Swiss Re Capital Markets Limited
Annual Report 2014

Company Registration No. 3436761

Contents

Company information

Board of Directors	Stephen Hjorring (Chief Executive Officer and Chairman) Kanwardeep Ahluwalia Ian Haycock Stuart Brown Susan Holliday
Company Secretary	Jennifer Gandy
Registered Office	30 St Mary Axe London EC3A 8EP
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 7 More London Riverside London SE1 2RT

Strategic report

The Board of Directors ("Directors") present their Strategic report of Swiss Re Capital Markets Limited (the "Company") for the year ended 31 December 2014.

Results and dividends

The Company has reported a satisfactory result and remains in a strong financial position at the year end. The profit for the financial year amounted to $7,766,000 (2013: profit of $8,093,000). On 26 March 2015, the Board of Directors of the Company approved the declaration of a dividend of $15,000,000 payable to the immediate parent company. No dividends were declared or paid during the years ended 31 December 2014 and 2013.

The profit and loss account, balance sheet and notes to the financial statements are presented in United States Dollars ("USD" or "$"), being the functional currency of the Company.

Development and performance

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

Principal objectives and strategies

The principal objective of the Company is to advise, arrange, manage and deal in investments both as agent and as principal, as authorised by the Financial Conduct Authority.

The Company's immediate parent undertaking is Swiss Re GB Limited (together with Swiss Re GB Limited's other subsidiaries, "the UK Group"). The Company's ultimate parent undertaking and controlling party is Swiss Re Ltd (together with Swiss Re Ltd's other subsidiaries, "the Group"), which is incorporated in Switzerland.

Business model

The risk profile of the Company has remained low, similar to the previous year, and the Company continues to conduct investment business only where suitable opportunities exist. The Company's level of capitalisation and its capital structure are determined by regulatory capital requirements as well as management's view of risks and opportunities arising both from its business operations and from capital markets.

The Company's Carrier Group Committee ("the Committee") is the sole management committee reviewing the day to day business of the Company. The Committee, which meets monthly, comprises a number of stakeholders responsible for overseeing specific areas of the Company, including representatives from risk, finance, legal and operations. The Committee has its authority delegated by the Company's Board of Directors ("the Board") and as such it reports directly to the Board. The Committee oversees the Company's risk management policies and the strategy of the Company, as defined by the Board. In addition the Company leverages off the corporate governance structure of the Group, including, but not limited to, a weekly risk committee.

Future outlook

The Company expects to trade profitably next year, whilst taking advantage of new investment business opportunities which reflect its focus on its core business areas. No significant change in the nature of the Company's principal activities is expected.

Principal risks and uncertainties

The Company has positions in derivatives which are open to risks brought about by the movements of global financial markets, caused by fluctuations in interest rates, foreign exchange rates and other market forces. The Company also has exposure to weather conditions due to its positions in environmental commodity derivatives. The Company's financial risks are reviewed on an ongoing basis by senior management, on a weekly basis at a Risk Committee and on a monthly basis by the Committee. A summary of the Company's market risk exposure is presented to the Board at scheduled meetings. From these reviews, strategies are developed to appropriately mitigate these risks using market procedures and financial instruments. For a detailed review of the Company's financial risk management refer to Note 2.

The Company operates in a highly competitive global financial services market with strong competition for clients. The Company develops innovative products and practices to remain attractive to current and potential new clients.

The Group trains and seeks to retain high calibre employees. There are also a number of schemes linked to the Group's results that are designed to retain key individuals.

Strategic report

Key Performance Indicators

The following key performance indicators are evaluated at the monthly meeting of the Committee. Regulatory Capital held against the Company's own internally calculated requirements is considered a key measure by management of the Company's risk exposure:

	Measure	2014	2013
Regulatory capital against requirements	%	491	472
Liquidity stress test results	%	178	186

The liquidity stress test results, discussed in Note 2 of the notes to the financial statements, represent the coverage ratio of cash sources over cash uses for the cumulative period of 1 to 90 days under a stressed scenario.

On behalf of the Board

Stephen Hjorring

Director

26 March 2015

Directors' report

The Directors present their report together with the audited financial statements of the Company for the year ended 31 December 2014.

Board of Directors

Stephen Hjorring (Chief Executive Officer and Chairman)

Kanwardeep Ahluwalia

Ian Haycock

Stuart Brown

Susan Holliday (appointed 7 January 2014)

Directors' list is both during the year and up to the date of signing the financial statements.

Branches outside the UK

The company incorporated an active branch in Australia effective 29 October 2013. The branch originated its first environmental commodity derivative transaction during 2014.

Financial instruments

The Company holds financial instruments as part of its business. The Company's exposure to risk and its risk management policies are discussed in Note 2 of the financial statements.

Directors indemnity

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Creditor payment policy

The Company pays its creditors as those liabilities become due. Market creditors will be settled within three working days as per normal investment business market practice. There are no non-market creditors at the end of the year.

Future developments and dividends

For information on the Company's future developments and dividends refer to the future outlook and results and dividends sections of the Strategic report.

Going concern

The Directors have considered the going concern position of the Company for a period of 12 months from the date of this report. The Directors believe the Company will continue to operate as a going concern and has sufficient resources to meet its liabilities as they fall due within that period. Furthermore, the Directors have performed liquidity stress testing under different scenarios in order to assess the Company's susceptibility to risk exposure, and conclude that the Company will continue to operate as a going concern even under stress scenarios.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic report, Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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.

Directors' report

In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

Statement of disclosure of information to auditors

In accordance with Section 418, Directors' reports shall include a statement, in the case of each Director in office at the date the Directors' report is approved, that:

(a) so far as each of the Directors of the Company is aware, there is no relevant audit information of which the Company's auditors are unaware; and

(b) each of the Directors have taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information, and to establish that the Company's auditors are aware of that information.

