Munich Re America Management Limited

Annual report and financial statements

For the year ended 31 December 2019
Registered number 2305956

Director's report and financial statements

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COMPANY INFORMATION

Director	S. Iannaccone
Secretary	I Rivera
Company number	2305956
Registered office	Plantation Place 30 Fenchurch Street London EC3M 3AJ
Banker	Royal Bank of Scotland 250 Bishopsgate London EC2M 4AA
Auditor	KPMG LLP 15 Canada Square London E14 5GL

Strategic report

Principal Activities

The principal activity of Munich Re America Management Limited ("the Company"), is the provision of administration and management services to its parent Munich Re American Holding Corporation in respect of the American Re Management Ltd Pension Plan.

Principal Risks and Uncertainties

Principal risks are those which the Directors believe could materially affect the performance or liquidity of the Company. The nature of risk is such that no catalogue can be comprehensive, so it is possible that other risks may arise, or that risks not considered material may become so in the future.

The Company's operations are significantly dependant on the Munich Re American Holding Corporation and its requirement for the provision of administration and management services. If the requirement of these services significantly reduced the Company would be exposed to Strategic Risk. Due to the nature of the business the Company supports and their status as part of Munich Re AG, this risk is not considered significant.

The Company participates in a defined benefit pension scheme. The cost of providing pension benefits is subject to changes in pension fund values and changing demographics, in particular longer life expectancy of beneficiaries. For actuarial assumptions which have been used, refer to note 12. Additional contributions could be required to the extent that pension fund values are less than total anticipated liabilities and in the event that asset returns are insufficient to cover changes in scheme liabilities over time. This risk is mitigated by active management of the investment portfolios by a pension management company. The exposure of the Company to pension risk is also reduced through the recharge of contributions made to Munich Re UK Services Ltd and Munich Re American Holding Corporation.

As a provider of management services, the Company also faces risks of an operational nature such as loss or corruption of files and records. Operational risks are managed by various controls including staff training, restriction of access to data, and authorisation limits. The Company identifies, records and assesses operational risks using the Munich Re Internal Control System (ICS). This system is part of the Munich Re group wide method of monitoring operational risk, which provides a uniform system for managing risks across all areas of the Company's operations.

Liquidity risk is also managed by the Company, for which it has a low appetite. Liquidity risk is the risk that the Company may be unable to meet its payment obligations in a timely manner at a reasonable cost. As its source of liquidity comes from Munich Re American Holding Corporation where most of their assets are highly marketable securities and due to the intrinsic importance of the Company to their on-going daily business needs, liquidity risk is not considered significant.

On the 24th June 2016 the UK announced its intention to leave the European Union. Under article 50 of the Treaty on European Union, the date when this become effective was 31 January 2020. We do not expect Brexit to have an impact on Munich Re America Management Ltd due to the company being a provider of administration services. All transactions are carried out in sterling so exposure to currency risk is minimal.

From a financial perspective, the Company has considered a range of possible forward looking scenarios as a result of the Covid-19 pandemic. These scenarios were generated by the director, based on his expert knowledge of the business and the market in which the Company operates. These scenarios range from worst case scenario through to a realistic assessment of the likely impact. In all scenarios analysed the business had sufficient net assets to cover potential losses.

Business Review and Key Performance Indicators (KPIs)

Sources of Turnover
The main source of turnover is the provision of administration services to Munich Re American Holding Corporation. Turnover in 2019 was £2,175 (2018: £2,188).

Sources of Profit
The main source of profit for the Company (excluding the effects of accounting for the defined benefit pension scheme) arises from the provision of administration services to Munich Re American Holding Corporation, being the difference between the amounts charged and the costs incurred by the Company in providing those services.

The Company had a profit before tax in 2019 of £2,405 (2018: £2,342)

Environment
The Company does not have a major direct environmental impact as it is essentially service based and operates in a non-manufacturing industry.

Key Performance Indicators
1. Revenue in respect of re-charges to Munich Re American Holding Corporation based on total costs for the period and pension contributions, including 5% mark-up.
2. Operating profit margin after considering administration costs.

Key Performance Indicators	2019 £'000	2018 £'000
1. Turnover	2,175	£2,188
2. Operating profit margin	96.0%	95.4%

Future Developments

The Company anticipates to continue to provide services as it is currently undertaking.

