

Company Registration No. 01154049 (England and Wales)

Charity Registration No. 266983

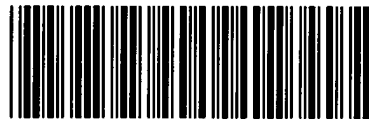
ZURICH COMMUNITY TRUST (UK) LIMITED

(a Company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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ZURICH COMMUNITY TRUST (UK) LIMITED (a Company limited by guarantee)

Reference and administrative details

Company status

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

Unity Place 1
Carfax Close
Swindon
SN1 1AP

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:

Tim Bailey
Amy Brettell
Steve Collinson
Tim Culling
Andrew Jepp (Resigned 8 August 2022)
Wayne Myslik
Richard Peden

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 ("UKISA") and Zurich Financial Services (UKISA) Nominees Limited. The members' ultimate parent company is Zurich Insurance Group Ltd ("ZIG"), 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 financial interest in the Charitable Company.

Key management personnel

The Head of the Charitable Company during 2022 was Steve Grimmett.

Bankers, Investment manager and independent auditor

The Charitable Company's bankers are:

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

Reference and administrative details (continued)

Bankers, Investment manager and independent auditor (continued)

The Charitable Company's investment manager is:

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

The Charitable Company's independent auditor is:

Ernst & Young LLP
The Paragon
Counterslip
Bristol
BS1 6BX

ZURICH COMMUNITY TRUST (UK) LIMITED (a Company limited by guarantee)

REPORT OF THE TRUSTEES

The Trustees are pleased to present their annual report together with the financial statements of the Charity for the year ending 31 December 2022. This report and financial statements are also prepared to meet the requirements for an annual report and financial statements for Companies Act purposes. The reference and administration details form part of the Trustees Report on pages 1 and 2.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The Charity has not prepared a strategic report as it has taken advantage of the exemption in this respect available for small companies (as defined in Section 381 of the Companies Act 2006).

Chair's report (from the Chair of the Trustees, Steve Collinson)

2022 was a significant year in the long history of Zurich Community Trust. Following the extension of our support to our previous charity partners to help them manage their way through the pandemic years of 2020 and 2021, 2022 was largely focused on the selection of three new national partners and 55 new local partners. A decision was made by the Trustees to continue with the approach adopted in 2020 and 2021 by having a managed expenditure level in excess of income during 2022 to support our charity partners as they were faced with increasing demand and costs.

Designated funds have increased from £1,534,000 to £3,045,000 reflecting the two year partnerships that were set up throughout 2022

In selecting these charity partners, our objective was to transform the application process by making it more informed by data, more objective and crucially more diverse, equitable and inclusive. To do this we engaged Oxford Consultants for Social Inclusion, Charities Aid Foundation and Action for Race Equality. We replaced our previous approach with a short video application which complemented lighter touch application forms and short supplementary questionnaires.

Keeping diversity, equity and inclusion at the forefront of our thoughts and actions led to our Board of Trustees committing to a Diversity, Equity and Inclusion Pledge, which you can read about in the following pages. The Board of Trustees also agreed our future approach to sustainability should focus on "Reducing Inequalities and Connecting Communities" and we look forward to bringing this to life through our own actions and with our new partners in 2023 and beyond.

The employees of Zurich in the UK are central to the work of Zurich Community Trust. They are the face of our work and so it was wonderful that Zurich's employees in the UK played a critical role when it came to not only choosing the themes we should support but also making those final decisions as to who we should partner with. Those same employees are now invested in these partnerships as we look to develop relationships that go way beyond the cash grants through Zurich Community Trust's "More Than Money" approach with our partners.

As we emerged from the last two pandemic years, 2022 was also a year in which we delivered new fundraising events in various locations across the UK and saw the fantastic support of Zurich employees giving over 15,000 hours of volunteering time to support charities across the UK. As part of the volunteering efforts of Zurich UK employees and funding from Zurich Community Trust we were also delighted with the progress we made throughout 2022 in supporting students and teachers through our education programme.

We feel that our activity in 2022 will serve as the perfect platform for even greater impact as Zurich Community Trust looks forward to marking its 50th year in 2023.

ZURICH COMMUNITY TRUST (UK) LIMITED (a Company limited by guarantee)

REPORT OF THE TRUSTEES (CONTINUED)

Our purposes and activities

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

Zurich Community Trust has been a contributor to the Fundraising Regulator via its voluntary levy since the Regulator's inception and continues to do so. Fundraising from both Zurich UK employees and the wider community is undertaken by Zurich Community Trust to part fund its grant making programmes. Zurich Community Trust ensures that it is aware of the latest Code of Fundraising Practice and adheres to its suggested behaviours and standards in all its fundraising.

Zurich Community Trust also has a Complaints Policy that can be found from the front page of the Zurich Community Trust's website where the complainant is also able to download a complaints form.

The Board is responsible for setting the strategic direction of the charity. It delegates certain responsibilities to the Zurich Community Trust 'Trust Executive'. A significant focus of the "Trust Executive" throughout 2022 has been on three workstreams – "Employee Engagement", "Data" and "Diversity, Equity & Inclusion" where members of the "Trust Executive" have worked alongside members of the Zurich Community Trust team on various initiatives

Zurich UK employees are also involved in the decision making of Zurich Community Trust's charity partners both locally and nationally. Throughout 2022, Zurich UK employees made the final decisions on the three new national charity partners and the 55 new local charity partners.

Zurich Community Trust is not affiliated with any umbrella groups and part of any wider network. Zurich Community Trust's major donor is the Zurich UK business and as such has a very close working relationship with the employees of Zurich UK. Zurich Community Trust also has a close working relationship with the Zurich Group's charitable foundation, "Z Zurich Foundation" (Zurich's Global Foundation).

