UIA (Insurance) Limited

Annual Report and Accounts
for the year ended 31 December 2013

UIA (Insurance) Limited

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Company Secretary and Registered Office

Ben Terrett
UIA (Insurance) Limited
Kings Court
London Road
Stevenage
Herts
SG1 2TP

Advisors

Auditor

Deloitte LLP

Bankers

Unity Trust Bank plc

Investment Managers

Alliance Trust Investments Ltd
Aviva Investors Global Services Ltd
Fiske plc
Royal London Cash Management Ltd

CHAIRPERSON'S STATEMENT

2013 has been my first full year as Chair of UIA and it is therefore very pleasing to report that this has been another successful period for the organisation. As we emerge from the grip of economic recession, UIA continues to develop as a modern, independent mutual, with clear goals and a unity of purpose to ensure the company is financially strong and operating profitably.

The senior management team led by Ian Cracknell, our Chief Executive, has continued to ensure that UIA has built on the solid foundations that have been established over the last century, delivering a solid performance for the benefit of our members. As a mutual insurance company, we take our responsibility to you, our members, very seriously and are proud to ensure that UIA remains focussed on superior service so that we can continue to deliver quality household and other general insurance products for your benefit both now and into the future. As I write this statement the UK is experiencing some of the worst sustained storms and floods that have been seen for decades and it is at times like these that the true benefit of having a quality household policy is realised. We have made it our policy to contact members who may be worst affected by the storms and floods to provide advice and support at this potentially very stressful time. We have also responded to members who have been affected during this period to ensure that we deal with their claims swiftly and efficiently, making direct payments in cash wherever possible. In essence, to provide them with the high level of service that they rightly demand as UIA policyholders and we can deliver as a mutual insurer.

Financial Performance

We know that the last few years have been a challenge for both businesses and consumers alike but our financial performance has continued to be strong, with growth in the number of members who insure with us from key trade union partnerships. In addition, it is good to welcome new members through the GMB and our new brand Together Mutual Insurance.

We are pleased to report growth in our underwriting result which has grown from £0.5m last year to £2.2m in 2013 and our overall result has improved from £3.2m in 2012, to £6.1m by the end of this year. This performance has been achieved through the maintenance of firm underwriting discipline, focus on controlling costs and good return on our investment funds. Indeed these excellent results have further strengthened our capital position to help us maintain competitive premiums for our members and support our strategic ambitions to grow the business.

Partnerships built on solid foundations

Our foundations are built on the very strong relationships that we enjoy within the trade union movement, in particular the long standing relationship that we have with UNISON and the firmly established partnership with Unite. I am also pleased to report that a new agreement to promote our products to members of the GMB was launched during the year. We are rapidly developing a solid relationship with GMB members and are attracting a number of them to take out a policy with us. I am also delighted to announce that following our agreed recruitment process we have appointed Tony Woodley as the nominee of Unite, to serve as a Non–Executive Director (subject to FCA/PRA approval). Tony was a General Secretary of Unite and has a wealth of experience within the trade union movement, as well as the public and private sector and I know that UIA will benefit from the experience and insight that he will bring to the Board. Tony will replace Geoff Shears who has stepped down from the Board and I would like to thank Geoff for the excellent contribution that he has made to UIA since he was appointed.

CHAIRPERSON'S STATEMENT (continued)

Together Mutual Insurance

We believe that our status as a mutual insurer translates into providing our members with access to a community based on fairness and superior service. This is something that we strive to provide to our trade union customers but last year we stated that we wanted to offer other like–minded customers the opportunity to enjoy a relationship with us through Together Mutual Insurance. I am therefore pleased to say that we launched Together during the Summer and have been testing the new brand in the North West, within the Granada region. It will take time to establish the new brand but it is hoped that as Together develops it will allow us to spread our costs more widely, allowing us to continue to provide good value to all our members.

Investing in our people to meet members' needs

The service that we provide is only as good as the people who provide it and in assessing our capabilities to meet the requirements of our policyholders, I am encouraged that we are providing our staff with the right training and knowledge to allow them to provide members with the right support and guidance. All our customer facing teams have undertaken courses during the year to help them 'go the extra mile' in supporting our members, and very importantly, the investment in our staff has been recognised by Investors in People who have awarded us their gold standard which places UIA in the top 3% of companies in the UK. Whilst we are not complacent we believe that this investment is helping us to meet the needs of our members. We are fully aware that they have a choice as to whom they place their insurance with and are very pleased that over 8 out of every 10 customers choose to stay insured with UIA every year.

Risk Management

We have continued to focus on our risk management processes in 2013; in order to ensure that UIA is prepared for the new Solvency II regime and with the primary objective of ensuring the continued protection of members' needs. I am pleased to report that our capital position is strong at £38m as at the end of 2013. This compares to £32m in 2012 and is over £18m in excess of the minimum set by the Regulator. We were also pleased to be given the lowest category of supervision under the new regulatory regime, reflecting the low risk that UIA represents as a business.

Governance

During the year we established a working party of the UIA Board to review the Rules of UIA to ensure that they continue to meet the requirements of a modern, independent mutual insurance company and any proposed changes will be brought to the members at a future AGM. As a part of this process we have also looked at the governance of the organisation and have prepared a Charter to act as a reference point for the responsibilities that we have to our members. This document will be published in Summer 2014.

Charitable engagement and sponsorship

In 2013 we reviewed the guidelines for the UIA Charitable Foundation to focus on engagement with charities on particular projects where our funding could make a positive difference to the work of grant recipients over a period of time. We have been particularly interested in supporting causes that are of specific interest to our members, our trade union partners and our staff. In Affinity magazine which accompanies the summary report and accounts we are

CHAIRPERSON'S STATEMENT (continued)

delighted to provide some examples of how the UIA Charitable Foundation has helped organisations tackle particular issues during the year and have either paid or approved grants over £51k to these recipients.

I am also very pleased to announce the continued sponsorship of Amy Marren, the young Paralympic swimmer, as she prepares for Rio 2016. Amy is already a world champion and her hard work and dedication to her sport is an inspiration to talented young people living with disabilities and she is a role model for young people. We wish Amy every success for the future.

Developing a sustainable business

If we are to have a business that is sustainable it is of course essential that the organisation is equipped to meet the challenges ahead. I believe that UIA has a clear strategic path for the future and I have already outlined how we are investing in our people to help us achieve this. However, we have also embarked on a major project to improve our IT systems during the year. The project, known internally as 'Honeycomb' is scheduled to be completed by the end of 2014 and is designed to make it much easier for customers to do business with us and our members to manage their policies. The new system will also allow UIA to respond more quickly to take advantage of market opportunities.

Acknowledgements

It is pleasing to report that my first year as Chair has been such a successful one although I acknowledge that this would not have been possible without the hard work of our Directors, management and staff. I would like to thank them all for their on-going commitment and support and look forward to working with them to continue our future success. Finally, UIA is your insurance company and we look forward to working in partnership with you in the future to continue to meet your needs. I also hope to meet many of you at our Annual General Meeting in Brighton on 17th June.

Mike Hayes
Chair of the Board
19 March 2014

STRATEGIC REPORT

Introduction and purpose of report

Certain companies are now required, by law, to produce a Strategic Report which has the following objectives:

- To provide context to the annual accounts;
- To provide members with an analysis of the Group's past performance; and
- To provide insight into the Group's main objectives and strategies; and the principal risks it faces and how they might affect future prospects.

While we are not required by law to produce this report, we have decided to adopt this new style of reporting in the interests of good corporate governance and from guidance provided by the Association of Financial Mutuals.

In preparing this report, we have considered what information should be of relevance to our policyholders and to other stakeholders and it is intended that the information is presented in a clear and concise way such that it is informative but does not compromise on any of the key information.

Business model and strategy

Our mission is to be the first choice personal lines insurance provider to members of trade unions and like-minded members of the general public. In order to achieve this mission our desire is to remain an independent mutual that is financially strong and operating profitably.

Our strategy is to continue extensive engagement with our key business partners, the trade unions, whilst also offering our products to like-minded members of the general public through our Together Mutual Insurance brand.

Review of the business

The results of the Group for the year ended 31 December 2013 are set out on pages 27 to 28 and the position at the year-end is set out on pages 29 to 30.

The Group, led by the performance of the parent company, UIA (Insurance) Limited, has had another successful year, generating profits from underwriting of £2.235 million, and investment returns of £4.034 million.

The parent company generated profits of £2.057 million (2012: £0.159 million) from household underwriting and a further £0.178 million (2012: £0.323 million) from legal expenses underwriting.

Gross written premiums for the year were £26.482 million (2012: £27.858 million); Claims incurred were £8.615 million (2012: £9.848 million); and Net operating expenses were £10.559 million (2012: £11.892 million).

As a result of the changes in the law, legal expenses premiums were £5.014 million for the year, down from £6.201 million in 2012.

