

ZURICH FINANCIAL SERVICES
(UKISA) COMMUNITY TRUST LIMITED

(a Company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2001

COMPANY REGISTRATION NUMBER: 1154049

CHARITY REGISTRATION NUMBER: 266983



Zurich Financial Services (UKISA) Community Trust Limited
(a Company limited by guarantee)

REPORT OF THE TRUSTEES

The Trustees, who are also the directors of the Company, submit their annual report and the financial statements of Zurich Financial Services (UKISA) Community Trust Limited for the year ended 31 December 2001. The financial statements comply with current statutory requirements; The Memorandum and Articles of Association and The Statement of Recommended Practice 'Accounting and Reporting by Charities' issued in October 2000.

Objectives

The main objective of the Zurich Financial Services (UKISA) Community Trust Limited and its subsidiary undertaking, Community Trust Services Limited, is to help give effect to the Zurich Financial Services UKISA group's commitment to the community. The Zurich Financial Services UKISA companies (including Zurich Life, Allied Dunbar, Eagle Star, Zurich Financial Services UK IFA Group Limited and Threadneedle Asset Management Limited), their staff and members of the Zurich Advice Network, believe that business success should be shared with those in society who are most disadvantaged and, in so doing, accrue benefits for the group companies and the individuals who involve themselves with the community, as well as for society.

Policies

The policies of the Company are set out in the Memorandum and Articles of Association. The Trustees distribute monies covenanted or otherwise contributed to the Zurich Financial Services Community Trust by the Zurich Financial Services UKISA Group companies, Community Trust Services Limited, and members of the Zurich Advice Network. Monies are distributed to selected charitable organisations under criteria set out to ensure the achievement of Zurich Financial Services UKISA Community Trust's objectives. During 2001 the Company awarded grants to charities totalling £4,067,000. A list of the 50 largest grants awarded is provided in note 3 to the financial statements.

The Trustees also promote volunteering and fundraising activities by the staff of Zurich Financial Services UKISA group companies and members of the Zurich Advice Network, and invest funds as appropriate. Community Trust Services Limited sells goods and services to Zurich Financial Services UKISA Group companies' staff and members of the Zurich Advice Network, with the net profits from these activities paid via gift aid to the Zurich Financial Services Community Trust. A summary of the results of Community Trust Services Limited is set out in note 2 to the Financial Statements.

Investment Policy

The Company's investments are managed by Threadneedle Investment Services Limited (formerly Zurich Scudder Investments Limited), another group company. The objective of the investment managers is to invest in a low risk profile consisting of cash and gilts. Gilts are only purchased when the cash flow requirements of the fund make them worthwhile. The gilt portfolio performance is benchmarked against the Financial Times Under 5 Year Gilt Index. The performance of the Company's gilt portfolio during 2001 was in line with this benchmark.

The investment fund can be totally liquid at the investment manager's discretion if advised by the Trustees for cash flow reasons.

Risk Management

The Trustees, in conjunction with their internal auditors, operate a formal risk management process to assess the business risks and implement risk management strategies. This involves identifying the types of risks the Company faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks.

Reserves

The Trustees have reviewed the reserves of the charity. This review encompassed the nature of the income and expenditure streams, the need to match variable income with fixed commitments and the nature of the reserves. The review concluded that to allow the charity to be managed efficiently and to provide a buffer for uninterrupted services, a general reserve equivalent to £1,100,000 should be maintained. This equates to approximately 12 months of unrestricted fund expenditure.

During the year the charity's general fund increased from £106,000 to £181,000. This excludes income from the General Business Unit of Zurich Financial Services (UK) of £900,000 received in January 2002. This receipt increases the general reserve to £1,081,000.

Business Review and Future Developments

2001 was the first full year for Zurich Cares to be the unifying charity umbrella for all our 20,000 staff and financial advisers. This follows extending our programme into new parts of the UK businesses thus enabling more of our people to give their time, money and share their skills.

This was key to delivering the biggest and best Challenge event yet in 2001 involving over 1,600 staff, who between them completed 167 Challenges in Swindon, Cheltenham, South Coast and Leeds. Encouraging volunteering has been a key objective for the Trust this year – as a result more staff have given more time to the established activities such as lunchtime volunteering, Skillshare projects and four-week assignments. And we were pleased to see assignments taking place in the UK this year for the first time, as well as in India.