The Charitable Company fulfils its objective through:

- charity partnerships both at a local and national level across the UK encompassing a package of both financial and non-financial support; and
- an employee volunteering and fundraising programme engaging the employees of Zurich UK.

The Charitable Company manages all expenditure associated with all 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:

	2022	2021
Charitable activities	91%	93%
Raising funds	8%	6%
Other	1%	1%

ZURICH COMMUNITY TRUST (UK) LIMITED (a Company limited by guarantee)

REPORT OF THE TRUSTEES (CONTINUED)

Our purposes and activities (continued)

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 Zurich employees;
- operating a monthly society lottery;
- Zurich UK employee fundraising activity such as raffles, sweepstakes; and
- larger scale fundraising events such as abseils, London Marathon, Great South Run.

Zurich Community Trust's Audit, Finance and Risk Committee receives quarterly management information which includes information on fundraising income and expenditure to monitor against plan.

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

Focus of charitable activity spend:

	2022	2021
Employee Involvement programmes	86%	90%
Volunteering	11%	9%
Long term Strategic Programmes	3%	1%

Employee Involvement Programme

During 2022, Zurich Community Trust selected three new national charity partners and 55 new local charity partners amongst its work as well as investing in a package of additional support available to its charity partners and in its volunteering programme. This amounted to a spend of £2,813,000 (2021: £2,942,000).

Volunteering

Zurich UK also provides business time to enable employees to volunteer in the community and become involved in organising and managing fundraising events and volunteering schemes.

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REPORT OF THE TRUSTEES (CONTINUED)

Our purposes and activities (continued)

The breakdown of spend on the Employee Involvement Programme:

	2022	2021
Local Grants and Partnerships	34%	37%
National Partners	26%	21%
Employee Nominated Grants	6%	12%
Volunteering Support Costs	11%	9%
Other Support Costs	23%	21%

National and Local grant programmes

The social issues supported through the Employee Involvement Programmes were:

	2022	2021
Dementia	22%	-
Mental Health	18%	29%
Food Poverty	12%	-
Homelessness	10%	10%
Education	9%	10%
Physical Disability/Learning Difficulties	5%	10%
Older People	5%	8%
Young People	5%	4%
Domestic Abuse	5%	1%
Bereavement	2%	3%
Health	2%	-
Economic Disadvantage	1%	2%
Community Development	1%	2%
BAME	1%	-
End of life Care and Bereavement support	1%	-
Immigration	1%	-
Health Impairment	-	8%
Carers	-	4%
Emergency Relief	-	3%
Crime/Gangs	-	2%
Life Limiting Conditions	-	1%
Other	-	3%

The Openwork Foundation

The Openwork Foundation formally separated from Zurich Community Trust on 31 December 2019. There are residual amounts of money that flow from Zurich Community Trust to the Openwork Foundation as a consequence of a small number of historical 'deed of covenants' by Openwork Foundation donors not yet updated.

Our purposes and activities (continued)

National and Local grant programmes (continued)

Throughout 2022, the Zurich Community Trust undertook a significant exercise to onboard three new national partnerships and 55 new local partnerships.

The process to select the national partnerships began with a survey of Zurich UK employees in 2021 when they voted their top three themes as Mental Health, Dementia and Poverty. Over a period of three months the Zurich Community Trust team undertook a significant amount of desk-based research to compile a long-list of potential partners. There followed a refreshed application process that consisted of light-touch "Expression of Interest" forms complemented by additional questionnaires focusing on safeguarding and diversity, equity and inclusion. Stage two of the application process for a shortlist of charities from the initial long list included the submission of a seven-minute video. Following a scoring process involving 12 Zurich employees acting as volunteer assessors, two charities from each of the three themes, Mental Health, Dementia and Poverty were ultimately put to Zurich UK's employees at the Zurich UK employee roadshows in April/May 2022. As a result of the employee votes at the roadshows the following charities were chosen: Barnardo's (Mental Health) secured 1,670 employee votes, Dementia UK (Dementia) secured 1,690 employee votes and Magic Breakfast (Poverty) secured 1,686 employee votes. Each of these partners is to receive £300,000 over a two year period.

Following the national partner selection process, the Zurich Community Trust team then undertook a process to refresh the local charity partners in and around where Zurich UK has its offices across the UK. As with the national partner process the Zurich Community Trust team took the opportunity to transform the selection process for these new local partners. Reports were commissioned from the Oxford Consultants for Social Inclusion who profiled the catchment area around each of the Zurich UK offices for the prevalence of various societal issues including Mental Health, Dementia, Poverty, Homelessness and Domestic Abuse. These geographical reports were then passed to the Charities Aid Foundation who compiled a long list of organisations per location. The Zurich Community Trust team then invited those charities on the aforementioned long list to apply to become a local charity partner. As with the national partner process mentioned above, Zurich's UK employees were then instrumental in the final choice of which charities became partners. As a result of this process, 55 charities were then selected to become Zurich Community Trust's new local charity partners for the next two years.

The Zurich Community Trust team continued to develop and promote its non-financial package of support throughout 2022 with national and local charity partners able to access a wide range of offerings including paid-for training courses, webinars and memberships.

<i>"You lot never fail to amaze us with your kindness and understanding of small charity needs." KEEN, London</i>

National Partnerships [voted for by Zurich UK employees]

Barnardo's

Zurich Community Trust is delighted to be working in partnership with Barnardo's for the first time, supporting the Barnardo's Education Community (BEC).

The BEC team work in collaboration with children and young people (CYP), professionals and subject matter experts to co-produce resources, training, and wider supports to build the capacity of staff across education settings to support children and young people's mental health and wellbeing.