Independent Auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office.

On behalf of the Board

Stephen Hjorring

Director

26 March 2015

Independent auditors' report

Independent auditors' report to the members of Swiss Re Capital Markets Limited

Report on the financial statements

Our opinion

In our opinion, Swiss Re Capital Markets 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 2014 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

Swiss Re Capital Markets Limited's financial statements comprise:

- the Balance sheet as at 31 December 2014;
- the Profit and loss account 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 applicable law and United Kingdom Accounting Standards (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, 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.

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.

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 set out on pages 5 and 6, 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 & 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 2014 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.

Jessica Miller

Jessica Miller (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
~~26~~ March 2015
27

(a) The maintenance and integrity of the Swiss Re Ltd website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Profit and loss account

For the year ended 31 December

	Note	2014 $'000	2013 $'000
Net trading income	5	2,449	13,377
Administrative expenses	6	(2,478)	(2,542)
Foreign exchange losses		(184)	(222)
Operating (loss)/profit		**(213)**	**10,613**
Interest receivable and similar income	9	9	5
Interest payable and similar charges	10	(8)	(20)
(Loss)/profit on ordinary activities before taxation		**(212)**	**10,598**
Tax on (loss)/profit on ordinary activities	11	7,978	(2,505)
Profit for the financial year		**7,766**	**8,093**

All amounts shown above arose from continuing activities.

The Notes on pages 11 to 28 form an integral part of these financial statements.

There is no difference between the (loss)/profit on ordinary activities before taxation and profit for the year stated above and their historical cost equivalents.

The total recognised gains and losses for the financial year are equal to the profit for the year as disclosed in the profit and loss account.

Balance sheet

As at 31 December

	Note	2014 $'000	2013 $'000
Current assets			
Financial assets at fair value through profit or loss	12	142,791	124,330
Other financial assets	13	4,857	2,626
Cash at bank and in hand		12,289	24,980
		159,936	**151,936**
Creditors: amounts falling due within one year			
Financial liabilities at fair value through profit or loss	14	(12,245)	(4,453)
Other financial liabilities	15	(6,530)	(23,552)
Other liabilities	16	(2,705)	(10,313)
		(21,480)	**(38,318)**
Net current assets		**138,456**	**113,618**
Creditors: amounts falling due after more than one year			
Financial liabilities at fair value through profit or loss	17	(52,876)	(35,719)
Other liabilities	18	-	(85)
Net assets		**85,580**	**77,814**
Capital and reserves			
Called up share capital	20	60,143	60,143
Capital redemption reserve	21	391	391
Profit and loss account	23	25,046	17,280
Total shareholders' funds	24	**85,580**	**77,814**

The profit and loss account, balance sheet and notes to the financial statements on pages 9 to 28 were approved by the Board of Directors on 26 March 2015 and were signed on their behalf by:

Stephen Hjorring

Director

Notes to the financial statements

1. Accounting policies

a) Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

The Company's immediate parent undertaking is Swiss Re GB Limited ("SRGB") (together with Swiss Re GB Limited's other subsidiaries, "the UK Group"). The Company's ultimate parent undertaking and controlling party is Swiss Re Ltd (together with Swiss Re Ltd's other subsidiaries, "the Group"), which is incorporated in Switzerland. The Company's financial statements are included in the consolidated financial statements of Swiss Re Ltd, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 "Cash Flow Statements" (revised 1996). The Company is also exempt under the terms of FRS 8 "Related party Disclosures" from disclosing related party transactions with entities within the Group as the Company is wholly owned by a company whose consolidated financial statements are publicly available.

These financial statements are presented in United States Dollars ("USD" or "$"), also being the functional currency of the Company.

Monetary non-dollar assets and liabilities are restated at the prevailing rate of exchange on the balance sheet date with any foreign exchange difference taken to the profit and loss account under 'Foreign exchange losses'. Monetary items in the profit and loss account have been restated at the average rate of exchange that approximates to the rate of exchange on the date the transaction was executed. Foreign exchange losses are recognised in the profit and loss account under 'Foreign exchange losses'. The prevailing exchange rate between USD and GBP on 31 December 2014 was 1.559 (31 December 2013: 1.656), the prevailing exchange rate between USD and EUR on 31 December 2014 was 1.210 (31 December 2013: 1.378) and the prevailing exchange rate between USD and AUD on 31 December 2014 was 0.819 (31 December 2013: 0.895).

b) Revenue recognition

Income on financial instruments held for trading is recognised on a trade date basis. Fees relating to arranging transactions are recognised in net trading income when the transaction has been completed. Fees in respect of ongoing servicing of transactions are recognised on an accruals basis over the life of the transaction. Other fees receivable are accounted for as they fall due. Interest receivable is recognised in the profit and loss account as it accrues using the effective interest rate method.

c) Net trading income

Net trading income includes:

- Net income earned on financial instruments at fair value through the profit or loss, including:
  1. Realised profits and losses on the purchase and sale of trading instruments;
  2. Unrealised gains and losses from the revaluation of trading instruments;
  3. Fees earned as a direct consequence of holding or transacting in certain traded debt securities and derivatives.

- Advisory fee income and expense in respect of arranging, and the ongoing servicing of, transactions.

d) Administrative expenses

All administration, staff and pension costs, excluding audit fees, are incurred by Swiss Re Services Limited ("SRSL"), a fellow subsidiary undertaking. SRSL makes a management charge to the Company for its share of these costs. This expense is recognised in the profit and loss account as it accrues.

