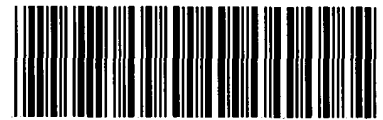


Registration number: 09903442

# MRSO UK Services Limited

Annual Report and Financial Statements  
for the Year Ended 31 December 2022

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## **MRSg UK Services Limited**

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## **MMSG UK Services Limited**

### **Company Information**

**Directors**

- R J Attwood
- T E Artmann
- T Coskun
- L E Davison
- C Simson
- C Wittmann

**Company secretary** T Coskun

**Registered office**

St Helens  
1<sup>st</sup> Undershaft  
London  
EC3A 8EE

Telephone: 0207 886 3900

Email: [MRSL-central@munichre.com](mailto:MRSL-central@munichre.com)

**Auditors**

Ernst & Young LLP  
25 Churchill Place  
Canary Wharf  
London  
E14 5EY

## **MRSO UK Services Limited**

### **Strategic Report for the Year Ended 31 December 2022**

The directors present their strategic report for the year ended 31 December 2022.

#### **Principal activity**

The principal activity of MRSO UK Services Limited ('the Company' & 'MRSO UKS') is to act as a service company by providing administration and management services to companies in the Munich Re Specialty Group Limited ('MRSO') group including Munich Re Capital Limited ('MRCL'), a corporate member of Lloyd's, Munich Re Syndicate Limited ('MRSL'), the managing agent for Syndicate 457 and Syndicate 1840, ('the Syndicates') and the group's International Distribution Companies ('IDCs'). The Company provides IT services to various group companies through a UK IT Shared Services Organisation ('UK IT SSO'). The UK IT SSO is part of Munich Re's global IT Concept which provides the Munich Re Global IT platform and core services through intra-group outsourcing to Munich Re Group companies in different global regions, including MRSO and other UK companies. The UK IT SSO responds to any local business requirements within the MRSO entities for the provision and support of entity specific IT infrastructure and applications in addition to the core IT platform and services provided centrally by Munich Re Group. These arrangements are formalised by way of Service Delivery Orders and related Service Descriptions from the UK IT SSO to MRSO and other MRSO entities. This will continue to be the principal activity of the Company for the foreseeable future.

#### **Fair review of the business**

All staff within MRSO sub group are employed by the same "one employer". MRSO UKS is the sole employer and employees are seconded to the respective entities that they carry out work for and employee costs are recharged out to those entities.

The only source of turnover for the Company is in relation to the recharges of administration services and where 5% transfer pricing mark-up is added to UK IT SSO recharges to overseas entities and UK Munich Re entities outside of the MRSL VAT Group.

The profit before tax for the year ended 31 December 2022 amounted to £1,056,518 (2021: £892,585).

The Company's key financial and other performance indicators during the year were as follows:

	2022	2021
Turnover (£m)	103.3	86.1
Margin on Recharges (%)	1.0	1.1

#### **Principal risks and uncertainties**

The Company is dependent on the operations of the group as all costs are recharged out to other members of the Munich Re Group, therefore the principal risks and uncertainties are mostly borne by the other members of the group.

#### **Operational risk**

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external factors such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. MRSO UKS' objective is to manage operational risks to balance financial losses and damage to the Company's reputation with processes that are cost effective and efficient. Risks are managed through policies and procedures, regular oversight and monitoring, and a structured programme of independent reviews by second and third line of defence functions.

## **MRSG UK Services Limited**

### **Strategic Report for the Year Ended 31 December 2022**

#### **Environmental Risk**

##### *Inflation and recessionary impact*

Disruption to global supply chains, labour shortages and the energy crisis driven by major events such as the COVID-19 ('C19') pandemic, Brexit and the Ukraine war has led to the highest level of inflation recorded in the UK in thirty years. Whilst inflation rates may have peaked in some advanced economies (Bank of England, February 2023) as the benefits of monetary policy take effect, there remains elevated concerns around inflation rates as inflation dynamics are different across regions and influenced by various factors such as labour and energy prices.

Whilst inflationary pressures remain strong, the International Monetary Fund (January 2023) expects global inflation to fall from 8.8% in 2022 to 6.6% in 2023, and the Bank of England continues to target a 2% inflation rate with current inflation rates (February 2023: 10.5%) expected to further decrease through tightening of monetary policy. The UK Monetary Policy Committee's projections for the UK economy has been broadly flat, however, uncertainties around the financial and economic outlook remain.

As a service company, MRSGUKS is primarily impacted from rising inflation through increased operating expenses. However, this is managed through the cost reimbursement model with the Munich Re Group and therefore is not considered a material risk to MRSGUKS.