Zurich Community Trust's funding of £150,000 per year for the next two years will support the continuation and development of this service. The BEC team have been working on the website relaunch as a priority as well as a focus to expand their existing offer by creating new programmes of support for both school staff wellbeing and the children.

REPORT OF THE TRUSTEES (CONTINUED)

Our purposes and activities (continued)

Dementia UK

In June 2022, Zurich Community Trust was pleased to announce the continuation of our partnership with Dementia UK

The renewed partnership will fund two full-time Admiral Nurse posts for Dementia UK's new Virtual Clinics service as well as the cost of managing the new clinics booking system. The partnership is for two years with a grant payment of £150,000 per year.

The first of the two Admiral Nurses, Sarah Merrills was announced in July 2022 with the second nurse yet to be recruited.

The Virtual Clinics service was established in June 2021, in response to Covid-19 and has been very popular, supporting over 2,750 families in the first year. It is now operating five days a week, with 60 bookable appointments on offer every week.

Virtual clinics offer bookable telephone or video call appointments with a dementia specialist Admiral Nurse, lasting 45 minutes. The flexibility of the service negates issues around travelling, family members being dispersed, mobility, seeking alternative care provision or getting time off work.

Magic Breakfast

Zurich Community Trust is also pleased to be supporting Magic Breakfast for the first time, having partnered with them on a local grants basis in previous years.

During 2022, Magic Breakfast has been impacted by a 19% increase in food and fuel costs. As a result, they are prioritising support for schools where need is greatest and offer a sliding scale of food provision for schools that fall between 35% and 55% "Pupil Premium".

Zurich Community Trust's funding of £150,000 per year for the next two years will go towards the provision of breakfast in 15 primary and secondary schools across the UK. The funding will also go towards running costs and advocacy work to work towards long term change regarding school breakfast provision.

Other partnerships on a national level

Teach First

Zurich Community Trust continued throughout 2022 with its partnership with Teach First as the lead-partner for Zurich Community Trust's "Youth First" education programme.

A further donation of £200,000 was made in early 2022 representing the second payment of a three-year partnership agreed by Zurich Community Trust trustee's in late 2020.

The engagement of Zurich's employees is key to the partnership with Teach First and Zurich Community Trust's wider "Youth First" education programme. Highlights of the wider "Youth First" education programme include:

- education initiatives have taken place in Birmingham, Fareham, Leeds, London, Manchester, and Swindon
- In the 21/22 academic year we delivered eleven secondary school sessions and 7 primary school sessions through Teach First
- 8 sessions were delivered in Birmingham through the relationship with Envision

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REPORT OF THE TRUSTEES (CONTINUED)

Our purposes and activities (continued)

- Zurich volunteers supported 13 teams (of 5 students each) through the Micro-Tyco programme with Wildhearts
- 3 workshops were delivered by Zurich volunteers through Reach Out in Manchester
- 19 Zurich volunteers signed up to "Coach A Teacher" through Teach First
- 4 volunteers delivered 31 lunchtime reading sessions at Mountford Manor School, Swindon
- 114 Zurich volunteers engaged through all the "Youth First" opportunities

Alzheimer's Society

As per the five year strategy agreed by the Board of Trustees in March 2020, Zurich Community Trust continued to support the "Insurance Day of Giving" in December 2022, part of the "Insurance United Against Dementia" movement from the Alzheimer's Society.

It was agreed that Zurich Community Trust's £100,000 donation in 2022 would be used as an incentive to match-fund donations to the Insurance Day of Giving made by others across the insurance industry.

The event on 1 December 2022 was the most successful fundraising day thus far raising £170,824 with our funding leveraging engagement and donations from companies who have not taken part before.

Children and Young People's Mental Health Coalition

Zurich Community Trust has been involved with the Children and Young People's Mental Health Coalition (the Coalition) since 2010 when it was first set up.

Zurich Community Trust are now focussed on supporting the sustainability of the Coalition by extending the annual funding of £20,000 for a further 3 years. Our final payment is now scheduled for June 2024.

In addition, Zurich Community Trust have also funded half the cost of carrying out a strategic review alongside the Paul Hamlyn Foundation. We hope this piece of work, creating a refreshed five-year plan will support the Coalition in leveraging new long term funding. This review will see the recruitment of an external consultant and the facilitation of focus groups with the Coalition, with a plan to complete the review in the first half of 2023.

Superhero Series

Following the decision of the Zurich Community Trust's Trustees in March 2022 to continue supporting the "Superhero Series" for a further year, Zurich Community Trust were delighted that nine charities agreed to take part in these year's Superhero Series' events from Birmingham, Brighton, Leeds, London, Manchester and Swindon.

1. Chailey Heritage (Brighton)
2. Keen (London)
3. Queen Alexandra College (Birmingham)
4. The Growing Zone (Leeds)
5. Little Hiccups (Leeds)
6. Better Things (Manchester)
7. The Open Door Centre (Swindon)
8. KIDS (Nationwide)
9. Swindon BATS [Swindon]

The live "Superhero Series" events (two per year – "Superhero Tri" in the summer and "Winter Wonderwheels" in the winter) took place at Dorney Lake, near Windsor.

ZURICH COMMUNITY TRUST (UK) LIMITED (a Company limited by guarantee)

REPORT OF THE TRUSTEES (CONTINUED)

Our purposes and activities (continued)

While Zurich Community Trust was able to support some of our charity partners in attending the live events (either by providing a coach or reimbursing petrol costs for minibuses/cars), some charities were not able to attend due to geography and/or given the needs and disabilities of their service users. Instead, they opted to take part via the Superhero Series 'At Home' events.

