

ZURICH COMMUNITY TRUST (UK) LIMITED

(a Company limited by guarantee)

REPORTS AND FINANCIAL STATEMENTS

31 DECEMBER 2018

COMPANY REGISTRATION NUMBER: 01154049

CHARITY REGISTRATION NUMBER: 266983

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Zurich Community Trust (UK) Limited (a Company limited by guarantee)
Company registration number 01154049

The Trustees, who are also the Directors, present the strategic report, their report and the audited Financial Statements of Zurich Community Trust (UK) Limited ("the Charitable Company") for the year ended 31 December 2018.

STRATEGIC REPORT

Objectives and Performance

The main objective of the Charitable Company during 2018 was to use money, skills and time donated from the Zurich Insurance Group Ltd ("Zurich") UK business together with money and time donated by UK employees of Zurich and advisors and employees within the Openwork Holdings Limited group ("Openwork") to improve the quality of life for disadvantaged people.

The Charitable Company is a public benefit entity, therefore the Trustees of the Charitable Company consider all Charity Commission guidance on public benefit.

The Charitable Company fulfils its objective through:

- long-term strategic programmes focussing on particular areas of social need,
- charity partnerships and grant programmes through the Zurich Cares programme,
- charity partnerships and grant programmes through the Openwork Foundation,
- an employee volunteering programme through the Zurich Cares programme.

The Charitable Company manages all expenditure associated with all of the programmes. As well as making charitable grants, a significant amount of the Charitable Company's staff time is committed to the community through working in partnership with charity partners and by brokering the volunteering needs of the voluntary sector with time and skills available from employees within the Zurich business.

Allocation of Resources:

	2018	2017
Charitable Activities	87%	86%
Raising Funds	9%	10%
Other	4%	4%

Charitable Activities

The Charitable Company generates income from a range of activities:

- an annual donation from the Zurich UK businesses as part of an agreed funding track,
- regular voluntary donations through payroll giving from employees,
- regular donations from fee accounts from self-employed financial advisers,
- operating a monthly society lottery,
- office based fundraising activity such as raffles and charity cake bakes,
- larger scale fundraising events such as marathons, cycle treks and charity dinners.

The Trustees receive regular progress reports and financial management information which includes information on fundraising income and expenditure. The Charitable Company complies with the Code of Fundraising Practice and is registered with the new Fundraising Regulator.

The Trustees have a continuing focus to ensure that the ratio of resources applied to generating income is appropriate for the Charitable Company.

Zurich Community Trust (UK) Limited (a Company limited by guarantee)

STRATEGIC REPORT (continued)

Objectives and Performance (continued)

Focus of Charitable Activity Spend:

	2018	2017
Zurich Cares	42%	43%
Long term Strategic Programmes	32%	25%
Volunteering	13%	15%
Openwork Foundation	13%	17%

The 'Zurich Cares' Employee Involvement Programme

The Charitable Company uses some of the financial donation from the Zurich UK businesses to match the financial donations from Zurich employees. This provides an annual grant budget of £969,500 to support the Zurich Cares programme. Zurich also provides business time to enable employees to volunteer in the community and get involved in organising and managing fundraising events, volunteering schemes and local grant programmes. A great deal of employee personal time is also leveraged through this programme.

The Breakdown of Spend on Zurich Cares:

	2018	2017
Local Grants and Partnerships	34%	38%
Volunteering Support Costs	24%	26%
Other Support Costs	19%	18%
Employee Nominated Grants	9%	14%
National Partners	9%	-%
Overseas Grants	5%	4%

The increase in spend on National Partners in 2018, reflects the transition to new charity partners during the year.

Local and Regional Grant Programmes

The majority of the grant budget for this programme supports local and regional grant programmes and national charity partners.

2018 saw the beginning of two new national charity partners chosen based on input from employees during 2017 on causes they would like to support. These new partnerships are with Dementia UK and Place2BE.

50 local charities were also supported with conditional committed grant funding over a multi-year period in addition to one off charitable grants in some areas.

The social issues supported through the Zurich Cares Grant Programmes were:

	2018	2017
Mental Health	19%	14%
Health Impairment	17%	13%
Physical Disability/Learning Difficulties	15%	14%
Economic Disadvantage	11%	9%
Homelessness	7%	9%
Vulnerable Young People	6%	8%
Older People	5%	5%
Young Carers	3%	4%
Life Limiting Conditions	2%	4%
Bereavement	2%	3%
Other	6%	17%

Zurich Community Trust (UK) Limited (a Company limited by guarantee)

STRATEGIC REPORT (continued)

Objectives and Performance (continued)

At the time of writing this report 33 impact surveys have been returned from 2018 Local Grant recipients which show us that our grants have:

Helped keep an existing service going	36%
Helped expand a service	30%
Enabled a new service	21%
Other	12%

For 2017 a total of 154 surveys have been returned (47 at the time of writing last year's report) that show us that our grants have:

Helped keep an existing service going	43%
Helped expand a service	30%
Enabled a new service	25%
Help the charity become more sustainable	6%
Other	5%

National Charity Partners

2018 saw the beginning of our two national Zurich Cares charity partnerships with Dementia UK and Place2Be with both charities receiving an annual donation of £75,000 each a year for at least three years, subject to satisfactory impact being achieved.

Dementia UK

Our funding is covering approximately 60% of the overall costs of the Dementia helpline, as well as covering the cost of an additional Admiral Nurse.

2018 was an exceptionally busy year on the Helpline with 17,016 people supported from January to November 2018 compared to 13,052 for the whole of 2017. This represented an overall 43% increase in contacts. The majority of contacts were made from carers of people with dementia but also included professionals and people living with dementia.

Place2Be

Our funding to Place2Be has contributed to supporting 4,500 children in deprived communities across 10 schools in Birmingham, London, Leeds, Glasgow, Manchester, Cardiff and Croydon. This has supported the following services:

- One-to-one counselling: for 130 children with the most urgent or complex needs.
- Place2Talk: lunchtime self-referral service which any child in the school can access.
- Group work: for shared issues such as a traumatic event or the transition to secondary school.
- Parent Partnership: work to help parents to understand and support their children. There is also a dedicated parent counselling service.
- Place2Think: for teachers addressing themes related to children's emotional wellbeing, including behaviour, working effectively with parents and resolving conflict.

The impact data for each school is impressive with 67%-91% of children showing improved mental health following counselling.

Zurich Community Trust (UK) Limited (a Company limited by guarantee)

STRATEGIC REPORT (continued)

Objectives and Performance (continued)

Overseas Grant Programme

£90,000 of the grant budget supports UK charities working overseas. During 2018, 16 charities received grants. The social issues were wide ranging and included the provision of safe water to villages in Zambia and Malawi and restoring sight to 150 elders with debilitating eye conditions in Addis Ababa, Ethiopia.

Long-term Strategic Programmes

The Breakdown of spend on Strategic Programmes:

	2018	2017
Generation Gains Programme	63%	45%
Support Costs	20%	27%
Breaking the Cycle	9%	14%
Young People's Mental Health	4%	6%
India Programme	2%	4%
Call In Time	2%	3%

The current ratio of support costs on our Transformation Programmes reflect the lower levels of grants being made but resource still being applied as we have concluded our 24 year programme in Southern India and moved towards a managed exit on two of our major long-term programmes.