1. Accounting policies (continued)

e) Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and the results stated in the financial statements.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are to be recognised to the extent that they are regarded as recoverable. They are regarded as recoverable to the extent that, on the basis of all available evidence, it is regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted. Deferred tax assets and liabilities are not discounted.

f) Financial assets and liabilities

Financial assets

The Company classifies its financial assets in the following categories: financial assets at fair value through the profit or loss, loans and advances, investments that are held to maturity, and financial assets that are available for sale. The Company determines the classification of its investments on the date of initial recognition.

Financial assets at fair value through the profit or loss

A financial asset is classified in this category if it is acquired principally for the purpose of selling in the short term or if so designated by management. All derivatives are classified as held at fair value through profit or loss.

Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Held to maturity

Investments classified as held to maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the intention and ability to hold to maturity. The Company did not hold any held to maturity assets during the current or prior year.

Available for sale

These investments are those intended to be held for an indefinite period of time, which may be sold as part of the Company's official operations or otherwise, and do not fit into the definition of the above three asset categories. The Company did not hold any available for sale assets during the current or prior year.

Financial liabilities

Financial liabilities at fair value through the profit or loss

A financial liability is classified in this category if it is acquired principally for the purpose of selling in the short term or if so designated by management. All derivatives are classified as held at fair value through profit or loss.

Loans and advances

Loans and advances are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market.

1. Accounting policies (continued)

Traded debt securities

'Traded debt securities' are classified within 'Financial assets at fair value through profit or loss' and are carried at fair value in the balance sheet. Any profit or loss on fair valuing these instruments is taken to the profit and loss account within 'net trading income'. Fair values are normally determined by reference to quoted bid / offer market prices. The Company uses the trade date as the point of recognition and derecognition for these instruments.

Traded derivatives and foreign exchange contracts

Derivative instruments and foreign exchange contracts are all classified within 'Financial assets or liabilities at fair value through profit or loss' and are carried at fair value in the balance sheet. All derivatives are held under constant review of both their realisable value and potential future return and are consequently categorised as held for trading in accordance with FRS 26. Fair values are normally determined by reference to quoted bid / offer market prices. Where quoted market prices are not available fair value is determined by discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants. Gains and losses are taken directly to the profit and loss account and are reported within net trading income. The Company uses the trade date as the point of recognition and derecognition for these instruments.

g) Offsetting financial instruments

The Company offsets financial instruments when the criteria of FRS 25: Financial Instruments: Disclosure and Presentation are met. A financial asset and a financial liability shall be offset and the net amount presented in the balance sheet when, and only when, the Company:

- currently has a legally enforceable right to set off the recognised amounts; and
- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

h) Payment undertaking agreements and linked interest rate swaps

The Company has entered into payment undertaking agreements ("PUAs") whereby funds are borrowed and a long term fixed payment obligation is undertaken. PUAs are treated as debt instruments and are fair valued through profit or loss, having been designated as fair value liabilities through profit or loss on initial recognition, as permitted by FRS 26. The basis of this treatment is that the linked interest rate swaps are fair valued due to their status as derivatives and that different valuation treatments between the two types of financial instruments would cause a measurement inconsistency. Interest rate swaps are put in place to convert these fixed interest payables into floating rate payables.

i) Debt issued

Debt issued by the Company is classified as short-term and is carried in the balance sheet at amortised cost using the effective interest rate method.

j) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts, if any, are shown within borrowings in current liabilities on the balance sheet. Cash held in current accounts is not interest bearing.

k) CVA/DVA

Credit valuation adjustments ("CVA") are necessary when the market price (or parameter) is not indicative of the credit quality of the counterparty. As few classes of derivative contracts are listed on an exchange, the majority of derivative positions are valued using internally developed models that use observable market parameters as the inputs for the models. An adjustment is necessary to reflect the credit quality of each derivative counterparty to arrive at the overall fair value of a derivative instrument. The adjustment also takes into account contractual factors designed to reduce the Company's credit exposure to each counterparty, such as collateral and legal rights of offset.

1. Accounting policies (continued)

Debit valuation adjustments ("DVA") are necessary to reflect the credit quality of the Company in the valuation of liabilities measured at fair value. The methodology to determine the adjustment is consistent with CVA and incorporates Swiss Re's credit spread as observed through the credit default swap market.

2. Financial risk

Financial risk management

The Company's financial risks are reviewed on a monthly basis by the Committee.

a) Market risk

A summary of the Company's market risk is presented to the Committee, and to the Board at the scheduled meetings. Market Risk encompasses foreign exchange risk, interest rate risk, credit risk and environmental risk and arises from entering into derivative contracts with both market counterparties and affiliates for the purpose of both trading activity and also to offset risk.

A daily Value at Risk calculation ("VaR") is carried out. This is a statistical measure of the potential losses that could arise from the trading positions, held over a 10-day holding period and a 99% confidence level. The VaR measure used assumes that our profit or loss follows a normal distribution, but also assumes that trading profit or loss over the 10-day horizon does not benefit from risk management, stop-loss or hedging activity. As at 31 December 2014 the Company had a VaR of $49,000 (2013: $181,000). The use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

All of the above tests are compared to pre-determined limits against which management can assess if further risk mitigation strategies are to be implemented to reduce the reported risk levels.

b) Foreign exchange risk

Foreign exchange risk is managed on an ongoing trade position basis as part of the Company's and Group's cash management procedures. When amounts in non USD currency are paid or received, foreign exchange contracts are put in place to convert the assets or liabilities into USD, thereby reducing foreign exchange exposure and risk. Foreign exchange risk sensitivity analysis is a constituent part of the daily VaR and aggregate stress values.