GoodGym

In March 2021, Zurich Community Trust applied to the Z Zurich Foundation for an extension of funding towards the continuation of working with GoodGym to support their Covid relief work supporting vulnerable people who were isolating. Zurich Community Trust matched this funding by 100%, extending our partnership until March 2022, although the last payments were made in 2021.

In early 2022, the Z Zurich Foundation discontinued their Covid relief funding. This resulted in an end in our partnership with GoodGym in March 2022, however we have continued to offer support to Good Gym through Zurich Community Trust's package of non-financial support.

A key element of Zurich Community Trust's approach with its charity partners is to ensure that the voices of its partners are heard. This is central to the development of Zurich Community Trust's package of non-financial support to its partner organisations. One of the keyways that ideas are exchanged between charity partners and the Zurich Community Trust team is through an "Advisory Group" of charity partners.

The Advisory Group continued to meet in the first half of 2022 and inform Zurich Community Trust of the challenges they have been facing. In particular members highlighted the challenge around fundraising and how it has been even more difficult than during the pandemic due to emergency funding ending and public donations reducing.

In response to this, Zurich Community Trust delivered a number of courses focusing on different areas of fundraising whilst extending the "Funds Online" subscription offer to those charities where our partnerships were ending.

Following the completion of the new local partner selection towards the end of 2022, a new group has been set up to continue these conversations and continue to inform the work of Zurich Community Trust going forward.

Achievements and performance

Zurich Community Trust's grant making and volunteer programmes in the UK during 2022 helped "to improve the lives of people during times of vulnerability"

In 2020, the Trustees agreed that this Mission Statement would be delivered by "Improving lives by supporting wellbeing and inclusion initiatives" and "Building more resilient and sustainable communities" and this was very much still the focus throughout 2022. This approach improved the alignment with the sustainability framework of our main donor, Zurich UK together with the aims of the Z Zurich Foundation, whilst continuing to focus on delivering public benefit.

Zurich Community Trust undertakes an annual planning exercise with the Zurich Community Trust team and the Zurich Community Trust 'Trust Executive' that is signed off by the Trustees. These plans involve both numerical targets and targets relating to the impact of the programmes operated by Zurich Community Trust.

As highlighted in the report from the Chair of Trustees, a considerable focus of 2022 was on developing new national and local charity partners across the UK using a new application process approach. Central to this new approach was the aim to make our application process more equitable and inclusive by moving to lighter touch application forms and the introduction of videos from applicants so as not to prejudice those for whom English is not their first language.

ZURICH COMMUNITY TRUST (UK) LIMITED (a Company limited by guarantee)

REPORT OF THE TRUSTEES (CONTINUED)

Our purposes and activities (continued)

Zurich Community Trust measures the impact of its funding programmes through annual feedback from its charitable partners, both locally and nationally. As a significant part of Zurich Community Trust's partnership approach is focused on the non-financial support that is offered in addition to cash grants, the feedback seeks to obtain a holistic view on the whole partnership, whilst clearly allowing for specific feedback on separate elements within that. For all multi-year funding partnerships, a condition of future years funding is the receipt of a satisfactory impact/progress report.

In addition to Zurich Community Trust's grant making, a wide range of volunteering activity is brokered. This also seeks to further the aim of helping to improve the lives of people during times of vulnerability, whether this is through the donation of time or skills. As mentioned above with the grants, feedback is sought from the organisation who an individual has volunteered with to understand the impact achieved and demonstrate the fulfilment of Zurich Community Trust's aims and objectives.

Fundraising

Zurich Community Trust does not engage professional fundraisers. Zurich Community Trust raises funds from the Zurich UK business, its employees and key supplier employees. Zurich Community Trust also receives funds from Zurich's global charitable foundation, Z Zurich Foundation. This is as a result of Zurich UK employees' use of the Benevity platform for logging volunteering and fundraising, which can result in a financial donation or matching amount to Zurich Community Trust. Fundraising from members of the public is limited and mainly occurs through sponsorship donations employees may seek when they are taking part in fundraising events, most of which flows through online giving sites.

Occasionally external friends and family members of employees are engaged in key fundraising events for example the London Marathon if places are not fulfilled from Zurich UK employees alone. Zurich Community Trust is a funded and compliant member of the Fundraising Regulator. During 2022 the Charity received no complaints on its fundraising practices.

2022 Objectives

The key focus areas for 2022 were:

- to donate £2,500,000 in respect of our 2022 planned activity
- to select three new national partnerships as well as local partners located around where Zurich UK has its offices informed by data from the Oxford Consultants for Social Inclusion and supported by the Charities Aid Foundation
- to broker 250 "Challenge" team volunteering opportunities with an increasing emphasis on a return to face-to-face volunteering
- to roll out our school's programme in conjunction with the charity, Teach First to five locations: Birmingham, Leeds, London, Swindon and Whitely as well as encouraging 20 Zurich employees to participate in Teach First's Coaching programme to support teachers
- to raise £70 per head [of Zurich UK employee base] through more geographically diverse fundraising events
- to continue to develop a non-financial package of support to complement the cash grants given to the Zurich Community Trust's charitable partners
- to develop an approach for what Sustainability means for Zurich Community Trust

During 2022, £3,265,000 (2021: 3,290,000) was spent in grants and support, the vast majority of which was grants supporting charity partnerships.

Overall Zurich Community Trust brokered 15,257 hours of volunteering (2021: 5,556 hours) throughout 2022. This was a significant increase over 2020 and 2021 as more volunteering was able to take place as the UK emerged from the lockdowns of 2020 and 2021 and more face-to-face volunteering was able to take place.

