

THOMAS MILLER & CO LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2011

Registered number 1898192



THOMAS MILLER & CO LIMITED

CONTENTS	Page
Officers and professional advisers	2
Directors' report	3 - 5
Directors' responsibilities statement	6
Independent auditor's report	7
Profit and loss account	8
Statement of total recognised gains and losses	8
Balance sheet	9
Reconciliation of movements in shareholder's funds	10
Notes to the accounts	11 - 26

THOMAS MILLER & CO LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

R M Grainger	
B M Kesterton	
J E Anderson	
T M Evans	
A Gamblin	Resigned 31 December 2011
M D Holford	Resigned 15 July 2011
I R Jarrett	Resigned 31 December 2011
M A Jarrett	Resigned 31 December 2011
A C Jones	Resigned 31 December 2011
M R Lawton	Resigned 19 July 2011
J R Morris	Resigned 31 December 2011
A Salim	
K E Vernau	Resigned 31 December 2011
G Fleming	Appointed 3 October 2011

COMPANY SECRETARY

K P Halpenny

REGISTERED OFFICE

90 Fenchurch Street
London
EC3M 4ST

AUDITOR

Deloitte LLP
Chartered Accountants
London
United Kingdom

THOMAS MILLER & CO LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

The directors present their annual report on the affairs of the company, together with the financial statements and auditor's report, for the year ended 31 December 2011

1 Principal activity and business review

The company is a wholly owned subsidiary of Thomas Miller Holdings Ltd, a company incorporated in Bermuda

The principal activity of the company during the year has been the provision of services to its fellow subsidiary undertakings. The main activities of these undertakings have been the provision of agency services to managers of mutual insurance companies and acting as managers of mutual insurance companies. The main operations of the company were carried out from offices in the United Kingdom. The company also operates through two small branch offices in China. The directors are not aware at the date of this report, of any likely major changes in the company's activities in the next year.

The primary business indicators that the company uses to control the business are linked to cost control. Expenditure is reviewed against budgets for each cost centre, by month and by account code and variances are analysed and explained. Budgets are reviewed twice a year. Income arises from recharges of costs to other group companies based on those companies' usage of resource. The company's directors believe that review of costs against budgets is the key performance indicator necessary for an understanding of the development, performance and financial position of the business.

Turnover for the year has increased by 2.2% whilst administration expenses have increased by 3.8% from 2010 to 2011. The increase in costs is largely due to an increase in remuneration related expenditure. In the majority of cases costs are recharged to fellow subsidiary undertakings as part of the "Memorandum of Services" agreement with those subsidiary undertakings.

The post tax deficit on both the funded and unfunded Defined Benefit pension schemes, as calculated using the FRS 17 "Retirement benefits" basis of calculation, has increased from £24.80 million to £27.24 million. Normal contributions into the schemes increased by 5.1% to £5.12 million (2010 - £4.87 million). These contributions in accordance with FRS 17, are not recognised as a cost within administrative expenses. The main reasons for the increase in the deficit are the reduction in the AA rated bond yields, leading to a reduction in the FRS 17 discount rate which increases the present value of the defined benefit scheme obligation. This increase in the deficit was offset to an extent by a reduction in the assumed level of inflation used to calculate the present value of the defined benefit obligation, the company's contributions into the scheme and better than expected asset returns. In addition, the removal of salary linkage for active members with effect from 1 July 2011 has also reduced the deficit. Note 23 of these accounts summarises the movement this year.

The balance sheet on page 9 shows the company's financial position at the year end. The increase in the Shareholder's deficit arises primarily due to the increase in the value of "Retirement benefits and similar obligations" as discussed above. Furthermore, the company made a profit of £0.11 million on the disposal of shares held by ESOP trusts where deemed proceeds on shares utilised were greater than the average cost of the shares disposed.

The directors note that there have been no significant events since the balance sheet date.

2 Results and dividends

The profit and loss account for the year is set out on page 8. The profit on ordinary activities after taxation amounted to £3,225,000 (2010 - £1,751,000).

No dividends were declared during the year (2010 - £nil).

The profit and loss account deficit as at 31 December 2011 was £24,740,000 (2010 - £20,254,000).

THOMAS MILLER & CO LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)

3 Financial risk management including principal risks and uncertainties

Financial risk management objectives

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

The group finance director, advised by the Treasury Advisory Committee, monitors and aims to reduce exposure to the various components of financial risk. Through the Committee, the group finance director takes advice to ensure that he acts in line with the terms of reference approved by the board of Thomas Miller Holdings Ltd.

The company is also exposed to the above risks through the operation of the final salary pension scheme and also its obligations under the unfunded defined benefit schemes. The strategy for dealing with the associated risks is managed by the board with close liaison with the pension trustee board.

The company does not use derivative financial instruments for speculative purposes.

Interest rate risk

The main interest rate exposure relates to the interest rate used to calculate the Defined Benefit pension scheme liabilities. It is estimated that every reduction of 0.5% in the yield on AA rated bonds increases the gross Defined Benefit pension scheme liability by approximately 10%. The scheme is reviewed by an external firm of actuaries and the company board and trustees meetings are held four times a year. Interest rate exposure also exists on £1.44m of loans and leases. The interest charged on these is on a variable rates basis.

Interest rate risk exists from the company's exposure to adverse movements in interest rates in relation to cash balances and deposits and loans and leases. The Treasury Advisory Committee monitors the risk and reduces the company's exposure by utilising a choice of available funds with different interest rate characteristics. The Committee takes advice from investment specialists within the company and acts in line with the company's Investment Policy.