At the end of the year, the Group had total assets amounting to £85.385 million (2012: £84.189 million), of which £52.177 million (2012: £45.813 million) were investment fund assets. The Group had technical provisions arising from insurance operations of £30.337 million (2012: £34.001 million), and other creditors of £16.402 million (2012: £17.628 million).

STRATEGIC REPORT (continued)

By the year end, the Group had £33.956 million (2012: £27.825 million) of retained profits.

Key Performance Indicators (KPIs)

The Board consider that, in addition to the overall profits shown in the Review of the business above, the following metrics represent the key financial dynamics of the Group.

Key Performance Indicator	2013	2012
Combined operating ratio	90%	92%
Household loss ratio	43%	48%
Underlying household expense ratio	36%	36%
Retention rate	81%	78%
Investment yield	8%	6%
Return on capital employed	19%	16%
Solvency I cover	186%	174%

Principal risks and uncertainties

The principal risks and uncertainties facing the business are reviewed regularly by the Board. The key risks are outlined below.

Governance/Strategic risk

Governance/Strategic risk is the risk facing the Company should the strategic direction and governance controls fail.

The Board monitors and evaluates business performance at regular intervals and formally through Board meetings (6 times per annum) in addition to 2 formal strategy sessions held in July and November each year. Business performance is reported monthly in the form of Management Information packs and Key Performance Indicators are highlighted by a traffic light system, to indicate if the business is on track, exceeding or falling short of these objectives.

Insurance risk

Insurance risk is the risk that we fail to meet our liabilities to our policyholders as a result of uncertainties surrounding the nature, timing and amount of insurance liabilities.

We therefore consider that a significant increase in claims frequency and severity, coupled with no management action, poses a threat to our profitability and our ongoing ability to pay claims.

We mitigate and manage this risk through ensuring that risk pricing is met, through underwriting and claims controls and ensuring that we are adequately reserved at all times.

Pension risk

Pension risk is the risk to the Company caused by our contractual or other liabilities to our final salary pension scheme.

We recognise this risk on our Balance Sheet (pages 29 to 30) in the form of the FRS17 provision but recognise that this provision is stated at a fixed point in time, based upon certain actuarial assumptions, which may, or may not be accurate in the future.

STRATEGIC REPORT (continued)

We manage and mitigate this risk through active engagement with the scheme trustees, considering our own financial position and that of our employees, who see the pension scheme as a valuable benefit.

Future development

Our aim is to grow the business so that we can continue to offer our members competitive household and other quality insurance products in the long term. We operate in a fiercely competitive market place where there is increasing commoditisation and homogenisation. Therefore, to ensure that the business is sustainable, and that we have a point of differentiation in a crowded market, the organisation is positioned to not only offer our customers competitive premiums but to treat them as members of a community built on fairness, trust and the high level of service they demand from us.

We recognise that to deliver our strategic ambitions then UIA must be capable of not only meeting member's requirements now but meeting their future needs as well. It is for this reason that we are investing in our technological capabilities and the skills of our staff to ensure that UIA continues to prosper as a modern, independent mutual insurance company.

Ian Cracknell
Chief Executive Officer
19 March 2014

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year ended 31 December 2013.

Strategic report

The principal activity of the Company is the transaction of general insurance business. A review of the year and future developments of the group are contained within the Strategic Report.

Distribution

The directors do not recommend the payment of a distribution for 2013 (2012: nil).

Directors

The names of the current Directors are listed on pages 9 to 11.

The following directors held office throughout the year, except as noted below:

Bob Abberley	Appointed 8 October 2013
Ian Cracknell	
Gerry Gallagher	Resigned 18 June 2013
Peter Dodd	
Mike Hayes	
Lucia McKeever	Appointed 30 April 2013
Bob Newton	
Marion Saunders	
Geoff Shears	Resigned 17 January 2014
Eleanor Smith	
Ben Terrett	
Andrew Wainwright-Brown	

Statement as to disclosure of information to auditor

The Directors have taken all necessary steps to obtain all relevant audit information and to establish that the auditors are aware of that information.

As far as the Directors are aware, there is no relevant information of which the Company's auditors are unaware.

By order of the Board

Ben Terrett
Company Secretary
19 March 2014

CORPORATE GOVERNANCE REPORT

Board of Directors

Mike Hayes Non-Executive Director, Chairperson

Mike was appointed a non-executive director in 2007 and appointed as Chairperson at the 2013 AGM. He is a member of the Risk and Nominations and Remuneration Committee and attends Audit Committee meetings by invitation.

Mike is an engineering assistant with Cardiff City Council. He was elected to the NEC of UNISON in 2003 and is currently chair of UNISON's Finance and Resource Management Committee.

Ian Cracknell MA FIDM FIoD Chief Executive Officer

Ian was appointed Chief Executive Officer in 2012. Ian has been with UIA since February 1997 and was formerly Marketing Director of UIA (Insurance) Ltd, appointed in 1998. He is also a Director of UIA (Insurance Services) Ltd and all other Subsidiaries.

Ian has worked for a number of financial services organisations including Sun Life of Canada, AIB Banks Ltd, Cardif, Lombard and Lloyds TSB. He has an MA in strategic marketing and is a Fellow of the Institute of Direct Marketing.

Ben Terrett BA FCA Cert CII Finance Director

Ben was appointed Finance Director in 2012.

Ben is a Fellow of the Institute of Chartered Accountants in England and Wales, having qualified as a Chartered Accountant in 1998. He worked in general practice until 2004, when he began contracting as an Internal Auditor for the Audit Commission. Ben joined the UIA Group in February 2005, where he began the process of setting up the Internal Audit function.

Ben is also a director of UIA (Insurance Services) Ltd, is the Company Secretary and has responsibility for Compliance Oversight.

Bob Abberley Non-Executive Director – Independent

Bob was appointed to the Board at the AGM in June 2013, receiving regulatory approval for the role in October 2013. Bob was previously Assistant General Secretary for UNISON, with responsibilities ranging from inter-union relationships, industrial action strategies and pension governance.

Bob is a member of both UNISON and Unite trade unions and has been a UIA policyholder for over 15 years.

CORPORATE GOVERNANCE REPORT (continued)

Peter Dodd Non-Executive Director – Independent

Peter was appointed a non-executive director in 2009. He is chair of the Nominations and Remuneration Committee.

Peter worked for the Post Office for 23 years and then for the Communication Workers Union (CWU) for 10 years. He held positions within the CWU from 1976 to 2007. He is a director of the Mechanics Centre Ltd, an Employment Tribunal Member, a lay member of the National Institute for Health Research and a governor of the Central Manchester & University Hospitals Foundation Trust, where he chairs the Patient Experience Committee.

Lucia McKeever Non-Executive Director – UNISON Representative

Lucia was appointed to the Board in January 2013, receiving regulatory approval for the role in February 2013. Lucia is a Trustee of the UNISON Pension Scheme (UIA is a participating employer) and is a UNISON Vice President. Lucia is a champion of equality and human rights, and became active in the trade union movement more than 20 years ago.

Bob Newton BSc FIA FIoD CDir Non-Executive Director – Independent

Bob was appointed a non-executive director in 2007. He is the chair of the Risk Committee and is a member of the Audit Committee. He is a Fellow of the Institute and Faculty of Actuaries, a Fellow of the Institute of Directors, a Chartered Director and a member of the Chartered Insurance Institute.

Bob is chairman of CIS General Insurance Ltd and Silentair Group Ltd, a non-executive director of Reclaim Fund Ltd and is an advisor to Heirtrace Ltd. He has more than 40 years' experience in the insurance industry having held executive director positions with General Accident (UK), CGU Insurance, Aviva and NFU Mutual Insurance Society.

Marion Saunders Non-Executive Director – Independent

Marion was appointed a non-executive director in 2010. She is a member of the Audit committee and the Risk Committee.

Marion is currently a non-executive director of London Strategic Housing, a member of the Information Rights Tribunal and the Conduct and Competency Committee of the Nursing & Midwifery Council and a professional adviser to the CQC (Care Quality Commission). She has been a lay member of the CII and chaired adult and children safeguarding boards. Marion chaired a Primary Care Trust for seven years following 25 years in local government where she held branch officer posts within Nalgo. Marion is a retired Unison member.

Eleanor Smith Non-Executive Director – UNISON Representative

Eleanor was appointed to the Board in 2012. She is a qualified and registered Nurse and is employed by the Birmingham Women's Healthcare Trust. She was recently appointed staff nurse governor of her trust. Eleanor is a past President of UNISON and still maintains an active role as Unison Branch Secretary whilst acting as the Staff side Lead Negotiator for the Healthcare Trust. Eleanor had been a School Governors Chair for twelve years and has been in the past Constituency Secretary for her Local Labour Party.

CORPORATE GOVERNANCE REPORT (continued)

Andrew Wainwright-Brown ACIS FCII Non-Executive Director
Senior Independent Director

Andrew was appointed a non-executive Director during 2010. He chairs the Audit Committee and is a member of the Risk Committee and Nominations and Remuneration Committee. He is an Associate of the Institute of Chartered Secretaries and Administrators and a Fellow of the Chartered Insurance Institute.