These strategic programmes work in partnership with charities to deliver transformational change over a minimum five-year period.

- We celebrated the conclusion of our 24 year India Programme during 2018 with an event, held in Bangalore in July, which brought together members of the local voluntary sector with corporate community investment professionals to showcase opportunities for collaboration. Our final grant of £25,000 was committed to the Disability NGO's Alliance which is helping to improve the opportunities for people with a disability across the state of Karnataka.

During the 24 years of the programme 12 Non-Governmental Organisations (NGO's) were supported with grants totalling £1,720,400 and 105 Zurich employees shared their skills through four week assignments to India, working with our NGO partners.

90% of the NGO's we worked with felt that the programme had had a strong impact on their organisation and 80% said it had helped them to improve their reach.

- Through our continued support of the Age UK 'Call in Time' programme which was initially developed as one of our strategic programmes, we continue to help to reduce the isolation of older people through telephone befriending. Around 55 Zurich employee volunteers making regular telephone calls to isolated older people as part of a broader programme supported by around 15 Corporate partners. Age UK have also recruited volunteers from the public to supplement the corporate volunteers with the aim of reaching more isolated older people.

STRATEGIC REPORT (continued)

Objectives and Performance (continued)

- We are reaching the end of our 'Breaking the Cycle' programme in partnership with Addaction helping to address the generational cycle of substance misuse. Grants from this programme initially supported the core funding of dedicated Addaction family workers based in the pilot areas of Derby, Tower Hamlets and Cumbria, working with families to address parental substance misuse. Following the success of these pilots additional funding supported a 'Head of Breaking the Cycle (BtC)' development manager for four years, together with a dedicated fundraiser for three years at Addaction, to lever sustainable funding to support the roll out of the BtC model to new sites. Our funding has also supported a longitudinal family study and City & Guild Training of front line BtC workers. During the final years of our partnership with Addaction (2015-2019), we are funding the development of a 'BtC' framework to assist Addaction in up skilling their family workers.
- We are also in the final phase of our programme supporting children and young people's mental health issues ("Young People's Mental Health Programme") where we are focussing on continuing to develop and sustain 'The Children and Young People's Mental Health Coalition' ("CYPMHC") which we established in partnership with the Mental Health Foundation in 2010. This transitioned to a new host 'The Centre for Mental Health' during 2018. The CYPMHC, which now consists of 200 members and 171 supporter members encourages collaboration and provides a single voice to influence policy in the area of children and young people's mental health. The coalition has responded to many consultations and has campaigned for more focus on emotional resilience in schools and greater inclusion of mental health needs in local service delivery.
- Our current intergenerational programme 'Generation Gains' aims to address two social issues in one. We do this by working with charity partners who provide young people who are not in education and training with employment opportunities via an apprenticeship scheme. This includes co-ordinating adapted sports activities for older people who are isolated, to improve wellbeing and reduce isolation.

During 2018 the third pilot, based in the Midlands, working in partnership with the Aston Villa Foundation developed to complement the first two pilots - in Southampton in partnership with the Saints Foundation and Swindon in partnership with social enterprise, Greenwich Leisure Ltd. The Department of Psychology at Bath University continues to provide independent evaluation measuring the impact of the programme both on the young people and the older people.

During 2018 the programme engaged 453 older people in activity of which 36.6% were in risk of social isolation and 47% at risk of social isolation with 16.4% not disclosing. Early impact data shows some evidence reduction in isolation and improvement in mental health.

These programmes are supported through the financial donation from the Zurich UK business and assisted by time from Zurich employees. During 2018 grants totalling £874,000 (2017: £560,000) were made through Transformation programmes, with associated support costs of £184,000 (2017: £209,000) as shown in Note 8.

The 'Openwork Foundation'

This fund within the overall charity is funded by self-employed financial advisors and employees of Openwork. The objective of the Openwork Foundation is to improve the quality of life for disadvantaged children under a theme of 'Cares 4 Kids'.

During 2018, the Openwork Foundation continued to develop its new national partnership with Action for Kids (my AFK) launched in 2017 helping to provide specialist mobility equipment for children with disabilities.

Zurich Community Trust (UK) Limited (a Company limited by guarantee)

STRATEGIC REPORT (continued)

Objectives and Performance (continued)

The Breakdown of spend on the Openwork Foundation:

	2018	2017
Regional Grants	65%	60%
Support Costs	25%	32%
National Partners	9%	8%
Discretionary Grants	1%	0%

During 2018, 32 impact surveys were returned from grant recipients which showed us that our grants had:

Helped keep an existing service going	38%
Helped expand a service	31%
Enabled a new service	22%
Other	9%

During 2018, £335,000 (2017: £363,000) was paid out in grants by the Openwork Foundation, with associated support costs of £111,000 (2017: £174,000) as shown in Note 8.

Following the Openwork business separating from the Zurich group during 2018, the Trustees have agreed to continue to support the Openwork Foundation as a supported fund within the charity until at least October 2019. The registration for the Openwork Foundation as a charity was granted by the Charities Commission on 25 July 2019 which allows the process to separate the Openwork Foundation to commence.

The Trustees of the Zurich Community Trust are committed to support the transition of the Openwork Foundation designated fund, which has been part of the Trust since 1981, throughout the remainder of 2019 and into 2020 to become an independent charity and are delighted that the Openwork business has pledged to underwrite the running costs of the new charity and match fundraising to the charity from Openwork members and employees. The Trustees have agreed that any financial surplus of the designated fund at the time of separation will be donated to the new charity by way of a one off grant – as at the end of 2018 this was circa £400,000. The separation of the Openwork Foundation to an independent charity will mean a reduction of net fundraising income to the charitable company of approximately £445,000 per annum going forward.

How our grant making and volunteer programmes deliver public benefit

Our grant making and volunteer programmes in the UK and overseas during 2018 helped to improve the lives of disadvantaged people. Our long-term strategic programmes tackle key social issues in innovative ways and seek to deliver long-term sustainable solutions.

During 2018 the Trustees worked with the Zurich business as it developed its new sustainability strategy. The Trustees agreed a slight change of focus going forward into 2019 to *'help people in times of need'* and to *'help to support an inclusive and resilient society'* to better align the focus of the Trust with the sustainability framework of its main donor whilst continuing to focus on delivering public benefit.

Fundraising

The Charity does not engage professional fundraisers and raises funds from the Zurich UK business, its employees, key supplier employees and employees and members of Openwork Ltd. Consequently fundraising from members of the public is very limited and mainly occurs through sponsorship donations employees may seek when they are taking part in fundraising events, most of which flows in through the on line giving sites. Occasionally we may engage external friends and family members of employees in key fundraising events such as the London Marathon if we are unable to fulfil our places from employees alone. The Charity is a funded and compliant member of the Fundraising Regulator. During 2018 the Charity received no complaints on its fundraising practices.