By order of the Board

Salvatore Iannaccone
Director
21 May 2020

Registered Office:

Level 3 - Plantation Place
30 Fenchurch Street
London
EC3M 3AJ

Director's report

The director presents the director's report and the audited financial statements for the year ended 31 December 2019 of Munich Re America Management Limited (registered number 2305956).

Information disclosed within the Strategic Report

In accordance with s414C(11) of the Companies Act 2006, the Company has set out the following information within the Strategic Report (on page 4), which would otherwise be contained in the Directors' Report:

- Principal Activities:
- The Company's exposure to significant risks and uncertainties; and
- The Company's performance.
- The Company's performance.

Results and Dividends

The profit for the year after taxation, as shown on page 9, is £1,549,056(2018: £1,509,251)

The director does not recommend the payment of a dividend (2018: Nil).

The company employed no staff as at 31 December and supports Munich Re American Holding Corporation in the UK on a fully reimbursed basis.

The director regards the development and financial position of the company as satisfactory.

Director and director's interests

The director who held office during the course of the year is:

S Iannaccone

The director had no beneficial interests in the shares of the company or its immediate parent (at beginning or end of the year).

Employees

The Company employed no staff as at 31 December 2019 (2018: Nil).

Political donations

The Company made political donations during the year of Nil (2018: £Nil).

Post balance sheet events

In considering the appropriateness of the going concern basis, the director has undertaken a risk assessment of the potential impact of the Covid-19 pandemic on the Company's expected future operational and financial performance and capital position. The risk assessment considered a range of possible scenarios for a period of up to one year from the date of this report, taking account of the operational actions currently being taken to mitigate the risk to the Company and its customers and to maintain business as usual operations to the extent possible. Based upon their own analysis of the available information, and as further disclosed in the Basis of Preparation in Note 1 to the financial statements, the director has 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.

Major Shareholdings

The Company is a wholly owned subsidiary of Munich Re American Holding Corporation, a US company.

Disclosure of information to auditors

The director who held office at the date of approval of this director's report confirms that, so far as he is aware, there is no relevant audit information of which the company's auditor is unaware; and the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

KPMG LLP has held office in accordance with Section 487 of the Companies Act 2006 for the 2019 financial year. Following a rigorous tender process conducted by Munich Re, Ernst & Young LLP will assume the role of independent auditor for the Munich Re group, of which the company is a member, for the year ending 2020. Formal appointment as as auditor to the company will be completed after the approval of these financial statements.

Future Developments

The Company anticipates to continue to provide services as it is currently undertaking.

By order of the Board

Salvatore Iannaccone
Director
21 May 2020

Registered Office:

Level 3 - Plantation Place
30 Fenchurch Street
London
EC3M 3AJ

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements

The director is responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law and Section 1A of FRS 102 The financial Reporting Standard applicable in the UK and Republic of Ireland (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

Under company law the director 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. They are 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, and 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.

The director is responsible for the maintenance and integrity of the corporate and financial information included in the Company's website. Legislation in the United Kingdom governing the presentation and dissemination of financial statements may differ from the legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MUNICH RE AMERICA MANAGEMENT LIMITED

Opinion

We have audited the financial statements of Munich Re America Management Limited ("the company") for the year ended 31 December 2019 which comprise the Statement of profit or loss, the Statement of comprehensive income, the Balance sheet, the Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards applicable to smaller entities, including Section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs(UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK Ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going Concern

The director has prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as going concern for at least a year from the date of approval of the financial statements ('the going concern period').

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the director conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Directors' Report

The director is responsible for the Strategic Report and the Directors' Report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.ord.uk/auditorsreponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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 auditor's 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 opinion we have formed.