Over £1million was raised from staff through Zurich Cares and members of the Zurich Advice Network and over £50,000 was awarded in matching to those who raised money individually in sponsored charity events. A highlight of the year was Comic Relief, when our staff raised £69,000 making Zurich the largest UK employee fundraiser for them.

In 2001, a total of £2 million was donated or committed to 13 national and local partners plus over 600 charities. And staff from the Zurich IFA Group donated over 10,000 items of toiletries to the London Open Christmas Appeal. Looking ahead to 2002, we are looking to enter into more partnerships through our Zurich Cares staff programmes.

On the fundraising side, there are plans to organise more employee fundraising initiatives such as Comic Relief's Sports Relief event, as well as keeping the popular events fresh. For 2002, the volunteering calendar is packed with plans to extend the assignments, Skillshare projects, lunchtime schemes and a very exciting development will be to extend the successful Challenge event to more locations and to more staff. Plans are afoot to develop innovative ways for staff to give their time and an example of that will be through virtual volunteering.

The Zurich Advice Network Foundation completed their £2m grant-giving theme Kids 2 Care 4 with 95 projects including a £100,000 Achievement Award to the Children's Adventure Farm Trust, Millington

Zurich Financial Services (UKISA) Community Trust Limited
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REPORT OF THE TRUSTEES (Continued)

in Cheshire. Fundraising was successful in particular with gains from the London Marathon raising £20,000 and the trading company increasing year on year. The Foundation will announce a further £2million programme in 2002, to support disadvantaged children, again using the Kids 2 Care 4 programme

Zurich Cares Trust programmes focus on issues where there is difficulty gaining support and attracting funds. Our current programmes are Dementia, INclusion, Effective Charities Management and capacity building in India. We donated £726,000 to our 21 community partners and many benefited from our staff supporting them through assignments and through sharing their skills through Skillshare. During 2002, a new £1.5 million Zurich Cares Trust Programme will be launched supporting older people.

Outstanding recognition of the Trust's work was achieved this year and we were recognised with 2 Awards:

- Company of the Year Award for volunteering in the 2001 Whitbread Volunteer Action awards for our volunteering activities. This was particularly gratifying, as 2001 was the UN International Year of the Volunteer.
- Insurance Times Community Initiative of the Year Award.

Furthermore, we were awarded the 'Business in the Community Impact Endorsement Mark' for the Zurich Cares India Programme and we were recognised for the impact of our programme in Gloucestershire by being shortlisted for a Community Impact Award sponsored by the Gloucestershire Echo.

Company status

Zurich Financial Services (UKISA) Community Trust Limited is a company limited by guarantee and does not have share capital. Each member has guaranteed £1. The Company is a registered charity (registration number 266983). The registered address is:

22 Arlington Street
London
SW1A 1RW

Zurich Financial Services (UKISA) Community Trust Limited
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REPORT OF THE TRUSTEES (Continued)

Trustees

The Trustees are also the directors of the Company for Companies Act purposes.

Trustees may be appointed or removed by election or resolution of the Board of Trustees.

The Trustees who served during the year were:

K R Baldwin
M G Culmer (appointed 17 December 2001)
A C Gillies (appointed 17 September 2001)
J W Grayburn (resigned 6 April 2001)
R Greenshields (appointed 20 April 2001)
P A Hodgkinson (resigned 14 August 2001)
A P Leitch
I N Lovett
P H O'Sullivan
D P Sims (appointed 20 April 2001)
B M Thomas (appointed 4 May 2001 and resigned 1 January 2002)

None of the Trustees had a material interest at any time during the year in any contract of significance in relation to the Company's business.

The Company is a wholly owned subsidiary of Zurich Financial Services (UKISA) Limited. The ultimate parent company is Zurich Financial Services, a company incorporated in Switzerland. As such, no Trustee had any interests required to be disclosed under the Companies Act 1985.

Bankers and Auditors

The Company's bankers are:

LloydsTSB Bank plc
PO Box 72
Bailey Drive
Gillingham Business Park
Kent
ME8 0LS

Charity Aid Foundation Management Co. Ltd
Kings Hill
West Malling
Kent
ME19 4TA

The Company's auditors are:

PricewaterhouseCoopers
1 Embankment Place
London
WC2N 6NN

Auditors

The auditors PricewaterhouseCoopers have signified their willingness to continue in office.