Zurich Community Trust (UK) Limited (a Company limited by guarantee)

STRATEGIC REPORT (continued)

Objectives and Performance (continued)

2018 Objectives

2018 was another successful year for the Charitable Company but a challenging one for employee fundraising and donor retention due to continued restructuring within the Zurich business. In addition to programme and grant delivery as outlined above, the following shows the delivery against the key performance indicators:

Strategic Programmes:

- The Generation Gains Programme pilots are demonstrating qualitative and quantitative evidence of impact on both apprentices and older people. The evidence base is growing to support future sustainability of the programme;
- The 'Children and Young People's Mental health Coalition' was successfully migrated to its new host - Centre for Mental Health – and a new strategic lead was recruited;
- The India programme was successfully concluded with a well-attended event in Bangalore in July 2018 and celebrated internally within Zurich and with our charity partners in Bangalore.

Zurich Cares Programme:

- Employee fundraising was challenging and £75.55 per employee was raised against a target of £80.00 although this represented a 6.5% increase on 2017;
- £31,635 was generated in annualised new payroll giving income against a target of £30,000;
- 0.85 volunteer days per employee achieved against a target of 1 day per employee although this represented a 6.25% increase on 2017;
- £1,056,000 was donated through the various Zurich Cares grant programmes;
- The quality scores received on the grant application processes and the advice received from staff exceeded 2017 and the target set.

The Openwork Foundation:

- 2018 was a strong year for fundraising from the advisers and employees with £561,700 raised against a target of £450,000;
- £50,000 in new annualised regular giving was generated against a target of £20,000;
- £335,800 was donated through the main grant programme plus a further £20,500 in nominated grants;
- 17 Team challenges were delivered against a target of 12;
- The project to separate the Openwork Foundation as an independent charity from the Zurich Community Trust progressed on track;
- The quality scores received on the grant application processes and the advice received from staff exceeded the target set.

Zurich Community Trust (UK) Limited (a Company limited by guarantee)

STRATEGIC REPORT (continued)

Objectives and Performance (continued)

Income from Donations and Legacies

In addition to the £2.6m donation from Zurich (2017: £2.5m), £0.9m (2017: £1m) was raised via Zurich employees and members of Openwork Ltd. In 2018 this was achieved through regular giving and various fundraising activities as shown in the table below:

Analysis of Income:

Income excluding the donation from Zurich UK businesses and donated services is set out below:

	2018	2017
Regular Giving	36%	31%
Treks and Runs	20%	18%
Staff and Advisor Fundraising	18%	22%
Charity Lottery	7%	8%
Other	20%	21%

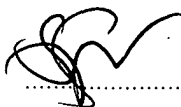
Investment Powers, Policy and Performance

The Charitable Company's investment strategy is 'To maximise the return whilst investing in a low risk portfolio with the aim of preserving the value of the investment in real terms, rather than create excess returns or risk'. Unrestricted reserves are invested in the Threadneedle UK Social Bond Fund established in 2014.

The Bond has delivered an annualised financial return of 5.6% (2017: 6.6%) but we did see the value of the investment drop between January and December 2018 by 1.8% (2017: 3.6% increase). As well as this financial return the Bond invested in the following eight core social outcome areas: Affordable Housing; Community Services; Education; Employment and Training; Financial Inclusion; Health and Social Care; Transport and Communication infrastructure and Utilities and Environment. 33% of the Bond investments fell into the high social performance category, 51% medium and 16% low – far exceeding the Bond objectives of having 66% of investments rated as high or medium social performance.

On behalf of the Board of Trustees

Trustee



Name

STEVE COLLINSON

Date

7/8/19

Zurich Community Trust (UK) Limited (a Company limited by guarantee)

TRUSTEES' REPORT

Future Plans and Objectives

The Trustees have elected to include a description of the Company's future plans and objectives as required by regulations made under section 416(4) of the Companies Act 2006 within the Strategic Report as permitted by section 414C(11) of the Companies Act 2006.

The following key targets and measures have been agreed by the Board of Trustees for 2019:

Strategic Programmes:

- The Generation Programme continues to deliver demonstrable impact and at least one pilot is sustainable;
- The Children and Young People's Mental Health Coalition continues to make an impact and is more sustainable;
- The Board will be deciding what the focus area for a new program will be, during 2019.

Zurich Cares Programme:

- £79.32 raised per head in employee fundraising (+5% on 2018);
- 0.89 employee volunteer days per head (+5% on 2019);
- A high quality and impactful £900,000 grant programme delivered;
- Very good or Good quality scores on grant application process and advice at least 95%.

Openwork Foundation:

- £500,000 raised in donations;
 - Donors transitioned to new independent charity by quarter four 2019;
 - 12 Team Challenges;
 - A high quality and impactful £350,000 grant programme;
 - New independent charity fully operational by the end of quarter three 2019 (subject to Charity Commission and HMRC approval);
 - Very good or Good quality scores on grant application process and advice at least 95%.
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Financial Review

Reserves

Unrestricted funds are needed to enable the Charitable Company to cover its core funding to manage its commitments and longer-term programmes should the current funding arrangement with the UK Zurich businesses change or cease. The Trustees require that a general reserve equating to approximately twelve months running costs of salaries and expenses should be maintained to achieve this. This will enable the Charitable Company time to either source alternative funding or to manage its commitments and longer-term programmes to conclusion.

The position of reserves in relation to the agreed policy is regularly reviewed by the Head of the Charitable Company and the Chair of the Charitable Company and was reviewed by the Board of Trustees on 10 April 2019.

At the end of 2018 the level of reserves were in line with the policy.

The Trustees are satisfied that the Charitable Company has access to adequate resources to enable it to continue in operational existence for the foreseeable future and, accordingly, it is appropriate to continue to use the going concern basis in preparing the financial statements.

Zurich Community Trust (UK) Limited (a Company limited by guarantee)

TRUSTEES' REPORT (continued)

Reserves (continued)

During the year the Charitable Company's general funds increased from £1,221,000 to £1,302,000.

Restricted funds have decreased from £29,000 to £16,000.

Designated funds have decreased from £4,279,000 to £4,097,000. The purpose of these funds is detailed in Note 19 in the financial statements.

Reference and Administrative Details

Company Status

The Charitable Company is a company limited by guarantee and does not have share capital. Each member has guaranteed £1. The Charitable Company is incorporated in the UK. The Charitable Company is a registered charity (registration number 266983). The registered address is:

The Grange
Bishops Cleeve
Cheltenham
Gloucestershire
GL52 8XX

Trustees

The Trustees are also the Directors of the Charitable Company for Companies Act purposes. All Trustee appointments are proposed by the Board of Trustees and approved by the members.

The Trustees who served during the year and who were in office up to the date of signing the financial statements were:

C Brennan	(resigned 15 June 2018)
V Cellerini	(resigned 9 July 2018)
S Collinson	(appointed 10 April 2019)
T P Culling	
A M Jepp	
I N Lovett	
W D Myslik	
T R Naidu	
R Peden	
A Torry	

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

The Charitable Company's members are Zurich Financial Services (UKISA) Limited and Zurich Financial Services (UKISA) Nominees Limited. The members' ultimate parent company is Zurich Insurance Group Ltd, which is incorporated in Switzerland.