Currency risk

The company is not exposed to currency risk in respect of its income streams. Currency risk exists from the company's residual exposure to adverse movements in exchange rates in respect of its foreign currency expenditure. This risk is managed within the group by collecting management fees in currencies which match the costs of the overseas group companies and through the use of forward exchange contracts. These foreign exchange differences are charged to the profit and loss account.

All of the company's income from services provided to fellow UK subsidiaries undertakings is in sterling as are the majority of the company's costs. Currency risk arises from the cost of services provided to the company from fellow subsidiary undertakings based in the USA, Hong Kong, Australia and Singapore who charge for services provided in their respective local currencies. The relevant fellow subsidiaries charge the company for the sterling equivalent of these costs. The risk is managed within the group by collecting management fees in currencies that match the costs of these overseas companies.

Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the company is exposed to credit risk are:

- amounts due from fellow subsidiaries and other customers, and
- cash balances held with financial institutions.

The company, through the Treasury Advisory Committee, places limits on the level of cash balances held at any financial institution dependent on its credit rating. Amounts due to the company are actively monitored by the finance department and Treasury Advisory Committee.

Liquidity and cash flow risk

Liquidity and cash flow risk is the risk that cash may not be available to pay obligations when due. The Investment Policy sets limits on cash balances to ensure that funds are available to cover anticipated liabilities and unexpected levels of demand.

4 Directors

The present membership of the board of directors is shown on page 2, all of whom held office throughout the year except as noted. The board was restructured on 31 December 2011 when a number of directors resigned in order to become members of the new Management Committee.

B M Kesterton is a director of the ultimate parent company, Thomas Miller Holdings Ltd.

THOMAS MILLER & CO LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)

5 Employees

Thomas Miller & Co Limited ("Thomas Miller") is committed to providing equal opportunities to all employees irrespective of their gender, sexual orientation, marital status, race, nationality, ethnic origin, disability, age or religion. Thomas Miller is an inclusive employer and values diversity in its employees and seeks to achieve diversity through recruitment and selection, training, career development, flexible working arrangements, promotion and performance appraisal. In the event of employees becoming disabled, every effort is made to ensure that their employment with Thomas Miller continues and to provide specialised training where this is appropriate. Information on employee matters is available on an intranet site and via periodic publications.

6 Employee consultation

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings and the company's intranet website. Employees are consulted regularly on a wide range of matters affecting their current and future interests. The employee share schemes have been running successfully since their inception. The Executive Share Option Plan was introduced in 1999, the Share Incentive Plan introduced in 2003, the Long Term Share Acquisition Plan introduced in 2006 and the Save As You Earn Scheme introduced in 1999. The Service Award scheme was also introduced in 1999. The Share Incentive Plan, the Save As You Earn Scheme and the Service Award Scheme are open to all employees of the company and the major features of the scheme are outlined in note 22 to the Financial Statements. The other schemes are only open to employees at Director level or above and the major features of those schemes are also outlined in note 22.

7 Supplier payment policy

The company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment.

8 Donations

Charitable donations paid amounted to £45,000 (2010 - £46,000). The company did not make any political donations during the current and previous financial year.

9 Directors' indemnity

The ultimate parent company Thomas Miller Holdings Ltd. has made qualifying third party indemnity provisions for the benefit of its subsidiaries' directors which remain in force at the date of this report.

10 Auditor

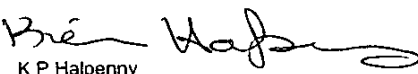
Each of the persons who is a director at the date of approval of this report confirms that

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- (2) the director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution of reappoint Deloitte LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

By order of the board



K P Halpenny
Secretary

29 March 2012

90 Fenchurch Street
London
EC3M 4ST

THOMAS MILLER & CO LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the annual 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 elected to prepare 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. In preparing these financial statements, the directors are required to

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THOMAS MILLER & CO LIMITED

We have audited the financial statements of Thomas Miller & Co Limited for the year ended 31 December 2011 which comprise the profit and loss account the statement of total recognised gains and losses, the balance sheet the combined reconciliation of movements in shareholders funds and movements in reserves and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 opinions we have formed.

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 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

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



Andrew Downes (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor

London UK

29 March 2012

THOMAS MILLER & CO LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £'000	2011 £ 000	2010 £'000	2010 £ 000
Turnover	1,2		65,486		64,060
Other exceptional operating income arising from pension benefit curtailment	23		2 648		-
Administrative expenses			(62,908)		(60,610)
Operating profit	3		5 226		3,450
Profit on disposal of parent company shares	20		109		208
Income from participating interests			13		-
Profit on ordinary activities before interest and taxation			5,348		3,658
Interest receivable and similar income		34		39	
Interest payable and similar charges	6	(59)		(97)	
Other finance costs	7	(662)		(1 213)	
			(687)		(1,271)
Profit on ordinary activities before taxation			4,661		2,387
Tax on profit on ordinary activities	8		(1,436)		(636)
Profit on ordinary activities after taxation			3 225		1,751

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2011**

	2011 £'000	2010 £'000
Profit for the financial year	3 225	1 751
Actuarial (loss) / gain relating to the pension deficit for the year (note 23)	(9 547)	1 069
Current tax credit attributable to the pension deficit (Note 8)	1 356	-
Deferred tax credit / (charge) attributable to the actuarial (loss) / gain on the pension deficit	480	(613)
Total recognised (losses) / gains for the period	(4,486)	2,207

