating the rating of the issuer is used. During the year there were no material breaches in exposure limits.

Notes to the financial statements (continued)

2016	AAA £'000	AA £'000	A £'000	<A £'000	NR £'000	Total £'000
Other financial investments	-	-	-	-	17,015	17,015
Cash at bank and in hand	-	-	5,377	-	-	5,377
Derivatives	-	-	-	(175)	-	(175)
Total credit risk exposure	-	-	5,377	(175)	17,015	22,217

2015	AAA £'000	AA £'000	A £'000	<A £'000	NR £'000	Total £'000
Other financial investments	4,304	2,456	-	39	12,913	19,712
Cash at bank and in hand	-	-	1,569	-	-	1,569
Total credit risk exposure	4,304	2,456	1,569	39	12,913	21,281

Liquidity risk

For details of the management of the Company's liquidity risks please refer to page 4.

The following table analyses the significant monetary assets into their relevant maturity groups based on the remaining period at the year end date to their contractual maturities or expected settlement dates. The financial instruments can be realised at any time, but the table presents their maturity profiles should they continue to be held.

2016	Up to 1 year £'000	1-3 years £'000	3-5 years £'000	Over 5 years £'000	Total £'000
Assets					
Other financial investments	-	-	8,448	8,567	17,015
Cash at bank and in hand	5,377	-	-	-	5,377
	5,377	-	8,448	8,567	22,392
Liabilities					
Derivatives	(175)	-	-	-	(175)
	(175)	-	-	-	(175)

2015	Up to 1 year £'000	1-3 years £'000	3-5 years £'000	Over 5 years £'000	Total £'000
Assets					
Other Financial investments	4,630	662	1,271	13,149	19,712
Cash at bank and in hand	1,569	-	-	-	1,569
	6,199	662	1,271	13,149	21,281

Notes to the financial statements (continued)**Exchange rate sensitivity analysis**

The analysis below is performed for possible movements in key variables with all other variables held constant, showing the impact on profit. The correlation of variables will have a significant effect in determining the ultimate impact. However, to isolate and demonstrate the impact due to changes in variables, each variable has been changed on an individual basis. It should be noted that movements in these variables are non-linear.

The following table shows the effect of a 10 cents movement in the US dollar and Canadian dollar to pounds sterling exchange rates.

	2016		2015	
	Impact on profit before tax £'000	Impact on equity £'000s	Impact on profit before tax £'000	Impact on equity £'000s
10 cents increase in EUR	(1,471)	(1,177)	(986)	(786)
10 cents decrease in EUR	1,746	1,397	1,143	912

Interest rate market risk

The Company holds investments in its statement of financial position and the performance of its investment portfolio may have an effect on profit. The income derived by the company from its investments, and the capital value of its investments, may fall as well as rise. Therefore, changes in interest rates, credit ratings and other economic variables could substantially affect the company's profitability.

Interest rate sensitivity analysis

The analysis below is performed for possible movements in key variables with all other variables held constant, showing the impact on profit before tax. The correlation of variables will have a significant effect in determining the ultimate impact. However, to isolate and demonstrate the impact due to changes in variables, each variable has been changed on an individual basis. It should be noted that movements in these variables are non-linear.

The table below shows the estimated impact of a 1% movement in the UK interest rates on the market value of the company's investments. There is no impact on profit for 2016 as the company no longer holds fixed income securities.

	2016	2015
	Impact on profit before tax £'000	Impact on profit before tax £'000
1% movement in the UK interest rates	-	(1)

Notes to the financial statements (continued)

13 Ultimate parent company and controlling party

The ultimate parent company and controlling party is Tokio Marine Holdings, Inc. incorporated in Japan. Copies of the consolidated financial statements of Tokio Marine Holdings, Inc. are available from 1-2-1 Marunouchi, Chiyoda-ku, Tokyo, 100-0005, Japan.

The immediate parent company is Tokio Marine Kiln Group Limited, which is incorporated in Great Britain and registered in England and Wales. Copies of the consolidated financial statements of Tokio Marine Kiln Group Limited are available from 20 Fenchurch Street, London EC3M 3BY.