Related Party transactions are disclosed in Note 22.

In light of the Charitable Company's structure, the Trustees had no interest in the Charitable Company.

Key Management

The Head of the Charitable Company during 2018 was Pam Webb and the Head of Programmes and Communication was Steve Grimmett. ZCT's Board of Trustees has appointed Steve Grimmett, to become Head of Zurich Community Trust, ad-interim, with effect from 15 July 2019 when Pam Webb leaves the organisation.

Zurich Community Trust (UK) Limited (a Company limited by guarantee)

TRUSTEES' REPORT (continued)

Reference and Administrative Details (continued)

Bankers and Independent Auditors

The Charitable Company's bankers are:

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

CAF Bank Ltd
25 Kings Hill Avenue
Kings Hill
West Malling
Kent
ME19 4JQ

The CAF Bank account was closed on 24 January 2019, the monies from this account was deposited into the Lloyds Bank account.

The Charitable Company's investment manager is:

Threadneedle Investment Services Limited
Cannon Place
78 Cannon Street
London
EC4N 6AG

The Charitable Company's independent auditors are:

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
2 Glass Wharf
Bristol
BS2 0FR

The auditors, PricewaterhouseCoopers LLP, have signified their willingness to continue in office and a resolution that they be re-appointed will be proposed at the Annual General Meeting.

Zurich Community Trust (UK) Limited (a Company limited by guarantee)

TRUSTEES' REPORT (continued)

Structure, Governance and Management

Recruiting and Training Trustees

The Memorandum and Articles support a minimum of five Trustees, of which at least two must be totally independent from Zurich. At the end of 2018 there were eight active Trustees. The Trustees agreed to have ten Trustees going forward, of which there are eight active and two vacancies.

The recruitment of Trustees external to Zurich is managed through external advertising and a selection process. The Trustees who work for Zurich are selected based on their ability to be effective Trustees and to provide the required level of influence within Zurich to enable the Charitable Company to achieve its objectives. All Trustee appointments are proposed and approved by the Board of Trustees.

The induction and training of Trustees is led by the Chair and the Head of the Charitable Company's team ("the Team") and based on 'The Good Trustee Guide' produced by the National Council for Voluntary Organisations (NCVO). On appointment each Trustee is required to read and sign a Code of Conduct. In addition Trustees who are external to Zurich receive a specific induction session about the Zurich business to better understand the key stakeholder and donor population of the Charitable Company. The Trustees receive any relevant updates and guidance on their role as Trustees of the Charitable Company. The effectiveness of the current Trust Board is reviewed by the Chair in consultation with the Trustees.

Organisational Structure

Whilst the Charitable Company is linked to Zurich, the Board of Trustees operate independently in the best interests of the Charitable Company. The Board of Trustees is supported, via documents of delegation, by the Head of the Charitable Company, the Zurich Community Trust (UK) Limited Executive Committee and the Openwork Foundation Committee. The former has delegated responsibilities for the day-to-day running of the Charitable Company and the latter two have key delegated responsibilities. In all cases there are agreed guidelines for approval by the Trust Board and at least once a year there is a joint meeting of the Trust Board and the Community Trust Executive to agree plans and targets for the year.

There is also a separate Remuneration Committee ("Committee") which consists of three Trustees with at least one Trustee independent from Zurich. Currently, the committee is chaired by Andrew Jepp and includes Steve Collinson, Tim Culling and Wayne Myslik. The Committee is delegated to assess the overall performance of the Charitable Company each year and to review salary benchmarking and an annual salary review and performance related bonus scheme for the employees working for the Charitable Company.

During 2018 a new Audit and Risk Committee was established consisting three Trustees including at least one independent from Zurich. The Delegation for Risk Management moved from the Trust Executive to this new committee and the Trustees also delegated oversight of the external audit to this committee. Currently, this committee is chaired by Richard Peden and includes Tim Culling and Wayne Myslik.

The fund of 'Zurich Cares', supported by the Charitable Company, is jointly funded through employee donations and matched funding from the Zurich business donation to the Charitable Company. The 'Openwork Foundation' fund is supported by the Charitable Company and funded through donations from advisors and employees of Openwork. Openwork also provides in-kind support by covering the salary of the Openwork Foundation Manager and Co-ordinator currently seconded to the Zurich Community Trust (UK) Limited Team. Zurich employees along with advisors and employees of Openwork, are involved in supporting the delivery of the fundraising, volunteering and grant giving programmes under the guidance and responsibility of the Team who work for the Charitable Company, in line with the delegation document from the Board of Trustees.

The Charitable Company works in collaboration with several charity partners accepting joint responsibility for achieving agreed objectives. These objectives are mutually agreed at the outset of any partnership and supported by a Memorandum of Understanding backed up by regular reviews and progress reports.

Zurich Community Trust (UK) Limited (a Company limited by guarantee)

TRUSTEES' REPORT (continued)

Structure, Governance and Management (continued)

Risk Management

The principal risks faced by the Charitable Company at the end of 2018 are:

- loss of donation income and engagement from Zurich and Openwork employees and advisers due to ongoing restructuring activity within the business.
- reduced funding from the Zurich UK business which is mitigated by a three year funding track that was agreed in June 2017.
- reliance on Zurich IT infrastructure
- serious injury, damage or incorrect advice due to activities of the Charitable Company, which is mitigated by risk assessment, guidelines and toolkits.
- non-compliance with charity regulation, fundraising regulation or safeguarding which is mitigated by risk assessment, policies, guidelines and toolkits.

Pay and Remuneration

Salary ranges for those working in the Zurich Community Trust (UK) Limited team are reviewed every year using a combination of an external voluntary sector salary survey coupled with data shared with the Charitable Company from the Zurich Reward team from the Towers Watson salary data for Community Investment roles. Roles are benchmarked to relevant data and to each other.

An annual budget for salary review is agreed by the Trustees taking into account market data. This budget is used on an annual basis to move people competent in their roles and delivering successful performances towards the market mid-point on the relevant salary range.

The Zurich Community Trust (UK) Limited operates a performance related bonus scheme, independent from the Zurich business scheme. Each year the Trustees approve a series of delivery targets that the Charitable Company is measured against. The Committee meets once a year to decide how well the Charitable Company has delivered against these targets to determine if performance bonus should be paid and if so, at what level. Individual performance is also measured and combined with the performance of the Charitable Company when determining any individual performance related bonuses.

The Remuneration Committee consists of three Trustees, including at least one Trustee independent from Zurich. The Committee is delegated to assess and agree the annual performance of the Charitable Company and to review the external benchmarking of salaries and performance bonus to ensure that the Zurich Community Trust (UK) Limited teams' remuneration is in line with the policy and in the best interests of the Charitable Company.

All the running costs of the Charitable Company, including salary and bonus, are funded from the annual donation from the Zurich UK businesses.