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REPORT OF THE TRUSTEES (CONTINUED)

Achievements and performance (continued)

2022 Objectives (continued)

Income from donations and legacies

In addition to the £2,649,000 donation from Zurich (2021: £2,649,000) and £172,000 of donated services (2021: £602,000), £328,000 (2021: £359,000) was raised via Zurich employees. In 2022 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:

	2022	2021
Regular Giving	54%	29%
Runs & Cycle Rides	13%	4%
Charity Lottery	11%	12%
Staff fundraising	2%	19%
ZZF Foundation	-	32%
Other	20%	4%

Investment powers, policy, and performance

Zurich Community Trust seeks to maximise the social beneficial impact of the social investments it holds through investments that deliver a positive social impact and development. The trustees select social investments that are in low to medium risk portfolios with the aim of preserving the value of the investment in real terms, rather than creating 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 -10.9% (2021: -1.7%) and the value of the investment decreased between December 2021 and December 2022 by -12% (2021: 1.6% decrease).

Noting the reduction in the financial value of the social investment during 2022 and notwithstanding the social beneficial impact of the social investment the trustees will discuss the current investment approach during 2023.

The bond is invested in the following outcomes

- Affordable Housing & Property;
- Community Services;
- Education, Learning & Skills;
- Employment & Training;
- Financial Inclusion;
- Health & Social Care;
- Transport & Communications Infrastructure and
- Utilities & the environment.

ZURICH COMMUNITY TRUST (UK) LIMITED (a Company limited by guarantee)

REPORT OF THE TRUSTEES (CONTINUED)

Charitable Partnerships

Building on the progress made in 2021, Zurich Community Trust undertook a thorough exercise throughout 2022 leading to a refresh of Zurich Community Trust's charitable partners. There are now new local and national partnerships that focus on charities supporting mental health, dementia, poverty, homelessness and loneliness and isolation.

A key element of our partnership working will be working with partners who truly support all sections of their community and who can demonstrate how their services are diverse, equitable and inclusive. Zurich Community Trust will continue to explore ways in which we can support our charitable partners to become more sustainable.

Zurich Community Trust remains committed to constantly evolving its package of non-financial support to ensure that it adds true value to the partner organisations.

Financial Review

Unrestricted funds are needed to enable the Zurich Community Trust 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.

Restricted funds can only be expended in accordance with specific restrictions, arising either by the wishes of the donor or by the nature of the appeal.

The position of reserves in relation to the agreed policy is regularly reviewed by the Head of Zurich Community Trust and the Chair of Zurich Community Trust and Zurich Community Trust's "Investment and Reserves Policy" was reviewed by the Board of Trustees on 29 November 2022.

At the end of 2022 the level of reserves were in line with the policy.

The Trustees are satisfied that Zurich Community Trust 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.

During the year Zurich Community Trust's general funds decreased from £3,252,000 to £1,176,000 as a result of three new national partnerships and 55 new local partnerships created with each incepted for two years as outlined below

Restricted funds for 2022 is £7,000 (2021: £7,000).

Designated funds include funds set aside for the support of various multi-year partnerships projects.

Designated funds have increased from £1,534,000 to £3,045,000 reflecting the two year partnerships that were incepted throughout 2022 with three national charity partners and 55 local charity partners. The purpose of these funds is detailed in Note 18 in the financial statements.

Going concern

The Trustees are satisfied that Zurich Community Trust can continue to use the going concern basis in preparing the financial statements. In making this assessment the Trustees have considered the projected cash flows of Zurich Community Trust which show that Zurich Community Trust has sufficient resources for 12 months from the date of approval of these financial statements.

ZURICH COMMUNITY TRUST (UK) LIMITED (a Company limited by guarantee)

REPORT OF THE TRUSTEES (CONTINUED)

Independent auditor

The auditor, Ernst & Young LLP ("EY"), have indicated their willingness to continue in office.

Structure, governance and management

Recruiting and training Trustees

The current Articles support a minimum of five Trustees, of which at least two must be independent from the Zurich business. At the end of 2022 there were six active Trustees with two pending vacancies

In 2021 the Trustees engaged with a trustee recruitment consultancy, BAME Recruitment who will work with the Chair to commence the search to fill the vacant Trustee positions. This work is still in progress, and we hope to conclude during 2023.

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 Zurich Community Trust 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 Zurich Community Trust 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 Zurich Community Trust. The Trustees receive any relevant updates and guidance on their role as Trustees of Zurich Community Trust. The effectiveness of the current Zurich Community Trust Board is reviewed by the Chair in consultation with the Trustees.

Organisational structure

Whilst Zurich Community Trust is linked to Zurich, the Board of Trustees operate independently in the best interests of Zurich Community Trust. The Board of Trustees is supported, via documents of delegation which includes the Board Charter and respective Committees 'Terms of Reference' and by delegations to the Head of Zurich Community Trust and the Zurich Community Trust (UK) Limited 'Trust Executive' Committee. The former has delegated responsibilities for the day-to-day running of Zurich Community Trust and the latter has key delegated responsibilities for oversight of operational matters. In all cases there are agreed guidelines for approval by Zurich Community Trust's Board of Trustees and once a year there is a joint meeting of the Zurich Community Trust Board of Trustees and the Zurich Community Trust 'Trust Executive' committee to agree plans and targets for the year.

There is also a separate Remuneration Committee ("Committee") which consists of four Trustees with at least one Trustee independent from Zurich. The Committee was chaired by Andrew Jepp until his resignation as a trustee on 8 August 2022 with the Committee now chaired by Amy Brettell. Other members of the Remuneration Committee are Steve Collinson, Tim Culling and Wayne Myslik.

