

Registered number
378093

Zurich GSG Limited
Financial Statements
31 December 2010

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Contents

Page

Company information	1
Directors' report	2
Independent auditors' report to the members of Zurich GSG Limited	4
Profit and loss account	6
Reconciliation of movements in shareholders' funds	7
Balance sheet	8
Accounting policies	9
Notes to the financial statements	12

Company information

Directors

R J White
R H Koller
W Lewis
J V Newsham

Company Secretary

J V Newsham

Registered office

Second Floor
Sandfield House
Water Lane
Wilmslow
Cheshire
SK9 5BZ

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 Riverside
More London
London
SE1 2RT

Directors' report

The directors present their annual report and audited financial statements for the year ended 31 December 2010

Business review

This review is designed to help explain the financial statements and the financial performance of the Company. The Company ceased trading at the end of the prior year, below is a brief Commentary on the financial results for the year

Principal activities

The Company was an insurance company within the meaning of the Financial Services and Markets Act 2000

There are no gross written premiums in 2010 due to no continuing business activity (2009 premiums were £8,281,419). Further details on this presentation are shown in Notes to the Financial Statements (Note 2)

On 1 January 2009, pursuant to a portfolio transfer under Part VII of the Financial Services and Markets Act 2000 ("the part VII") following court approval on 15 December 2008, assets of £23,652,304 and liabilities of £14,896,692 were transferred to UK Branch of Zurich Insurance Plc (formerly Zurich Insurance Ireland Limited UK Branch) for £nil consideration

On 22 December 2009, the FSA was requested to cancel Zurich GSG Limited's Part IV permission and the FSA accordingly confirmed the Company's de-authorisation on 4 February 2010

The Company was dormant at the end of the year end and will be put into liquidation in due course

Results for the year

The results for the Company show a pre-tax profit of **£421,078** (2009 £136,030) for the year

The Company has total shareholders' funds of **£3,959,116** (2009 £3,655,940)

Dividends

The directors do not propose the payment of a dividend for the year (2009 £nil)

Directors

The names of the directors at the date on which the financial statements were approved are shown on page 1

Directors' indemnity

Qualifying third party indemnity provisions (as defined in Section 234(2) of the Companies Act 2006) have been in force for the benefit of directors during the year and remain in force as at the date of this Directors' report

Directors' report

Statement of disclosure of information to auditors

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

- so far as each of them is aware, there is no information relevant to the audit of the Company's financial statements for the year ended 31 December 2010 of which the Company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken in their duty as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have signified their willingness to continue in office and will be deemed to be reappointed under section 487 of the Companies Act 2006

Directors' responsibilities statement

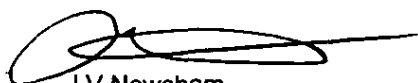
The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board



J V Newsham
Company Secretary
22 September 2011

Independent auditors' report to the members of Zurich GSG Limited

We have audited the financial statements of Zurich GSG Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds, the Accounting Policies and the related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement (set out on page 3) the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditors' report to the members of Zurich GSG Limited

Matters on which we are required to report by exception

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

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



Paul Clarke (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

23 September 2011

Profit and loss account
Technical account - general business
for the year ended 31 December 2010

£	Notes	2010	2009
Earned premiums, net of reinsurance			
Gross premiums written	1	-	(8,281,419)
Outward reinsurance premiums		-	7,169,831
Net premiums written		-	(1,111,588)
Change in the gross provision for unearned premiums		-	8,281,419
Change in the provision for unearned premiums, reinsurers' share		-	(7,169,831)
		-	1,111,588
Earned premiums, net of reinsurance		-	-
Total technical income		-	-
Claims incurred, net of reinsurance			
Claims paid			
Gross amount	1	-	(712,558)
Reinsurers' share		-	-
		-	(712,558)
Change in the provision for claims			
Gross amount	1	-	754,381
Reinsurers' share		-	(41,823)
		-	712,558
Claims incurred, net of reinsurance		-	-
Total technical (charges)		-	-
Balance on the technical account for general business		-	-

All figures relate to discontinued operations

**Profit and loss account
Non-technical account
for the year ended 31 December 2010**

£	Notes	2010	2009
Balance on the technical account for general business		-	-
Investment income	5	421,078	136,030
Profit on ordinary activities before taxation		421,078	136,030
Taxation on profit on ordinary activities	6	(117,902)	(38,088)
Profit for the financial year		303,176	97,942

All figures relate to discontinued operations

The Company has no other recognised gains or losses other than the profit for the above financial years

There is no material difference between the profit on ordinary activities as reported and on an historical cost basis

**Reconciliation of movements in shareholders' funds
for the year ended 31 December 2010**

£	Share capital	Profit and loss account	2010	2009
Opening shareholders' funds	1,500,000	2,155,940	3,655,940	3,557,998
Profit for the financial year	-	303,176	303,176	97,942
Closing shareholders' funds	1,500,000	2,459,116	3,959,116	3,655,940