Statement of Trustees' Responsibilities

The following statement sets out the responsibilities of the Trustees (who are also Directors of the Charitable Company for the purposes of company law) in relation to the financial statements of the Charitable Company. The report of the auditors, shown on pages 15, 16 and 17, sets out their responsibilities in relation to the financial statements.

The Trustees are responsible for preparing the Strategic Report, Trustees' Report and financial statements in accordance with applicable law and regulations.

Zurich Community Trust (UK) Limited (a Company limited by guarantee)

TRUSTEES' REPORT (continued)

Statement of Trustees' Responsibilities (continued)

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees 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 Trustees 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 Charitable Company and of the incoming resources and application of resources, including the income and expenditure, of the Charitable Company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principals in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, where there are no material uncertainties about the Charitable Company's ability to continue, unless it is inappropriate to presume that the Charitable Company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable 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 Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

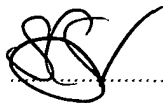
So far as each Trustee is aware, there is no relevant audit information of which the Charitable Company's auditors are unaware.

Each Trustee has taken all the steps that he or she ought to have taken as a Trustee in order to make himself or herself aware of any relevant audit information and to establish that the Charitable Company's auditors are aware of that information.

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 of Trustees

Trustee



Name

STEVE COLLINSON

Date

7/8/19

Zurich Community Trust (UK) Limited (a Company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ZURICH COMMUNITY TRUST (UK) LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Zurich Community Trust (UK) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Charitable Company's affairs as at 31 December 2018 and of its incoming resources and application of resources, including its income and expenditure, and cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Reports and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2018; the statement of financial activities (including income and expenditure account) and, the statement of cash flows for the year then ended; and the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Charitable Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Charitable Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Charitable Company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all the potential implications on the Charitable Company's activities, beneficiaries, suppliers and the wider economy.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ZURICH COMMUNITY TRUST (UK) LIMITED (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Trustees' Report

In our opinion, based on the work undertaken in the course of the audit the information given in the Trustees' Report, including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Strategic Report and the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the Charitable Company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Trustees' Report. We have nothing to report in this respect.

Responsibilities for the financial statements and the audit

Responsibilities of the Trustees for the financial statements

As explained more fully in the Statement of Trustees' Responsibilities set out on pages 13 and 14, the Trustees (who are also directors of the Charitable Company for the purposes of company law) are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Trustees are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

Zurich Community Trust (UK) Limited (a Company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ZURICH COMMUNITY TRUST (UK) LIMITED (continued)

Responsibilities for the financial statements and the audit (continued)

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

Use of this report

This report, including the opinions, has been prepared for and only for the Charitable 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.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Kevin Williams (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
7 August 2019

Zurich Community Trust (UK) Limited (a Company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (including income and expenditure account)
For the year ended 31 December 2018

		Unrestricted	Restricted	Total
		Funds	Funds	2018
	Note	£'000	£'000	£'000
Income From:				
Donations and Legacies	3	3,308	-	3,308
Charitable Activities	4	337	111	448
Other Trading Activities	5	4	-	4
Investments	6	9	-	9
		<u>3,658</u>	<u>111</u>	<u>3,769</u>
Expenditure On:				
Raising Funds	7	(346)	(20)	(366)
Charitable Activities	7	(3,254)	(104)	(3,358)
Other	7	(152)	-	(152)
		<u>(3,752)</u>	<u>(124)</u>	<u>(3,876)</u>
Net Loss on Investments		<u>(9)</u>	<u>-</u>	<u>(9)</u>
Net Expenditure		<u>(103)</u>	<u>(13)</u>	<u>(116)</u>
Transfers Between Funds		<u>2</u>	<u>-</u>	<u>2</u>
Net Movement in Funds		<u>(101)</u>	<u>(13)</u>	<u>(114)</u>
Reconciliation of Funds:				
Total Funds Brought Forward		<u>5,500</u>	<u>29</u>	<u>5,529</u>
Total Funds Carried Forward		<u>5,399</u>	<u>16</u>	<u>5,415</u>

The prior year comparatives for 2018, for the year ended 2017, are shown on page 19.

Zurich Community Trust (UK) Limited (a Company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (including income and expenditure account)
For the year ended 31 December 2018

		Unrestricted	Restricted	Total
		Funds	Funds	2017
<i>Prior year comparatives for 2018 for the year ended 2017</i>	Note	£'000	£'000	£'000
Income From:				
Donations and Legacies	3	3,275	-	3,275
Charitable Activities	4	336	160	496
Other Trading Activities	5	5	-	5
Investments	6	2	-	2
		<u>3,618</u>	<u>160</u>	<u>3,778</u>
Expenditure On:				
Raising Funds	7	(347)	(19)	(366)
Charitable Activities	7	(2,932)	(134)	(3,066)
Other	7	(139)	-	(139)
		<u>(3,418)</u>	<u>(153)</u>	<u>(3,571)</u>
Net Gain on Investments		73	-	73
Net Income		<u>273</u>	<u>7</u>	<u>280</u>
Transfers Between Funds		<u>(5)</u>	<u>-</u>	<u>(5)</u>
Net Movement in Funds		268	7	274
Reconciliation of Funds:				
Total Funds Brought Forward		5,232	22	5,254
Total Funds Carried Forward		<u>5,500</u>	<u>29</u>	<u>5,529</u>

All of the above results are in respect of continuing activities.

All gains and losses recognised in the year are included in the Statement of Financial Activities.

Zurich Community Trust (UK) Limited (a Company limited by guarantee)

BALANCE SHEET

At 31 December 2018

	Note	2018 £'000	2017 £'000
<u>Fixed Assets</u>			
Investments	14	2,001	2,010
		<u>2,001</u>	<u>2,010</u>
<u>Current Assets</u>			
Debtors	15	127	104
Investments	16	630	629
Cash at Bank and in Hand	17	2,897	3,194
		<u>3,654</u>	<u>3,927</u>
<u>Liabilities</u>			
Creditors: Amounts Falling Due Within One Year	18	(240)	(408)
Net Current Assets		<u>3,414</u>	<u>3,519</u>
Net Assets		<u>5,415</u>	<u>5,529</u>
The Funds of the Charitable Company:			
<u>Unrestricted Income Funds</u>			
General Funds	19	1,302	1,221
Designated Funds	19	4,097	4,279
		<u>5,399</u>	<u>5,500</u>
<u>Restricted Income Funds</u>	19	16	29
Total Funds		<u>5,415</u>	<u>5,529</u>

The financial statements on pages 18 to 35 were approved by the Board of Trustees on 7 August 2019 and were signed on its behalf by:

Trustee

Name

STEVE COLLINSON

Zurich Community Trust (UK) Limited (a Company limited by guarantee)

STATEMENT OF CASH FLOWS
For the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Cash Flows from Operating Activities			
Net cash (used)/provided by Operating Activities	21	(304)	325
Cash Flows from Investing Activities			
Dividends and Interest from Investments	6	9	2
<hr/>			
Net Cash Provided by Investing Activities		9	2
Net (decrease)/increase in Cash and Cash Equivalents		(295)	327
Cash and Cash Equivalents at the Beginning of the Year		3,822	3,495
<hr/>			
Cash and Cash Equivalents at the End of the Year		3,527	3,822
Analysis of Cash and Cash Equivalents:			
Cash at Bank and in Hand	17	2,897	3,194
Interest-bearing Deposits		630	628
<hr/>			
Cash and Cash Equivalents		3,527	3,822
<hr/>			

NOTES TO THE FINANCIAL STATEMENTS

1. Statement of compliance

These financial statements have been prepared in compliance with United Kingdom Accounting Standards, including FRS 102 and the Companies Act 2006.

2. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 Basis of Preparation

The financial statements have been prepared under the historical cost convention, as modified for investments held at market value in accordance with the Companies Act 2006, the Statement of Recommended Practice 'Accounting and Reporting by Charities Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland' ("SORP") and the Charities Act 2011.

The preparation of financial statement in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The Company currently does not have any critical judgements or estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

2.2 Statement of Financial Activities ("SoFA")

The Charitable 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 SORP, the Trustees have presented a Statement of Financial Activities.

The subsidiary undertaking, Community Trust Services (UK) Limited, entered liquidation during September 2018. There has been no difference between the Charitable Company and consolidated financial position since this date. The Charitable Company has taken advantage of the exemption set out in section 405 of the Companies Act 2006 not to prepare consolidated financial statements.

2. Accounting policies (continued)

2.3 Income

Income from donations and legacies includes the amount receivable under Gift Aid from the UK staff of Zurich Employment Services Limited, Zurich Management Services Limited and Zurich Insurance Group Ltd and members of Openwork.

Income from Charitable Activities represents amounts receivable as a result of a variety of fundraising events and initiatives including events organised by Zurich group staff, Capita employees (working on an outsourced Zurich contract) and advisors and employees of Openwork.

Income is recognised when it is probable that the economic benefit in respect of the income will flow to the Charity and when the Charity has the rights or other access to that economic benefit.

Income from trading and investments are also included in income.

2.4 Expenditure

Expenditure is recognised when a liability is incurred. Expenditure that relates to more than one cost category (support costs) has been apportioned across costs of raising funds, charitable activities and other costs on a basis consistent with the use of resources. Expenditure includes recharges from other Zurich companies relating to staff costs.

Multi-year grant payments are only accounted for in the year they are paid out. Additional years commitments are not included in the current year where there are conditions to be met before the grant payment can be released.

Expenditure on charitable activities includes expenditure related to grant giving. Grants represent amounts payable and amounts authorised for payment, for which certain conditions have been met, to charities during the year. All grants made during the year supported the objectives of the Charitable Company and the recipient organisations.

Other costs include those incurred in the governance of the Charitable Company and its assets and are primarily associated with constitutional and statutory requirements.

2.5 Donated Services

Donated Services have been recognised at the Trustees' best estimate of their value. These are recognised as Income from donations and legacies and Expenditure on Charitable Activities, as required by the SORP.

2.6 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.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charitable Company for particular purposes.

Zurich Community Trust (UK) Limited (a Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Accounting policies (continued)

2.7 Investments

Investments are valued at fair value, being the market value at the reporting date. Any fair value adjustments are recorded in the Statement of Financial Activities. Investments that have a maturity date of less than one year are recognised as current asset investments. Investments that have a maturity date of more than one year or no maturity date are recognised as fixed asset investments. Investment income is accounted for on an accruals basis.

2.8 Recognition of Liabilities

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

2.9 Irrecoverable VAT

All resources expended are classified under activity headings that aggregate all costs related to the activity. Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

3. Income from Donations and Legacies

	<u>2018</u> <u>£'000</u>	<u>2017</u> <u>£'000</u>
<u>Unrestricted Funds:</u>		
Donation from Zurich UK Businesses	2,600	2,549
Regular Giving	354	316
Donated Services	166	204
Other Voluntary Income	127	155
Tax Recoverable on Gift Aided Donations	61	51
	<u>3,308</u>	<u>3,275</u>

Gift aid forms part of the Regular Giving amount. Gift Aid is donated on the understanding that the Charitable Company can use that donation for any purpose to further its own objectives, with no conditions attached.

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. Income from Charitable Activities

	<u>2018</u> <u>£'000</u>	<u>2017</u> <u>£'000</u>
Unrestricted Funds:		
- Treks and Runs	199	187
- Staff and Advisor Fundraising	88	86
- Lottery	50	63
	<u>337</u>	<u>336</u>
Restricted Funds:		
- Staff and Advisor Fundraising	91	140
- Lottery	20	20
	<u>111</u>	<u>160</u>
	<u>448</u>	<u>496</u>

5. Income from Other Trading Activities

	<u>2018</u> <u>£'000</u>	<u>2017</u> <u>£'000</u>
Trading Income	<u>4</u>	<u>5</u>

6. Investment Income

	<u>2018</u> <u>£'000</u>	<u>2017</u> <u>£'000</u>
Bank Interest	<u>9</u>	<u>2</u>

Zurich Community Trust (UK) Limited (a Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. Analysis of Expenditure

The Charitable Company allocates its expenditure as shown in the table below and then further apportions those costs between the three charitable activities undertaken (see Note 8). Support costs are allocated on a basis consistent with the use of resources.

	<u>Other</u>	<u>Raising Funds</u>	<u>Charitable Activities</u>	<u>Total 2018</u>	<u>Total 2017</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
<u>Support Costs</u>					
Staff and Related Costs	128	189	801	1,118	1,088
Fundraising Expenses	-	123	-	123	115
Trading	-	-	-	-	2
Challenge and Volunteering	-	-	86	86	104
Travel and Accommodation	-	4	33	37	28
Stationery	2	-	8	10	3
Office equipment and IT	-	1	1	2	4
Miscellaneous	5	7	35	47	80
Lottery	-	20	-	20	20
Governance Costs	-	-	1	1	3
Donated Services	17	22	128	167	204
<u>Total Support Costs</u>	152	366	1,093	1,611	1,651
 Charitable Donations	 -	 -	 2,265	 2,265	 1,920
<u>Total Expenditure</u>	152	366	3,358	3,876	3,571

Staff working on behalf of the Charitable Company are employed by Zurich Employment Services Limited ("ZES"), with the exception of the Openwork Foundation Manager and the Openwork Foundation Administrator. During 2018, management charges were made by ZES to the Charitable Company. Staff costs are detailed in Note 10.

The Openwork Foundation Manager and the Openwork Foundation administrator work for Openwork Services Limited and are seconded to the Charitable Company.

Governance support costs are the fees payable to the Charitable Company's auditors for the audit of the Charitable Company's financial statements of £3,200 (2017: £3,000).