#### **Culture including Diversity, Equity & Inclusion (DEI)**

As a specific element of Environmental Social and Governance ('ESG'), Culture including DEI continues to feature high on the agenda of boards and the regulators. Notably, from the 2018 FCA publication "Transforming culture in financial services" through to the new Lloyd's Fundamental Principle for Culture (2022), there is an increased focus on demonstrating good culture and promoting DEI.

MRSGUKS, as part of MRSG and a wider network of Munich Re entities in the UK, has been active in its response to the challenges of Culture related topics. Culture is sponsored by the MRSGUKS Board and remains a standing agenda item on the MRSGUKS Board and Executive Committee. Since 2019, MRSGUKS has established a Culture Committee, which aims to improve and develop a diverse and inclusive culture and working environment for all employees. The Culture Committee supports the Executive Committee by providing a voice for all employees and supporting culture initiatives across themes including DEI and talent development.

Notable activities during 2022 which will continue into future years, culture-related topics across Munich Re UK entities include:

- Appointment of a new Head of DEI to support development and implementation of a new UK wide DEI Strategy.
- Introduction of a new DEI training course which is being rolled out to all UK Munich Re entities from 1 January 2023.
- Promotion of notable culture events such as awareness weeks around Disability, Mental Health and Black History Month, and the Lloyd's Dive In Festival.
- An initiative to collate basic DEI data for MRSGUKS employees to gauge current level of diversity.
- On-going efforts to reduce the gender pay gap.

## **MRSG UK Services Limited**

### **Strategic Report for the Year Ended 31 December 2022**

#### **Cyber Risk**

Cyber threats and, consequentially, cyber risk, have noticeably increased since the pandemic crisis as cyber-criminals seek to exploit the potential vulnerability of businesses and remote working environments. Munich Re remains resilient in extending and maintaining a secure platform to incorporate remote working whilst recognising an increased threat of phishing attacks, ransomware and fraud on its business. Security controls are based on Munich Re Group defined standards and are continuously improved to keep pace with the evolving Cyber threat, including regular security and social engineering awareness communications, additional security training and new phishing reporting tools.

In 2022, there have been no material Cyber Security or Data Protection breaches nor successful intrusions identified of the MRSGUKS network. Whilst there continues to be an increase in phishing attempts, these have not been successful. In addition, whilst the MRSL Emergency Management Group ('EMG') and the Risk Management team were involved in the monitoring and response to cyber attacks on third parties, there was no material impact on MRSGUKS systems, data or important business services.

Cyber threat intelligence from the MR Global Cyber Defence Centre ('GCDC') is shared within Munich Re, and expert security resource is available should there be an information security incident. Munich Re undertakes a regular programme of patching, Vulnerability and Penetration Testing ('VAPT') of IT systems and appropriate actions are taken to address any vulnerabilities identified. Security controls are regularly assessed for control design and performance effectiveness as coordinated by the Munich Re Group IT & Risk Security team, with the results reported to Munich Re Integrated Risk Management. In the event of a breach there are established security incident response protocols and processes to ensure the incident is contained, resolved and reported appropriately.

#### **Future Developments**

MRSGUKS continues to trade and act as a service company by providing administration and management services to companies in the Munich Re Group. There are no planned changes to the basis of operation of the Company in 2023.

#### **Section 172(1) statement**

Under section 172 of the Companies Act 2006, a director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to 6 specific areas which are broken down below.

#### ***Section 172(1)(a) - The likely consequences of any decision in the long term***

As part of the Company's commitment to long term profitability and growth, MRSG has two long term strategies, MRSG2025 and MRSG2030. In accordance with these strategies the Company is also committed to building state of the art systems, processes and an efficient infrastructure. Regular updates on the progress made towards meeting the targets set out as part of these strategies are communicated.

Principal risks and uncertainties are identified and closely monitored on an ongoing basis as part of MRSGUKS's forward-looking approach. Please see the section of the Strategic Report relating to this for a more in-depth analysis.

The Company takes an approach to performance management called Continuous Conversations. This approach is made up of three elements - Commitment, Feedback and Development, and helps the Company to adapt to the rapidly changing market requirements and transform strategy into action. The approach is future focused and centred around learning and growth.

## **MRSg UK Services Limited**

### **Strategic Report for the Year Ended 31 December 2022**

#### ***Section 172(1)(b) - The interests of the company's employees***

The Company strives to provide a positive work-life balance and places high importance on maintaining both the physical and mental well-being of its employees. As a part of this, the benefit offering to employees includes private medical insurance, private health checks and a wellbeing benefit. Wellbeing workshops are regularly offered as well as wellbeing days.

We have a Culture Committee whose remit is to engage with ideas around improving the culture of the Company, continuing to make it an enjoyable place to work and deciding on initiatives to implement with the aim to define, live and embed them into our corporate values.