All amounts derive from continuing operations

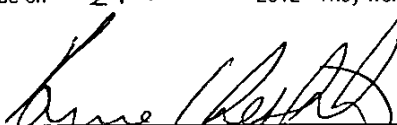
The notes on pages 11 to 26 form an integral part of these financial statements


THOMAS MILLER & CO LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2011

	Notes	2011 £'000	2011 £'000	2010 £'000	2010 £'000
Fixed assets					
Intangible assets	11		535		608
Tangible assets	12		5 846		6,952
Investments	13		4,302		1,661
			10,683		9,221
Current assets					
Debtors					
- due within one year	14	13 366		13,360	
- due after one year	14	2 881		2 881	
Cash at bank and in hand		5,376		4,696	
		21,623		20 937	
Creditors Amounts falling due within one year	16	(26,854)		(21,227)	
Net current liabilities			(5 231)		(290)
Total assets less current liabilities			5,452		8,931
Creditors Amounts falling due after more than one year	16		(1,271)		(2,782)
Provisions for liabilities	17		(1 152)		(1,106)
Retirement benefits and similar obligations	23		(27 269)		(24 797)
Total net liabilities			(24,240)		(19,754)
Capital and reserves					
Called up share capital	18		500		500
Profit and loss account			(24 740)		(20,254)
Shareholder's deficit			(24,240)		(19 754)

The financial statements of Thomas Miller & Co Limited (registered number 1898192) were approved by the board of directors and authorised for issue on 29 MARCH 2012. They were signed on its behalf by

 Director B M KESTERTON

 Director R M GRANGER

The notes on pages 11 to 26 form an integral part of these financial statements

THOMAS MILLER & CO LIMITED

**COMBINED RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS AND MOVEMENTS IN RESERVES
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Share capital	Profit and loss account	2011 Total	2010 Total
	£'000	£'000	£'000	£'000
Profit for the financial year	-	3 225	3 225	1,751
Actuarial (loss) / gain relating to the pension deficit net of taxation	-	(7,711)	(7 711)	456
Net (reduction) / increase to shareholder's funds	-	(4,486)	(4,486)	2,207
Opening shareholder's funds / (deficit)	500	(20 254)	(19,754)	(21,961)
Closing shareholder's funds / (deficit)	500	(24,740)	(24,240)	(19,754)

The notes on pages 11 to 26 form an integral part of these financial statements

THOMAS MILLER & CO LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2011

1 Accounting policies

1.1 Basis of preparation

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

1.2 Going concern

The company's business activities together with the factors likely to affect its future development performance and position are set out within the directors' report

The financial position of the company is described within the directors' report. In addition, point 3 of the directors' report describes the liquidity position of the company including the company's objectives policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposures to credit risk and liquidity risk

The company is in a "net liabilities" position after taking into account "retirement benefits and similar obligations". However the annual cash contributions made by the company to the Thomas Miller & Co Limited Retirement Benefits Scheme ("the Scheme") which closed to future accruals of benefits on 1 October 2004, are designed to eliminate this deficit by 2023. This is in accordance with an agreement made with the trustees of the Scheme to eliminate that deficit. The annual contributions are re-charged to fellow subsidiary undertakings, in accordance with the "Memorandum of Services" agreements between the company and those fellow subsidiary undertakings

The company has a net current liabilities position. This is largely due to an increase in the amount owed to the parent company during the year. The parent company has provided the funds necessary to enable the company to provide loans to the Thomas Miller Employee Share Trust No 1 ("EBT no 1"). As indicated in notes 13, 19 and 20, during the year there has been a net acquisition of parent company shares held by EBT no 1. The company has sufficient cash resources to meet the regular payment requirements in respect of its various liabilities

As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the annual report and accounts

1.3 Goodwill

For acquisitions of a business purchased goodwill is capitalised in the year in which it arises and amortised over its estimated useful life up to a maximum of 20 years with the charge pro-rated in the year of acquisition, from the date of acquisition. Provision is made for any impairment

1.4 Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment

Depreciation is provided to write off the cost less estimated residual value of all tangible fixed assets over the estimated useful economic lives of the assets. The rates generally applicable are

Leasehold improvements	Straight-line over period to next lease break clause
Motor vehicles	Straight-line over 3 years
Office machinery, fixtures and fittings	Straight-line over 3 to 17 years
Leased equipment	By equal instalments over period of lease or expected useful economic life if shorter

1.5 Investment

Investments held as fixed assets are stated at cost less provision for impairment

1.6 Foreign currencies

Transactions denominated in foreign currencies are translated into Sterling at the exchange rates ruling at the date of transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account

Forward exchange contracts are used to hedge foreign exchange exposures arising on forecast receipts and payments in foreign currencies of a fellow subsidiary. Gains and losses arising on these contracts are recognised in the profit and loss account when the contract matures

THOMAS MILLER & CO LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)

1 Accounting policies (continued)

1.7 Leases and assets

Leases are treated in accordance with the provisions of SSAP 21 "Accounting for leases and hire purchase contracts". Assets held under finance leases are capitalised in the balance sheet and depreciated over the shorter of the period of the lease and their expected useful economic lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the primary period of the lease. All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the period of the lease.

1.8 Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Deferred tax assets are recognised to the extent that it is regarded more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

1.9 Retirement benefits and similar obligations

For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. Current service costs are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the company, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability net of the related deferred tax is presented separately after other net assets on the face of the balance sheet.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

The company assumed a liability to pay annuities to those former partners of Thos R. Miller & Son who retired prior to 1989. The schemes' liabilities have been accounted for in accordance with FRS 17 and are unfunded.