REPORT OF THE TRUSTEES (Continued)

Statement of Trustees' Responsibilities

The following statement sets out the responsibilities of the Trustees in relation to the financial statements of the Company.

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the group and of the surplus or deficit of the group for that period. In preparing those financial statements, the trustees are required to:

- Select appropriate policies and apply them consistently, subject to any material departures being disclosed and explained;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed;
- Prepare the financial statements on the going concern basis, unless they consider that to be inappropriate.

The Trustees are responsible for ensuring that the Company keeps sufficient accounting records to disclose with reasonable accuracy the financial position of the Company and the group and to enable them to ensure that the financial statements comply with the Companies Act 1985.

They are also responsible for taking reasonable steps to safeguard the assets of the Company and the group, and in that context to have proper regard to the establishment of appropriate systems of internal control with a view to the prevention and detection of fraud and other irregularities. The Trustees are also required to prepare the financial statements.

The Trustees consider that they have pursued the actions necessary to meet their responsibilities as set out in this statement.

On behalf of the Board



Trustee

23 April 2002



Trustee

23 April 2002

Zurich Financial Services (UKISA) Community Trust Limited
(a Company limited by guarantee)

REPORT OF THE AUDITORS

Independent auditors' report to the members of Zurich Financial Services (UKISA) Community Trust Limited

We have audited the financial statements which comprise the consolidated statement of financial activities, the balance sheets, the consolidated cashflow statement and the related notes.

Respective responsibilities of trustees and auditors

The trustees are also directors of Zurich Financial Services (UKISA) Community Trust Limited for the purposes of company law. Their responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of trustees' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the trustees' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions is not disclosed.

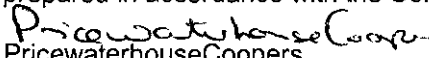
Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the charitable Company and the group at 31 December 2001 and of the net outgoing resources including the income, expenditure and cashflows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London

23 April 2002

Zurich Financial Services (UKISA) Community Trust Limited
(a Company limited by guarantee)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 December 2001

	Note	2001 £'000	2000 £'000
Income and expenditure			
Incoming resources			
Gross income from trading activities	2	85	66
Donations and Gifts		2,955	2,613
Other fund raising activities		664	841
Investment income			
British government securities		174	130
Interest bearing deposits		127	87
Total incoming resources		4,005	3,737
Costs of generating funds			
Trading costs	2	(56)	(49)
Net incoming resources available for charitable application		3,949	3,688
Resources expended			
Charitable expenditure			
Fundraising	4	(227)	(456)
Grants	3	(4,067)	(1,762)
Support Costs	4	(721)	(231)
Management and Administration of the Charity	4	(210)	(481)
Total resources expended		(5,225)	(2,930)
Net (outgoing)/incoming resources for the year		(1,276)	758
Other recognised gains and losses			
Net investment (losses)/gains		(46)	28
		(46)	28
Net (decrease)/increase in funds for the year	6	(1,322)	786
Accumulated fund brought forward		5,300	4,514
Accumulated fund carried forward		3,978	5,300

All of the above results are derived from continuing activities. All gains and losses recognised in the year are included in the Statement of Financial Activities.


The accounting policies and notes on pages 10 to 21 form part of these financial statements.

Zurich Financial Services (UKISA) Community Trust Limited
(a Company limited by guarantee)


BALANCE SHEETS AS AT 31 DECEMBER 2001

	Note	Group		Company	
		2001 £'000	2000 £'000	2001 £'000	2000 £'000
<u>Fixed assets</u>					
Tangible assets	9	10	11	10	11
Investments	10	1,907	1,881	1,908	1,881
		<u>1,917</u>	<u>1,892</u>	<u>1,918</u>	<u>1,892</u>
<u>Current assets</u>					
Debtors	11	633	442	623	468
Investments	12	3,412	3,773	3,412	3,773
Cash at bank and in hand		63	138	63	99
		<u>4,108</u>	<u>4,353</u>	<u>4,098</u>	<u>4,340</u>
<u>Creditors</u>					
Amounts falling due within one year	13	(744)	(945)	(735)	(932)
Net Current Assets		<u>3,364</u>	<u>3,408</u>	<u>3,363</u>	<u>3,408</u>
Total Assets Less Current Liabilities		5,281	5,300	5,281	5,300
Provisions for liabilities and charges	14	(1,303)	-	(1,303)	-
Net Assets		<u>3,978</u>	<u>5,300</u>	<u>3,978</u>	<u>5,300</u>
<u>Funds:</u>					
<u>Unrestricted Funds</u>					
General Funds		181	106	181	106
Designated Funds	15	3,797	5,194	3,797	5,194
Total Funds		<u>3,978</u>	<u>5,300</u>	<u>3,978</u>	<u>5,300</u>

The financial statements were approved by the Board of Trustees on 23 April 2002 and were signed on its behalf by:



 Trustee



 Trustee

23 April 2002

23 April 2002

The accounting policies and notes on pages 10 to 21 form part of these financial statements.