The Company has assets and liabilities denominated in GBP, EUR and AUD, net of foreign exchange contracts in place to mitigate that risk. The impact of a 1% strengthening of the USD/GBP exchange rate at 31 December 2014 would be a decrease in net assets of $2,000 (2013: decrease of $60,000). The impact of a 1% strengthening of the USD/EUR exchange rate at 31 December 2014 would be an increase in net assets of $17,000 (2013: $13,000). The impact of a 1% strengthening of the USD/AUD exchange rate at 31 December 2014 would be an increase in net assets of $nil (2013: $nil).

c) Interest rate risk

As the company does not engage in long term unhedged fixed interest positions, interest rate risk is not considered a material risk.

Interest rate risk is monitored on a daily basis. A dollar value of a basis point ("DV01") sensitivity test is carried out whereby the profit effect of a 1 basis point change in base rates is measured. As at 31 December 2014 the Company had a DV01 profit of $nil (2013: profit of $5,000).

The DV01 test is compared to predetermined limits against which management can assess if further risk mitigation strategies are to be implemented to reduce the reported risk levels.

2. Financial risk (continued)

d) Liquidity risk

The Company's liquidity risk is reviewed on an ongoing basis at the meetings of the Committee. The Committee reviews and challenges the Liquidity Risk data presented to it by the Liquidity Risk Officer and the Head of Treasury to ensure the Company has not breached any of the limits set by the Board. The key liquidity measures are the Stress Result and the Funding Coverage Ratio at the 1 week and 3 month time horizons.

The Stress Result applies assumptions to both the Company's resources and expected requirements based on a 3 notch downgrade in Swiss Re's credit rating. At the year end, the Stress Coverage was 178% for both time horizons (2013: 186%).

At the year end the Company had a positive Funding Coverage Ratio of 34.2 at the 1-7 day bucket (2013: 3.9) and 24.0 at the cumulative 1-90 day bucket (2013: 3.9).

A maturity analysis of gross undiscounted contractual liabilities by debt maturity period is shown below:

2014 **Unsecured liability**	**Total**	**Overnight - 7 days**	**8 days - 1 month**	**1 month - 3 months**	**3months - 6 months**	**6 months - 1 year**	**More than 1 year**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Other financial liabilities	6,530	528	4,610	1,392	-	-	-
Funds borrowed at FVTPL * (designated)	108,758	-	-	-	-	-	108,758
Financial liabilities at FVTPL * (held for trading)	12,245	-	-	-	12,245	-	-
Total	127,533	528	4,610	1,392	12,245	-	108,758

2013 **Unsecured liability**	**Total**	**Overnight - 7 days**	**8 days - 1 month**	**1 month - 3 months**	**3months- 6 months**	**6 months - 1 year**	**More than 1 year**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Funds borrowed	23,552	23,552	-	-	-	-	-
Funds borrowed at FVTPL * (designated)	108,758	-	-	-	-	-	108,758
Financial liabilities at FVTPL * (held for trading)	4,453	85	-	182	3,587	599	-
Total	136,763	23,637	-	182	3,587	599	108,758

* "Fair value through profit or loss" has been abbreviated to "FVTPL"

Liquidity is managed using Group borrowing / lending, (reverse) sale and repurchase agreements with external and Group counterparties. Cash and liquid asset levels are reviewed to ensure that there are always sufficient liquid resources available to meet all contractual obligations when they fall due.

e) Credit risk

Credit Risk is monitored on a daily basis using credit ratings obtained from External Credit Assessment Agencies including Moody's and Standard & Poor's. The Company's exposures are predominately related to financial institutions and corporates.

2. Financial risk (continued)

Where Credit risk is deemed unacceptably high and when it is deemed to be beneficial the Company will enter into an International Swaps and Derivatives Association (ISDA) Master netting agreement with the counterparty as a way to mitigate credit risk.

A daily credit sensitivity test ("CR01") is carried out which measures the profit or loss that results from a change of 1 basis point in credit spreads on 'Traded debt securities' and 'Traded derivatives'. As at 31 December 2014 the Company had a CR01 of $74,000 (2013: $229,000).

As at 31 December 2014 the Company was exposed to the following credit risks.

1) Other financial assets receivable include trades pending settlement and past due failed trade receivables, from market clearing agents and market counterparties. The maximum exposure to credit risk is equal to the full value of each item at the balance sheet date, being zero at 31 December 2014 (2013: $1,075,000). The maximum ageing of past due failed trade receivables is zero days (2013: 3 days). Delivery of traded debt securities is performed on a delivery versus payment basis, whereby ownership of the asset does not transfer to the purchaser until payment is received, thereby fully mitigating the credit risk exposure. These receivables are monitored on a daily basis.

2) Credit Risk on traded debt securities is covered in the Market risk section (Note 2a).
The table below discloses the Company's maximum credit exposure, split between those held in the Group companies and those held externally:

2014:

$'000	Group	Non-Group	Total
Financial instruments at fair value through profit or loss	38,503	104,288	142,791
Other financial assets	4,857	-	4,857
Cash at bank	-	12,289	12,289
Total	43,359	116,577	159,936

2013:

$'000	Group	Non-Group	Total
Financial instruments at fair value through profit or loss	19,756	104,574	124,330
Other financial assets	1,551	1,075	2,626
Cash at bank	-	24,980	24,980
Total	21,307	130,629	151,936

The table below summarises the credit quality of the Company's financial assets at the balance sheet date. No financial assets were either past due or impaired in the current or prior year.