1.10 Turnover

Turnover, which excludes value added tax, represents the value of service fees attributable to the accounting year.

THOMAS MILLER & CO LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)

1 11 Share-based payments

The company has elected to adopt the exemption to apply FRS 20 "Share-based payment" only to share option awards granted after 7 November 2002. The equity instruments granted are in relation to shares in the parent company, Thomas Miller Holdings Ltd.

The parent company awards share-based payments to certain employees of the company. The company accounts for these awards as cash settled share-based payments. Fair value in respect of share option awards is measured using the Black-Scholes model, taking into account the terms and conditions under which the instruments were granted, excluding the impact of any non-market vesting conditions.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the equity instruments granted and the number of equity instruments which eventually vest. At each balance sheet date, the company revises its estimates of the number of equity instruments that are expected to vest. It recognises the revision of original estimates, if any, in the profit and loss account.

A liability equal to the portion of services received is recognised at the current fair value determined at each balance sheet date for cash-settled, share-based payments.

The company also awards employees bonuses on completion of three years service. Employees can choose to take the bonus in shares or shares and cash. The company records an expense based on the amount it expects to vest, taking into account estimated staff turnover, on a straight-line basis over the vesting period.

1 12 Cash flow statements

The company is exempt from producing a cash flow statement under FRS1 (revised 1996) "Cash flow statements" as more than 90% of the voting rights are owned by its ultimate parent undertaking whose published, publically available accounts include a consolidated cash flow statement (note 26).

1 13 The Thomas Miller Healthcare Trust

The Thomas Miller Healthcare Trust Scheme ("Trust") was set up on 1 July 2010 to provide certain benefits relating to medical treatment for employees of Thomas Miller & Co ("TMC") and other persons who are eligible to participate in the Scheme. The benefits payable are the actual cost of the treatment up to the maximum (if any) specified in the trust deeds benefits table applicable at the time treatment was received (subject to any excess or benefit limitation which may be stipulated in the rules). The scheme will pay benefits only for expenditure that a member has incurred during the scheme year for which contribution from TMC or another applicable employer has been made into the scheme.

The fund amount cannot in any circumstances be transferred to any person or body who is or has at any time been an employer. The Trust is accounted for in accordance with UITF Abstract 32 Employee Benefit Trusts and other intermediate payment arrangements.

2 Analysis of turnover

Turnover by geographical origin is shown below

	2011 £'000	2010 £'000
United Kingdom and Europe	65,486	64,060
All turnover derives from the principal activities of the company		

3 Operating profit

	2011 £'000	2010 £'000
This is stated after charging		
Depreciation		
- owned assets	1,097	1,103
- leased / financed assets	460	471
- leasehold improvements	64	55
- amortisation of goodwill	73	77
Exchange (gains) / losses	(34)	286
Loss on disposal of fixed assets	30	128
Rentals under operating leases	1,742	1,712

THOMAS MILLER & CO LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)

3 Operating profit (continued)

Amounts payable to Deloitte LLP and their associates by the company and its fellow UK subsidiary undertakings in respect of services are shown below

The analysis of auditor's remuneration is as follows

	2011 £'000	2010 £ 000
Fees payable to the company's auditor for the audit of the company's annual accounts	41	41
Fees payable to the company's auditor and their associates for other services to the company and its fellow UK subsidiary undertakings		
- The audit of fellow subsidiaries pursuant to legislation	91	71
Total audit fees	132	112
- Tax services	26	68
- Information technology services	100	-
- Other services	2	9
Total non-audit fees	128	77

The company bore auditor remuneration on behalf of a number of fellow UK subsidiaries of Thomas Miller Holdings Ltd in 2011 and 2010

4 Directors' remuneration

The directors of the company include a number of directors who are also directors of other companies within the Thomas Miller Holdings group. The directors do not consider it practicable or appropriate to allocate directors' services between individual subsidiary companies. The directors of the company received aggregate emoluments of £3,261,000 (2010 - £2,854,000) relating to their services to all companies within the Thomas Miller Holdings group.

The value of contributions paid or treated as paid by a person other than the director to whom retirement benefits are accruing in respect of directors' qualifying services to the extent that the contributions might lead to money purchase benefits being payable was £208,000 (2010 - £178,000).

The number of directors who

	2011 Number	2010 Number
Are members of defined benefit schemes	9	9
Are members of defined contribution schemes	10	9
Exercised options over shares in the parent company Thomas Miller Holdings Ltd	4	2
Had awards receivable in the form of shares under a long term incentive scheme	11	8

5 Employee information (including directors)

The average number of persons employed by the company during the year was 385 (2010 - 379).

Geographical area	2011 Number	2010 Number
Europe	377	372
Asia	8	7
	385	379

THOMAS MILLER & CO LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)

5 Employee information (including directors) (continued)

The total payroll costs of these persons employed by Thomas Miller & Co Limited were as follows

	2011	2010
	£ 000	£ 000
Wages and salaries (including bonuses)	29,591	28,879
Redundancy costs	(113)	629
Social security costs	3,466	3 516
Other pension costs - defined contribution schemes	3 620	2,883
	<u>36 564</u>	<u>35,907</u>

Other pension costs include only those items included within operating costs. Items reported elsewhere have been excluded. Redundancy costs show the release of a provision made by the company in 2010. The actual redundancy costs were however, paid out of another group entity during 2011.