Zurich Financial Services (UKISA) Community Trust Limited
(a Company limited by guarantee)

CONSOLIDATED CASHFLOW STATEMENT

for the year ended 31 December 2001

	Note	2001 £'000	2001 £'000	2000 £'000	2000 £'000
Net cash (outflow)/inflow from operating activities	16		(586)		1,687
<u>Returns on investments and servicing of finance</u>					
Interest received		127		87	
Net cash inflow from returns on investments and servicing of finance			127		87
Net cash (outflow)/inflow before management of liquid resources and financing			(459)		1,774
<u>Management of liquid resources and financing</u>					
Purchase of government securities		(6,995)		(1,871)	
Sale of government securities		6,824		1,651	
Net cash inflow from management of liquid resources and financing			(171)		(220)
(Decrease)/Increase in cash	17		(630)		1,554

NOTES TO THE ACCOUNTS

1 Accounting policies

1.1 Basis of Accounting

The financial statements have been prepared under the historical cost convention, as modified by the valuation of investments, and in accordance with applicable accounting standards and the Charity Commission's Statement of Recommended Practice - 'Accounting and Reporting by Charities', issued in October 2000 and in accordance with the Companies Act 1985.

1.2 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary undertaking, to 31 December.

1.3 Statement of Financial Activities

The Company is a registered charity and achievements cannot be measured by normal commercial criteria. Accordingly, the Trustees consider that it would be inappropriate to present a Profit and Loss Account in one of the formats set out in the Companies Act, and therefore, as permitted by that Act, and in order to reflect the special nature of the Company's activities and the recommendations of the "Charities SORP", the Trustees have presented a Statement of Financial Activities.

1.4 Incoming Resources

Donations represent amounts received under deeds of covenant and Gift Aid from Allied Dunbar Assurance plc, Eagle Star Insurance Company Ltd and Zurich Financial Services Group staff and members of the Allied Dunbar Franchise Network, gross of income tax recoverable.

Other fundraising activities income represents amounts received as a result of a variety of fundraising events and initiatives including events organised by Zurich Financial Services Group staff.

1.5 Investments

Investments are held at their market value as at 31 December. Investment income is accounted for on an accruals basis. Investment gains and losses are included in the Statement of Financial Activities.

1.6 Grants

The Company has adopted a change in accounting policy in 2001, regarding the provision for grant commitments not yet paid. This change was adopted following the revised SORP (2000) issued by the Charity Commission for England and Wales.

If this change had been introduced during 2000, the grants figure disclosed in the Statement of Financial Activities for 2000 of £1,762,000 would be restated as £3,418,000. Commitments that were made in 2000 and before, that are still outstanding have been accrued for in 2001.

Grants represent amounts payable and amounts authorised for payment to charities during the year. There were no grants made during the year which may be termed as prejudicial to the furtherance of the recipient institution or the Company.

Zurich Financial Services (UKISA) Community Trust Limited
(a Company limited by guarantee)

NOTES TO THE ACCOUNTS (Continued)

1.7 Resources Expended

Expenditure that relates to more than one cost category has been apportioned across Support Costs, Fundraising and Publicity and Management and Administration of the Charity on the basis of the nature of work performed by the staff.

1.8 Pension Costs

Pension costs are charged to the profit and loss account on a systematic basis over the service lives of employees. Surpluses and deficits are allocated over the expected remaining service lives of current employees.

1.9 Funds

All funds detailed in the Statement of Financial Activities are unrestricted.

1.10 Fund Accounting

Unrestricted funds comprise accumulated surpluses and deficits on general funds. They are available for use at the discretion of the Trustees in furtherance of the general charitable objectives.

Designated funds are unrestricted funds earmarked by the Trustees for specific purposes.

1.11 Fixed assets and depreciation

Fixed assets are held at cost. Assets below a value of £5,000 are not capitalised.