There is also a separate Audit, Finance and Risk Committee consisting of three Trustees including at least one independent from Zurich. The Trustees delegate oversight of the external audit to this committee. Currently, this committee is chaired by Richard Peden and includes Tim Culling and Wayne Myslik and is also joined by Richard Gaskell, a member of the Zurich Community Trust 'Trust Executive' committee.

ZURICH COMMUNITY TRUST (UK) LIMITED (a Company limited by guarantee)

REPORT OF THE TRUSTEES (CONTINUED)

Risk management and Principal risks and uncertainties

The Charitable Company has a strong risk management and governance framework in place. The Charitable Company is exposed to business and financial risk through its financial assets and financial liabilities. The specific financial risks are limited to liquidity risk and credit risk.

Structure, governance and management (continued)

Business risk

The Trustees recognise, monitor and regularly discuss the current macro-economic climate and its impacts on both the Charitable Company and the recipients of the Charitable Company's work, as well as understanding the ongoing pressures on charities brought about by the COVID-19 pandemic. As a result, the Trustees believe the Charitable Company is well positioned to support the needs of the organisations the Charitable Company partner from both a financial and a non-financial package of support standpoint.

Other business risks include:

- reliance on Zurich UK operations for support in IT, HR, Facilities and Finance;
- a safeguarding issue arising in connection with a charity that Zurich Community Trust has funded; or
- volunteering activity brokered by Zurich Community Trust triggering a safeguarding issue or transmission of an infection.

As a funder of other organisations, the Charities Commission have imposed a responsibility on Zurich Community Trust to undertake due diligence on organisations it funds to check its safeguarding policies and practices are compliant. There is a risk Zurich Community Trust could be involved in financially supporting an organisation where there is a safeguarding breach with the potential consequent reputational damage.

Zurich Community Trust's Total Risk Profile also covers the potential risk relating to a safeguarding issue arising out of a volunteering activity brokered by Zurich Community Trust. This could involve a Zurich UK employee being accused of a safeguarding incident or the Zurich UK volunteer could be exposed to a safeguarding incident at the organisation where they are working. First and foremost exists the risk to the person who may be harmed but also the potential consequent reputational damage.

Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost due to the potential loss of donation income and engagement from Zurich due to competing demands on employees' time and the move to home/agile working.

Zurich Community Trust's finances are actively managed and monitored to ensure that sufficient funds are available to meet liabilities as they fall due. The Trustees are of the opinion that any liquidity risk that Zurich Community Trust faces is mitigated.

Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due.

Zurich Community Trust's cash and receivables are actively managed and monitored to ensure credit risk remains low.

ZURICH COMMUNITY TRUST (UK) LIMITED (a Company limited by guarantee)

REPORT OF THE TRUSTEES (CONTINUED)

Structure, governance and management (continued)

Pay and remuneration

Zurich Community Trust's Remuneration Committee has delegated authority to assess and agree the annual performance salary ranges for those working in the Zurich Community Trust team. This is reviewed every year using a combination of an external voluntary sector salary survey coupled with data shared with Zurich Community Trust from the Zurich UK's Reward team for Community Investment roles. Roles are benchmarked to relevant data and to each other.

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

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.

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

All the running costs of Zurich Community Trust, including salary and bonus, are funded from the annual donation from the Zurich UK business.

Statement of Trustees' responsibilities

The following statement sets out the responsibilities of the Trustees (who are also Directors of Zurich Community Trust for the purposes of company law) in relation to the financial statements of Zurich Community Trust.

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

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 Zurich Community Trust and of the incoming resources and application of resources, including the income and expenditure, of Zurich Community Trust 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 principles 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 Zurich Community Trust's ability to continue, unless it is inappropriate to presume that Zurich Community Trust will continue to operate.

ZURICH COMMUNITY TRUST (UK) LIMITED (a Company limited by guarantee)

REPORT OF THE TRUSTEES (CONTINUED)

Statement of Trustees' responsibilities (continued)

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain Zurich Community Trust's transactions and disclose with reasonable accuracy at any time the financial position of Zurich Community Trust and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of Zurich Community Trust 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 Zurich Community Trust's auditor is unaware.

Each Trustee has taken all the steps that they ought to have taken as a Trustee in order to make themselves aware of any relevant audit information and to establish that Zurich Community Trust's auditor is 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 20 July 2023

ZURICH COMMUNITY TRUST (UK) LIMITED (a Company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ZURICH COMMUNITY TRUST (UK) LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Zurich Community Trust (UK) Limited ("Charitable Company") for the year ended 31 December 2022 which comprise the balance sheet as at 31 December 2022; the statement of financial activities (incorporating an income and expenditure statement), and the statement of cash flows for the year then ended, and the related notes 1 to 22, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- ▶ give a true and fair view of the state of the Charitable Company's affairs as at 31 December 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- ▶ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ▶ have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustee is responsible for the other information contained in the annual report.

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

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit the information given in the Trustee's report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Charitable Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Report of the Trustee.

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

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

Responsibilities of trustees

As explained more fully in the Trustee's responsibilities statement as set out on page 16 and 17 the Trustee (who are the directors of the Charitable Company for the purposes of company law) is responsible for the preparation of the financial statements and for being satisfied that give a true and fair view, and for such internal control as the Trustee determines 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 Trustee is 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 management either intends to liquidate the Charitable Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Charitable Company and determined that the most significant are those that relate to the reporting framework Financial Reporting Standard FRS 102 regulation in the United Kingdom and the Charities SORP.
- We understood how the charity is complying with those frameworks by making enquiries of management, those charged with governance, and those responsible for legal and compliance matters.
- We assessed the susceptibility of the Charitable Company's financial statements to material misstatement, including how fraud might occur by considering the controls that the Charitable company has established to address the risks identified by the entity and to prevent or detect fraud, including in a remote-working environment, and how management monitors these controls. We considered management's incentives and opportunities for fraudulent manipulation of the financial statements, including management override of controls. We tested the appropriateness of journal entries recorded in the general ledger and evaluated the business rationale for significant and/or unusual manual transactions. We verified that the journals selected are supported, where appropriate, by appropriate source documentation.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making enquiries of those charged with governance and management and as a result of our enquiries, management is not aware of any non-compliance with laws and regulations affecting the financial statements. Based upon our enquiries, we are not aware of any instances of non-compliance with laws and regulations.