6 Interest payable and similar charges

	2011	2010
	£ 000	£'000
Bank interest	4	38
Interest on finance leases	51	59
Other interest	4	-
	<u>59</u>	<u>97</u>

7 Other finance costs

	2011	2010
	£'000	£'000
Net finance costs on retirement benefit schemes (note 23)	<u>662</u>	<u>1 213</u>

8 Tax on profit on ordinary activities

The tax charge is based on the profit for the year and represents

	2011	2010
	£ 000	£ 000
Current tax		
Current tax charge (credit) / charge for the year	970	(387)
Adjustments in respect of prior years	98	(72)
	<u>1 068</u>	<u>(459)</u>
Overseas tax suffered	1	-
	<u>1,069</u>	<u>(459)</u>
Deferred taxation - current year	418	1,007
Deferred taxation - change in tax rate year	43	30
Deferred taxation - prior year	(94)	58
Tax on profit on ordinary activities	<u>1,436</u>	<u>636</u>

The company recognised a current tax credit in the Statement of Recognised Gains and Losses of £1,356 000 attributable to the pension deficit.

Under the Finance Act 2011, the rate of corporation tax was reduced from 28% to 26% from 1 April 2011. A further reduction to 25% from 1 April 2012 was also included in the Act and has been taken into account in calculating the deferred tax assets as at 31 December 2011.

In addition, the UK government has signalled its intention to reduce the rate of corporation tax by a further 1% in each of the next two years to 23% for the financial year commencing 1 April 2014. These lower rates will only be reflected in the accounts as and when they are substantively enacted.

THOMAS MILLER & CO LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)

9 Reconciliation of current year tax charge

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 26.5% (2010 - 28.0%). The current year tax charge for the year is different to the standard rate for the reasons set out in the following reconciliation

	2011 £'000	2010 £'000
Profit on ordinary activities before tax	4,661	2,387
Profit on ordinary activities before tax multiplied by the standard rate of corporation tax	1,235	668
Expenses not deductible for tax purposes	154	(48)
Depreciation in excess / (deficit) of capital allowances	39	(1)
Other short term timing differences	69	19
Short term timing differences in respect of pension deficit	(526)	(1,025)
Adjustments in respect of prior years	98	(72)
Current tax charge (credit) / charge for the year	1,069	(459)

10 Dividends

No interim or final dividend has been proposed by the directors (2010 - £nil)

11 Intangible fixed assets

	Goodwill £'000
Cost	
At 1 January 2011	759
Additions	-
At 31 December 2011	759
Accumulated depreciation	
At 1 January 2011	151
Provided in the year	73
At 31 December 2011	224
Net book value	
At 31 December 2011	535
At 31 December 2010	608

THOMAS MILLER & CO LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)

12 Tangible fixed assets

	Leasehold improve- ments	Office machinery fixtures & fittings	Office machinery fixtures & fittings	Motor vehicles	Total
	£'000	Leased £'000	Owned £'000	Owned £'000	£'000
Cost					
At 1 January 2011	939	5 486	8,581	8	15,014
Additions	18	-	527	-	545
Disposals	-	-	(54)	-	(54)
At 31 December 2011	957	5 486	9,054	8	15,505
Accumulated depreciation					
At 1 January 2011	133	4 320	3,601	8	8,062
Provided in the year	64	461	1,096	-	1 621
Disposals	-	-	(24)	-	(24)
At 31 December 2011	197	4 781	4 673	8	9 659
Net book value					
At 31 December 2011	760	705	4 381	-	5 846
At 31 December 2010	806	1 166	4,980	-	6,952

Net obligations under finance leases and hire purchase contracts are secured on the assets acquired

13 Investments held as fixed assets

	Shares in associates	Investment in parent company shares	Total
	£ 000	£'000	£ 000
At 1 January 2011	46	1,615	1,661
Net acquisition of parent company shares by the EBT	-	4,680	4 680
Cost of shares transferred to employees under the various share schemes operated within the group	-	(2,039)	(2 039)
At 31 December 2011	46	4 256	4 302

The company holds 50% of the ordinary share capital of China Marine Services Co Ltd a marine services company incorporated in Beijing People's Republic of China

Investment in parent company shares represent shares in Thomas Miller Holdings Ltd held through the various employment benefit trusts operated by the company Further details of the various trusts and the uses to which the shares can be put are set out in notes 19 and 20

THOMAS MILLER & CO LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)

14 Debtors

	2011 £'000	2010 £'000
Due within one year		
Amounts owed by fellow subsidiary undertakings	10 221	9,612
Trade debtors	282	556
Other debtors	1 038	831
Corporation tax recoverable	42	56
Deferred tax (note 15)	757	613
Prepayments	995	1 674
Accrued income	25	11
Accrued interest	6	7
	<u>13 366</u>	<u>13,360</u>
Due after one year		
Other debtors	<u>2 881</u>	<u>2,881</u>

Other debtors relates to a rental deposit paid on the premises at 90 Fenchurch Street, London where a lease commenced on 10 March 2008. At 31 December 2011, this deposit is considered repayable after one year and is shown as such in other debtors "due after one year"

15 Deferred taxation

The amounts of deferred taxation provided in the accounts are as follows

	2011 £ 000	2010 £'000
Assets		
Depreciation in excess of capital allowances	400	411
Retirement benefit obligations	8 624	8,655
Other	357	202
Total	<u>9 381</u>	<u>9,268</u>
Asset at start of year	9 268	10 976
Current period charge	(461)	(1,037)
Adjustment in respect of prior years	94	(58)
Credit / (charge) to statement of total recognised gains and losses	480	(613)
Asset at end of year	<u>9,381</u>	<u>9 268</u>

The following is the analysis of the deferred tax balances for financial reporting purposes