Depreciation is provided so as to write off the cost of tangible fixed assets in equal instalments over their estimated useful lives. Freehold property is depreciated over 50 years. Office equipment is written off in the year of purchase.

1.12 Recognition of liabilities

Liabilities are recognised when an obligation arises to transfer economic benefits as a result of past transactions or events.

Zurich Financial Services (UKISA) Community Trust Limited
(a Company limited by guarantee)

NOTES TO THE ACCOUNTS (Continued)

2. Net income from trading activities of subsidiary undertaking

The Company's subsidiary undertaking, Community Trust Services Limited, undertakes the sale of goods and services to members of the Zurich Advice Network and staff in the UK. Community Trust Services Limited is wholly and directly owned. Its net profit is gift aided to the Company.

A summary of Community Trust Services Limited trading results is shown below.

	2001 £'000	2000 £'000
Profit and loss account		
Turnover	85	66
Cost of sales	(50)	(43)
Gross profit	35	23
Administrative expenses	(6)	(6)
Payment under gift aid	(29)	(17)
Retained profit for the year	-	-

3. Grants payable

The fifty largest grants paid or accrued by the Company during the year were:

	£
Dementia Care Initiative	240,000
Learning Curve	150,000
Living With Dementia	120,000
GNPN	112,500
Thames Valley Adventure Playground	100,000
The Children's Adventure Farm Trust	100,000
Scarman Trust	99,528
Comic Relief	67,509
Calvert Trust	61,661
Dementia Services Development Centre	50,190
Boys & Girls	50,000
GNPN	50,000
Learning Curve	50,000
Mango	50,000
Pinewood School	46,000
Alzheimers Disease Society	36,588
Sign Balham	33,000
Martin House, Wetherby	30,128
RNIB Northwood (Sunshine House)	30,000
Swindon Marriott Ball in support of TWIGS and hydrotherapy	30,000

Zurich Financial Services (UKISA) Community Trust Limited
(a Company limited by guarantee)

NOTES TO THE ACCOUNTS (Continued)

Christian Outreach (CORD) Thailand	28,000
Heartline Association	28,000
Dementia Relief Trust	27,000
Marie Curie Cancer Care	26,381
Childline	26,329
Croydon Sutton & District Spastics	25,810
CRISIS	25,622
Children in Need	24,524
Dorset Spastics Society, Poole	24,050
Children's Hopspice Barnstable	23,000
The Forest of Dean	21,874
Christian Outreach (CORD) Tanzania	20,891
Headway House Day Centre	20,650
Mobility India	20,126
CAFOD	20,025
Parents and Friends of Heathfield	20,000
The Shooting Star Trust	20,000
Canine Partners for Independence	20,000
Carwarden House School	20,000
Friends of Hadrian School	20,000
Inter Great Sport For All	20,000
White Lodge Centre	20,000
Movement For Non-Movement Children (Whizz Kids)	19,496
Pinewood Special School	18,355
Birmingham Children's Hospital	18,062
Manchester Children's Hospital	17,800
Friday People	17,500
Swindon Women's Centre	16,230
NSPCC	16,216
Kids Kabin Newcastle-Upon-Tyne	16,000
Other grants paid and accrued	1,917,955
Total	<u>4,067,000</u>

Zurich Financial Services (UKISA) Community Trust Limited
(a Company limited by guarantee)

NOTES TO THE ACCOUNTS (Continued)

4. Total Resources Expended

	Staff 2001 £'000	Other 2001 £'000	Total 2001 £'000	Total 2000 £'000
<u>Charitable Expenditure</u>				
Fundraising	83	144	227	456
Support costs	662	59	721	231
Management and administration of the charity	131	79	210	481
	<u>876</u>	<u>282</u>	<u>1,158</u>	<u>1,168</u>

<u>Management and administration of the charity</u>	2001 £'000	2000 £'000
Salary costs	131	342
Travel & accommodation	6	18
Stationery	5	21
Office equipment and IT	16	57
Audit fee	3	3
Telecoms	4	7
Meetings	4	3
Miscellaneous	41	30
	<u>210</u>	<u>481</u>

Zurich Financial Services (UKISA) Community Trust Limited
(a Company limited by guarantee)

NOTES TO THE ACCOUNTS (Continued)

5. Taxation

The Company has been a registered charity throughout the year and as such was not liable to corporation tax on capital gains arising from the disposal of assets. Investment income is stated inclusive of income tax credits.