David ~~Maddams (Senior Statuto~~ry Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London, E14 5GL

Date 21 May2020

Statement of profit or loss

for the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Turnover	2	2,175	2,188
Operating expenses	3	(86)	(100)
Operating Profit		2,089	2,088
Other interest receivable and similar income	4	968	886
Interest payable and similar expenses	12	(652)	(632)
Profit on ordinary activities before taxation		2,405	2,342
Tax on profit on ordinary activities	7	(856)	(833)
Profit for the financial year		1,549	1,509

Statement of comprehensive income

for the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Profit for the financial year		1,549	1,509
Actuarial gain recognised in the pension scheme	12	(2,618)	1,828
Movement in recognised pension scheme surplus	12	4,452	(2,927)
Deferred tax arising on losses in the pension scheme		916	(640)
Deferred tax on movement in recognised pension scheme surplus		(1,558)	1,025
Total comprehensive profit for the year		2,741	795

The notes on pages 12 to 16 form an integral part of the financial statements.
All activities derive from continuing operations.

Balance sheet

at 31 December 2019

	Note	2019 £'000	2018 £'000
Non-current assets			
Net pension asset	12	14,653	10,495
Total Non-current assets		14,653	10,495
Current assets			
Debtors	8	3,263	3,274
Cash at bank and in hand		141	66
Total current assets		3,404	3,340
Creditors: amounts falling due within one year	9	(52)	(26)
Net current assets		3,352	3,314
Total assets less current liabilities		18,005	13,809
Provisions for liabilities			
Deferred tax liabilities	7	(5,129)	(3,674)
Net assets		12,876	10,135
Capital and reserves			
Called up share capital	10	2,000	2,000
Profit and loss account		10,876	8,135
Equity Shareholders' funds		12,876	10,135

The notes on pages 12 to 16 form an integral part of the financial statements.

These financial statements were approved by the board on 21 May 2020 and were signed on its behalf by:

Salvatore Iannaccone

Director

The notes on pages 12 to 16 form an integral part of the financial statements.

Statement of changes in equity for the period ended 31 December 2019

	Share capital	Profit and loss account	Total equity
	£'000	£'000	£'000
Balance at 1 January 2019	2,000	8,135	10,135
Profit for the year	-	1,549	1,549
Other comprehensive income			
Net FRS 102 movement on pension scheme	-	1,834	1,834
Deferred tax arising on FRS 102 movement	-	(642)	(642)
Balance at 31 December 2019	2,000	10,876	12,876

Statement of changes in equity for the period ended 31 December 2018

	Share capital	Profit and loss account	Total equity
	£'000	£'000	£'000
Balance at 1 January 2018	2,000	7,340	9,340
Profit for the year	-	1,509	1,509
Other comprehensive income			
Net FRS 102 movement on pension scheme	-	(1,099)	(1,099)
Deferred tax arising on FRS 102 movement	-	385	385
Balance at 31 December 2018	2,000	8,135	10,135

The notes on pages 12 to 16 form an integral part of the financial statements.

Notes

(forming part of the financial statements)

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

Munich Re America Management Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statement have been prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The presentation currency of these financial statements is sterling.

The Company's ultimate parent undertaking, Münchener Rückversicherungs-Gesellschaft AG (Munich Re) includes the Company in its consolidated financial statements. The consolidated financial statements of Münchener Rückversicherungs-Gesellschaft AG (Munich Re) are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from Königinstrasse 107, 80802 Munich, Germany. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of:
- Financial Instruments and Risk Management disclosures;
- The requirement of Section 33 Related Party Disclosures Para 33.7;
- Reconciliation of the number of shares outstanding from the beginning to end of the period; and
- Cash Flow Statement and related notes.

Judgments in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. Judgements and estimates have been made for the defined benefit pension scheme item in the financial statements. The company has a defined benefit pension scheme (note 12), where the Company's potential liability is determined by a number of factors including life expectancy, inflation, and gilt yields. This is a complex process, therefore management places reliance on actuaries to calculate the liability due to their expertise in this subject.

Going Concern

The director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus he continues to adopt the going concern basis of accounting in preparing the annual financial statements. Should Munich Re American Holding Corporation cease to require the services from MRAM it would have a dramatic and adverse impact. However, as MRAM maintains the American Re Management Limited Pension Plan (AMRE), this risk is not considered significant.

The Company's business activities, together with the factors likely to affect its future development, performance and position, are set out above in the Strategic report. The Company's Statement of financial position shows net current assets of £3.3m and net assets of £12.8m.