We are committed to fostering DEI. We have created a dedicated DEI team and implemented our DEI strategy in early 2023. We are committed to creating an environment where employees feel valued, included and empowered to promote their ideas. Our goal is to foster a culture that encourages great ideas, attracts and retains the best talent, provides equal opportunities to all and creates a profound sense of pride and unity across our Company. We understand that diversity makes us stronger.

While it may be difficult to admit that racism and discrimination continues to exist today, at MRSgUKS, we believe our strength comes from our diversity of people and our varied experiences. We firmly believe every one of our employees should feel safe at work and more importantly in everyday society, no matter the colour of their skin. To make it abundantly clear, racism has no place at MRSgUKS; our values are those of tolerance, inclusivity and support.

We must not ignore issues when they become apparent and should make use of our voice to speak up where we find ourselves, or see others, not living up to our values. No one should be afraid to do so, and without all of our voices coming together to challenge the status quo, injustice will continue and real change will be frustrated. By speaking out against the long history of racism, we can help others feel safe and strive to build a future that we can all be proud to be part of. We cannot tolerate racism and bigotry in our society or our working life.

The Company has various programs and policies which protect us from any inappropriate behaviours. These are in place so if you are uncomfortable speaking up publicly you can do so without retribution. The Executive Committee ('ExCo') and the Culture Committee are dedicated to ensuring there is always room for conversation to improve our working environment.

In addition to the above, we are also committed to ensuring that employees continue to develop their knowledge and skills, both for individual development and with regard to the commitments that we have made to Lloyd's, the FCA, the PRA and any other regulators. A wide range of internal and external courses are offered as well as support with professional qualifications and other initiatives such as mentoring programmes.

The Company realises that we are only as good as our staff and therefore views staff satisfaction as crucial. Below are our Human Resources Key Performance Indicators for the year.

During 2022, MRSgUKS had a staff turnover of 13.9% (2021: 9.9%).

The total staff was made up of 38% women (2021: 40%) and 62% men (2021: 60%).

## MRSG UK Services Limited

### Strategic Report for the Year Ended 31 December 2022

#### *Section 172(1)(c) - The need to foster the company's business relationships with suppliers, customers and others*

The experience and motivation to deliver innovative and reliable solutions to our clients is part of who we are and forms part of our core values.

MRSUGKS recognises the importance of offering a range of first-class support services to our customers and therefore we have extensive expertise in Claims management, Risk management and Delegated Underwriting management.

We strive to place our people closer to clients which allows for greater communication on a local level, therefore strengthening our ability to meet unique underwriting needs and deliver solutions to provide clients with a competitive edge. We have developed a global network of service companies located throughout the UK, Ireland and the United States, as well as Asia, with offices in Singapore and Labuan.

- Our Syndicates hold a strong and reliable presence at Lloyd's. In 1977, when Syndicate 457 was founded, there were approximately 400 different syndicates. We have remained throughout the subsequent decades and now make up two out of fewer than 100 syndicates listed at Lloyd's. The perseverance to stay focused on niche segments and to continuously fine-tune our expertise places us and our network of service companies in a category of our own.

Syndicate 457 is today one of the leading marine and specialty underwriters at Lloyd's and we are known for our all-round professionalism and the quality of our service.

Syndicate 1840 was the very first Syndicate in a Box, and the aim was to provide new and innovative insurance products not previously available and which add value to customers in the Lloyd's market. The addition of Syndicate 1840 to our group allowed us to offer a much more comprehensive set of solutions to our customers. The decision was taken during Q1 2022 that the Board would not request an extension to operate beyond the 2022 underwriting year, and that Syndicate 1840 would be put into a planned run off at 31 December 2022. Following this decision, we remained focussed on developing the short tail parametric elements of the account and avoided committing to longer tail business, or delegated authority business after the end of Q2 2022. This approach led to a reduced premium income but ensured a more manageable run-off with minimum reinsurance to close exposure at 31 December 2024. We remain focussed on innovative insurance products and distribution methods, which will be written by the main Munich Re Syndicate 457 from the 2023 underwriting year and beyond.

Customers are at the core of our business and we have designed and published a Customer Promise explaining how we intend to continuously deliver the highest quality of service. The Customer Promise outlines the ways in which we deal with our customers through the relationship with their brokers and our network of distributors and claims service providers and can be found at

<https://www.munichre.com/syndicate457/en/business-solutions/client-services/customer-promise.html>.



## **MRSG UK Services Limited**

### **Strategic Report for the Year Ended 31 December 2022**

#### ***Section 172(1)(d) - The impact of the company's operations on the community and the environment***

The Company recognises that it is part of the wider community and wishes to play its role in supporting charitable organisations. The Charity Committee was established with the aim of directing funds in a manner and towards those organisations that promote community activity and can make a real difference to people's lives.