In 2008, Andrew retired from the position of Deputy Managing Director & C.O.O. of British Marine (a subsidiary of QBE) after a 28-year career in the insurance industry during which he held senior executive and finance positions with a number of major insurers.

Andrew has also recently been appointed as a non-executive director of CIS General Insurance Limited and as a member Trustee of the N W Pension Plan (1977).

In addition to his role with UIA and CIS, he acts as a consultant and executive coach to businesses in the insurance sector.

CORPORATE GOVERNANCE REPORT (continued)

The Board supports the principles of good corporate governance and is committed to maintaining a high standard of compliance with the Annotated Combined Code, published by the Association of Financial Mutuals, in the best interests of its members.

Role of the Board

The role of the Board is to set and manage the strategy for UIA (Insurance) Ltd ('UIA') in a manner that upholds the vision of the organisation. In addition, to deliver the maximum value to the company for the benefit of its members, whilst complying with the relevant regulatory requirements, the Company's Rules and the highest corporate governance standards.

The Statement of the Board's Reserved Powers is set out in the Company's Charter (currently under development) and relate in the main to factors affecting the long term strategy of the Company, while day-to-day decisions are delegated to Executive Directors. These powers are set out below.

Board's Reserved Powers

The Board reserves itself to decisions that determine:

- The long term prosperity, viability, security and reputation of the Company
- Policies governing the way the Company is perceived and treats others
- Relations with stakeholders
- Policies covering material financial matters and commitments, statutory obligations, compliance, probity and ethical matters
- Matters concerning the board and senior management
- Authority levels

Specifically, the Board considers, reviews and agrees:

Strategic and financial matters

- The company's purpose, mission, vision, goals and objectives
- Strategies and strategic plans
- Annual budgets
- Performance against budgets and plans
- Matters that would have a material effect on the company's financial position, liabilities, future strategy or reputation
- Major capital projects
- Capital expenditure in excess of budget
- Significant changes in accounting, risk management, capital and treasury policies and practices
- Significant changes to the company's financial and management control systems
- Contracts not in the ordinary course of business and material contracts in the ordinary course of business
- Treasury policy including foreign exchange exposure
- Major acquisitions or disposals

Matters relating to members

- Changes to memorandum and articles of association and rules
- Remuneration of auditors
- Reappointment or change of auditors
- Auditors' engagement letter and audit scope memorandum
- Auditors' summary letter of recommendations

CORPORATE GOVERNANCE REPORT (continued)

- Interim and final financial statements
- Notices and circulars to members except those of a routine nature
- Approval of press releases concerning matters decided by the board

Board and senior executive matters

- Appointment and removal of directors and company secretary
- Powers, roles and duties delegated to individual directors including the Chairman, CEO and Finance Director
- Remuneration and terms of appointment of directors and senior executives, including bonus arrangements, pensions and contracts of employment
- Terms of reference and membership of board committees
- Material changes in pension scheme rules
- Liability insurance arrangements for directors and officers of the company

Principles

- Compliance with contracts, laws, statutory obligations and regulations
- Compliance with company policies on probity and ethics

Insurance

The Company maintains a Directors and Officers Insurance policy covering the threat of legal actions against the directors.

Chairperson and Chief Executive Officer (CEO)

The roles of Chairperson and CEO remained separate throughout the year and their respective responsibilities have been agreed by the Board. The Chairperson's main responsibility is to lead and manage the work of the Board, to ensure it operates effectively, fully managing its responsibilities and ensuring the effective engagement and contribution of all Directors. The Chairperson encourages and promotes a culture of openness and debate by facilitating the effective contribution of Non-Executive Directors in particular and ensuring constructive relations between Executive and Non-Executive Directors. Responsibility for the day to day management of UIA is delegated to the CEO, supported by the Finance Director.

Non-Executive Directors

The Board currently comprises the Non-Executive Chairperson plus seven Non-Executive and two Executive Directors.

The Company currently has two Non-Executive Directors who fall within the strict definition of independence as outlined in the Annotated Combined Code, plus a further two insurance industry professionals, both of whom have cross directorships with a competitor organisation.

The Board has reviewed the potential conflict of interest arising from this situation and considers that, while not meeting the strict definition of independence, the directors have demonstrated their independence through their actions and integrity. One of these directors has been appointed the Senior Independent Director.

The Board believes that it functions effectively and efficiently and is of an appropriate size to provide a balance of skills and experience, manage conflicts of interest and allow changes in composition without undue disruption. It also believes that it was able to provide leadership

CORPORATE GOVERNANCE REPORT (continued)

and give direction without any imbalance that may have allowed one individual or group to dominate decision making.

The Board regularly reviews its own balance, diversity, and effectiveness to meet the Company's requirements and business strategy.

The Board has appointed a Senior Independent Director, as required by the Code, to provide an alternative point of contact to the Chairperson, CEO and Finance Director for members who have concerns that cannot be addressed through the normal channels. The Senior Independent Director also leads the appraisal of the Chairperson and the Board.

Board Appointments and Re-Election

All Board appointments are subject to a rigorous process instigated by the Nominations and Remuneration Committee, and ratified by the Board.

All Directors are subject to election by the members at the Annual General Meeting following their appointment. They are required to seek re-election every three years following their first election. Before appointing a new Director they are required to provide details of their current other commitments for review to ensure that they can carry out their role effectively and efficiently. In addition, all Directors are subject to approval from the Prudential Regulation Authority as an approved person.

Performance Evaluation

The Board undertakes a self-evaluation exercise of its own performance annually during Strategy meetings. The last evaluation exercise took place in July 2013. This process was externally facilitated by Dr Alistair Turner (LCB) who has no other connection to the Company. In addition, individual Board members are currently going through a 360 degree review process facilitated by Mark O'Connor (Virada), who also has no other connection to the Company. The Board has also undertaken to have a formal assessment of its performance every three years. This process is due in 2014.

Duty to prepare accounts

The Directors acknowledge their responsibilities for preparing accounts and a full statement of Directors' Responsibilities is set out on page 22. These narrative statements, together with the Consolidated Revenue Account, Balance Sheet, Cashflow Statement and notes to the accounts, provide relevant and proportionate detail to our members in order for them to assess business performance and business strategy. The Directors also consider that this annual report and accounts together, taken as a whole, represent a fair, balanced and understandable view of the business at the present time and provides the information necessary for a proper assessment of the performance of the Company.

Going Concern

The Strategic Report provides an overview of business performance, together with the Company's Key Performance Indicators in respect of the year ended 31 December 2013. The Strategic Report also provides detail with regard to the Directors' assessment of the major risks and uncertainties facing the business in the future. In addition, the Chairperson's Statement sets out the Company's long term vision and strategy.

CORPORATE GOVERNANCE REPORT (continued)

We have adopted the going concern basis in respect of the preparation of the accounts in respect of the year ended 31 December 2013 as we have adequate financial resources in order to meet our liabilities as they fall due. As stated in the Strategic Report, we have total assets of £85.385 million and investment assets of £52.177 million and our statutory solvency margin is in excess of 180%.

Risk Management and Internal Controls

UIA is committed to the highest standards of risk management and internal control. The Board is accountable to the members of the Company for ensuring that an appropriate system of internal control is maintained, and for reviewing its effectiveness. Taking account of the limitations in any system of control, the system is designed to limit rather than eliminate the risk of failure and, as such, can only provide reasonable but not absolute assurance against material misstatement or loss.

During 2013 and up to the date of approval of the annual report, UIA has operated a system of internal control which provides reasonable assurance of effective and efficient operations covering all controls including financial and operational controls, and compliance with laws and regulations.

Processes are in place for identifying, evaluating and managing on an ongoing basis the significant risks facing the Company and include:

- Board discussion and approval of the Company's strategic objectives and plans, and the risks to achieving them
- Board review of performance and approval of budgets and forecasts
- Regular reviews by management of the risks to achieving objectives and actions being taken to mitigate them
- Review by the Risk Committee of any incidents of fraud, suspected fraud, material error or misstatement, and the controls in place to protect the Company against this risk
- Regular reviews by the Audit Committee of the scope and results of internal audit and compliance work, and of the implementation of recommendations
- Audit Committee reviews of the scope of work undertaken by the external auditors and any significant issues arising from them
- Audit Committee reviews of accounting policies and levels of delegated authorities
- Board consideration of the key risks facing the Company, as documented in the Risk Register, and of the effectiveness of the controls in place to mitigate their impacts.

The internal control system is monitored and supported by the Internal Audit function that reports to the Audit Committee on the Company's operations. During 2013, the information received and considered by the Audit Committee provided assurance that there were no material control failures.

There are regular reports to the Board on the effectiveness of the Company's risk management and internal control systems, through the Chairs of the Audit Committee and the Risk Committee.