	2011 £ 000	2010 £'000
Deferred tax assets within debtors (note 14)	757	613
Deferred tax assets within provision for pension liabilities (note 23)	<u>8,624</u>	<u>8,655</u>
	<u>9,381</u>	<u>9 268</u>

THOMAS MILLER & CO LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)

16 Creditors

	2011	2010
	£'000	£'000
Amounts falling due within one year		
Trade creditors	399	61
Amounts owed to parent undertaking	6 882	2,567
Amounts owed to fellow subsidiary undertakings	9,248	7,565
Amounts due under finance leases and hire purchase agreements	459	436
PAYE and social security	890	879
Other creditors	382	143
Accruals	8 594	9 576
	<u>26,854</u>	<u>21,227</u>

Amounts falling due after more than one year

	2011	2010
	£'000	£'000
Amounts due under finance leases and hire purchase agreements	312	768
Bank loan	668	1,017
Accruals	291	997
	<u>1,271</u>	<u>2 782</u>

The company has an outstanding balance of £668 000 (2010 - £1,017,000) on an unsecured loan with HSBC plc. This loan was arranged in November 2008 and is due to be repaid November 2013. Interest is charged at 2.5% above the Bank of England base rate. The company has accrued £997,000 (2010 - £3,252 000) in respect of rent payable for the London premises. Of this amount £291,000 (2010 - £997 000) is payable after more than one year.

17 Provision for liabilities and charges

	Balance at 1 January 2011	Profit and loss account charge	Amounts paid	Balance at 31 December 2011
	£'000	£'000	£'000	£'000
Onerous lease provision	1 106	46	-	1,152

The onerous lease provision relates to vacant office space in the company's premises at 90 Fenchurch Street, London. The level of provision takes into account the potential future losses on space currently leased to third party tenants.

18 Called up share capital

	2011	2010
	£'000	£'000
Called up, allotted and fully paid		
Equity interests 500 000 ordinary shares of £1	500	500

The company is incorporated in Great Britain with limited liability and registered in England and Wales.

THOMAS MILLER & CO LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)

19 Employee Share Ownership Plans (ESOP)

The Thomas Miller Employee Ownership Plans were established to acquire shares in order to make them available to employees under profit sharing schemes share option schemes an employee share ownership plan and other schemes as they become available. The details of the various schemes are disclosed below in note 22. Thomas Miller & Co Limited is the principal employer of the beneficiaries of the schemes.

Unvested shares held in Trust

In addition to the above the trusts hold shares which are not specifically vested in employees

	Number of shares 2011	Market value 2011 £'000	Average cost 2011 £'000	Number of shares 2010	Market value 2010 £'000	Average cost 2010 £'000
Thomas Miller Employee Benefit Trust	14,555	65	65	122,973	504	550
Thomas Miller Employee Share Trust No 1	976,174	4,393	4,191	334,861	1,373	1,065
Total	990,729	4,458	4,256	457,834	1,877	1,615

Loans have been made by Thomas Miller & Co Limited to Appleby Trust (Bermuda) Ltd and Capita Trustees Limited to purchase these shares. The Trustees of the Thomas Miller Employee Benefit Trusts ("EBT") waived their rights to dividends payable from 20 January 2005.

20 Parent company shares held by ESOP Trusts

	Parent company shares 2011 £'000	Parent company shares 2010 £'000
Balance at the beginning of the year	1,615	3,897
Net acquisition / (sale) of parent company shares by the EBT	4,680	(315)
Proceeds from disposal of parent company shares on exercise of options	(555)	(663)
Net profit on EBT shares awarded to employees	109	208
Value of shares awarded to employees	(1,593)	(1,512)
Balance at the end of the year	4,256	1,615

The shares held by the EBT are to be used to settle share awards under the various share schemes operated by the group. The remaining shares are intended to be used to satisfy share options to distribute as bonuses and to distribute to employees on reaching three years continuous service with the group. As at 31 December 2011, the cost of the shares held by the EBT exceed the anticipated proceeds from the exercise of outstanding options and other share awards by £1,113,000 (2010 - £99,000).

At 31 December 2011 the EBT had cash at bank amounting to £12,000 (2010 - £12,000) which is included within cash at bank and in hand in these financial statements. These funds are only available to purchase shares in the company from shareholders in the internal market or to provide share-based benefits to employees.

Parent company shares

1,076,694 parent company shares were purchased by the EBTs during the year.

Number of shares purchased	Price per share	Cost £'000
471,955 shares purchased in August 2011	£4.60	2,171
604,739 shares purchased in December 2011	£4.50	2,721

The prices of £4.60 and £4.50 were determined by the parent company's valuer, Deloitte LLP for a single share in accordance with the company's bye-laws.

THOMAS MILLER & CO LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)

21 Leases

Operating leases

Annual commitments payable under non-cancellable operating leases are as follows

	Land and buildings 2011 £'000	Land and buildings 2010 £'000
Leases which expire		
Within one year	9	7
Between two and five years	41	39
After five years	3,156	3,156
	<u>3,206</u>	<u>3,202</u>

Finance leases and hire purchase agreements

	Finance leases 2011 £'000	Finance leases 2010 £'000
Capital payments due		
Within one year	459	436
Between two and five years	312	768
	<u>771</u>	<u>1 204</u>

22 Share-based payments

Employee share option schemes and other share-based plans

Share option schemes

(i) The Thomas Miller Executive Share Option Scheme

The group awards share options to certain employees under the Thomas Miller Executive Share Option Scheme enabling them to acquire ordinary shares in Thomas Miller Holdings Ltd at their market value at the date of grant. Options are generally exercisable three years after the date of grant and up to ten years less one day from the date of grant. Options are forfeited when an employee leaves the group unless by reason of retirement or redundancy, in which case the employee has up to six months to exercise the option.