During 2022, the Charity Committee supported a number of initiatives to raise money for worthy causes such as the National Autistic Society, the Change Foundation, Cure Parkinson's, Another Day Events, Tough Enough to Care and Shelter. In addition to this, the Company fund matched individual staff's own fundraising efforts and also made stand-alone donations to Movember, Honeypot, DEC Ukraine Humanitarian Appeal and Great Ormond Street Hospital Children's Charity.

We also have a commitment to sustainability and an obligation to society as a whole. We support environmental related initiatives both financially and through our corporate and individual responsibilities.

The Company is committed to the 10 principles of the UN Global Compact which cover the areas of human rights, labour standards (covering modern slavery), environmental protection and corruption prevention. Further information can be found in our Modern Slavery Act Statement which is published on our website and in the Corporate Social Responsibility section of the Munich Re Group website.

([https://www.munichre.com/content/dam/munichre/contentlounge/website-pieces/documents/munich-re-s-statement-on-the-uk-modern-slavery-act.pdf/\\_jcr\\_content/renditions/original./munich-re-s-statement-on-the-uk-modern-slavery-act.pdf](https://www.munichre.com/content/dam/munichre/contentlounge/website-pieces/documents/munich-re-s-statement-on-the-uk-modern-slavery-act.pdf/_jcr_content/renditions/original./munich-re-s-statement-on-the-uk-modern-slavery-act.pdf))

#### ***Section 172(1)(e) - The desirability of the company maintaining a reputation for high standards of business conduct***

It is important that we continue to be known for our all-round professionalism and the quality of our service.

#### ***Section 172(1)(f) - The need to act fairly as between members of the company***

The Company has only one ultimate shareholder which is Munich Re.

Approved by the Board on 31 May 2023 and signed on its behalf on 31 May 2023 by:

*Christian Wittmann*

Christian Wittmann (May 31, 2023 13:24 GMT+1)

C Wittmann  
Director

## **MRSG UK Services Limited**

### **Directors' Report for the Year Ended 31 December 2022**

The directors present their report and the financial statements for the year ended 31 December 2022.

#### **Results for the year ended 31 December 2022**

The results of the Company are set out in the financial statements on pages 15 to 28. The profit before tax amounted to £1,056,518 (2021: £892,585).

#### **Principal activities**

The principal activity of the Company is contained within the Strategic Report.

#### **Business review**

An analysis of the performance of the Company is contained within the Strategic Report.

#### **Risk review**

An analysis of the principal risks and uncertainties facing the Company is contained within the Strategic Report.

#### **Future developments**

An assessment of likely future developments is contained within the Strategic Report.

#### **Directors of the Company**

The directors who held office during the year were as follows:

R J Attwood

T E Artmann

C A E Burgess (resigned 31 December 2022)

T Coskun

C Simson

C Wittmann

The following director was appointed after the year end:

L E Davison (appointed 1 January 2023)

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the Company.

#### **Dividends**

The directors do not recommend the payment of a dividend (2021: £Nil).

#### **Political donations**

No political donations were made by the Company (2021: £Nil).

## **MRSG UK Services Limited**

### **Directors' Report for the Year Ended 31 December 2022**

#### **Employees**

The Company is an equal opportunities employer. This means that the Company does not unlawfully discriminate against any person on grounds of any protected characteristics and has established policies to ensure that there is no discrimination against applicants for a job or whilst in employment. The Company is committed to ensuring equal opportunities for all including the employment, training and advancement of disabled persons and avoidance of discrimination in relation to job advertisements, recruitment and selection, assessment of work performance or conduct, disciplinary and grievance procedures, conditions of service, promotion and training, pay and benefits and termination of employment.

#### **Streamlined Energy and Carbon Reporting**

MRSGUKS comes under the streamlined energy and carbon reporting framework that was implemented on the 1st April 2019, however, we believe it is more appropriate to report this at group level. Therefore, we have put all the information for our whole UK Group in MRSG's 2022 financial statements, as we believe this gives a more transparent view of the group.

#### **Going concern**

The financial position of the Company as disclosed on the balance sheet shows net current assets of £8,636,672 (2021: £7,352,135) and net assets of £2,620,559 (2021: £1,603,251). On the basis of this financial position and expected future cash flows, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future which is envisaged to be 12 months from the date of approval of these financial statements. The directors continue to adopt the going concern basis in preparing the financial statements.

#### **Disclosure of information to the auditors**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

#### **Independent Auditor**

Ernst & Young LLP has signified its willingness to continue in office as the independent auditor to the Company and it is the Company's intention to reappoint Ernst & Young LLP for a further year.