At 31 December 2001 the accumulated fund amounted to £3,978,000 (2000: £5,300,000). It is the Trustees' intention to donate all amounts received for recognised charitable purposes. However, there is a contingent liability to corporation tax of £1,193,400 (2000: £1,590,000) on this undistributed income, if it were not donated for recognised charitable purposes.

Community Trust Services did not make a taxable profit during 2001 (2000: £Nil).

6. Net movement in funds for the year

Net movement in funds for the year is stated after charging (or crediting):

	2001 £'000	2000 £'000
Auditors' remuneration	3	3
Other interest receivable	(127)	(87)
	<hr/>	<hr/>

Of the net decrease in funds for the year, £1,322,000 (2000: £786,000 increase) has been dealt with in the financial statements of the Company. As permitted by section 230 of the Companies Act 1985, a separate statement of financial activities has not been presented for the Company.

Zurich Financial Services (UKISA) Community Trust Limited
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NOTES TO THE ACCOUNTS (Continued)

7. Staff

	2001	2000
The average number of employees of the Company during 2001 was:	24	22

The aggregate payroll costs of these employees were:

	2001 £'000	2000 £'000
Wages and salaries	713	634
Social security costs	64	69
Other pension costs	-	64
	<hr/> 777	<hr/> 767

The number of employees who served during the year whose emoluments, excluding pension contributions, fell within the following category was:

	2001	2000
£60,001 - £70,000	1	1

No staff are employed by Community Trust Services Limited, which draws on the services of the staff of the Company. However, a charge of £5,000 (2000: £5,000) has been made by the Company to Community Trust Services Limited to cover the cost of administration for the year.

During September 2001 the contracts of employment for the above employees were transferred to Zurich Employment Services Limited. The costs and average employee numbers relating to these staff have been disclosed in the financial statements, because the Company has been charged a management fee in respect of the payroll costs.

All of the above employees have benefits accruing under a defined benefit pension scheme.

8. Trustees' emoluments

No emoluments or expenses were paid to the Trustees during the year (2000: £Nil).

Zurich Financial Services (UKISA) Community Trust Limited
(a Company limited by guarantee)

NOTES TO THE ACCOUNTS (Continued)

9. Tangible fixed assets

<u>Group and Company</u>	Freehold property £'000
<u>Cost</u>	
At 1 January 2001	15
	<hr/>
At 31 December 2001	15
	<hr/>
<u>Depreciation</u>	
At 1 January 2001	4
Charge for the year	1
	<hr/>
At 31 December 2001	5
	<hr/>
<u>Net Book Value</u>	
At 31 December 2001	10
	<hr/>
At 31 December 2000	11
	<hr/>

The Trustees do not consider the value of freehold property to be substantially in excess of book value because the buildings have been leased for peppercorn rents for charitable purposes.

10. Investments

<u>Treasury Stock</u>	2001 £'000
Market value as at 1 January 2001	1,367
Additions at cost	6,059
Disposal proceeds	(5,478)
(Loss) on revaluation	(41)
	<hr/>
Market value as at 31 December 2001	1,907
	<hr/>

Treasury Stock is comprised of UK Fixed Interest Government Bonds.

Investments held by the Company also include an additional £100 (2000: £100) investment in a subsidiary undertaking at cost. Details of shares in subsidiary undertakings are given in Note 2.

Zurich Financial Services (UKISA) Community Trust Limited
(a Company limited by guarantee)

NOTES TO THE ACCOUNTS (Continued)

11. Debtors

	Group		Company	
	2001	2000	2001	2000
	£'000	£'000	£'000	£'000
Taxation recoverable	52	45	52	45
Sundry debtors and accrued income	12	6	12	5
Amounts due from group undertakings	568	389	558	417
VAT recoverable	1	2	1	1
	<u>633</u>	<u>442</u>	<u>623</u>	<u>468</u>

12. Current asset investments

Group and Company

	2001	2000
	£'000	£'000
Interest bearing deposits	2,903	3,364
Treasury Stock	509	409
	<u>3,412</u>	<u>3,773</u>

Interest bearing deposits comprise monies deposited in CAFcash money market trust funds operated by the Charity Aid Foundation Money Management Co. Limited.

Treasury Stock is comprised of UK Fixed Interest Government Bonds, with a redemption date of less than 1 year.