Zurich Community Trust (UK) Limited (a Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. Charitable Activities

	<u>Grants</u>	<u>Support</u>	<u>Total</u>	<u>Total</u>
	<u>£'000</u>	<u>Costs</u>	<u>2018</u>	<u>2017</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Trust:				
-Transformation Programmes	874	184	1,058	769
Zurich Cares:				
- Long-term Community Partnerships	160	68	228	11
- Local and Overseas Grant Programmes	896	285	1,181	1,302
	<u>1,056</u>	<u>353</u>	<u>1,409</u>	<u>1,313</u>
- Volunteering	-	445	445	448
Openwork Foundation:				
- Long-term Community Partnerships	42	18	60	118
- Local and Overseas Grant Programmes	293	93	386	418
	<u>335</u>	<u>111</u>	<u>446</u>	<u>536</u>
	<u><u>2,265</u></u>	<u><u>1,093</u></u>	<u><u>3,358</u></u>	<u><u>3,066</u></u>

A detailed analysis of grants made during the year can be found in Note 9. An analysis of support costs can be found in Note 7.

Zurich Community Trust (UK) Limited (a Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Grants payable

	<u>2018</u> <u>£'000</u>	<u>2018</u> <u>£'000</u>	<u>2017</u> <u>£'000</u>	<u>2017</u> <u>£'000</u>
<u>Transformation and Trust</u>				
India Programme	27		35	
Call in Time Programme	22		23	
Generation Gains Programme	692		348	
Breaking the Cycle (Addaction) Programme	94		110	
Young People's Mental Health Programme	39		44	
		<u>874</u>		<u>560</u>
<u>Zurich Cares</u>				
Long-term Community Partnerships				
National Partners:				
- Dementia UK	75		-	
- Place2Be	75		-	
- Grants to unsuccessful national partnership applications	10		4	
Local Partners	-		-	
		<u>160</u>		<u>4</u>
Local Grants	622		668	
Overseas Grants	90		75	
Employee Nominated Grants	184		251	
		<u>896</u>		<u>994</u>
		<u>1,056</u>		<u>998</u>
<u>Openwork Foundation</u>				
National Partnerships:				
- Carers Trust	2		3	
- Action for Kids	40		40	
		<u>42</u>		<u>43</u>
Regional Grants	289		317	
Discretionary Grants	4		2	
		<u>293</u>		<u>319</u>
		<u>2,265</u>		<u>1,920</u>

All grants payable are institutional grants. No grant payments have been made to individuals.

Zurich Community Trust (UK) Limited (a Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Grants payable (continued)

The following represent those organisations benefitting from the highest value of grant payments made during the year. 'Other' is made up of grant payments totalling less than £30,000 to a single organisation.

	<u>2018</u> <u>£'000</u>	<u>2017</u> <u>£'000</u>
GLL (Generation Gains Programme)	219	109
Saints Foundation (Generation Gains Programme)	263	103
Aston Villa Foundation (Generation Gains Programme)	101	102
Addaction (Breaking the Cycle Programme)	94	110
University of Bath (Generation Gains Programme)	89	35
Dementia UK (Zurich Cares National Partner)	75	-
Place2Be (Zurich Cares National Partner)	75	-
Action for Kids (The Openwork Foundation)	40	59
Volunteering Matters (Inspiring Young Disabled People Programme)	30	30
Mental Health Foundation (Young People's Mental Health Programme)	-	42
Other	1,279	1,330
	<u>2,265</u>	<u>1,920</u>

10. Staff

Staff are employed under contracts of employment with ZES or Openwork Services Limited. Staff costs recharged to the Charitable Company are included to the extent that these are separately identifiable.

	<u>2018</u> <u>Number</u>	<u>2017</u> <u>Number</u>
The average number of employees working for the Charitable Company during the year was:		
Charitable Activities	15	18
Other	4	4
Raising Funds	2	2
	<u>21</u>	<u>24</u>

The aggregate payroll costs of these employees were:

	<u>2018</u> <u>£'000</u>	<u>2017</u> <u>£'000</u>
Wages and Salaries	866	819
Employee Benefits	90	91
Other Pension Costs	85	95
Social Security Costs	77	83
	<u>1,118</u>	<u>1,088</u>

Zurich Community Trust (UK) Limited (a Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Staff (continued)

The number of employees whose emoluments as defined for taxation purposes amounted to over £60,000 in the year was as follows:

	<u>2018</u> <u>Number</u>	<u>2017</u> <u>Number</u>
£60,000- £69,999	1	0
£80,000 - £89,999	1	1
£100,000 - £109,999	0	1
£110,000 - £119,999	1	0

The total emoluments paid to key management personnel during 2018 was £195,000 (2017: £188,000).

The Charitable Company is not the employing company for these staff and therefore no further pension disclosures or share based payment disclosures have been included in these financial statements. These disclosures are available in the financial statements of the employing companies listed above.

11. Taxation

The Charitable Company is a registered charity, and as such is entitled to certain tax exemptions on income and profits from investments, and surpluses on any trading activities carried on in furtherance of the Charitable Company's primary objectives, if these profits and surpluses are applied solely for charitable purposes.

12. Net Income

Net Income for the year is stated after charging/(crediting):

	<u>2018</u> <u>£'000</u>	<u>2017</u> <u>£'000</u>
Auditors' Remuneration in Respect of Audit Services	3	3
Other Interest Receivable	(9)	(2)

13. Trustees' Emoluments and Expenses

During the year, five Trustees claimed travel and training expenses which totalled £1,841 (2017: five Trustees claimed £1,115 in travel expenses).

No Trustee was paid in respect of services provided to the Charitable Company either by the Charitable Company or by a related party (2017: nil).

Zurich Community Trust (UK) Limited (a Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. Fixed Asset Investments

Investments held by the Charitable Company include a £100 (2017: £100) investment in its dormant subsidiary undertaking at cost.

	<u>2018</u> <u>£'000</u>	<u>2017</u> <u>£'000</u>
Investment in Subsidiary	-	-
Investment in 'UK Social Bond Fund'	2,001	2,010
	<u>2,001</u>	<u>2,010</u>

An unrealised loss on Fixed Asset investments of £9,000 (2017: unrealised gain of £73,000) was recognised in the year.

15. Debtors

	<u>2018</u> <u>£'000</u>	<u>2017</u> <u>£'000</u>
Prepayments and Accrued Income	127	104

16. Current Asset Investments

	<u>2018</u> <u>£'000</u>	<u>2017</u> <u>£'000</u>
Interest-bearing Deposits	630	629

Interest-bearing deposits comprise monies deposited in CAFCash money market trust funds operated by CAF Bank Ltd. The CAFCash funds can be withdrawn at a week's notice or on the same day if the amount required is under £250,000.

The bank account and deposit held with CAF Bank were closed on 24 January 2019. The balance from this account was transferred to the Lloyds Link account.

17. Cash at Bank and in Hand

	<u>At 1 Jan</u> <u>2018</u> <u>£'000</u>	<u>Cash</u> <u>Flows</u> <u>£'000</u>	<u>At 31 Dec</u> <u>2018</u> <u>£'000</u>
Cash at Bank and in Hand	3,192	(295)	2,897

Zurich Community Trust (UK) Limited (a Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Creditors: Amounts Falling Due Within One Year

	<u>2018</u> <u>£'000</u>	<u>2017</u> <u>£'000</u>
Amounts owed to Zurich Insurance Group Ltd undertakings	164	327
Accruals and Deferred Income	76	81
	<u>240</u>	<u>408</u>

Amounts owed to Zurich Insurance Group Ltd undertakings are unsecured, interest free and have no fixed date of repayment.