Approved by the Board on 31 May 2023 and signed on its behalf on 31 May 2023 by:

Christian Wittmann  
Christian Wittmann (May 31, 2023 13:24 GMT+1)  
.....  
C Wittmann  
Director

## **MRSG UK Services Limited**

### **Statement of Directors' Responsibilities**

The directors acknowledge their responsibilities 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) including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. 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 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; 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **MRSG UK Services Limited**

### **Independent Auditor's Report to the Members of MRSG UK Services Limited**

#### **Opinion**

We have audited the financial statements of MRSG UK Services Limited (the "company") for the year ended 31 December 2022 which comprise the Profit and Loss Accounts and Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 20, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 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.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

## **MRSG UK Services Limited**

### **Independent Auditor's Report to the Members of MRSG UK Services Limited**

#### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

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

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **MRSG UK Services Limited**

### **Independent Auditor's Report to the Members of MRSG UK Services Limited**

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

#### ***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are direct laws and regulations, related to the financial reporting framework (UK GAAP and the Companies Act 2006), and the relevant direct and indirect tax compliance regulation in the United Kingdom.
- We understood how the company is complying with those frameworks by making enquiries of management, internal audit, and those responsible for legal and compliance matters of the company. In assessing the effectiveness of the control environment, we also reviewed significant correspondence between the company and regulatory bodies, reviewed minutes of the board to identify any non-compliance with laws and regulations, and gained an understanding of the company's approach to governance.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the controls that the company has established to address risks identified by the company, or that otherwise seek to prevent, deter or detect fraud.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures included sample testing journal entries and reviewing minutes of Board meetings and regulatory correspondence.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## **MRSG UK Services Limited**

### **Independent Auditor's Report to the Members of MRSG UK Services Limited**

#### **Use of our report**

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.

DocuSigned by:

*Ernst & Young LLP*

B5A84ED2BD2D4CF...

Angus Millar (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP, Statutory Auditor  
London

Date: 1 June 2023



**MRSO UK Services Limited**

**Profit and Loss Accounts and Other Comprehensive Income  
for the Year Ended 31 December**

	Note	2022 £	2021 £
Turnover	4	103,254,205	86,081,451
Administrative expenses		<u>(102,196,189)</u>	<u>(85,188,866)</u>
Operating profit	5	1,058,016	892,585
Interest payable and similar expenses		<u>(1,498)</u>	<u>-</u>
Profit on ordinary activities before taxation		1,056,518	892,585
Tax credit/(charge) on profit on ordinary activities	8	<u>(39,210)</u>	<u>184,792</u>
Total comprehensive income for the financial year		<u><u>1,017,308</u></u>	<u><u>1,077,377</u></u>

All balances shown above are in relation to continuing operations.

There were no recognised gains and losses in the year other than those reported in Profit and Loss Account and Other Comprehensive Income.


# **MRSg UK Services Limited**

## **Balance Sheet as at 31 December**

(Registration number: 09903442)

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Tangible assets	9	843,320	706,019
<b>Current assets</b>			
Debtors	10	24,837,898	24,427,620
Cash at bank and in hand		<u>6,849,051</u>	<u>3,453,988</u>
		31,686,949	27,881,608
Creditors - amounts falling due within one year	12	<u>23,050,277</u>	<u>20,529,473</u>
<b>Net current assets</b>		8,636,672	7,352,135
Debtors - amounts falling due after more than one year	11	<u>1,722,713</u>	<u>1,771,629</u>
<b>Total assets less current liabilities</b>		11,202,705	9,829,783
Creditors - amounts falling due after more than one year	12	7,010,155	7,457,578
<b>Provisions for liabilities</b>	14	<u>1,571,991</u>	<u>768,954</u>
<b>Net assets</b>		<u>2,620,559</u>	<u>1,603,251</u>
<b>Capital and reserves</b>			
Called up share capital	13	1	1
Profit and loss account		<u>2,620,558</u>	<u>1,603,250</u>
<b>Shareholders' funds</b>		<u>2,620,559</u>	<u>1,603,251</u>

The financial statements on pages 15 to 28 were approved and authorised for issue by the Board on 31 May 2023 and were signed on its behalf on 31 May 2023 by:

  
Chris Simson (May 31, 2023 13:28 GMT+1)

C Simson  
Director

## MRSg UK Services Limited

### Statement of Changes in Equity

	<b>Called up share capital £</b>	<b>Profit and loss account £</b>	<b>Total £</b>
At 1 January 2022	1	1,603,250	1,603,251
Profit for the year	-	1,017,308	1,017,308
Total comprehensive income	-	1,017,308	1,017,308
At 31 December 2022	1	2,620,558	2,620,559

	<b>Called up share capital £</b>	<b>Profit and loss account £</b>	<b>Total £</b>
At 1 January 2021	1	525,873	525,874
Profit for the year	-	1,077,377	1,077,377
Total comprehensive income	-	1,077,377	1,077,377
At 31 December 2021	1	1,603,250	1,603,251

## **MRSG UK Services Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2022**

#### **1 General information**

The Company is a private company limited by share capital, incorporated and domiciled in UK.

The financial statements are presented in Pound Sterling ("GBP"), which is the Company's functional currency. All amounts have been rounded to the nearest pound, unless otherwise indicated.