The Board has put in place an organisational structure with formally defined roles and responsibilities. Operational responsibility rests with the CEO and devolves through the executive structure with clearly defined levels of authority. There are established procedures for planning, approval of capital expenditure, information and reporting systems, and for monitoring the Company's business and performance. These include:

CORPORATE GOVERNANCE REPORT (continued)

- Governance framework including terms of reference for the Board and its committees
- A clear organisational structure
- Documented apportionment of responsibilities across the Company
- Processes for assessing the adequacy and effectiveness of internal controls and for ensuring that these remain appropriate to the scale and complexity of activities
- Detailed financial controls to safeguard assets from inappropriate use or loss
- Monthly monitoring of key performance indicators against plans for the year
- Detailed framework of operating policies and procedures including risk management and control standards
- Recruitment policies to select employees of the necessary calibre and experience to fulfil their responsibilities
- Clear roles and accountabilities with regular performance reviews
- Whistle blowing procedures to enable staff to raise concerns in confidence

The Board actively encourages a culture of continuous improvement to ensure systems of control are maintained.

The Board confirms that there has been in place for the year under review an ongoing process for identifying, evaluating and managing the risks faced by the Company that are significant to the achievement of its business objectives. As part of this process, managers of the operational areas and of each major project are required to identify the risks, the probability of their occurrence, the impact if they occur and the actions being taken to manage these impacts to the desired level. Managers are required to monitor and report on the key risks in their areas, highlighting whether these are stable, increasing or decreasing, as well as maintaining a risk log providing details of significant incidents and loss events. A consolidated report is submitted to every quarterly meeting of the Risk Committee providing an analysis of risks reported in the period, together with all changes to the Company risk register.

Internal Audit function

Article 47 of the Directive 2009/138/EC (The Solvency II Directive) states:

- Insurance and reinsurance undertakings shall provide for an effective internal audit function. The internal audit function shall include an evaluation of the adequacy and effectiveness of the internal control system and other elements of the system of governance.
- The internal audit function shall be objective and independent from operational functions.
- Any findings and recommendations of the internal audit function shall be reported to the administrative, management or supervisory body which shall determine what actions are to be taken with respect to each of the internal audit findings and recommendations and shall ensure that those actions are carried out.

Our internal audit function is outsourced, currently to Moore Stephens and Branko Limited.

Internal audit reviews concentrate on those areas, derived from the Company's Risk Register and through discussions with Senior Management, that are considered higher risk, but also those that are proportionate to the nature and scale of the Company's activities. Reporting lines are direct to the Chair of the Audit Committee, although day-to-day contact is maintained through the Chief Executive Officer.

CORPORATE GOVERNANCE REPORT (continued)

Annual General Meeting

The Board believes that it is important to obtain the views of its members and understand any issues which may concern them. UIA gathers valuable feedback from members using questionnaires and surveys. The AGM is another opportunity for UIA to communicate with members. The Directors attend the AGM and members have the opportunity to ask questions during the meeting and to meet Directors following the conclusion of the formal part of the meeting.

At the 2013 AGM, a number of resolutions were voted on including:

- To receive the annual report of the Board, the auditors' report and the audited financial statements for the year ended 31 December 2012
- To approve the remuneration report for the year ended 31 December 2012
- To authorise the Board to re-appoint Mazars LLP or appoint new auditors of the Company for the year ended 2013. To agree that the remuneration of the selected auditors be determined by the Board
- To re-elect Ian Cracknell as a member of the Board
- To re-elect Andrew Wainwright-Brown as a member of the Board
- To re-elect Marion Saunders as a member of the Board
- To re-elect Ben Terrett as a member of the Board, having been appointed as a Director since 2012 AGM and pursuant to Rule 71 of the Company
- To re-elect Eleanor Smith as a member of the Board, having been appointed as a Director since 2012 AGM and pursuant to Rule 71 of the Company
- To re-elect Lucia McKeever as a member of the Board, having been appointed as a Director since 2012 AGM and pursuant to Rule 71 of the Company
- To elect Bob Abberley as a member of the Board

Board Committees

The Board has established Committees to deal with certain functions in detail. The Terms of Reference of the committees are available on the Company website. Details of the Committees which comprise a majority of Non-Executive Directors are as follows:

Audit Committee

Andrew Wainwright-Brown (Chairperson)
Bob Abberley (from October 2013)
Gerry Gallagher (until June 2013)
Mike Hayes
Bob Newton
Marion Saunders
Eleanor Smith

This Committee is scheduled to meet four times a year and also meets separately with the external audit partner in the absence of Executive Directors. It assists the Board in discharging its responsibilities for the integrity of the financial statements and for ensuring the effectiveness of systems of internal control. It assists the Board in providing leadership, direction and oversight with regard to the Company's governance and regulatory policies and procedures, including those relating to compliance, financial malpractice and internal non-financial controls.

CORPORATE GOVERNANCE REPORT (continued)

All members of the Committee are Non-Executive Directors and at least one member of the Committee has recent and relevant financial experience.

The Committee is authorised to investigate any activity within its terms of reference. It monitors the integrity of the financial statements of the Company, reviewing the significant reporting judgements, in particular going concern, the adequacy of insurance technical provisions and the calculation and recognition of retirement benefit obligations contained in them. It reviews the Company's internal financial controls and the internal control and risk management systems. It monitors and reviews the effectiveness of the Company's internal audit function. It considers the appointment of and fees for external auditors, ensures that their objectivity and independence is safeguarded in respect of any non-audit services.

On 21 January 2014, the Committee carried out a review of its activities for the year and was able to confirm to the Board that it had discharged its responsibilities to the Board in respect of the year ended 31 December 2013.

There were no significant issues, other than the appointment of external auditors, for the Committee to address during the year.

Review of external audit

During the year, the Committee undertook a review of the external audit provision in order to demonstrate good governance. The incumbent auditors had been in situ for 10 years and it was decided to review the appointment. Following an extensive tender process, overseen by the Finance Director in close liaison with the Chair of the Audit Committee, the Audit Committee recommended the appointment of Deloitte LLP to replace Mazars in respect of the year ended 31 December 2013. This was agreed and ratified by the Board at a meeting in July 2013.

Risk Committee

Bob Newton (Chairperson)
Ian Cracknell
Peter Dodd (until March 2013)
Gerry Gallagher (until June 2013)
Mike Hayes (from June 2013)
Marion Saunders
Geoff Shears (from June 2013)
Eleanor Smith (from June 2013)
Ben Terrett
Andrew Wainwright-Brown

The Committee is scheduled to meet four times a year.

The Committee assists the Board in establishing, monitoring and amending the effectiveness and appropriateness of the Group's risk and management strategy and policies. At least once a year the Committee reviews the Risk Appetite and reports to the Board any recommendations including assessing the appropriateness of the Corporate Plan in the context of Risk Appetite. At each meeting it reviews the Risk Register to ensure that all material risks are included and assessed in accordance with the Risk Appetite and to ensure that for each risk a set of risk management processes and measures are in place to mitigate or minimise the impact of the risk identified. It reports to the Board any actions arising from the review of the Risk Register to be incorporated in the financial and operational plans as appropriate.

CORPORATE GOVERNANCE REPORT (continued)

It reviews the Internal Capital Adequacy Assessment including the design, build, operation and oversight of the Group's internal models. It reviews significant reports from regulatory agencies relating to risk issues, together with reports from management on the Company's compliance with laws and regulations and reports to the Board as part of the regular reporting of committee meetings. The Committee reviews the scope of the work of Internal Audit as it relates to issues of risk and encourages a culture of risk awareness throughout the Company. It provides advice on aspects of risk on request from the Board. The Committee reports to the Board the outcome of each meeting and ensures that all members of the Board are fully aware of the output of the work of the Committee and the sensitivities or risks associated with the recommendations of the Committee.

Nominations and Remuneration Committee

Peter Dodd (Chair Person)
Bob Abberley (from October 2013)
Ian Cracknell
Gerry Gallagher (until June 2013)
Mike Hayes
Lucia McKeever (from September 2013)
Marion Saunders (until September 2013)
Andrew Wainwright-Brown (from September 2013)

The Committee is scheduled to meet twice a year. The responsibilities of the Committee include reviewing the Board's structure, size and composition, selecting and proposing to the Board suitable candidates for appointment as Directors, and succession planning. The Committee considers the balance and diversity of skills, knowledge, experience, length of service, independence, gender, potential conflicts of interest and time commitment for all Directors.

The Committee determines the remuneration policy and individual remuneration packages for Directors. It reviews and approves changes to their annual salaries, performance award arrangements, fees, service contracts and other employment conditions.

Statement of Compliance with the Annotated Combined Code

The Board considers that throughout the year ended 31 December 2013, UIA has applied the relevant principles and complied with the relevant provisions of the annotated Combined Code for Mutual Insurers issued by the Association of Financial Mutuals unless otherwise noted below.

Chairperson
The Chairperson, Mike Hayes, on appointment, did not meet the independence criteria set out in the Code. This is because Mike sits on the National Executive Committee (NEC) of a partner trade union and is a key decision maker in that organisation. The Board approved this appointment during the year and it was judged to be in the interests of the business.