19. Statement of Funds

	<u>Balance</u> <u>1 Jan 2018</u> <u>£'000</u>	<u>Income</u> <u>£'000</u>	<u>Expenditure</u> <u>£'000</u>	<u>Investment</u> <u>(Loss)</u> <u>£'000</u>	<u>Transfers</u> <u>£'000</u>	<u>Balance</u> <u>31 Dec 2018</u> <u>£'000</u>
General Funds	1,221	3,658	(3,175)	(9)	(393)	1,302
Designated Funds	4,279	-	(577)	-	395	4,097
<u>Total Unrestricted Funds</u>	<u>5,500</u>	<u>3,658</u>	<u>(3,752)</u>	<u>(9)</u>	<u>2</u>	<u>5,399</u>
Restricted Funds	29	111	(124)	-	-	16
<u>Total Funds</u>	<u>5,529</u>	<u>3,769</u>	<u>(3,876)</u>	<u>(9)</u>	<u>2</u>	<u>5,415</u>

The general funds represents the free funds of the Charitable Company which are not designated for particular purposes and therefore have no trust law restrictions. Designated funds include funds set aside for the support of various long-term projects and an undertaking to match fundraising income generated by staff where those staff have made a non-binding preference for specific charities to benefit from the fundraising activities they have undertaken.

The designated fund has decreased by £182,000 during 2018. This decrease includes the impact of a transfer from the designated fund to the general fund net of expenditure in the year. A detailed breakdown of this fund follows.

Restricted funds comprise funds raised by employees for specified charities. The Charitable Company can only use these funds as specified by the donor in accordance with Trust Law. The balance of £16,042 (2017: £29,000) represents the restricted funds raised which have not been expended by the end of the year.

Zurich Community Trust (UK) Limited (a Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. Statement of Funds (continued)

	<u>2018</u> <u>£'000</u>	<u>2017</u> <u>£'000</u>
The long-term project commitments, for which designated funds have been set aside, include:		
<u>Breaking the Cycle</u> Providing holistic support to families where there is a drug misuse parent to help break the generational cycle of drug misuse	5	99
<u>Call In Time</u> Membership fees for the Call In Time Programme	38	38
<u>India Programme</u> A capacity building programme combining funding and skill transfer for Non-Governmental Organisations working with the disadvantaged in Southern India	27	71
<u>Young Peoples Mental Health Programme</u> A programme to provide support and preventative intervention to families dealing with mental health issues	62	98
<u>Inspiring Young Disabled People Programme</u> (previously included within the Provision for new programme)	-	60
<u>Generation Gains Programme</u> An intergenerational programme addressing isolation	827	1,399
Provision to sustain existing or for new programmes	1,405	655
The short-term project commitments and future spend, for which designated funds have been set aside, include:		
Future Fund Level Expense and Grant Spend	1,531	1,663
Short-term Project Commitments	129	139
Income Designated for Future Years	73	57
Total Designated Funds	<u>4,097</u>	<u>4,279</u>

20. Analysis of Net Assets Between Funds

	<u>Restricted</u> <u>Funds</u> <u>£'000</u>	<u>Designated</u> <u>Funds</u> <u>£'000</u>	<u>General</u> <u>Funds</u> <u>£'000</u>	<u>Total</u> <u>£'000</u>
Fund Balances at 31 December 2018 are represented by:				
Fixed Asset Investments	-	2,001	-	2,001
Current Assets	16	2,096	1,542	3,654
Creditors	-	-	(240)	(240)
Net Assets	<u>16</u>	<u>4,097</u>	<u>1,302</u>	<u>5,415</u>

Zurich Community Trust (UK) Limited (a Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)

21. Reconciliation of Net Income to Net Cash Provided by Operating Activities

	Note	<u>2018</u> <u>£'000</u>	<u>2017</u> <u>£'000</u>
Net (expenditure)/income for the reporting period		(114)	274
Adjustments for:			
(Increase) in Debtors	15	(22)	(13)
(Decrease) in Creditors	18	(168)	139
Income from Investments	6	(9)	(2)
Loss/(gain) on Investments	14	9	(73)
Net Cash (used)/provided by Operating Activities		<u>(304)</u>	<u>325</u>

22. Related Parties

a) Ultimate Parent Company

The Charitable Company's members are Zurich Financial Services (UKISA) Limited ("UKISA") and Zurich Financial Services (UKISA) Nominees Limited. The principal activity of UKISA is that of an investment holding company, and its main source of income is dividends received from its subsidiaries.

The results of the Charitable Company are not included in the financial statements of Zurich Financial Services (UKISA) Limited because the Trustees are required by legislation to act independently in the best interests of the Charitable Company.

The members' ultimate parent company and ultimate controlling party is Zurich Insurance Group Ltd which is incorporated in Switzerland. The purpose of this company is to hold interests in companies active in the insurance services business, in particular in the areas of property and casualty ("P&C") and life insurance and asset management. Copies of the consolidated financial statements of Zurich Insurance Group Ltd can be obtained from:

The Secretary
Mythenquai 2
8002 Zurich
Switzerland

Copies of the members' financial statements can be obtained from:

The Grange, Bishops Cleeve, Cheltenham, Gloucestershire, GL52 8XX

b) Related Party Balances

Balances with Zurich Insurance Group Ltd undertakings are shown in Note 18. This balance is made up of creditors of £139,000 (2017: £322,000) due to ZES, £21,000 (2017: £nil) due to Zurich Insurance Plc (UK Branch), £3,000 (2017: £3,000) Allied Dunbar Assurance Plc and £1,000 (2017: £nil) due to Zurich Assurance Ltd.

Zurich Community Trust (UK) Limited (a Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)

22. Related Parties (continued)

b) Related Party Balances (continued)

All grant payments were in line with the current governance arrangements and delegated authorities for approval of grants made by the Charitable Company.

Grants totalling £7,000 (2017: £11,000) were made to the Swindon Therapy Centre for Multiple Sclerosis, a long-term local community partner within the Zurich Cares programme, of which Timothy Culling, a Director of the Charitable Company has been a trustee since 2014.

During 2018, charges were made by ZES to the Charitable Company for all staff costs for the Charitable Company's team, including key management personnel, as shown in Note 10.

c) Subsidiary Undertaking

The following is the Company's dormant subsidiary undertaking at 31 December 2018.

<u>Company and country of registration or incorporation</u>	<u>Class of Share Capital</u>	<u>Percentage of nominal value held by the Company</u>
England and Wales		
Community Trust Services (UK) Limited	Ordinary	100

The principal country of the above named subsidiary undertaking is its country of registration or incorporation. The registered office of Community Trust Services (UK) Limited as at 31 December 2018 was Critchleys LLP, Beaver House, 23-38 Hythe Bridge Street, Oxford, OX1 2EP.

Community Trust Services (UK) Limited entered liquidation during September 2018 and was formally dissolved on 13 June 2019.