2014:

$'000	Fair value through profit or loss	Other financial assets	Cash at bank	Total
Swiss Re Group companies:				
AAA – A-	38,503	4,857	-	43,359
Non-group counterparties:				
AAA – A-	98,998	-	12,289	111,286
BBB – B-	5,290	-	-	5,290
	142,791	4,857	12,289	159,936

2. Financial risk (continued)

2013:

$'000	Fair value through profit or loss	Other financial assets	Cash at bank	Total
Swiss Re Group companies:				
AAA – A-	19,756	1,551	-	21,307
Non-group counterparties:				
AAA – A-	104,574	1,075	24,980	130,629
	124,330	2,626	24,980	151,936

At the balance sheet date, the Company had collateral held as security in the form of United States Government Bonds valued at $37,803,000 received under derivative agreements, fully returnable on reversal of the positions that are collateralised with Group companies. The Company has not sold or re-pledged any of the collateral held. At 31 December 2013, the Company had cash collateral of $23,500,000 held as security on financial assets with Group companies as discussed further in Note15.

f) Operational Risk

Operational risk is monitored by an operational risk officer and reported to management on a monthly basis.

The Company maintains Risk and Control Self Assessments for each functional area which enables it to develop risk matrices. These are entered into the Operational Risk Management Information System. The system takes into account the inherent risk of a specified risk and the design and operating effectiveness of the controls that instigated the risk are captured.

Loss history is also maintained. No losses arose as a result of operational events in the current or prior year.

g) Environmental Risk

Risk management provides monitoring and oversight, granularly and aggregated, through the business cycle for Environmental and Commodities Markets (ECM) business. It is the policy of the Company to execute back-to-back ECM trades immediately with a Group Entity; therefore, the Company is not exposed to environmental risk relating to these trades on a net basis. However, the Company has a profit-sharing agreement with the Group Entity, and therefore, is exposed to fluctuations in the profit relating to ECM activity. The maximum exposure to this risk is equal to the full value of the derivative asset relating to the profit sharing agreement, being $1,051,000 at 31 December 2014 (2013: $908,000). The fair value of the ECM derivative assets is driven by movements of observed weather patterns.

3. Capital management (unaudited)

Capital adequacy and the use of regulatory capital are monitored daily by management, employing techniques based on the guidelines developed by the BASEL Committee and the European Community Directives, as implemented by the United Kingdom Financial Conduct Authority ("FCA"), for supervisory purposes. The required information for capital and liquidity are filed with the FCA on a quarterly and monthly basis, respectively.

The FCA requires that the Company holds a minimum level of regulatory capital at least equal to the higher of:

a) The base capital resources requirement which is currently €730,000
b) The sum of its credit risk, market risk and operational risk capital requirements

As of the reporting date, the Company holds additional capital to cover its Pillar 2 stress scenario. The Pillar 2 capital charge at 31 December 2014 was $11,422,000 (2013: $13,048,000).

During the year the Company was fully compliant with its regulatory capital requirements and there were no reportable breaches.

The Company regularly assesses its financial resources, including capital resources and liquidity resources, to ensure that they are adequate in both amount and quality, so that there is no significant risk that its liabilities cannot be met as they fall due, therefore is fully compliant with the overall liquidity adequacy rule.

3. Capital management (unaudited) (continued)

Both the Internal Capital Adequacy Assessment Process ("ICAAP") and the Individual Liquidity Adequacy Assessment ("ILAA") are performed annually. However, if changes in business strategy or operational environment suggest that the current level of financial resources is no longer adequate, the full assessment process will be performed more frequently. Less detailed internal capital adequacy assessments are carried out monthly based on the risk reports described in Note 2. If the monthly internal assessment highlights a need to increase the capital requirement then this will be carried out.

a) Capital Resources

	2014 $'000	2013 $'000
Tier 1 Capital Resources		
Ordinary Share Capital	60,143	60,143
Retained Earnings	25,046	17,280
Capital Redemption Reserve	391	391
Total Capital Resources	**85,580**	**77,814**

After adjustments for cumulative gains and losses due to changes in own credit risk on fair valued liabilities and other transitional adjustments to Common Equity Tier 1 Capital in accordance with the Capital Requirements Regulation ("CRR") as set out in the Official Journal of the European Union, the eligible Tier 1 capital at 31 December 2014 was $71,126,000.

b) Capital Resource Requirements

Capital resource requirements represent the minimum regulatory capital that the Company needs to hold.

	2014 $'000	2013 $'000
Interest Rate Position Risk Requirement	196	59
Foreign Currency Position Risk Requirement	139	549
Counterparty Risk Capital Component	406	748
Non-Trading Book Credit Risk	197	400
Commodities Risk	189	-
Credit Valuation Adjustment Risk	417	-
Operational Risk Requirement	1,534	1,696
Total Capital Resources Requirement	**3,078**	**3,452**

The Operational Risk Capital Requirement is calculated using the standardised approach. The Company has applied Operational Risk Provision 13.3 through 31 December 2013. Capital Requirement Directives IV ("CRD IV") became effective 1 January 2014. CRD IV sets quantitative and qualitative enhancement to the capital adequacy for investment firms. Effective 1 January 2014, the Company calculates the Operational Risk Capital Requirement in accordance with Article 317 of the CRR. The Operational Risk Requirement for 2015, based on this annual report, will be $1,499,000 (2014: $1,534,000).

Counterparty Credit Risk is calculated via the Standard Approach and the exposures at 31 December 2014 and 2013 are to European corporates and Group companies. The Company recognises three external credit assessment institutions: Fitch, Standard & Poor's and Moody's.

External derivative positions are hedged by backing the risk out to a Group entity via equal and opposite back-to-back trades. Cash collateral is posted to the Company by the Group entity to cover the Group counterparty risk. This leaves only the risk of default by the external counterparty.

CRD IV seeks to improve the transparency of firm activities by requiring annual disclosure of profits, taxes and subsidies in different jurisdictions. The table on the following page shows jurisdictions, profits and tax paid for the years ended 31 December 2014 and 2013.