In considering the appropriateness of the going concern basis, the director has undertaken a risk assessment of the potential impact of the COVID-19 pandemic on the Company's expected future operational and financial performance. The risk assessment considered a range of possible forward looking scenarios for a period of over 12 months from the date of this report, taking account of actions already taken to mitigate the risks to the Company and its operations, as well as actions available in the future as needed. Based upon this analysis and the available information, the director has 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 financial statements.

Basic Financial Instruments

Trade and other debtors / creditors
- Short term debtors are measured at transaction price, less any impairment.
- Short term creditors are measured at transaction price.

Cash and cash equivalents
- Cash and Cash equivalents comprise Cash balances held with financial institutions.

Turnover

Turnover represents amounts from the provision of services in the United Kingdom to Munich Re American Holding Corporation and is recognised upon the rendering of services supplied.

Defined Benefit Scheme

The Company is the principal employer of the American Re Management Ltd Pension Plan. The plan provides benefits based on final pensionable pay.

The assets of the schemes are held separately from those of the company and from 1 January 2015 the company recognises the plan surplus of the American Re Management Ltd Pension Plan on its balance sheet to take into account the changes described in IFRIC 14.

Contributions paid on behalf of other Group members to the scheme in respect of the accounting period are recharged to those Group companies and included in turnover.

Contributions paid by other Group members to the American Re Management Ltd Pension Plan in respect of the accounting period are credited to the Statement of profit and loss, as management recharges. There is no stated policy for attributing the defined benefit charge for the American Re Management Ltd Pension Plan between participating employers. As principal employer the Company accounts for the entire Plan on a defined benefit basis.

Where defined benefit accounting applies, pension scheme assets are measured using market values and pension scheme liabilities are measured using a projected unit method discounted to their present value.

GMP Equalisation

GMP equalisation results from a High Court ruling on 26 October 2018. Pension schemes must take action to address the difference arising between different accrued rates for men and women payable at different ages (65 for men, 60 for women). The ruling brings into line the differences that have occurred where an individual has taken their pension or not. Where a pension is in payment, arrears will be payable and adjustments have been made to the valuation as at 31 December 2018. The outcome of the GMP equalisation review will provide for a better male/female comparative pensions. The effect of this change is £nil (2018: nil) affecting past service cost.

Taxation

The charge for taxation is based upon the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS102.

Notes (continued)

2 Analysis of turnover

	2019 £'000	2018 £'000
Service fee to Munich Re American Holding Corporation	1,677	1,690
Pension contribution	498	498
	2,175	2,188

3 Profit on ordinary activities before taxation

	2019 £'000	2018 £'000
Profit on ordinary activities before taxation is stated after charging:		
Legal advice	46	53
Consultant services	25	32
Other expenditure	15	15
	86	100
Auditor's remuneration:		
Fees payable to the company's auditor for the audit of the company's annual accounts	6	6
Fees payable to the company's auditor for other services pursuant to legislation	10	10

4 Other interest receivable and similar income

		2019 £'000	2018 £'000
Interest receivable on deposits with banks		-	1
Expected return on pension scheme assets	Refer to Note 12	968	886
		968	886

5 Remuneration of directors

There was no directors remuneration paid by the company during the year and in the prior year.

6 Staff Costs

The Company employs no staff directly but staff costs are recharged from Munich Re UK Services Ltd.

7 Taxation

a) Analysis of charge in period

	2019 £'000	2018 £'000
UK Corporation tax		
- Current tax on income for the period at 19% (2018: 19%)	(42)	(41)
- Adjustment in respect of prior periods	-	-
Total current tax	(42)	(41)
Deferred Tax		
- Deferred Tax for current year	(814)	(792)
- Deferred Tax due to rate change	-	-
Total deferred tax	(814)	(792)
Tax on profit on ordinary activities	(856)	(833)

b) Factors affecting the tax charge for the period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK 19% (2018: 19%).
The differences are explained below.