Senior Independent Director
As noted in the section Non-Executive Directors above, our Senior Independent Director, Andrew Wainwright-Brown, no longer meets the independence definition set out in the Code. This is because Andrew was appointed to the Board of another company during the year. However the Board has considered the appointment and believes that it continues to meet good corporate governance.

CORPORATE GOVERNANCE REPORT (continued)

Audit Committee membership
The Audit Committee has two Non-Executive Directors who meet the strict definition of independent according to the Code. As noted above, Andrew Wainwright-Brown, no longer meets the strict definition of independent, although the Board considers that he is independent in nature and judgment.

Attendance at 2013 Board and Committee Meetings

	Board	Audit Committee	Risk Committee	Nominations and Remuneration Committee
Director	Meetings attended	Meetings attended	Meetings attended	Meetings attended
Bob Abberley	1 (2)	0 (1)		0 (1)
Ian Cracknell	6 (6)	4 (4)	4 (4)	2 (2)
Peter Dodd	6 (6)		2 (2)	2 (2)
Gerry Gallagher	3 (3)	2 (2)	2 (2)	1 (1)
Mike Hayes	6 (6)	4 (4)	2 (2)	2 (2)
Lucia McKeever	3 (6)			0 (1)
Bob Newton	4 (6)	4 (4)	4 (4)	
Marion Saunders	5 (6)	3 (4)	3 (4)	1 (1)
Geoffrey Shears	6 (6)		2 (2)	
Eleanor Smith	6 (6)	3 (4)	1 (2)	
Ben Terrett	6 (6)	4 (4)	4 (4)	
Andrew Wainwright-Brown	6 (6)	4 (4)	4 (4)	1 (1)

The number in brackets represents the number of meetings that the Director was eligible to attend during the year.

DIRECTORS REMUNERATION REPORT

Remuneration Policy for Executive Directors

The policy is that the remuneration for Executive Directors should reflect performance and enable the Company to attract, motivate, and retain suitably qualified individuals. The Nominations and Remuneration Committee uses an independent specialist advisor, Croner, to provide survey data on remuneration levels in comparable companies.

Base salaries are reviewed annually, and for competent performance, the Committee's policy is to pay around the median level indicated by the survey data.

Executive Directors are eligible to participate in an annual performance based, cash performance award scheme. The Committee reviews and agrees performance award targets and levels of eligibility annually. The performance award is based on the achievement of key performance indicators, which directly support the business plan. The scheme is designed to pay out a percentage of base salary and there is a threshold below which no performance award is paid. Total awards for exceptional performance will not exceed 10% for the CEO and Finance Director. The Committee's policy is to increase the relative importance of variable pay based on the achievement of objectives, to increase the emphasis on the personal accountability of Executive Directors.

Executive Directors are eligible to be members of UNISON's Staff Pension Scheme, which is a defined benefit plan with a pension paid on retirement based on salary and length of service. Contributions of 9.1% were made in 2013 by way of salary sacrifice by the directors plus a further 25% by the company. The scheme provides a lump sum benefit of four times basic salary in the event of death in service.

In addition to the benefits described above, the Executive Directors are provided with a company car.

All Executive Directors have contracts of employment incorporating their terms and conditions that are normally terminable by either party giving one year's notice.

Remuneration Policy for Non-Executive Directors

Non-Executive Directors, including the Chair, have letters of appointment which set out their duties and responsibilities. Their appointment is generally for an initial period of three years, and subject to re-election by the membership, may be renewed by mutual consent. Non-Executive Directors may serve for a maximum of nine years, although this may be extended by resolution of the Board in exceptional circumstances.

Fees for Non-Executive Directors are reviewed annually by the Nominations and Remuneration Committee with changes normally effective from 1 July. They are designed to recognise their responsibilities and are benchmarked against the same role in other comparable organisations using information from Croner. The policy is to allow discretion to accommodate the need to attract different skills, experience and knowledge. Fees comprise a basic annual fee, paid in monthly instalments. Fees are neither pensionable nor performance related and Non-Executive Directors do not participate in any bonus schemes.

Directors' Emoluments

These are shown in note 5 to the accounts.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required to present accounts for each financial year in accordance with applicable law and regulations.

Industrial and Provident Society Law, as modified by the Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 2008 (the Regulations), require the Directors to prepare financial statements for each financial year. In accordance with the Regulations the Directors have elected to prepare both the consolidated and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP).

The consolidated and company financial statements are required by law and UK GAAP to present fairly the financial position of the group and the company and the performance for that period. The Regulations, which apply the provisions of the Companies Act 2006, provide that the financial statements give a true and fair view and a fair presentation.

In preparing each of the consolidated and company financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the accounts;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business; and
- the board is responsible for maintaining adequate accounting records that disclose with reasonable accuracy at any time the financial position of the group, safeguarding the assets of the group, and 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 company's website. Legislation in the United Kingdom may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UIA (INSURANCE) LIMITED

Opinion on financial statements of UIA (Insurance) Limited

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2013 and of the group's surplus 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 Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 2008.

The financial statements comprise the consolidated revenue account, consolidated statement of total recognised gains and losses, consolidated and company balance sheets, consolidated cash flow statement and the related notes 1 to 23. 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), having regard to the statutory requirement for insurance companies to maintain equalisation provisions. The nature of equalisation provisions, the amounts set aside at 31 December 2013, and the effect of the movement in those provisions during the year on members' funds, the balance on the general business technical account and profit before tax, are disclosed in note 15.

Going concern

We have reviewed the directors' statement contained within the Corporate Governance Statement that the group is a going concern. We confirm that:

- we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified any material uncertainties that may cast significant doubt on the group's ability to continue as a going concern.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Our assessment of risks of material misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team:

Risk	How the scope of our audit responded to the risk
Insurance technical provisions The assessment of the calculation of the insurance technical provisions requires management to make significant judgements about the quantum of the reported losses and the estimated incurred but not reported losses based on past experience and current expectations of future cost levels.	We have challenged the key judgements within the calculation of the insurance technical provisions as set out in note 14 to the financial statements by working with our general insurance actuarial specialists to assess the movements in prior year reserves, material changes in methodology and assumptions and the impact of claims experience in the year. We also tested the underlying data used in the reserving process in order to evaluate its completeness and accuracy.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UIA (INSURANCE) LIMITED (continued)

Risk	How the scope of our audit responded to the risk
Assumptions underpinning the calculation and recognition of retirement benefit obligations	
The assessment of the carrying value of the pension deficit relating to the group's defined benefit pension scheme is based on assumptions which require significant management judgement.	We assessed management's assumptions used in the calculations of the defined benefit pension scheme deficit as set out in note 23 to the financial statements by involving our internal pension specialists to benchmark the assumptions in respect of the discount rate, inflation and mortality assumptions to those used in the market.

The Audit Committee's consideration of these risks is set out on page 6.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonable knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the group to be £316,000, which is below 5% of the reported surplus on ordinary activities before taxation and below 1% of capital and reserves.

We agreed with the Audit Committee that we would report to the Committee all differences in excess of £15,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our group audit was scoped by obtaining an understanding of the group and its environment, including group-wide controls, and assessing the risks of material misstatement at the group level.

All trading entities within the group are managed together from the same location and were each subject to a full audit executed at levels of materiality applicable to each individual entity which were lower than group materiality.

We also tested the consolidating process at the parent entity level.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UIA (INSURANCE) LIMITED (continued)

Opinion on other matters prescribed by the Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 2008

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

Adequacy of explanations received and accounting records

Under the Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 2008 we are required 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.

We have nothing to report in respect of these matters.

Corporate Governance statement

In accordance with our instructions from the company we review whether the Corporate Governance Report reflects the company's compliance with those provisions of the Annotated UK Corporate Governance Code specified for our review by the Association of Finance Mutuals. We have nothing to report arising from our review.

Our duty to read other information in the Annual Report

Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the group acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.

Respective responsibilities of directors and auditors

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UIA (INSURANCE) LIMITED (continued)

and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report is made solely to the company's members, as a body, in accordance with the Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 2008. 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.

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 group's and the parent 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Elanor Gill (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Reading, United Kingdom

19 March 2014

CONSOLIDATED REVENUE ACCOUNT
for the year ended 31 December 2013

	Notes	2013 £000	2013 £000	2012 £000	2012 £000
Gross premiums written		26,482		27,858	
Outwards reinsurance premiums		(5,207)		(6,037)	
Change in gross provision for unearned premiums		112		379	
Earned premiums, net of reinsurance	2		21,387		22,200
Claims paid					
Gross amount		(12,717)		(14,284)	
Reinsurers' share		3,931		4,024	
Change in provision for claims					
Gross amount		3,530		1,022	
Reinsurers' share		(3,359)		(610)	
Claims incurred, net of reinsurance			(8,615)		(9,848)
Change in equalisation provision			22		22
Net operating expenses			(10,559)		(11,892)
			2,235		482
Non technical account					
Balance from technical account			2,235		482
Investment income	6		1,905		1,327
Unrealised gains on investments			2,261		1,634
Investment expenses and charges			(132)		(155)
Other income			2,341		2,356
Other charges			(2,213)		(2,162)
Surplus on ordinary activities before taxation	3		6,397		3,482
Tax on profit on ordinary activities	7		(249)		(298)
Surplus for the year			6,148		3,184

All of the income and expenditure relates to continuing operations.