3. Capital management (unaudited) (continued)

2014

Jurisdiction	Description of activities	Name	Number of employees	Turnover	Loss before tax	Accounting tax charge (credit)	Cash tax paid on profit or loss	Public subsidies received
UK	Investment management	Swiss Re Capital Markets Limited	none	2,266	(212)	(46)	-	-
Australia	Investment management	Swiss Re Capital Markets Limited, Australia Branch	none	-	-		-	-

2013

Jurisdiction	Description of activities	Name	Number of employees	Turnover	Profit before tax	Accounting tax charge (credit)	Cash tax paid on profit or loss	Public subsidies received
UK	Investment management	Swiss Re Capital Markets Limited	none	13,140	10,598	2,464	-	-
Australia	Investment management	Swiss Re Capital Markets Limited, Australia Branch	none	-	-		-	-

Return on assets for the year ended 31 December 2014 was 4.86% (2013: 5.33%)

4. Fair value disclosures relating to financial assets and liabilities

Valuation hierarchy

The table below page shows financial assets and financial liabilities carried at fair value. The Group calculates the fair value of derivative assets by discounting future cash flows at a rate which incorporates counterparty credit spreads and calculates the fair value of its liabilities by discounting at a rate which incorporates its own credit spreads. In doing so, credit exposures are adjusted to reflect mitigating factors, namely collateral agreements which reduce exposures based on triggers and contractual posting requirements.

2014

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	$'000	$'000	$'000	$'000
Traded debt securities				
- non-Group	98,998	-	-	98,998
Traded derivatives	-	30,496	13,297	43,793
	98,998	30,496	13,297	142,791
Financial liabilities at fair value through profit or loss				
Traded derivatives	-	-	(12,245)	(12,245)
Funds borrowed at fair value	-	(52,876)	-	(52,876)
	-	(52,876)	(12,245)	(65,121)

4. Fair value disclosures relating to financial assets and liabilities (continued)

2013

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	$'000	$'000	$'000	$'000
Traded debt securities				
- non-Group	104,395	-	-	104,395
Traded derivatives	-	14,574	5,361	19,935
	104,395	14,574	5,361	124,330
Financial liabilities at fair value through profit or loss				
Traded derivatives	-	-	(4,453)	(4,453)
Funds borrowed at fair value	-	(35,719)	-	(35,719)
	-	(35,719)	(4,453)	(40,172)

Fair value measurement and disclosures requires all assets and liabilities that are measured at fair value to be categorised within the fair value hierarchy. This three level hierarchy is based on the observability of inputs used in the fair value measurement. The levels of the fair value hierarchy are defined as follows:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities the Group has the ability to access. Level 1 inputs are the most persuasive evidence of fair value and are used when possible.

Level 2 inputs are market based inputs that are directly or indirectly observable but not considered level 1 quoted prices. Level 2 inputs consist of (i) quoted prices for similar assets or liabilities in active markets; (ii) quoted prices for identical assets or liabilities in non-active markets (e.g. markets which have few transactions and prices are not current or price quotations vary substantially); (iii) inputs other than quoted prices that are observable (e.g. interest rates, yield curves, volatilities, payment speeds, credit risks and default rates) and (iv) inputs derived from, or corroborated by, observable market data.

Level 3 inputs are unobservable inputs. These inputs reflect the Group's own assumptions about market pricing using the best internal and external information available.

4. Fair value disclosures relating to financial assets and liabilities (continued)

Analysis of Level 3 financial assets and liabilities:

2014	Traded derivatives - Group	Traded derivatives - non-group	Total
	$'000	$'000	$'000
Financial assets			
As at 1 January	5,182	179	5,361
Purchases	4,524	8,685	13,209
Gains/(losses) recognised in profit and loss			
through net trading income on assets held at the end of the year	2,574	5,253	7,827
through net trading income on assets settled during the year	12,805	(8,318)	4,487
Settlements	(17,078)	(509)	(17,587)
As at 31 December	8,007	5,290	13,297
Financial liabilities			
As at 1 January	(179)	(4,274)	(4,453)
Issuances	(8,685)	(4,524)	(13,209)
Gains/(losses) recognised in profit and loss			
through net trading income on liabilities held at the end of the year	(5,253)	(2,430)	(7,683)
through net trading income on liabilities settled during the year	8,318	(12,805)	(4,487)
Settlements	509	17,078	17,587
As at 31 December	(5,290)	(6,955)	(12,245)

2013	Traded derivatives - Group	Traded derivatives - non-group	Total
	$'000	$'000	$'000
Financial assets			
As at 1 January	-	-	-
Transfers into Level 3	-	125	125
Purchases	6,120	211	6,331
Gains/(losses) recognised in profit and loss			
through net trading income on assets held at the end of the year	(539)	671	132
through net trading income on assets settled during the year	348	(271)	77
Settlements	(747)	(557)	(1,304)
As at 31 December	5,182	179	5,361
Financial liabilities			
As at 1 January	-	-	-
Transfers into Level 3	(133)	(33)	(166)
Issuances	-	(6,243)	(6,243)
Gains/(losses) recognised in profit and loss			
through net trading income on liabilities held at the end of the year	(671)	1,447	776
through net trading income on liabilities settled during the year	133	(210)	(77)
Settlements	492	765	1,257
As at 31 December	(179)	(4,274)	(4,453)

4. Fair value disclosures relating to financial assets and liabilities (continued)

Transfers of categorisation of financial assets and liabilities in the fair value hierarchy are recognised at the date of the event or change in circumstances that caused the transfer. The Company reassessed the observability of fair value inputs as of 1 January 2013. The inputs of three level 2 positions were assessed to be unobservable. The respective assets and liabilities were therefore shifted to level 3.