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

Use of our report

This report is made solely to the Charitable Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Charitable Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charitable Company and the Charitable Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Richard Page (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Bristol

21 July 2023

ZURICH COMMUNITY TRUST (UK) LIMITED (a Company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (and summary income and expenditure account)

FOR THE YEAR ENDING 31 DECEMBER 2022

	Note	Unrestricted funds £'000	Restricted funds £'000	Total 2022 £'000
Income from:				
Donations and legacies	4	3,128	21	3,149
Charitable activities	5	63	48	111
Investments	6	1	-	1
Total		3,192	69	3,261
Expenditure on:				
Raising funds	7	(278)	-	(278)
Charitable activities	8	(3,158)	(107)	(3,265)
Other	7	(46)	-	(46)
Total		(3,482)	(107)	(3,589)
Net loss on investments	14	(237)	-	(237)
Net expenditure		(527)	(38)	(565)
Transfer between funds		(38)	38	-
Net movement in funds		(565)	0	(565)
Reconciliation of funds:				
Total funds brought forward		4,786	7	4,793
Total funds carried forward		4,221	7	4,228

All gains and losses recognised in the year are included in the Statement of Financial Activities. The prior year comparatives, for the year ended 2021, are shown on page 22.

ZURICH COMMUNITY TRUST (UK) LIMITED (a Company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (and summary income and expenditure account)

FOR THE YEAR ENDING 31 DECEMBER 2021

	Note	Unrestricted funds £'000	Restricted funds £'000	Total 2021 £'000
Income from:				
Donations and legacies	4	3,024	163	3,187
Charitable activities	5	41	136	177
Total		3,065	299	3,364
Expenditure on:				
Raising funds	7	(212)	-	(212)
Charitable activities	8	(2,912)	(378)	(3,290)
Other	7	(47)	-	(47)
Total		(3,171)	(378)	(3,549)
Net loss on investments	14	(36)	-	(36)
Net expenditure		(142)	(79)	(221)
Transfer between funds		(79)	79	-
Net movement in funds		(221)	-	(221)
Reconciliation of funds:				
Total funds brought forward		5,007	7	5,014
Total funds carried forward		4,786	7	4,793
Income from:				

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

AS AT 31 DECEMBER 2022

	Note	2022 £'000	2021 £'000
<u>Fixed assets</u>			
Investments	14	1,938	2,175
		<u>1,938</u>	<u>2,175</u>
<u>Current assets</u>			
Debtors	15	44	70
Cash at bank and in hand	16	2,848	2,701
		<u>2,892</u>	<u>2,771</u>
<u>Liabilities</u>			
Creditors: amounts falling due within one year	17	(602)	(153)
Net current assets		<u>2,290</u>	<u>2,618</u>
Net assets		<u>4,228</u>	<u>4,793</u>

The funds of the Charitable Company:

Unrestricted income funds

General funds	18	1,176	3,252
Designated funds	18	3,045	1,534
		<u>4,221</u>	<u>4,786</u>

Restricted income funds

	19	7	7
Total funds		<u>4,228</u>	<u>4,793</u>

The financial statements on pages 21 to 40 were approved by the Board of Trustees on 20 July 2023 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 ENDING 31 DECEMBER 2022

	Note	2022 £'000	2021 £'000
Cash flows from operating activities			
Net cash provided by operating activities	20	146	49
Cash flows from investing activities			
Dividends and interest from investments	6	1	-
Net cash provided by investing activities		1	-
Net increase in cash and cash equivalents		147	49
Cash and cash equivalents at the beginning of the Year		<u>2,701</u>	<u>2,652</u>
Cash and cash equivalents at the end of the Year		<u>2,848</u>	<u>2,701</u>
Analysis of cash and cash equivalents:			
Cash at bank and in hand	16	2,848	2,701
Cash and cash equivalents	21	<u>2,848</u>	<u>2,701</u>

ZURICH COMMUNITY TRUST (UK) LIMITED (a Company limited by guarantee)

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 policy information

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 Adoption of new and revised standards

There have been no changes that impact FRS102.

2.2 Basis of preparation

The Trustees are satisfied that the Charitable Company can continue to use the going concern basis in preparing the financial statements. In making this assessment the Trustees have considered the projected cash flows of the Charitable Company which show that the Charitable Company has sufficient resources for a period of twelve months from the date of approval of these financial statements.

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 financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland' ("SORP") and the Charities Act 2011.

2.3 Statement of Financial Activities (and summary income and expenditure account) ("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 SoFA.

2.4 Income

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

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 and Capita employees (working on an outsourced Zurich contract).

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 investments is also included in income.

All income relating to the reporting period to which the accounts relate is taken into account without regard to the date of payment or receipt.

2. Accounting policy information (continued)

2.5 Expenditure

Expenditure is recognised when a liability or cost is incurred. Expenditure that relates to more than one cost category (support costs) has been apportioned across raising funds, charitable activities and other costs based on the percentage of resource utilisation on these activities. Expenditure includes recharges from other Zurich companies relating to staff costs.

