

# Kiln Pension Guarantee Limited

**Annual Report and  
Financial Statements  
For the year ended 31 December 2017**

**Registered Office**  
20 Fenchurch Street  
London  
EC3M 3BY

Registered Number 05091865

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## Contents

Strategic report	2
Directors' report	4
Independent auditor's report to the members of Kiln Pension Guarantee Limited	6
Income statement	9
Statement of changes in equity	9
Statement of financial position	10
Notes to the financial statements	11

## Strategic report for the year ended 31 December 2017

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 2017. 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 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 £818,000 (2016: £645,000). The net asset position as at 31 December 2017 was £22,625,000 (2016: £21,807,000).

During 2017, the funds held within the Company have been invested, which has generated investment income and contributed to the increased result in 2017.

### 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. The TMK Group Executive Risk Committee and Risk and Compliance Committee review the most material elements of the operational risk profile quarterly, in line with the Risk Management Framework.

#### 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.

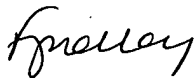
The TMK Group has a framework of policies, procedures and internal controls. All policies are subject to Board approval and ongoing review by management, the TMK Group Credit Control Committee and TMK Group Internal Audit. Any changes to policies or strategies are communicated clearly via policy statements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

**Strategic report for the year ended 31 December 2017 (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 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**  
**3 July 2018**

**Directors' report for the year ended 31 December 2017 (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 2017.

**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 2017 (2016: 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

C A S Franks

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 the company is 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 2017 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 2017 (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  
3 July 2018**

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

**Report on the audit of the financial statements**

**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 2017 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 101 "Reduced Disclosure Framework", 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 and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2017; the income statement, the statement of changes in equity for the year then ended; 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**

We have nothing to report in respect of the following matters in relation to which 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.

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.

**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 2017 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](http://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.



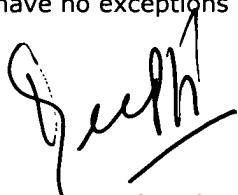
**Other required reporting**

**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.



**Deepti Vohra (Senior Statutory Auditor)**  
**for and on behalf of PricewaterhouseCoopers LLP**  
**Chartered Accountants and Statutory Auditors**  
**London**  
**3 July 2018**

**Income statement**

for the year ended 31 December 2017

	<b>Note</b>	<b>2017 £'000</b>	<b>2016 £'000</b>
Investment income	3	869	814
Investment expenses and charges	3	(1)	(4)
Unrealised losses on investments	3	-	(8)
Operating income and other charges	4	145	4
<b>Profit on ordinary activities before taxation</b>		<b>1,013</b>	<b>806</b>
Tax on profit on ordinary activities	8	(195)	(161)
<b>Profit for the financial year</b>		<b>818</b>	<b>645</b>

All activities are continuing. There is no other comprehensive income or loss attributable to the members of the Company (2016: 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 2017

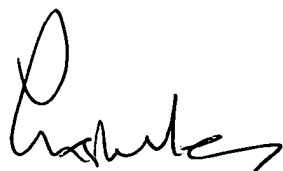
		<b>Called-up share capital £'000</b>	<b>Share premium Account £'000</b>	<b>Retained earnings £'000</b>	<b>Total £'000</b>
Balance as at 1 January 2016		0	20,000	1,162	21,162
Profit for the year		-	-	645	645
<b>Balance as at 31 December 2016</b>	<b>11</b>	<b>0</b>	<b>20,000</b>	<b>1,807</b>	<b>21,807</b>
Balance as at 1 January 2017		0	20,000	1,807	21,807
Profit for the year		-	-	818	818
<b>Balance as at 31 December 2017</b>	<b>11</b>	<b>0</b>	<b>20,000</b>	<b>2,625</b>	<b>22,625</b>

The notes on pages 11 to 18 form part of these financial statements.

**Statement of financial position**  
as at 31 December 2017

	<b>Note</b>	<b>2017</b> <b>£'000</b>	<b>2016</b> <b>£'000</b>
<b>Fixed Assets</b>			
Financial Investments	9	16,177	17,015
<b>Current assets</b>			
Accrued interest		137	105
Amount owed by group undertakings		-	-
Cash at bank and in hand		6,800	5,377
		<b>23,114</b>	<b>22,497</b>
<b>Creditors: amounts falling due within one year</b>			
Other creditors including taxation and social security	10	(489)	(690)
		<b>(489)</b>	<b>(690)</b>
<b>Net assets</b>		<b>22,625</b>	<b>21,807</b>
<b>Capital and reserves</b>			
Called up share capital	11	0	0
Share Premium account		20,000	20,000
Retained earnings		2,625	1,807
<b>Total shareholders' funds</b>		<b>22,625</b>	<b>21,807</b>

The financial statements on pages 9 to 18 were approved by the Board of directors on 3 July 2018 and signed on its behalf by:



**C A S Franks**  
**Chief Executive Officer**

The notes on pages 11 to 18 form part of these financial statements.

## Notes to the financial statements for the year ended 31 December 2017

### 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 FRS 101

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;
- 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; and
- The requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective;

#### 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 a significant effect on the financial statements of the Company.