	2019 £'000	2018 £'000
Profit on ordinary activities before tax	2,405	2,342
Current tax at 19% (2018: 19%)	(466)	(445)
Effects of:		
Expenses not deductible for tax purposes	-	-
Pension Accruals	-	-
Depreciation in excess of capital allowances	0	(0)
Transfer pricing adjustments	(20)	(20)
FRS 102 - *Employee Benefits*	441	430
Imputed interest on intra-group loans	(7)	(7)
Pension contribution spread	-	-
Tax paid on behalf of company by UK General Branch	-	-
Deferred tax on the pension surplus at 35% *rather than* 19% (2018: 19%)	(814)	(791)
Pension contribution	-	-
Total Tax Charge	(856)	(833)

Notes *(continued)*

c) Deferred Tax at 17% (2018: 19%)

	2019	2018
	£'000	£'000
Opening balance at the beginning of the year	(3,672)	(3,265)
Deferred tax charge:		
- effect of decreased tax rate on opening asset	-	-
- recognised in profit and loss account for the year	(814)	(792)
Recognised in OCI	(642)	385
At the end of the year	(5,128)	(3,672)

A reduction in the UK corporation tax rate from 19% to 17% (effective from 01 April 2020) was substantively enacted on 6 September 2016. In the 11 March 2020 budget it was announced that the UK tax rate will remain at the current 19% and not reduce to 17% from 1 April 2020. This will therefore have a consequential effect on the company's future tax charge. There is no impact on the deferred tax liability held on the company's balance sheet as at 31 December 2019.

d) Deferred tax assets

	2019	2018
	£'000	£'000
The elements of deferred tax assets are as follows:		
Difference between accumulated depreciation and capital allowances	1	1
	1	1

e) Deferred tax liabilities

	2019	2018
	£'000	£'000
The elements of deferred tax liabilities are as follows:		
Deferred tax liability recognised on Defined Benefit pension scheme asset	(5,129)	(3,673)
	(5,129)	(3,673)

8 Debtors

		2019	2018
		£'000	£'000
Amounts owed by group undertakings		3,259	3,266
Deferred tax asset	Note 7	1	1
Other debtors		3	7
		3,263	3,274

9 Creditors : amounts falling due within one year

	2019	2018
	£'000	£'000
Accruals	31	26
Current Tax	21	-
	52	26

10 Called up Share Capital

	2019	2018
	£'000	£'000
Authorised, allocated, called up and fully paid 2,000,000 ordinary shares of £1 each	2,000	2,000

11 Operating Lease Commitments

There are no annual commitments under non - cancellable operating leases.

Notes *(continued)*

12 Pensions

Pension accounting disclosures under FRS 102 for the year to 31 December 2019
American Re Management Limited Pension Plan

The company participates in the American Re Management Limited Pension Plan, a defined benefit plan providing benefits based on final pensionable salary. The assets of the plan are invested in a managed fund administered by a pension management company. The latest funding valuation was performed as at 30 June 2016. The next funding valuation as at 30 June 2019 is due to be completed in 2020 and this will determine if future contributions are required.

The Company is legally the sponsoring employer of the American Re Management Limited Pension Plan and accounts for it on a defined benefit basis.

A full valuation was undertaken as at 31 December 2019 by a qualified independent Actuary.

The major assumptions made in the valuation of the plan were:

	31-Dec-19	31-Dec-18	30-Dec-17
	% pa	% pa	% pa
Discount Rate	2.00%	2.75%	2.45%
RPI inflation assumption	3.35%	3.55%	3.55%
CPI inflation assumption	2.65%	3.05%	3.05%
Rate of increase to pensions in payment accrued post 30 June 2000	3.35%	3.55%	3.55%
Rate of increase to pensions in payment accrued prior to 1 July 2000	5.00%	5.00%	5.00%
Post-retirement mortality assumptions	S3PAL CMI_2018 long term 1.5% pa	S2PAL CMI_2015 long term 1.5% pa	S2PAL CMI_2015 long term 1.5% pa
Cash commutation	Not allowed	Not allowed	Not allowed

Employee Benefit Obligations

The amounts recognised in the balance sheet as at 31 December 2019 (with comparative figures as at 31 December 2018) are as follows:

	2019	2018
	£'000	£'000
Present value of plan liabilities	(26,495)	(24,189)
Market value of plan assets	41,148	34,684
Surplus in plan/Net Pension Asset	14,653	10,495
Related deferred tax	(6,129)	(3,673)
Net pension post tax	9,524	6,822