For the year ended 31 December 2014, the Company recognised profits of $409,000 in the profit and loss account related to Level 3 financial instruments (for the year ended 31 December 2013: $908,000).

5. Net trading income

	2014 $'000	2013 $'000
Net income earned on financial instruments at fair value through profit or loss - held for trading:		
Net income/(expense) earned on traded derivatives and traded securities	17,948	(7,446)
Net income earned on foreign exchange contracts	-	16
	17,948	**(7,430)**
Net income earned on financial instruments at fair value through profit or loss - designated as such on initial recognition:		
Net (expense)/income on funds borrowed	(17,162)	19,660
	(17,162)	**19,660**
Advisory fee income:		
Advisory fees receivable from Group companies	1,663	1,147
	1,663	**1,147**
	2,449	**13,377**

6. Administrative expenses

Operating profit is stated after charging:	2014 $'000	2013 $'000
Fees payable for auditing the Company's financial statements (Note 7)	294	279
Management charges payable - Group companies	2,184	2,263
	2,478	**2,542**

Management charges were made by a fellow subsidiary undertaking, Swiss Re Services Limited ("SRSL"). Administration, staff and pension costs are incurred by SRSL and all staff undertaking tasks for the Company are employed under contract with SRSL or other Group companies. Of the management charge $1,448,000 related to staff costs (2013: $1,710,000). The Company had no employees during the current or prior years.

Certain key individuals employed by SRSL, and contracted to the Company, are entitled to deferred shares under a long term incentive scheme. All deferred shares are Swiss Reinsurance Company shares. The cost of this scheme is recharged to the Company by SRSL through the management recharge. For detailed disclosures refer to the SRSL financial statements, which can be obtained from the address in Note 25.

SRSL sponsors a Group Personal Pension Plan for its staff administered by Friends Life. Costs are charged to the profit and loss account of SRSL as they are incurred, and are recharged to the Company through management charges.

7. Independent auditors' remuneration

The total fees payable by the Company (Note 6), excluding VAT, to its principal auditor, PricewaterhouseCoopers LLP, are payable solely in respect of audit services. Fees paid in respect of non-audit services during the year ended 31 December 2014 were $56,000 (2013: $nil).

8. Directors' emoluments

	2014 $'000	2013 $'000
Aggregate emoluments, excluding pension contributions	53	89
Aggregate pension contributions to money purchase schemes	3	3

The number of Directors for whom pension contributions were made in the year is five (2013: four).

The number of Directors, including the highest paid, who have share options receivable under long-term incentive schemes is three (2013: four). The value of share options exercised in the current and prior year was nil.

The amounts disclosed above are an allocation of total emoluments and pension contributions based on the total time spent working for the Company.

9. Interest receivable

	2014 $'000	2013 $'000
Interest receivable and similar income	9	5
	9	**5**

10. Interest payable

	2014 $'000	2013 $'000
Interest payable and similar charges	8	20
	8	**20**

11. Tax on (loss)/profit on ordinary activities

	2014 $'000	2013 $'000
Analysis of tax credit/(charge) for the year		
Current tax:		
UK corporation tax at 21.5% (2013: 23.25%)	(57)	(2,576)
Adjustments in respect of prior years	7,946	(32)
Total current tax	**7,889**	**(2,608)**
Deferred tax:		
Origination and reversal of timing differences	87	89
Adjustments arising on implementation of tax rate change	2	14
Total deferred tax	**89**	**103**
Tax credit/(charge) on (loss)/profit for the year	**7,978**	**(2,505)**

11. Tax on (loss)/profit on ordinary activities (continued)

The current tax charge for the year differs from the standard rate of corporation tax in the UK. The differences are explained below:

	2014 $'000	2013 $'000
Factors affecting the tax credit for the year		
(Loss)/profit on ordinary activities before taxation	(212)	10,598
Taxable income in the financial year multiplied by the standard rate of corporation tax in the UK of 21.5% (2013: 23.25%)	46	(2,464)
Adjustments in respect of prior years	7,946	(32)
Transitional spreading on adoption of FRS 26	(103)	(112)
Current tax credit/(charge) for the year	**7,889**	**(2,608)**

Deferred tax liabilities have been calculated using a tax rate of 20% following the enactment of the reduction in the corporation tax rate (2013: 21%). This is the rate at which the majority of differences are expected to reverse.

Legislation was enacted in Finance Act 2012 to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013. In addition, legislation was enacted in Finance Act 2013 to reduce the main rate of corporation tax to 21% for the financial year commencing 1 April 2014 and to 20% for the financial year commencing 1 April 2015. These further reductions were both fully enacted at the balance sheet date. The impact of these changes on future periods will be dependent on the level of taxable profit in those periods.

12. Financial assets at fair value through profit or loss

	2014 $'000	2013 $'000
Financial assets at fair value through profit or loss - held for trading:		
Traded derivatives - Group companies	38,503	19,756
Traded derivatives – non-Group companies	5,290	179
Traded debt securities – non-Group companies	98,998	104,395
	142,791	**124,330**

All 'Traded debt securities' are listed instruments.

13. Other financial assets

	2014 $'000	2013 $'000
Accrued income - Group companies	91	240
Service fees receivable – Group companies	-	1,311
Other financial assets receivable – Group companies	4,766	-
Other financial assets receivable – non-Group companies	-	1,075
	4,857	**2,626**

The carrying value of financial assets receivable is not significantly different to the fair value of those assets at the year end.

14. Financial liabilities at fair value through profit or loss: amounts falling due within one year

	2014	2013
	$'000	$'000
Financial liabilities at fair value through profit or loss – held for trading:		
Traded derivatives - Group companies	5,291	179
Traded derivatives - non Group companies	6,954	4,274
	12,245	**4,453**

These liabilities are short term positions relating to trading activities.