**Balance sheet
as at 31 December 2010**

£	Notes	2010	2009
Assets			
Investments			
Other financial investments	7	-	3,390,593
Debtors			
Debtors arising out of reinsurance operations	8	-	240,000
Other debtors	9	4,115,107	-
		4,115,107	240,000
Prepayments and accrued income			
Accrued interest and rent		-	63,435
Total assets		4,115,107	3,694,028
Liabilities			
Capital and reserves			
Called up share capital	10	1,500,000	1,500,000
Profit and loss account		2,459,116	2,155,940
Total shareholders' funds		3,959,116	3,655,940
Creditors amounts falling due within one year			
Amounts falling due within one year	11	155,991	38,088
Total liabilities		4,115,107	3,694,028

The financial statements on pages 6 to 14 were approved and authorised for issue by the Board on 22 September 2011 and were signed on its behalf by



J V Newsham
Director

Accounting policies for the year ended 31 December 2010

Basis of preparation

The Company's financial statements have been prepared in accordance with the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 ("SI2008/410") relating to insurance companies and with the Statement of Recommended Practice on Accounting for Insurance Business issued by the Association of British Insurers ("the ABI SORP") dated December 2005 (as amended in December 2006)

The financial statements have been prepared in accordance with applicable Accounting Standards

The Company has taken advantage of the exemption in FRS 1 and has not prepared a cash flow statement as the Company is a wholly owned subsidiary of a parent company that prepares a cash flow statement

Direct Business Unearned Premiums

Direct business was accounted for in accordance with the annual basis of accounting. Unearned premiums, after reinsurance, were carried forward and represented that part of premiums written which it was estimated would be earned, based on the duration and profile of the risks, in the following or subsequent financial years. Under Part VII transfer accounting rules, the amount paid for the transfer of unearned premiums (premium portfolio transfers) is reflected in premiums written (refer to note 2)

Premiums Written

Premiums written related to business inception during the year together with adjustments for additional or return premiums for business inception in prior years. The figure shown in the technical account for 2009 relates to the Part VII presentation (refer to note 2)

Direct Business Commissions

Commissions payable and reinsurance commission income (including reinsurance profit commission income) were recognised in the profit and loss account as earned on a basis consistent with the premium income recognition, taking into account the risk profile of the business

Deferred acquisition costs in the balance sheet represented the proportion of acquisition costs incurred which were carried forward on a basis consistent with unearned premiums

Deferred reinsurance commission income in the balance sheet represented the proportion of income which was carried forward on a basis consistent with unearned premiums

There were no commissions payable or receivable in either year presented. All deferred acquisition costs and deferred reinsurance commission income were transferred to Zurich Insurance plc UK branch with effect from 1 January 2009 (refer to note 2)

Direct Business Claims Incurred

Claims incurred comprised claims and related expenses paid in the year and changes in the provisions for outstanding claims, including provisions for claims incurred but not reported and related expenses, together with any other adjustments to claims from previous years. Where applicable, deductions were made for recoveries. Under Part VII transfer accounting rules, the amount paid for the transfer of claims provisions (portfolio claims payments) was reflected in claims paid (refer to note 2)

Accounting policies for the year ended 31 December 2010

Direct Business Claims Provisions

In prior year provision was made at the year-end on the basis of available information for the estimated ultimate cost of claims notified but not settled at the balance sheet date and for claims incurred but not notified at that date, the provision reflected claims' settlement expenses and anticipated reinsurance and other recoveries

The level of the provision was set on the basis of the information which was currently available on a case by case basis, including potential outstanding loss advices, experience of the development of similar claims and case law and the expected impact of current business conditions

Whilst the Directors considered that the gross provision for claims and the related reinsurance recoveries were fairly stated on the basis of the information currently available to them, the ultimate liability would vary as a result of subsequent information and events and may result in significant adjustments to the amount provided. Adjustments to the amounts of provisions are reflected in the financial statements for the period in which the adjustments are made. The methods used, and the estimates made, are reviewed regularly

Under Part VII transfer accounting rules, the amount paid for the transfer of claims provisions (portfolio claims payments) was reflected in claims paid (refer to note 2)

Treaty Inwards Reinsurance Business

In 1993 the Company substantially withdrew from treaty reinsurance business and arranged a stop loss reinsurance agreement to ensure that the technical provision was adequate to meet the outstanding liabilities

The technical provision represented the best estimate of the ultimate cost of settling these liabilities. The technical provision was transferred under a deed poll to Zurich Insurance plc UK branch with effect from 1 January 2009 (refer to note 2), and accounted for consistently with the Part VII transfer accounting rules

Currency Translations

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the appropriate rate of exchange ruling at the balance sheet date. Profit and loss items are valued using the exchange rate prevailing at the dates of the transactions and the exchange gains or losses arising are shown in the non-technical account as "Other charges, including value adjustments"

Investment Income, Expenses and Charges

Investment return comprises all investment income (which includes the amortisation charge in respect of any investments carried at amortised cost), realised investment gains and losses and movements in unrealised gains and losses, net of investment expenses, charges and interest. This balance is included within the non-technical account

Investment income is accounted for on a receivable basis. Interest is accrued up to the balance sheet date

Realised gains or losses arising on sales of investments represent the difference between net sales proceeds and the latest carrying value for the investments. An amendment to FRS3 confirmed the requirements of the ABI SORP that, for insurance companies and groups, both realised and unrealised gains on investments held as part of investment portfolios should be included as part of the investment return in the profit and loss account

**Accounting policies
for the year ended 31 December 2010**

Investments

Redeemable debt securities were included in the balance sheet at amortised cost. The amortisation charge was taken to the non technical account.