The notes on pages 32 to 50 form part of these financial statements.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2013

		2013 £000	2012 £000
Retained surplus for the year		6,148	3,184
Actuarial loss on pension scheme	23	(17)	(1,029)
Total recognised gains and losses for the year		6,131	2,155

All results are derived from continuing operations.

The notes on pages 32 to 50 form part of these financial statements.

BALANCE SHEETS
as at 31 December 2013

Company Number AC000532

	Notes	The Group 2013 £000	The Group 2012 £000	The Company 2013 £000	The Company 2012 £000
ASSETS					
Investments					
Other financial investments	9	52,177	45,813	52,652	46,288
Reinsurers' share of technical provisions					
Arising from reinsurance operations		7,351	10,823	7,351	10,823
Debtors					
Arising from direct insurance operations		21,037	22,566	21,037	22,566
Other debtors	10	5	6	59	53
		21,042	22,572	21,096	22,619
Other assets					
Tangible assets	11	283	465	282	463
Cash at bank and in hand		3,477	3,672	3,344	3,469
		3,760	4,137	3,626	3,932
Prepayments and accrued income					
Accrued interest		68	44	68	44
Other prepayments and accrued income		987	800	807	620
		1,055	844	875	664
Total Assets		85,385	84,189	85,600	84,326

BALANCE SHEETS (continued)
as at 31 December 2013

Company Number AC000532

	Notes	The Group		The Company	
		2013	2012	2013	2012
		£000	£000	£000	£000
LIABILITIES					
Capital and reserves					
Share capital	12	1	1	1	1
Profit and loss account	13	33,956	27,825	33,924	27,886
		33,957	27,826	33,925	27,887
Technical provisions					
Provision for unearned premiums					
Gross amount	14	11,058	11,170	11,058	11,170
Claims outstanding					
Gross amount	14	15,172	18,702	15,172	18,702
Equalisation provision	15	4,107	4,129	4,107	4,129
		30,337	34,001	30,337	34,001
Provision for other risks and charges	16	77	-	77	-
Creditors					
Arising from direct insurance operations		4,478	4,536	4,478	4,536
Arising from reinsurance operations		9,258	10,188	9,258	10,188
Other creditors including tax and social security	17	2,666	2,904	2,913	2,980
		16,402	17,628	16,649	17,704
Total liabilities excluding pension liability		80,773	79,455	80,988	79,592
Pension liability	23	4,612	4,734	4,612	4,734
Total Liabilities		85,385	84,189	85,600	84,326

Approved by the Board of Directors on 19 March 2014 and signed on their behalf by:

Mike Hayes	Ian Cracknell	Ben Terrett
Chairperson	Chief Executive Officer	Finance Director

The notes on pages 32 to 50 form part of these financial statements.

CONSOLIDATED CASHFLOW STATEMENT
for the year ended 31 December 2013

	Notes	2013 £000	2012 £000
Net cash inflow from operating activities	18	4,229	1,433
Corporation tax paid		(315)	(92)
Capital expenditure		(48)	(266)
Net cash inflow		3,866	1,075

CASHFLOWS WERE INVESTED AS FOLLOWS:

	Notes	2013 £000	2012 £000
(Decrease)/increase in cash holding	19	(195)	776
Net portfolio investment	19		
Purchase of equities		19,783	27,102
Purchase of fixed income securities		7,014	2,553
Sale of equities		(15,779)	(24,203)
Sale of fixed income securities		(4,454)	(4,241)
Deposits with credit institutions		(2,503)	(912)
Net investment of cashflows		3,866	1,075

The notes on pages 32 to 50 form part of these financial statements.

NOTES TO THE ACCOUNTS
for the year ended 31 December 2013

1. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention, modified to include the revaluation of investments. They comply with the Statement of Recommended Practice on Accounting for Insurance business issued by the Association of British Insurers in December 2005 (as amended in 2006).

These accounts have been prepared on a going concern basis as set out in the corporate governance report on page 14.

A summary of the accounting policies, which have been consistently applied, is set out below:

Basis of consolidation

The consolidated financial statements include the assets and liabilities at 31 December of the parent company and its subsidiaries. Similarly, the results of the parent company and its subsidiaries are included for the year ended 31 December. Income from non-insurance subsidiaries is shown in the non-technical account. The accounting policies are applied consistently across the Group. All intercompany transactions, balances and surpluses and deficits on transactions between Group companies have been eliminated.

Premiums

Premiums written comprise the total premiums due, exclusive of insurance premium tax, on contracts entered into during the financial year, together with the net effect of adjustments to premiums written in prior periods. The provision for unearned premiums comprises the proportion of gross premiums written that is estimated to be earned in the following financial year and has been calculated on a time apportionment basis. Outward reinsurance premiums are accounted for on a payable basis.

Claims incurred

Claims incurred consist of claims, including internal and external claims handling expenses, paid during the year plus the movement in the provision for outstanding claims and related expenses.

Outstanding claims comprise a best estimate for the ultimate cost of settling all claims incurred but unpaid as at the balance sheet date, whether reported or not, together with a best estimate for the claims handling expenses relating to these claims. A prudential margin is then added to these best estimates to account for the possible deterioration in claims experience across all outstanding claims.

Acquisition costs

Acquisition costs comprise all direct and indirect costs arising from the conclusion of insurance contracts and are expensed as incurred.

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 December 2013

1. Accounting policies (continued)

Investments

Group

Listed investments are stated at market value at the balance sheet date, with the exception of gilt strips which are measured at amortised cost.

Company

Investments in group undertakings are stated at cost.

Investments

Investment income comprises all dividends, interest and rent receivable in the year together with all realised investment gains and losses. Dividends receivable are recorded on the date which the shares are quoted ex-dividend.

Realised gains and losses on investments represent the difference between net sales proceeds and purchase price.

Unrealised gains and losses on investments represent the difference between the current value of the investments at the balance sheet date and their purchase price. The movement in unrealised gains and losses includes an adjustment for previously recognised unrealised gains and losses and an adjustment for gains and losses in respect of investment disposals in the financial year.

Investment returns are reported in the non-technical account.

Tangible assets

Tangible assets are capitalised and depreciated by equal instalments over their estimated useful lives. The principal rates used are as follows:

Computer equipment	50%
Operational software	33%
Plant and machinery, fixtures and fittings	20% to 50%

Taxation

United Kingdom taxation charged in the non-technical account is based on profits and income including realised gains and losses on all investments for the year as determined in accordance with the relevant tax legislation, together with adjustments in respect of earlier years.

Deferred taxation

In accordance with FRS 19 (Deferred Tax) full provision is made for deferred tax liabilities at the tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on the tax rates and laws that have been enacted or substantially enacted at the balance sheet date, in respect of timing differences that have arisen but not reversed at the balance sheet date. Deferred tax is measured on a non-discounted basis.

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 December 2013

1. Accounting policies (continued)

Equalisation provision

An equalisation provision has been established and calculated in accordance with chapter 1 of the Prudential Sourcebook for Insurers (INSPRU).

Leases

Rentals payable under operating leases are charged as incurred over the term of the lease. The benefit arising from rent-free periods is spread on a straight-line basis over the period of the lease.

Pension commitments

Employees are eligible to join the defined benefit scheme of UNISON, which is a multi-employer scheme. The disclosures required to be made under the provisions of FRS 17 (Retirement Benefits) are made in note 23. Employees of both UIA (Insurance) Limited and UIA (Call Centres) Limited are eligible to participate in the scheme. It is only possible to ascertain the assets and liabilities attaching to both companies.

The Directors consider the scheme assets and liabilities attach solely to UIA (Insurance) Limited and as such the scheme is accounted for as a defined benefit scheme within the parent company's accounts and at group level.

The current and past service costs are included within operating expenditure. Interest costs and the expected return on the pension scheme assets are included within investment income. Actuarial gains or losses are shown separately in the statement of total recognised gains and losses. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method 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. Full actuarial valuations are obtained every three years and are updated at each balance sheet date. The resulting defined benefit scheme liability is shown separately on the face of the balance sheet.