The address of its registered office is:

St Helens  
1 Undershaft  
London  
EC3A 8EE

These financial statements were authorised for issue by the Board on 31 May 2023.

#### **2 Accounting policies**

##### **Statement of compliance**

These financial statements have been prepared in compliance with the Companies Act 2006, under the provision of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410).

##### **Basis of preparation**

The financial statements have been prepared in accordance with the applicable accounting standards, FRS102 under the historical cost convention.

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic and Directors' reports. The financial position of the Company as disclosed on the balance sheet shows net current assets of £8,636,672 (2021: £7,352,135) and net assets of £2,620,559 (2021: £1,603,251). On the basis of this financial position and expected future cash flows, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future which is envisaged to be 12 months from the date of approval of these financial statements. The directors continue to adopt the going concern basis in preparing the financial statements.

##### **Turnover**

Turnover comprises recharges to the group companies for the provision of services rendered.

##### **Income tax**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Statement of Profit and Loss except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

## **MRSG UK Services Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2022**

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense. Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

#### **Tangible assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Items of equipment individually costing more than £500 are capitalised and depreciated by equal quarterly instalments over their estimated useful lives.

#### **Depreciation**

Depreciation methods, useful economic lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date.

Artwork is classified as tangible fixed assets and it is held at fair value.

<b>Asset class</b>	<b>Depreciation method and rate</b>
Fixture and fittings	5-10 years
Leasehold improvements	Period of lease
Computers and equipment	2-6 years
Other assets	3 years

Leasing agreements, which transfer to the Company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the useful lives of equivalent owned assets.

#### **Provision**

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

## **MRSg UK Services Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2022**

#### **3 Critical accounting estimates and assumptions**

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

##### ***Useful economic lives of tangible assets***

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 9 for the carrying amount of the property plant and equipment, and note 2 for the useful economic lives for each class of assets.

##### ***Impairment of debtors***

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

##### ***Provision for staff incentive schemes***

The Company provides for bonuses due to staff. The amount of these provisions are determined by the underlying profitability of the Syndicates or the Munich Re Group. There may be variation in the amounts that are actually determined from the amount actually provided as at the date of making the initial provision the final result and allocations of result across classes has not been fully determined.

#### **4 Turnover**

	2022	2021
	£	£
Recharges to the group companies	<u>103,254,205</u>	<u>86,081,451</u>

#### **5 Operating profit**

Operating profit includes the following after recharges to the group companies:

	2022	2021
	£	£
Fees payable to the Company's auditors for the audit of these Financial Statements	27,104	24,200
Staff costs	58,003,201	46,660,709
IT services	16,789,609	12,903,251
Consulting Services	5,006,459	2,152,007
Training & Recruitment	1,254,422	1,067,809
Rent	<u>1,152,424</u>	<u>1,255,366</u>

## MRSG UK Services Limited

### Notes to the Financial Statements for the Year Ended 31 December 2022

#### 6 Key management compensation

All staff within MRSG sub group are employed by MRSGUKS. All employees are seconded to the respective entities within the group that they carry out work for and employee costs recharged out to those entities. Therefore directors and employees rendering services to the MRSG sub group are paid for those services through MRSGUKS. Remuneration paid to directors of MRSGUKS for services rendered to the Company are shown below:

All members of key management personnel are directors of the Company.

	2022 £000	2021 £000
Directors' emoluments	425	524
Contributions to pension scheme	9	18
	<u>434</u>	<u>542</u>

The aggregate of emoluments of the highest paid director was:

	2022 £000	2021 £000
Director's emoluments	425	269
Contributions to pension scheme	9	18
	<u>434</u>	<u>287</u>

#### 7 Staff numbers and costs

All members of staff are employed by MRSGUKS.

The aggregate payroll costs (including directors' remuneration) were as follows:

	2022 £	2021 £
Wages and salaries	47,108,220	38,217,280
Social security costs	6,714,223	5,121,807
Other post-employment benefit costs	<u>4,180,758</u>	<u>3,321,622</u>
	58,003,201	46,660,709
Less: Proportion recovered from managed Syndicates, parent and fellow associated undertakings	<u>(58,003,201)</u>	<u>(46,660,709)</u>
	<u>-</u>	<u>-</u>

## MRSG UK Services Limited

### Notes to the Financial Statements for the Year Ended 31 December 2022

The average number of staff employed by MRSGUKS, including directors, and recharged out to the respective entities within the group during the year were as follows:

	2022 No.	2021 No.
Underwriting	154	153
Claims	32	28
Others	341	258
	<u>527</u>	<u>439</u>

#### 8 Income tax

##### Tax expense included in profit or loss

	2022 £	2021 £
<b>Current tax</b>		
UK corporation tax on profits for the year	928,613	1,459,939
Adjustment in respect of prior periods	<u>(165,906)</u>	<u>(22,964)</u>
Total current tax	<u>762,707</u>	<u>1,436,975</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(676,786)	(1,251,221)
Movement in prior year	217,196	-
Impact of change in tax rate	<u>(263,907)</u>	<u>(370,546)</u>
Total deferred taxation	<u>(723,497)</u>	<u>(1,621,767)</u>
<b>Tax on profit on ordinary activities</b>	<u>39,210</u>	<u>(184,792)</u>

##### Factors affecting the tax charge for the current period

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2021: lower than the standard rate of corporation tax in the UK) of 19% (2021:19%).