13. Creditors: Amounts falling due within one year

	Group		Company	
	2001	2000	2001	2000
	£'000	£'000	£'000	£'000
Bank overdraft	94	-	88	-
Trade creditors	-	16	-	16
Amounts due to group undertakings	520	853	520	853
Accruals and deferred income	130	76	127	63
	<u>744</u>	<u>945</u>	<u>735</u>	<u>932</u>

Zurich Financial Services (UKISA) Community Trust Limited
(a Company limited by guarantee)

NOTES TO THE ACCOUNTS (Continued)

14. Provisions for liabilities and charges

	2001 £'000	2000 £'000
Grants payable	1,303	-
	<hr/> 1,303 <hr/>	<hr/> - <hr/>

Grants Payable

This provision represents amounts committed unconditionally to charities, but not yet paid.

15. Designated Funds

Designated funds include funds set aside for the support of various long term projects and an undertaking to match the future fundraising income generated by staff during 2002. The designated fund has decreased by £1,397,000 during 2001.

The long term projects for which designated funds have been set aside include:

	£'000
<u>Older People Programme</u>	1,500
Supporting organisations that aim to improve the lives of older people, for example reducing levels of isolation.	
<u>Child Poverty Programme</u>	500
Funding in support of programmes aimed at reducing the level of child poverty in the UK and overseas.	
<u>INclusion Programme</u>	752
Support for community organisations working in socially deprived areas.	
<u>India Programme</u>	
A capacity building programme for Non-Governmental Organisations in Southern India.	450

Zurich Financial Services (UKISA) Community Trust Limited
(a Company limited by guarantee)

NOTES TO THE ACCOUNTS (Continued)

16. Reconciliation of deficit to net outflow from operating activities

	2001 £'000	2000 £'000
Net (outgoing)/incoming resources	(1,276)	758
(Increase)/Decrease in debtors	(191)	312
(Decrease)/Increase in creditors	(295)	704
Increase in provisions	1,303	-
Interest received	(127)	(87)
Net cash (outflow)/inflow from operating activities	(586)	1,687

17. Analysis of cash and cash equivalents as shown in the balance sheet

	Cash at bank and in hand £'000	Current Asset Investments £'000	Overdrafts £'000	Total £'000
Balance as at 31 December 2000	138	3,364	-	3,502
(Decrease) in cash	(75)	(461)	(94)	(630)
Balance as at 31 December 2001	63	2,903	(94)	2,872

18. Analysis of changes in net debt

	At 1 Jan 2001 £'000	Cash flows £'000	At 31 Dec 2001 £'000
Cash in hand, at bank	138	(75)	63
Overdraft	-	(94)	(94)
Interest bearing deposits	3,364	(461)	2,903
Current asset investments	409	100	509
Total	3,911	(530)	3,381

19. Group pension arrangements

Employees of the Company were members of two funded defined benefit schemes operated by the intermediate holding company Zurich Financial Services (UKISA) Limited.

The principal scheme is the Zurich Financial Services UK Pension scheme and, on 1 February 2001, two existing schemes, the Zurich Financial Services UK (AD) Scheme and the Zurich Financial Services UK (ES) Pension Scheme merged with the principal scheme. This scheme now has over 14,000 active members.

The surplus identified at the last valuation of the scheme is being eliminated by reduced company contributions and is being amortised over 10 years, which is the expected remaining service lives of current employees in the scheme.

The pension cost for the year has been reduced to £nil by amortisation of the scheme surplus.

Details of the latest actuarial valuation of the scheme and disclosures required by the transitional arrangements of Financial Reporting Standard 17 appear in the financial statements of Zurich Financial Services (UKISA) Limited.

20. Related Party Transactions

The Company has taken advantage of an exemption from Financial Reporting Standard 8 not to disclose transactions with Zurich Financial Services' group undertakings. Balances with Zurich Financial Services' group undertakings are shown in notes 11 and 13.

21. Ultimate Holding Company

The Company's ultimate parent company is Zurich Financial Services, which is incorporated in Switzerland. Copies of the consolidated financial statements of Zurich Financial Services can be obtained from Mythenquai 2, 8022 Zurich, Switzerland.

Zurich Financial Services (UKISA) Limited is the parent company of the smallest group of companies, of which the Company is a wholly owned subsidiary, for which group accounts are drawn up. Copies of the consolidated financial statements of Zurich Financial Services (UKISA) Limited can be obtained from:

The Secretary
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