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 December 2013

2. Segmental analysis

Technical account	Household 2013 £000	Legal Expenses 2013 £000	Total 2013 £000	Household 2012 £000	Legal Expenses 2012 £000	Total 2012 £000
Gross premiums written	21,468	5,014	26,482	21,657	6,201	27,858
Outward reinsurance premiums	(1,188)	(4,019)	(5,207)	(1,239)	(4,798)	(6,037)
Change in provision for unearned premiums	112	-	112	379	-	379
Earned premiums, net of reinsurance	20,392	995	21,387	20,797	1,403	22,200
Claims incurred, net of reinsurance						
Claims paid						
Gross amount	(9,002)	(3,715)	(12,717)	(10,290)	(3,994)	(14,284)
Reinsurers' share	191	3,740	3,931	-	4,024	4,024
Change in provision for claims						
Gross amount	171	3,359	3,530	412	610	1,022
Reinsurers' share	-	(3,359)	(3,359)	-	(610)	(610)
Change in equalisation provision	22	-	22	22	-	22
Net operating expenses	(9,717)	(842)	(10,559)	(10,782)	(1,110)	(11,892)
Balance on technical account	2,057	178	2,235	159	323	482

All insurance underwritten by the Company is in respect of risks incepted in the United Kingdom.

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 December 2013

3. Surplus on ordinary activities before taxation

Surplus on ordinary activities before taxation is stated after including:	2013 £000	2012 £000
Acquisition costs	6,374	7,030
Auditors' remuneration		
Fees payable to the auditor for the audit of the annual accounts	57	67
Fees payable for the audit of subsidiary companies pursuant to legislation	12	12
Other services pursuant to legislation	8	8
Other services pursuant to taxation	2	2
Operating lease payments		
Rental of buildings	287	287
Hire of plant and machinery	44	44
Depreciation	230	189

4. Staff costs

The monthly average number of persons (including Executive Directors) employed by the Group during the year was:

	2013 £000	2012 £000
Underwriting and claims	30	33
Administration and finance	29	28
Sales and marketing	25	26
Subsidiary activities	52	57
	136	144

Staff costs for the above persons were as follows:

	2013 £000	2012 £000
Wages and salaries	3,555	3,532
Social security cost	274	264
Pension cost	797	696
	4,626	4,492

5. Directors' emoluments

The remuneration of the Directors who served during the year is detailed below:

	Salary and fees £	Performance Award £	Benefits £	Total **2013** £	Total **2012** £
Executive					
Ian Cracknell	131,847	11,493	17,315	160,655	142,286
Ben Terrett	72,780	5,558	8,618	86,956	35,560
Non-Executive					
Bob Abberley[1]	10,693	-	-	10,693	-
Peter Dodd	21,000	-	-	21,000	19,000
Gerry Gallagher[2]	19,300	-	-	19,300	36,000
Mike Hayes	20,636	-	-	20,636	-
Bob Newton	25,934	-	-	25,934	25,717
Marion Saunders	20,667	-	-	20,667	18,535
Geoffrey Shears	21,000	-	-	21,000	12,535
Andrew Wainwright-Brown	27,351	-	-	27,351	26,717

1 Bob Abberley was appointed on 8 October 2013
2 Gerry Gallagher resigned on 18 June 2013

Lucia McKeever and Eleanor Smith waived their directors' fees for 2013 (and 2012). Two charitable donations of £10,250 each have been made during 2013 in lieu of Eleanor Smith's waived fees (2012: A charitable donation of £18,000 was made in lieu of Mike Hayes' waived fees).

Pension Entitlement	**Years of service**	**Accrued pension as at 31 December 2013** £	**Increase in accrued pension** £
Ian Cracknell	16	38,667	9,645
Ben Terrett	1	10,222	3,514

The increase in accrued pension during the year is the result of both the additional service accrued and the impact of the increase in salary on the past accrual.

The total accrued pension at 31 December 2013 shown above is the pension to which each director would be entitled on leaving service, but deferred to retirement age.

The increase in accrued pension is the difference between the accrued pension at the start and end of the year, adjusted for appointment or resignation dates as appropriate.

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 December 2013

6. Investment income

	2013 £000	2012 £000
Investment income from other investments		
Listed investments	648	819
Gains on the realisation of investments	1,317	615
Net return on pension scheme	(60)	(107)
	1,905	1,327

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 December 2013

7. Taxation on profit on ordinary activities

(a) Analysis of the tax charge

	2013 £000	2012 £000
UK corporation tax:		
Current tax	168	298
Adjustments in respect of previous periods	4	-
Changes in deferred tax balances (see (c))	77	-
Total	249	298

(b) Factors affecting tax charge for the year

The tax assessed for the year is lower than 23% (2012: 24%) of taxable income for the year. The differences are explained below:

	2013 £000	2012 £000
Investment income	1,965	1,434
Unrealised gains on investments	2,261	1,634
Investment expenses and charges	(132)	(155)
	4,094	2,913
Profit of subsidiaries	128	194
	4,222	3,107
Tax on investment income at 23% (2012: 24%)	971	746
Effects of:		
Fully franked investment income	(54)	(46)
Adjustments in respect of previous periods	(4)	-
Unrealised gain movement	(520)	(392)
Difference between tax and accounts unrealised gains movement	(174)	-
Indexation	(78)	(59)
20% tax rate in subsidiaries	5	34
Change in tax rate during 2013	22	15
Current tax charge for the year (see (a))	168	298

(c) Provision for deferred taxation

	2013 £000	2012 £000
Deferred tax liability at 1 Jan	-	-
Deferred tax charge for year	77	-
Deferred tax liability at year end	77	-

In 2012, a deferred tax asset of £208,000 in UIA (Insurance) Limited was not recognised in accordance with the provisions of FRS 19 (Deferred Tax).

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 December 2013

8. Surplus for the financial year

Consistent with Section 408 of the Companies Act 2006 the Company profit and loss account is not presented as part of these financial statements. The surplus for the financial year of £6,148,000 (2012: £3,184,000) includes £6,055,000 surplus (2012: £3,221,000), which is dealt with in the financial statements of the Company.

9. Other financial investments

	Market Value		Cost	
	2013	**2012**	**2013**	**2012**
	£000	£000	£000	£000
Fixed interest redeemable stocks	6,047	1,604	6,147	1,566
Gilt strips *	4,310	6,289	4,153	6,174
Shares, other variable yield securities and units in unit trusts				
Listed on a recognised stock exchange	12,365	9,157	13,236	9,994
Unit trusts	15,602	12,407	12,503	11,741
Deposits with credit institutions	13,853	16,356	13,853	16,356
	52,177	45,813	49,892	45,831

* Gilt strips are measured at amortised cost.

The Company is the holder of all the group's investments detailed above. It also has a further £475,004 (2012: £475,004) invested in its subsidiaries. Total investments for the Company are £52,652,000 (2012: £46,288,000).

The Company has five wholly owned subsidiaries, which are registered in England and Wales:

- UIA (Insurance Services) Limited acts as an insurance agent;
- UIA (Call Centres) Limited acts as an operator of telephone call centres;
- UIA (Trustees) Limited acts as corporate trustee for the UIA Charitable Foundation
- UIA Lottery Management Services Limited acts as a lottery operator; and
- Uniservice Limited (dormant)

10. Other debtors

	The Group		The Company	
	2013	**2012**	**2013**	**2012**
	£000	£000	£000	£000
Amounts owed by other parties	2	3	2	3
Deferred tax asset	3	3	-	-
Intercompany debtors	-	-	57	50
	5	6	59	53

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 December 2013

11. Tangible assets

(a) Tangible assets – Group

	Computer Equipment & Systems £000	Furniture, Fixtures & Fittings £000	Total £000
Cost			
At 1 January	2,840	539	3,379
Additions	48	-	48
At 31 December	2,888	539	3,427
Accumulated depreciation			
At 1 January	(2,408)	(506)	(2,914)
Charge for the year	(222)	(8)	(230)
At 31 December	(2,630)	(514)	(3,144)
Net book value at 31 December 2013	258	25	283
Net book value at 31 December 2012	432	33	465

(b) Tangible assets – Company

	Computer Equipment & Systems £000	Furniture, Fixtures & Fittings £000	Total £000
Cost			
At 1 January	2,752	494	3,246
Additions	48	-	48
At 31 December	2,800	494	3,294
Accumulated depreciation			
At 1 January	(2,321)	(462)	(2,783)
Charge for the year	(221)	(8)	(229)
At 31 December	(2,542)	(470)	(3,012)
Net book value at 31 December 2013	258	24	282
Net book value at 31 December 2012	431	32	463

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 December 2013

12. Share capital

	2013 £000	2012 £000
Issued and fully paid up		
118,274 ordinary shares of 1p (2012: 116,563)	1	1

13. Reserves

	The Group 2013 £000	The Group 2012 £000	The Company 2013 £000	The Company 2012 £000
Balance at 1 January	27,825	25,670	27,886	25,694
Surplus for the year after taxation	6,148	3,184	6,055	3,221
Net (loss) on pension scheme	(17)	(1,029)	(17)	(1,029)
Balance at 31 December	33,956	27,825	33,924	27,886

14. Technical provisions

	The Group 2013 £000	The Group 2012 £000	The Company 2013 £000	The Company 2012 £000
Provision for unearned premium – Gross				
Balance at 1 January	11,170	11,549	11,170	11,549
Movement in the provision	(112)	(379)	(112)	(379)
Balance at 31 December	11,058	11,170	11,058	11,170

	The Group 2013 £000	The Group 2012 £000	The Company 2013 £000	The Company 2012 £000
Claims outstanding – Gross				
Balance at 1 January	18,702	19,724	18,702	19,724
Movement in the provision	(3,530)	(1,022)	(3,530)	(1,022)
Balance at 31 December	15,172	18,702	15,172	18,702

15. Equalisation provision

The provision has reduced accumulated funds at year-end by £4,107,000 (2012: £4,129,000) and for the year increased the balance on the technical account and increased the surplus on ordinary activities before taxation by £22,000 (2012: £22,000).