The amounts to be recognised in profit and loss for the year ending 31 December 2019 (with comparative figures for the year ending 31 December 2018) are as follows:

	2019	2018
	£'000	£'000
Interest expense on plan liabilities	652	632
Interest income on plan assets	(968)	(885)
Total	(316)	(253)
Actual return on plan assets	5,420	(2,042)

Changes in the present value of the plan liabilities for the year ending 31 December 2019 (with comparative figures for the year ending 31 December 2018) are as follows:

	2019	2018
	£'000	£'000
Present value of plan liabilities at beginning of period	24,189	26,176
Interest cost	652	632
Actuarial gains	2,618	(1,828)
Benefits paid	(964)	(791)
Present value of plan liabilities at end of period	26,495	24,189

Changes in the fair value of the plan assets for the year ending 31 December 2019 (with comparative figures for the year ending 31 December 2018) are as follows:

	2019	2018
	£'000	£'000
Market value of plan assets at beginning of period	34,684	35,509
Interest income on plan assets	968	885
Return on plan assets excluding interest income	4,452	(2,927)
Contributions paid by the Company	2,008	2,008
Benefits paid	(964)	(791)
Market value of plan assets at end of period	41,148	34,684

Over the year to 31 December 2020 the Company is not expected to pay any contributions to the plan, in line with the current Schedule of Contributions.

Notes *(continued)*

The major categories of plan assets as a percentage of total plan assets for the year ending 31 December 2019 (with comparative figures for the year ending 31 December 2018) as follows:

	2019 %	2018 %
Equities and Property	62%	60%
Gilts	38%	40%
Cash	0%	0%
Total	100%	100%

Movement in present value of plan liabilities ***during the year***	2019 £'000	2018 £'000
Liabilities at beginning of the year	448	2,435
Movement in year:		
Current service cost	-	-
Interest Cost	652	632
Actuarial gains	2,618	(1,828)
Benefits paid	(964)	(791)
Liabilities at end of the year	2,754	448

Analysis of amount recognisable in other comprehensive income (OCI) for the year ending 31 December 2019 (with comparative figures for the year ending 31 December 2018) are as follows:

Analysis of amount which is recognised in Other Comprehensive Income (OCI)	2019 £'000	2018 £'000
Return on plan assets excluding interest income	4,452	(2,927)
Experience gain arising on the plan liabilities	374	167
Changes in assumptions underlying the present value of the plan liabilities	(2,992)	1,661
	1,834	(1,099)

13 Related party disclosures

As the Company is a wholly owned subsidiary of Munich Re, the Company has taken advantage of the exemption contained in FRS 102, paragraph 1.11-12 and has therefore not disclosed transactions with entities which form part of the group (or investees of the group who qualify as related parties). The consolidated financial statements of Munich Re can be obtained from the address given in note 14.

14 Ultimate parent company and parent undertaking

The parent undertaking of the smallest group preparing group financial statements is Munich Re American Holding Corporation, a US company.

The Company's parent company and ultimate holding company is Münchener Rückversicherungs-Gesellschaft AG (Munich Re), a joint stock company incorporated in Germany with limited liability. Copies of Munich Re accounts can be obtained from Königinstrasse 107, 80802 Munich, Germany.

15 Post balance sheet events

Since 31 December 2019 the risk profile of the Company has changed with the emergence and spread of Covid-19 being declared a global pandemic. The situation is unprecedented in modern times with attempts to limit the potential consequences fundamentally changing the way people work and interact with each other. The significant uncertainty resulting from the impact of Covid-19 which is anticipated to continue for the foreseeable future, has massively disrupted daily lives and economic well-being. Globally governments have introduced significant economic support measures, yet the immediate and longer term impact of these is unknown. The Company has considered the impacts of Covid-19 as noted in the strategic report and basis of preparation and notes that Covid-19 is not considered as an adjusting event.