The differences are reconciled below:

	2022 £	2021 £
Profit before tax	<u>1,056,518</u>	<u>892,585</u>
Corporation tax at standard rate	200,738	169,591
Effect of expense not deductible in determining tax profit	51,090	39,127
Adjustments to tax charge in respect of prior years	51,289	(22,964)
UK deferred tax credit relating to changes in tax rates or laws	<u>(263,907)</u>	<u>(370,546)</u>
Total tax charge/(credit)	<u>39,210</u>	<u>(184,792)</u>



## MRSG UK Services Limited

### Notes to the Financial Statements for the Year Ended 31 December 2022

#### Factors affecting the tax charge for future periods

As per Finance Act 2021, the UK Corporation Tax rate has increased from April 2023 to 25%. The deferred tax asset at 31 December 2022 has been calculated based on the relevant rate enacted at the Balance Sheet date when the asset is anticipated to become taxable.

#### Deferred tax

The elements of deferred taxation are as follows:

	Asset £	Liability £
<b>2022</b>		
Timing differences on staff incentive plans	2,611,932	-
Timing differences on pensions	92,430	-
Accelerated capital allowances	-	(40,533)
	<u>2,704,362</u>	<u>(40,533)</u>
<b>2021</b>		
Timing differences on staff incentive plans	1,916,240	-
Timing differences on pensions	54,587	-
Accelerated capital allowances	-	(30,494)
	<u>1,970,827</u>	<u>(30,494)</u>

The deferred tax asset expected to reverse in 2023 is £941,117 (2022: £168,704). This primarily relates to the reversal of timing differences on staff incentive plans and pension provisions.

Analysis of the movement on the deferred tax balance:

	Assets £	Liabilities £	Net £
<b>Deferred tax reconciliation 2022</b>			
Opening balance	1,970,827	(30,494)	1,940,333
Movement in the current year	649,338	27,447	676,785
Movement in prior year	(171,043)	(46,153)	(217,196)
Re-measurement of deferred tax - change in UK tax rate	<u>255,240</u>	<u>8,667</u>	<u>263,907</u>
Deferred tax asset/(liabilities)	<u>2,704,362</u>	<u>(40,533)</u>	<u>2,663,829</u>
<b>Deferred tax reconciliation 2021</b>			
Opening balance	322,227	(3,661)	318,566
Movement in the current year	1,270,736	(19,515)	1,251,221
Re-measurement of deferred tax - change in UK tax rate	<u>377,864</u>	<u>(7,318)</u>	<u>370,546</u>
Deferred tax asset/(liabilities)	<u>1,970,827</u>	<u>(30,494)</u>	<u>1,940,333</u>

## MRSg UK Services Limited

### Notes to the Financial Statements for the Year Ended 31 December 2022

#### 9 Tangible assets

	Computers and equipment £	Total £
<b>Cost or valuation</b>		
At 1 January 2022	891,965	891,965
Additions	431,288	431,288
Disposals	(26,158)	(26,158)
At 31 December 2022	<u>1,297,095</u>	<u>1,297,095</u>
<b>Depreciation</b>		
At 1 January 2022	(185,946)	(185,946)
Depreciation in year	(272,552)	(272,552)
Eliminated on disposal	4,723	4,723
At 31 December 2022	<u>(453,775)</u>	<u>(453,775)</u>
<b>Net book value</b>		
As at 1 January 2022	<u>706,019</u>	<u>706,019</u>
At 31 December 2022	<u>843,320</u>	<u>843,320</u>

#### 10 Debtors

	Note	2022 £	2021 £
Due from parent undertaking		2,188,652	404,219
Due from associated undertakings	17	17,725,034	20,232,740
Other debtors		3,226,861	3,159,604
Prepayments		671,107	462,353
Deferred tax assets	8	941,117	168,704
Income tax asset		85,127	-
		<u>24,837,898</u>	<u>24,427,620</u>

In the reporting period, the Company had £2,188,652 due from the parent MRSg (2021: £404,219).