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 December 2013

16. Provision for other risks and charges

	The Group		The Company	
	2013	**2012**	**2013**	**2012**
	£000	£000	£000	£000
Deferred tax liability (see note 7(c))	77	-	77	-

17. Other creditors

	The Group		The Company	
	2013	**2012**	**2013**	**2012**
	£000	£000	£000	£000
Other creditors comprises of the following amounts:				
Corporation tax payable	74	217	46	177
Amounts owed to other parties	2,592	2,687	2,443	2,541
Intercompany creditors	-	-	424	262
Balance at 31 December	2,666	2,904	2,913	2,980

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 December 2013

18. Reconciliation of operating surplus to net cash inflow from operating activities

	2013 £000	2012 £000
Operating surplus before taxation	6,397	3,482
Surplus arising on revaluation of investments	(2,261)	(1,634)
Amortisation of interest on gilt strips	(42)	(68)
Actuarial losses on pension scheme	(17)	(1,029)
Pension costs FRS 17 provision	(122)	843
Depreciation charge	230	189
Decrease in reinsurers' share of technical provisions	3,472	610
Decrease in debtors	1,530	171
Increase in accrued interest and prepayments	(211)	(18)
Decrease in unearned premiums	(112)	(379)
Decrease in claims provisions	(3,530)	(1,022)
Decrease in equalisation provision	(22)	(22)
(Decrease)/increase in creditors	(1,083)	310
Net cash inflow from operating activities	4,229	1,433

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 December 2013

19. Movement in cash, portfolio investment and financing

	At 1 Jan **2013** £000	Cashflow £000	Change to Market value £000	Amortisation £000	At 31 Dec **2013** £000
Cash at bank and in hand	3,672	(195)	-	-	3,477
Shares, other variable yield securities and unit trusts	21,564	4,004	2,399	-	27,967
Fixed income securities	1,604	4,581	(138)	-	6,047
Gilt strips	6,289	(2,021)	-	42	4,310
Deposits with credit Institutions	16,356	(2,503)	-	-	13,853
Total investments	49,485	3,866	2,261	42	55,654

	At 1 Jan **2012** £000	Cashflow £000	Change to Market value £000	Amortisation £000	At 31 Dec **2012** £000
Cash at bank and in hand	2,896	776	-	-	3,672
Shares, other variable yield securities and unit trusts	17,204	2,899	1,461	-	21,564
Fixed income securities	1,313	118	173	-	1,604
Gilt Strips	8,027	(1,806)	-	68	6,289
Deposits with credit institutions	17,268	(912)	-	-	16,356
Total investments	46,708	1,075	1,634	68	49,485

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 December 2013

20. Operating lease commitments - Group

The Group has annual commitments in respect of non-cancellable operating leases as follows:

	Land and buildings 2013 £000	Land and buildings 2012 £000	Other 2013 £000	Other 2012 £000
Operating leases which expire:				
within one year	-	-	-	-
in two to five years	-	-	-	-
after more than five years	360	360	-	-
Total	360	360	-	-

21. Related parties

Directors

Members of the Board of Directors may also be members of the Company through holding policies with the Company on the same terms as other members.

Group Companies

UIA (Insurance) Limited transacts with other group companies in the normal course of business.

The company has taken advantage of the exemption available under paragraph 3(c) of Financial Reporting Standard number 8 (Related Party Disclosures) and has not provided details of transactions with entities forming part of the UIA Group.

22. Capital commitments

The Group has no capital commitments contracted for and payable within twelve months (2012: nil).

23. Pension costs

The Company participates in a funded pension scheme, the UNISON Staff Pension Scheme, which provides benefits for some of its employees based on final pensionable pay. The scheme is open to new members. The Company is one of several employers that sponsor the scheme.

The assets of the scheme are held in a separate trustee administered fund. The scheme is administered by trustees and is independent of the Company's finances.

Contributions are paid to the scheme in accordance with the Schedule of Contributions agreed between the trustees and the employers. The estimated amount of contributions expected to be paid to the scheme by the Company during 2014 is £997,000 (2013: £996,000).

23. Pension costs (continued)

The results of the formal actuarial valuation as at 30 June 2011 were updated to 31 December 2013 by an independent qualified actuary in accordance with FRS 17. As required by FRS 17, the value of the defined benefit liabilities has been measured using the projected unit method.

The assets and liabilities of the scheme are not segregated between the employers that participate in the scheme. Consequently, the share of the scheme's liabilities in respect of the Company's employees and former employees, and the assets backing those liabilities, has been estimated.

The expected rate of return on assets over the financial year ending 31 December 2013 was 6.0% pa (2012: 5.4% pa). This rate is derived by taking the weighted average of the long term expected rate of return on each of the asset classes that the scheme was invested in at 31 December 2012.

The following table sets out the key FRS 17 assumptions used for the scheme.

Assumptions	2013	2012
Discount rate	4.5% pa	4.4% pa
Retail Prices Index inflation	3.4% pa	3.0% pa
Consumer Prices Index inflation	2.4% pa	2.3% pa
Pension increases in payment	3.4% pa	3.0% pa
General salary increases		
first year	3.4% pa	1.0% pa
over next year	3.4% pa	3.0% pa
thereafter	3.4% pa	3.0% pa
Expected return on scheme assets	6.0% pa	5.4% pa
Life expectancy of male currently aged 60	26.6 years	26.2 years
Life expectancy of male aged 60 in 20 years time	28.6 years	27.7 years

The amount included in the balance sheet arising from the Company's obligations in respect of the scheme is as follows:

	31 Dec 2013 £000	31 Dec 2012 £000
Present value of scheme liabilities	21,893	18,726
Fair value of scheme assets	(17,281)	(13,992)
Scheme deficit	4,612	4,734

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 December 2013

23. Pension costs (continued)

The amounts recognised in operating surplus are as follows:

	2013 £000	2012 £000
Employer's part of current service cost	797	696
Past service cost	-	-
Total operating charge	797	696

The following amounts are included in finance income:

	2013 £000	2012 £000
Interest cost	838	762
Expected return on scheme assets	(778)	(655)
Total charge to finance income	60	107

The current allocation of the scheme's assets is as follows:

	31 Dec 2013 £000	31 Dec 2012 £000
Equity instruments	44%	61%
Debt instruments	28%	30%
Property	8%	8%
Multi asset funds	20%	0%
Cash	0%	1%
	100%	100%

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 December 2013

23. Pension costs (continued)

Change in the present value of the Company's share of the scheme's liabilities are as follows:

	2013 £000	2012 £000
Operating present value of scheme liabilities	18,726	15,706
Employer's part of current service cost	797	696
Interest cost	838	762
Contributions from scheme members	-	-
Actuarial loss	1,664	1,931
Benefits paid	(132)	(369)
Past service costs	-	-
Closing present value of scheme liabilities	21,893	18,726

Changes in the fair value of the Company's share of the scheme's assets are as follows:

	2013 £000	2012 £000
Opening fair value of the scheme assets	13,992	11,815
Expected return on scheme assets	778	655
Actuarial gain	1,647	902
Contributions by the employer	996	989
Benefits paid	(132)	(369)
Closing fair value of scheme assets	17,281	13,992

The actual return on the Company's share of the scheme's assets over the year was £2,425,000 (2012: £1,557,000).

The amount recognised outside the revenue account in the statement of total recognised gains and losses (STRGL) for 2013 is a loss of £17,000 (2012: loss of £1,029,000). The cumulative amount (since 31 December 2008) recognised outside profit and loss at 31 December 2013 is a loss of £4,073,000.

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 December 2013

23. Pension costs (continued)

Amounts for the current and previous periods (where available):

	31 Dec 2013 £000	31 Dec 2012 £000	31 Dec 2011 £000	31 Dec 2010 £000	31 Dec 2009 £000
Present value of scheme liabilities	21,893	18,726	15,706	12,961	11,746
Fair value of scheme assets	(17,281)	(13,992)	(11,815)	(10,461)	(8,679)
	4,612	4,734	3,891	2,500	3,067

	2013 £000	2012 £000	2011 £000	2010 £000	2009 £000
Experience adjustments on scheme assets:					
Amount of (gain)/loss	(1,647)	(902)	768	(579)	(789)
Experience adjustments on scheme liabilities:					
Amount of loss/(gain)	21	21	(49)	9	(58)