Deposits with credit institutions are included in the balance sheet at cost.

**Notes to the financial statements
for the year ended 31 December 2010**

1 Segmental analysis

All business in the prior year was credit and suretyship and was supplied from the United Kingdom. All net assets are held within the United Kingdom.

2 Provision for loss on part VII portfolio transfer

On 1 January 2009, pursuant to a portfolio transfer under Part VII of the Financial Services and Markets Act 2000, assets of £23,652,304 and liabilities of £14,896,692 were transferred from the Company to the UK Branch of Zurich Insurance Plc, another group company, for £nil consideration. The transfer received court approval on 15 December 2008 and therefore the resulting loss of £8,755,612 was provided for in the results of the Company for the year ended 31 December 2008.

In terms of presentation of the Part VII transfer in the profit and loss account, the rules state that any amount paid for the transfer of unearned premiums (premium portfolio transfers) be reflected in premiums written and any amount paid for the transfer of claims provisions (portfolio claims payments) be shown as claims paid. The movement in technical provisions are offset by a balancing adjustment through claims paid and premiums written, to give a nil technical result.

3 Auditors' remuneration

During the year the Company obtained the following services from the Company's auditor at costs as detailed below:

£	2010	2009
Fees payable to the Company's auditor for the audit of the Company's financial statements	1,035	1,000
Total	1,035	1,000

These expenses have been borne by another group company.

4 Directors' remuneration

There were no directors' emoluments paid by the Company in 2010 (2009: nil). The services of the directors of the Company are of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to the Company paying their emoluments.

5 Investment income, interest and charges

£	2010	2009
Income from other financial investments	192,171	136,030
Net gains on the realisation of investments	228,907	-
Investment income	421,078	136,030

**Notes to the financial statements
for the year ended 31 December 2010**

6 Taxation on profit on ordinary activities

Taxation in the profit and loss account was as follows

£	2010	2009
United Kingdom taxation		
UK corporation tax at 28% (2009 28%) for the year	117,902	38,088
Current tax charge for the year	117,902	38,088
Tax on profit on ordinary activities	117,902	38,088

Factors affecting the tax charge for the period

£	2010	2009
Profit on ordinary activities before taxation	421,078	136,030
Profit on ordinary activities at standard rate of corporation tax in the UK of 28% (2009 28%)	117,902	38,088
Current tax charge for the year	117,902	38,088

7 Other financial investments

£	2010	2009
Shares and other variable-yield securities and units in unit trusts	-	3,390,593
Total	-	3,390,593

All the above balances in the prior year related to listed investments. The historical cost of total other financial investments in the prior period was £3,576,600.

8 Debtors arising out of reinsurance operations

£	2010	2009
Amounts due from group undertakings	-	240,000
Total	-	240,000

9 Other debtors

£	2010	2009
Amounts due from group undertakings	4,115,107	-
Total	4,115,107	-

**Notes to the financial statements
for the year ended 31 December 2010**

10 Share capital

£	2010	2009
Allotted, called up		
1,000,000 ordinary shares of £1 each fully paid	1,000,000	1,000,000
1,000,000 ordinary shares of £1 each 50p paid	500,000	500,000
Total	1,500,000	1,500,000
Authorised		
2,000,000 ordinary shares of £1 each	2,000,000	2,000,000
Total	2,000,000	2,000,000

11 Creditors amounts falling due within one year

£	2010	2009
Amounts due to group undertakings	38,088	-
Current tax payable	117,903	38,088
Total	155,991	38,088

All creditors fall due within one year

12 Ultimate parent company

The Company's ultimate parent company and ultimate controlling party is Zurich Financial Services Ltd, which is incorporated in Switzerland. Copies of the consolidated financial statements of Zurich Financial Services Ltd can be obtained from The Secretary, Zurich Financial Services Ltd, Mythenquai 2, 8002 Zurich, Switzerland.

Zurich Insurance Company Ltd is the parent company of the smallest group of companies of which the Company is a wholly owned subsidiary for which group accounts are prepared. Copies of the financial statements of this company can be obtained from The Secretary, Zurich Insurance Company Ltd, Mythenquai 2, 8002 Zurich, Switzerland.

13 Related party transactions

The Company has taken advantage of an exemption from within FRS 8 not to disclose transactions with Zurich Financial Services group's undertakings. Balances with Zurich Financial Services group's undertakings are shown in note 9.

The directors of the Company and its key management had no material transactions with the Company or any of the Zurich Financial Services group's undertakings. The terms 'director' and 'key management' includes members of their families.