# **MRSO UK Services Limited**

## **Notes to the Financial Statements for the Year Ended 31 December 2022**

### **11 Debtors - amounts falling due after one year**

	Note	2022 £	2021 £
Deferred tax asset	8	1,722,713	1,771,629
		<u>1,722,713</u>	<u>1,771,629</u>

### **12 Creditors**

	Note	2022 £	2021 £
<b>Due within one year</b>			
Due to associated undertakings	17	8,888	30,935
Taxation and social security		2,170,312	1,840,021
Other creditors		596,021	561,981
Accruals and deferred income		20,275,056	17,096,798
Income tax liability		-	999,738
		<u>23,050,277</u>	<u>20,529,473</u>
<b>Due after one year</b>			
Accruals and deferred income		<u>7,010,155</u>	<u>7,457,578</u>

### **13 Called up share capital**

#### **Allotted, called up and fully paid shares**

	2022		2021	
	No.	£	No.	£
Authorised, allotted, issues and fully paid of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

## **MRSg UK Services Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2022**

#### **14 Provisions for liabilities**

	<b>Multi year performance £</b>	<b>Total £</b>
<b>2022</b>		
At 1 January 2022	768,954	768,954
Movement in the current year	803,037	803,037
At 31 December 2022	<u>1,571,991</u>	<u>1,571,991</u>

	<b>Multi year performance £</b>	<b>Total £</b>
<b>2021</b>		
At 1 January 2021	223,799	223,799
Movement in the current year	545,155	545,155
At 31 December 2021	<u>768,954</u>	<u>768,954</u>

A provision of £1,571,991 has been established to cover long term bonuses.

#### **15 Leasing commitments**

##### **Commitments under operating leases**

The Company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	<b>2022 £</b>	<b>2021 £</b>
Not later than one year	339,951	234,621
Later than one year and not later than five years	850,100	77,376
Later than five years	33,500	-
	<u>1,223,551</u>	<u>311,997</u>

Operating leases included the property leases of Cornhill in London which expires on 28 April 2023, Cirencester Office Park in Cirencester which expires on 30 June 2023 and Orega in Liverpool which expires on 30 November 2023. On 16 November 2022, a new lease was signed for Bruntwood Union in Manchester, expiring 16 September 2027. The lease for Chapel Street in Liverpool expired on 30 November 2022. Operating leases also include the property lease of Swanwick Marina in Southampton which was transferred from GJW to MRSgUKS on 31 December 2022 and expires on 31 December 2028. The amounts also relate to printers.

## **MRSB UK Services Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2022**

#### **16 Post-employment benefits**

Employer contributions for the year ended 31 December 2022 were £4,016,271 (2021: £4,308,336) of which £2,910,606 (2021: £3,338,363) was to the SIPP.

#### **17 Related parties**

The Company has taken advantage of the exemption, under in FRS 102.33.1A, from disclosing transactions with other group entities which qualify as related parties.

The Company had the following amounts outstanding due from other group entities at year end:

<b>Group Entity</b>	<b>2022</b>	<b>2021</b>
Munich Re	293,655	379,370
Munich Re UK Services Limited	341,582	674,406
Munich Re Digital Partners	1,245,286	169,037
Munich Re Insurance America Inc.	124,948	-
Munich Re America Services Inc.	5,962	101,667
America Modern Insurance Group	21,907	-
MRSL	6,260,356	716,689
MRCL	7,124,015	15,320,968
Munich Re Specialty Insurance (UK) Limited	1,698,720	698,123
Roanoke Insurance Brokers Limited ('RIBL')	486,862	138,698
RIBL Middle East and North Africa	15,557	8,609
Roanoke Insurance Group	6,199	-
Munich Re Capital No.2 Limited	83,184	61,127
Munich Re Risk Solutions Ireland	13,901	5,059
Munich Reinsurance Company of Canada	2,901	-
Great Lakes Insurance SE ('GLISE')	-	300,683
Munich Re Service GmbH	-	35,970
Groves, John & Westrup Limited ('GJW')	-	1,622,334

The Company had the following amounts outstanding due to other group entities at year end:

<b>Group Entity</b>	<b>2022</b>	<b>2021</b>
Roanoke Insurance Group	-	(30,935)
Great Lakes Insurance SE ('GLISE')	(8,888)	-

## **MRSG UK Services Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2022**

#### **18 Statement of Cash Flows**

The Company has taken advantage of the exemption, under FRS 102.1.12(b), from preparing a Statement of Cash Flows, on the basis that it is a qualifying entity and its ultimate parent company, Munich Re, includes the Company's cash flows in its own consolidated financial statements.

#### **19 Ultimate Holding Company**

The Company's immediate parent, MRSG, is a wholly owned subsidiary of Munich Re, a company registered in Germany. No consolidated financial statements have been prepared for the MRSG group of companies. Copies of the consolidated financial statements of Munich Re, the ultimate holding company, may be obtained from its main UK representative office at 10 Fenchurch Avenue, London, EC3M 5BN.

#### **20 Events after the end of the reporting period**

There are no material post balance sheet events.