(ii) The Thomas Miller UK Savings Related Share Option Scheme

The group operates a savings related option scheme under which employees save a fixed amount per month over either a three year or five year period under a Save As You Earn contract operated by a third party administrator. On completion of the savings contract employees have the choice within six months of the vesting date of either exercising their option or taking the amount saved in cash. The options automatically lapse six months after vesting. This scheme is a scheme approved by the UK tax authorities.

THOMAS MILLER & CO LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)

22 Share-based payments (continued)

Details of the share options outstanding during the year are as follows

	Executive Share Option		Savings Related Share		Total	
	Number of options	Weighted average exercise price (in £)	Number of options	Weighted average exercise price (in £)	Number of options	Weighted average exercise price (in £)
Year ended 31 December 2011						
Outstanding at beginning of period	1 159,584	3 28	277,108	2 72	1,436,692	3 26
Granted during the period	-	-	60 866	4 10	60 866	4 10
Forfeited during the period	(20 987)	4 20	(26 666)	3 86	(47,653)	4 01
Exercised during the period	(520,529)	3 62	(10,281)	3 77	(530 810)	3 62
Outstanding at the end of the period	618,068	3 30	301,027	2 89	919,095	3 17
Exercisable at the end of the period	324 258	3 66	-	-	324,258	3 66
Year ended 31 December 2010						
Outstanding at beginning of period	1 251 884	3 30	351 686	2 85	1,603 570	3 26
Granted during the period	114,700	2 50	-	-	114,700	2 50
Forfeited during the period	(69 384)	3 15	(30 189)	3 18	(99 573)	3 16
Exercised during the period	(137,616)	2 87	(44,389)	3 46	(182,005)	3 01
Outstanding at the end of the period	1,159 584	3 28	277 108	2 72	1 436 692	3 26
Exercisable at the end of the period	445 616	3 44	-	-	445,616	3 44

The weighted average share price for share options exercised during the period was £4 56. The options outstanding at 31 December 2011 had a weighted average exercise price of £3 17 and a weighted average remaining contractual life of 2 98 years. The aggregate of the estimated fair value of the options granted on 1 March 2011 is £33 523 (2010 - £32,325).

The inputs into the Black-Scholes option pricing model are as follows

	2011	2010
Weighted average share price	£4 10	£2 50
Weighted average exercise price	£4 10	£2 50
Expected volatility	30%	30%
Expected life (years)	5 08	3 50
Risk-free rate	4 46%	3 99%
Expected dividends	30 75p	23 00p
Dividend yield	7 50%	9 20%

Due to the short history of the parent company, the expected volatility has been estimated by calculating the historical volatility of the share price of a quoted company with a very similar business to the company.

THOMAS MILLER & CO LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)

22 Share-based payments (continued)

The company recognised total expenses in respect of share-based payments as follows

	2011 £'000	2010 £'000
Share option schemes	(44)	86
Shares awarded under bonus schemes (including LTSAP)	752	1 115
Cash settled share option schemes	270	87
Charges in respect of service award scheme	61	80
	<u>1,039</u>	<u>1,368</u>

All share-based payment expenses are cash settled

Other share-based plans

(i) The Thomas Miller Share Incentive Plan (Free shares)

The scheme trustees are Capita IRG Trustees Ltd. Employees subject to UK income tax are eligible to participate in this plan. The plan has tax advantages for employees who choose to hold shares in the parent company. All the shares held by this trust are held on behalf of named employees.

(ii) The Thomas Miller Bonus Share Schemes

The company makes annual bonus payments to staff as part of their remuneration. Certain staff have the option to enhance their bonus by electing to take part of the bonus in restricted shares in the parent company, other more senior staff are required to take a proportion of their bonus in shares. The shares cannot be sold for at least three years. No awards have been made under this scheme since 2007.

(iii) The Thomas Miller Long Term Share Acquisition Plan ("LTSAP")

The company operates an additional bonus scheme for senior staff which is dependent on meeting pre-determined financial targets for profitability and Total Shareholder Return. Any shares in the parent awarded to employees under this scheme cannot be sold for a minimum of five years.

23 Retirement benefits and similar obligations

Description of the arrangement

The company operates a defined benefits scheme the Thomas Miller & Co Limited Retirement Benefits Scheme ('the Scheme') and an unfunded final salary pension scheme. The Scheme has been set up under a trust that holds its financial assets separately from those of the company. Valuations have been performed in accordance with the requirements of FRS 17 as at each reporting date.

A full actuarial valuation for the Thomas Miller & Co Limited Retirement Benefits Scheme was performed at 1 July 2008 and was updated to 31 December 2011 by external actuaries. It showed that, on an FRS 17 basis, the market value of the Scheme's assets was £103,207,000 and that the actuarial value of these assets represented 75.30% of the benefits that had accrued to members. Future service accrual under the Scheme ceased with effect from 1 October 2004.

The company assumed a liability to pay annuities to those former partners of Thos R Miller & Son who had retired prior to 1989. The total unfunded liability has been calculated according to standard actuarial methods using an assumption of future investment returns of 4.80% (2010 - 5.40%).

After consultation with the Scheme members, the trustees announced that with effect from 30 June 2011 the salary linkage was being removed for active members of the scheme at 30 September 2004 who remained employees of the company as at 30 June 2011. This change has been reflected in the company's assumptions and a gain of £2,648,000 has been recognised in the profit and loss account.