15. Other financial liabilities: amounts falling due within one year

	2014	2013
	$'000	$'000
Funds borrowed from Group companies	1,392	23,550
Accrued interest on funds borrowed from Group companies	-	2
Accrued expenses - Group companies	528	-
Other financial liabilities - non-Group companies	4,610	-
	6,530	**23,552**

At 31 December 2014, funds borrowed from Group companies are comprised of an unsecured borrowing at an interest rate of 2.77% and a maturity date of 31 March 2015. At 31 December 2013, funds borrowed from Group companies were comprised of cash collateral received under derivatives agreements and was fully returned on reversal of the positions that were collateralised. The cash received was allowed to be, and was, fully utilised within the normal cash management strategies of the Company. The Company paid market rates of interest on the collateral received. At 31 December 2014, other financial liabilities – non-Group companies comprised of a final pay out on an ECM derivative contract that expired on 31 December 2014 with the final pay out settled on 12 January 2015.

The carrying value of other financial liabilities is not significantly different to their fair value at the year end.

16. Other liabilities: amounts falling due within one year

	2014	2013
	$'000	$'000
Taxation Group relief payable	2,628	10,227
Deferred tax	77	86
	2,705	**10,313**

Deferred tax

	2014	2013
	$'000	$'000
At the beginning of the year	86	92
Movement in the year	(87)	(89)
Adjustment arising on implementation of tax rate change	(2)	(14)
Adjustments in respect of prior periods	8	12
Foreign exchange on revaluation	(5)	(1)
Switch from non-current to current deferred tax liability	77	86
	77	**86**

16. Other liabilities: amounts falling due within one year (continued)

The actual liability for deferred tax due within one year provided in the financial statements is as follows:

	2014 $'000	2013 $'000
Transitional spreading on adoption of FRS 26	77	86
	77	86

17. Financial liabilities at fair value through profit or loss: amounts falling due after more than one year

	2014 $'000	2013 $'000
Financial liabilities at fair value through profit or loss - designated as such on initial recognition:		
Funds borrowed at fair value	52,876	35,719
	52,876	**35,719**

Funds borrowed, including accrued interest on funds borrowed, comprised two PUAs, at an interest rate of 6%. These are payable in instalments of $14,003,000 in 2032 and $94,755,000 in 2036. The initial receipts totalled $15,982,000 and the remainder of the future payables being accrued interest of $92,776,000. Changes in the fair value of the PUAs are brought about by the movement of market interest rates and credit spreads. Interest rate swaps are put in place to convert these fixed interest payables into floating rate payables. PUAs are fair valued through the profit or loss having been designated as fair value liabilities through profit or loss on initial recognition, as permitted by FRS 26. The basis of this treatment is that the linked interest rate swaps are fair valued due to their status as derivatives and that different valuation treatments between the two types of financial instruments would cause a measurement inconsistency.

18. Other liabilities: amounts falling due after more than one year

Deferred tax	2014 $'000	2013 $'000
At the beginning of the year	85	183
Switch from non-current to current deferred tax liability	(77)	(86)
Foreign exchange on revaluation	(8)	(12)
	-	**85**

The actual liability for deferred tax due after more than one year provided in the financial statements is as follows:

	2014 $'000	2013 $'000
Transitional spreading on adoption of FRS 26	-	85
	-	**85**

19. Fair value disclosure

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

Notes to the financial statements (continued)

20. Called up share capital

	2014 '000	2013 '000
Authorised:		
100,000 (2013: 100,000) ordinary shares of £1 each	£100	£100
300,000,000 (2013: 300,000,000) ordinary shares of $1 each	$300,000	$300,000

	2014 $'000	2013 $'000
Called up, issued, allotted and fully paid:		
60,143,240 (2013: 60,143,240) ordinary shares of $1 each	60,143	60,143
	60,143	**60,143**

21. Capital redemption reserve

	2014 $'000	2013 $'000
As at 1 January and 31 December	**391**	**391**

22. Dividends

No dividends were declared or paid during the current or prior year.

23. Profit and loss account

	2014 $'000	2013 $'000
At 1 January	17,280	9,187
Profit for the financial year	7,766	8,093
At 31 December	**25,046**	**17,280**

24. Reconciliation of movements in equity shareholders' funds

	2014 $'000	2013 $'000
At 1 January	77,814	69,721
Profit for the financial year	7,766	8,093
At 31 December	**85,580**	**77,814**

25. Parent company

The immediate parent undertaking is Swiss Re GB Limited.

The ultimate parent undertaking and controlling party is Swiss Re Ltd, which is incorporated in Switzerland. The parent company that heads the smallest and largest group including the company for which consolidated financial statements are prepared is Swiss Reinsurance Company.

Swiss Re Ltd's financial strength is currently rated AA- by Standard & Poor and Aa3 by Moody's.

The financial statements of Swiss Re GB Limited and Swiss Re Ltd may be obtained by applying to the Company Secretary, Swiss Re GB Limited, 30 St Mary Axe, London, EC3A 8EP, United Kingdom.

26. Subsequent events

On 18 March 2015, the company early terminated the PUAs and the linked interest rate swaps that are discussed in note 17. The agreed termination amount paid of $61,130,563 for the PUAs was calculated using the future cash flows discounted at the risk free rate plus 25 basis points and the agreed termination amount received of $33,164,975 on the linked interest rate swaps was fair market value calculated using the future cash flows discounted at the risk free rate.

On 26 March 2015, the Board of Directors of the Company approved the declaration of a dividend of $15,000,000 payable to the immediate parent company.