#### 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 the amortised cost method.

##### c. Derivative financial instruments

Derivatives are initially recognised at fair value on the date the 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

## Notes to the financial statements (continued)

transactions, 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 is 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 the amortised cost method.
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**3 Investment return**

	<b>2017</b> <b>£'000</b>	<b>2016</b> <b>£'000</b>
Income from financial assets at fair value through profit and loss	869	814
Investment management expenses	(1)	(4)
Net unrealised losses on investments	-	(8)
<b>Total investment return</b>	<b>868</b>	<b>802</b>

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

**4 Operating income and other charges**

	<b>2017</b> <b>£'000</b>	<b>2016</b> <b>£'000</b>
Net foreign exchange losses	(529)	(2,110)
Net gains on translation of assets and liabilities at closing rates	681	2,152
Other charges	(7)	(38)
<b>Total other charges</b>	<b>145</b>	<b>4</b>

**5 Auditors' remuneration**

	<b>2017</b> <b>£'000</b>	<b>2016</b> <b>£'000</b>
Audit services:		
Fees payable to the Company's auditor for the audit of the statutory financial statements	5	5

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 (2016: 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**

	<b>2017</b> <b>£'000</b>	<b>2016</b> <b>£'000</b>
<b>Current Tax</b>		
UK corporation tax on profit for the year	195	161
Total tax charge for the year	<u>195</u>	<u>161</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 (2016: same as).

	<b>2017</b> <b>£'000</b>	<b>2016</b> <b>£'000</b>
Profit on ordinary activities before taxation	<u>1,013</u>	<u>806</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20%)	195	161
Total tax charge for the year	<u>195</u>	<u>161</u>

The effective corporation tax liability has been re-measured during the year to reflect the reductions in the UK corporation tax rate from 20% to 19% on 1 April 2017.

**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 instruments comprise of 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.

	<b>2017</b>			
	<b>£'000</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Debt securities:				
Loan fund	-	-	16,177	<b>16,177</b>
Derivatives	(17)	-	-	<b>(17)</b>
Total financial investments at fair value through profit and loss - designated upon initial recognition	<b>(17)</b>	<b>-</b>	<b>16,177</b>	<b>16,160</b>

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

**Level 3 financial instruments**

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
<b>Financial investment assets</b>		
Opening balance	17,015	12,913
Purchases during the year	4,827	7,285
Sales during the year	(7,098)	(5,827)
Gain recognised in the profit and loss	1,433	2,646
<b>Closing balance</b>	<b>16,177</b>	<b>17,015</b>

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.

**10 Creditors: amounts falling due within one year**

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Amounts owed to group undertakings	277	354
Derivative liabilities	17	175
UK Corporation tax payable	195	161
	<b>489</b>	<b>690</b>



## Notes to the financial statements (continued)

**11 Called up share capital**

	<b>2017</b>	<b>2016</b>
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid ordinary shares	<u>2</u>	<u>2</u>

**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.

**Credit risk**

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

<b>2017</b>	<b>AAA £'000</b>	<b>AA £'000</b>	<b>A £'000</b>	<b>&lt;A £'000</b>	<b>NR £'000</b>	<b>Total £'000</b>
Other financial investments	-	-	-	-	16,177	<b>16,177</b>
Cash at bank and in hand	-	-	6,800	-	-	<b>6,800</b>
Derivatives	-	-	-	(17)	-	<b>(17)</b>
<b>Total credit risk exposure</b>	<b>-</b>	<b>-</b>	<b>6,800</b>	<b>(17)</b>	<b>16,177</b>	<b>22,960</b>
<b>2016</b>	<b>AAA £'000</b>	<b>AA £'000</b>	<b>A £'000</b>	<b>&lt;A £'000</b>	<b>NR £'000</b>	<b>Total £'000</b>
Other financial investments	-	-	-	-	17,015	<b>17,015</b>
Cash at bank and in hand	-	-	5,377	-	-	<b>5,377</b>
Derivatives	-	-	-	(175)	-	<b>(175)</b>
<b>Total credit risk exposure</b>	<b>-</b>	<b>-</b>	<b>5,377</b>	<b>(175)</b>	<b>17,015</b>	<b>22,217</b>

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

<b>2017</b>	<b>Up to 1 year £'000</b>	<b>1-3 years £'000</b>	<b>3-5 years £'000</b>	<b>Over 5 years £'000</b>	<b>Total £'000</b>
<b>Assets</b>					
Other financial investments	-	1,786	4,926	9,465	<b>16,177</b>
Cash at bank and in hand	6,800	-	-	-	<b>6,800</b>
	<b>6,800</b>	<b>1,786</b>	<b>4,926</b>	<b>9,465</b>	<b>22,977</b>
<b>Liabilities</b>					
Derivatives	(17)	-	-	-	(17)
	<b>(17)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(17)</b>
<hr/>					
<b>2016</b>	<b>Up to 1 year £'000</b>	<b>1-3 years £'000</b>	<b>3-5 years £'000</b>	<b>Over 5 years £'000</b>	<b>Total £'000</b>
<b>Assets</b>					
Other Financial investments	-	-	8,448	8,567	<b>17,015</b>
Cash at bank and in hand	5,377	-	-	-	<b>5,377</b>
	<b>5,377</b>	<b>-</b>	<b>8,448</b>	<b>8,567</b>	<b>22,392</b>
<b>Liabilities</b>					
Derivatives	(175)	-	-	-	(175)
	<b>(175)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(175)</b>

**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 cent movement in the US dollar and Canadian dollar to pound sterling exchange rates.

	<b>2017</b>		<b>2016</b>	
	<b>Impact on profit before tax £'000</b>	<b>Impact on equity £'000s</b>	<b>Impact on profit before tax £'000</b>	<b>Impact on equity £'000s</b>
10 cent increase in EUR	(1,527)	(1,222)	(1,471)	(1,177)
10 cent decrease in EUR	1,824	1,459	1,746	1,397

**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 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.