THOMAS MILLER & CO LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)

23 Retirement benefits and similar obligations (continued)

The amounts recognised in the balance sheet are as follows

	2011 £'000	2010 £'000
Present value of funded obligations	137 059	126 178
Fair value of assets	(103,207)	(94,630)
	33 852	31 548
Present value of unfunded obligations	2,041	1,904
Deficit	35 893	33 452
Related deferred tax asset	(8,624)	(8,655)
Net liability	27,269	24,797
Amounts in the balance sheet		
Net liability	27,269	24,797

The amounts recognised in profit or loss are as follows

	2011 £'000	2010 £'000
Gain arising on removal of salary linkage with effect from 30 June 2011	2 648	-
Interest on obligation	6 745	6 824
Expected return on assets	(6 083)	(5,611)
Total	3,310	1,213
Actual return on scheme assets	7,746	10,141
The Scheme is closed to new employees		

Changes in the present value of the defined benefit obligation are as follows

	2011 £'000	2010 £'000
Opening defined benefit obligation	128 082	121,575
Interest cost	6 745	6 824
Actuarial losses	11 210	3 461
Gain on curtailment	(2 648)	-
Benefits paid	(4,289)	(3 778)
Closing defined benefit obligation	139,100	128 082

Changes in the fair value of assets are as follows

	2011 £'000	2010 £'000
Opening fair value of assets	94,630	83,394
Expected return	6,083	5,611
Actuarial gains	1 663	4,530
Contributions by employer	5,120	4,873
Benefits paid	(4,289)	(3,778)
Closing fair value of assets	103 207	94,630

The Employer (Thomas Miller & Co Limited) expects to contribute £4.31 million in 2012

THOMAS MILLER & CO LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)

23 Retirement benefits and similar obligations (continued)

Major categories of scheme assets and their amounts are as follows

	2011 £'000	2010 £'000
Equities	36 455	37,066
Bonds	30,136	23,345
Absolute return funds	32,473	30 995
Cash and other assets	4 143	3 224
	<u>103 207</u>	<u>94 630</u>

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

	2011 £'000	2010 £'000
Discount rate	4.80%	5.40%
Future inflation-linked pension increases	3.10%	3.40%
Salary inflation	n/a	3.50%
Inflation measured by RPI	3.20%	3.50%
Inflation measured by CPI	2.50%	3.00%
Expected return on plan assets	5.20%	6.40%

Mortality

	2011 "00' tables Medium Cohort Minimum improvement males 1.0% per annum females 0.5% per annum	2010 "00' tables Medium Cohort Minimum improvement males 1.0% per annum females 0.5% per annum
The assumed life expectations on retirement at age 65		
Retiring today		
Males	22.5	22.4
Females	24.3	24.3
Retiring in 20 years		
Males	24.4	24.3
Females	25.5	25.5

Sensitivity analysis of the principal assumptions used to measure scheme liabilities

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 0.5%	Decrease by 9%
	Decrease by 0.5%	Increase by 10%
Rate of inflation	Increase by 0.5%	Increase by 5%
	Decrease by 0.5%	Decrease by 4%
Rate of mortality	Increase by 1 year	Increase by 4%

The above sensitivities relate to the main retirement benefit scheme operated by the company, the Thomas Miller & Co Limited Retirement Benefits Scheme

THOMAS MILLER & CO LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)

23 Retirement benefits and similar obligations (continued)

Amounts for the current and previous four periods are as follows

	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
Defined benefit obligation	(139 100)	(128 082)	(121 575)	(102,019)	(100,779)
Scheme assets	103,207	94,630	83,394	76 637	80,323
Deficit	(35 893)	(33 452)	(38,181)	(25,382)	(20,456)
Experience adjustments on scheme liabilities	1,898	(468)	(611)	(144)	(5 029)
Experience adjustments on scheme assets	1 663	4 530	1,418	(9,442)	(2,474)

The cumulative amount of actuarial losses recognised in the statement of total recognised gains and losses since the adoption of FRS 17 was £30.6 million (2010 - £21.1 million)

24 Related party transactions

	Income during 2011 £'000	Debtor/ (creditor) at 2011 £'000	Income during 2010 £'000	Debtor/ (creditor) at 2010 £'000
Recharge of expenses incurred on behalf of ShipServ Inc. Thomas Miller Investments (Bermuda) Ltd, a fellow subsidiary company, owns 64.5% of ShipServ Inc	3	3	3	3
Management and administration charge from Thomas Miller & Co. Limited to Thomas Miller Claims Management Limited, a fellow subsidiary undertaking of which Thomas Miller Holdings Ltd owns 80%	519	(70)	494	(81)

The company has taken advantage of the exemption available under FRS 8 "Related party disclosures" not to disclose transactions between entities, of those whose voting rights are controlled 100% within the group. There are no other transactions requiring disclosure.

25 Commitments

At 31 December 2011, the group had not entered into any forward contracts to hedge anticipated currency receipts and therefore the fair value of any unrealised gain/loss on open forward contracts at 31 December 2011 was nil (2010 - £37.860)

26 Parent undertaking

The company is wholly owned by Thomas Miller Holdings Ltd, a company registered in Bermuda and the ultimate controlling company. Thomas Miller Holdings Ltd is the parent undertaking of the largest and smallest group in which the company is consolidated. Copies of the financial statements for Thomas Miller Holdings Ltd may be obtained from The Company Secretary, Thomas Miller Holdings Ltd, PO Box HM 665, Hamilton HMCX, Bermuda.