Appendix A: Tax Strategy (Unaudited)

31 December 2019

Munich Re - UK Tax Strategy for the year ended 31.12.2019

United Kingdom

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1 Introduction

Our UK tax strategy sets out Munich Re's approach to managing tax risk and compliance. The document is published to comply with the requirements of paragraph 22 Schedule 19 Finance Act 2016 and it aims to provide clarity on Munich Re's risk appetite and its approach to managing tax risk for both internal and external users; it is publicly available on www.munichre.com

At Munich Re, we attach great importance to responsible and sustainable company management. Corporate governance as well as sustainable risk management direct our day-to-day actions and help determine our long-term strategic decisions. In addition, corporate responsibility is an essential component of our Group and our strategy is built on "Company success through responsibility". Munich Re's Code of Conduct binds our management and staff to engage in ethically and legally impeccable conduct

In terms of our attitude towards taxation, Munich Re is a fair and reliable partner to its clients, its employees, its shareholders and all other external regulatory compliance parties (including HM Revenue & Customs ("HMRC")). We are committed to acting in a prudent and responsible manner. We are an open, transparent and dependable taxpayer. Further information regarding our approach to tax matters globally can be found in Munich Re's Tax Transparency Report 2018 which is also publicly available on www.munichre.com.

2 Our approach to risk management and governance arrangements in relation to taxation

As taxation is a key element in meeting our wider business objectives, the Directors of our various UK business operations provide leadership in respect of our approach to taxation. In addition, as our business is also regulated in the UK (FCA), we ensure that tax risk management is embedded as part of our wider Enterprise Risk Management procedures as well as the new Senior Insurance Manager Regime requirements, where applicable

From an operational perspective, we have processes in place for identifying and addressing current and future tax risks across the full 'record to report' life cycle. This involves engagement with all key internal stakeholders (Finance, HR and Tax). Where appropriate, senior level committees provide regular oversight. Due to our international corporate structure, we ensure that we remain connected on a global basis and that appropriate arm's length pricing is in place for cross border transactions.

Our internal review system (and as appropriate, use of external assistance) supports the various Senior Accounting Officers in certifying to HMRC that we have appropriate tax accounting arrangements. Additionally, all tax returns and other submissions to HMRC are checked and validated internally prior to submission. Where we consider that we do not have the necessary in-house resource to fulfil our tax compliance obligations, we appoint external advisors to help manage this tax risk.

Where appropriate, we seek to utilise tax authority approved structures to facilitate our business. We obtain advice from appropriately qualified external advisors on specialist UK and non-UK tax matters such as transfer pricing, direct and indirect tax and employment tax matters. This supplements the skills of our own Finance team in appropriate cases. In addition, for all UK taxes we ensure adequate training is provided to help identify new and emerging risks. For all tax processes there are clear accountability, reporting and escalation lines in place with Group Tax in Germany and with the Head of UK Tax in London.

We have historically been categorised by HMRC as "not low risk" due to the complex organisational structure of the worldwide Munich Re Group and the risk inherent in the reinsurance industry, and we are committed in respect of all areas within our control to strive for a "low risk" rating.

3 Tax risk appetite

As with our broader business risk appetite, we have a low tolerance towards tax risk (across all taxes) and do not make use of tax planning which does not support genuine commercial activity. We seek to minimise the risk of a dispute with HMRC by being open and transparent about our tax affairs and by engaging on a real-time basis.

The tax consequences of significant transactions (including internal restructuring and changes to IT systems) are considered by the senior stakeholders (including our UK tax specialists and Group Tax) as part of their deliberations on the transactions in question. Wherever relevant we would also seek the opinion of external advisors to ensure that the tax impacts of any transaction are aligned with our corporate responsibilities.

We manage our ongoing and future tax risk by meeting regularly with HMRC to discuss significant current and recent transactions and to share details of any proposed significant transaction with them prior to implementation. In cases of significant uncertainty, we would seek advance clearance from HMRC

4 Our approach towards our dealings with HMRC

We are committed to maintaining an open, transparent and collaborative approach in our dealings with tax authorities. In the UK, we engage with HMRC through our Customer Compliance Manager to discuss our tax affairs on a timely basis. Across all taxes we strive to ensure, wherever feasible, consistency in approach and reporting across all the different UK businesses.

We take care to ensure that our tax affairs are reported accurately. If in the unlikely event that we identify an error in a submitted tax return, we would seek to voluntarily disclose it to HMRC.

In summary, Munich Re is committed to ensuring it pays the right amount of tax in the UK and to working collaboratively with HMRC to ensure it is considered a low risk business.