Multi-year grant payments are accounted for in the year that they relate to. Additional years commitments are not included in the current year where there are conditions to be met before the future 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. Each grant is recognised as an expense when the liability is incurred. All grants made during the year supported the objectives of the Charitable Company and the recipient organisations.

The Charitable Company also uses its financial resources to provide its charitable partners with a variety of additional resources to support their activities and overall good governance. These include training courses, memberships, and access to online funding search engines.

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

2.6 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.

2.7 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.

2.8 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.

2.9 Cash at bank and in hand

Cash at bank and in hand includes cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

ZURICH COMMUNITY TRUST (UK) LIMITED (a Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Accounting policy information (continued)

2.10 Recognition of liabilities

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

2.11 Discontinued operations

The registration for The Openwork Foundation as a charity was granted by the Charities Commission on 25 July 2019. There was no money received from The Openwork Foundation donors in 2022 (2021: £16,101).

3. Accounting policies and estimates

In the application of the company's accounting policies, management are required to make judgements and use certain estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The company currently does not have any critical judgements or use 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.

4. Income from donations and legacies

	2022	2021
	£'000	£'000
Unrestricted funds		
Donation from Zurich UK Businesses	2,649	2,649
Regular Giving	238	150
Donated services	172	206
Other voluntary income	36	8
Tax recoverable on gift aided donations	33	11
	<hr/>	<hr/>
	3,128	3,024
Restricted funds		
Donation from ZZF Foundation	-	160
Other voluntary income	21	3
	<hr/>	<hr/>
	21	163
	<hr/>	<hr/>
	3,149	3,187
	<hr/>	<hr/>

ZURICH COMMUNITY TRUST (UK) LIMITED (a Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Income from donations and legacies (Continued)

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.

5. Income from Charitable activities

	<u>2022</u> <u>£'000</u>	<u>2021</u> <u>£'000</u>
Unrestricted funds:		
- Runs and Cycle Rides	56	22
- Zurich UK Employee Fundraising	7	19
	<u>63</u>	<u>41</u>
Restricted funds:		
- Zurich UK Employee Fundraising	-	77
- Lottery	48	59
	<u>48</u>	<u>136</u>
	<u>111</u>	<u>177</u>

6. Income from Investments

	<u>2022</u> <u>£'000</u>	<u>2021</u> <u>£'000</u>
Bank interest	1	-
	<u>1</u>	<u>-</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</u>	<u>Charitable</u>	<u>Total</u>	<u>Total</u>
	<u>£'000</u>	<u>Funds</u>	<u>Activities</u>	<u>2022</u>	<u>2021</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
<u>Support Costs</u>					
Staff and related costs	35	138	748	921	808
Fundraising expenses	-	74	-	74	19
Trading	-	-	-	-	6
Travel and accommodation	-	1	11	12	6
Stationery	-	-	1	1	1
Office equipment and IT	-	2	2	4	36
Miscellaneous	6	28	178	212	125
Lottery	-	12	-	12	11
Governance costs	-	-	3	3	3
Donated services	5	23	144	172	206
<u>Total support costs</u>	<u>46</u>	<u>278</u>	<u>1,087</u>	<u>1,411</u>	<u>1,221</u>
Charitable Donations	-	-	2,178	2,178	2,328
<u>Total expenditure</u>	<u>46</u>	<u>278</u>	<u>3,265</u>	<u>3,589</u>	<u>3,549</u>

Staff working on behalf of the Charitable Company are employed by Zurich Employment Services Limited ("ZES"). Staff costs are detailed in Note 10.

Governance support costs represent the portion of the fees borne by the Charitable Company for the audit of the Charitable Company's financial statements. Amount in excess of £3,000 is borne by Zurich Assurance Ltd ("ZAL") and recognised as part of donated services.

ZURICH COMMUNITY TRUST (UK) LIMITED (a Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. Charitable activities

	<u>Charitable activities £'000</u>	<u>Support Costs £'000</u>	<u>Total 2022 £'000</u>	<u>Total 2021 £'000</u>
Trust:				
- Strategic Funding Programmes	<u>58</u>	<u>49</u>	<u>107</u>	<u>48</u>
National and Local Partnerships:				
- National Partnerships	843	332	1,175	994
- Local Partnerships	<u>1,277</u>	<u>368</u>	<u>1,645</u>	<u>1,948</u>
	2,120	700	2,820	2,942
 - Volunteering	-	338	338	284
 Grant payable to Openwork Foundation	<u>-</u>	<u>-</u>		<u>16</u>
	2,178	1,087	3,265	3,290

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 paid

	<u>2022</u> <u>£'000</u>	<u>2022</u> <u>£'000</u>	<u>2021</u> <u>£'000</u>	<u>2021</u> <u>£'000</u>
<u>Strategic Funding Programmes</u>				
Call in Time Programme	38		-	
Young People's Mental Health Programme	20		48	
		<u>58</u>		<u>48</u>
<u>National and Local Partnerships</u>				
Long-term Community Partnerships				
National Partners:				
- Dementia UK	153		100	
- Place2Be	-		100	
- Teach First	200		200	
- Barnardo's	153		-	
- Magic Breakfast	153		-	
- Other	184		275	
		<u>843</u>		<u>675</u>
Local Partnerships	1,087		1,188	
Employee Nominated Grants	190		401	
		<u>1,277</u>		<u>1,589</u>
Grant Payable to Openwork Foundation		<u>-</u>		<u>16</u>
		<u>2,178</u>		<u>2,328</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 paid (continued)**

The following represents 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>2022</u>	<u>2021</u>
	<u>£'000</u>	<u>£'000</u>
TeachFirst	200	200
Dementia UK	153	108
Barnardo's	153	-
Magic Breakfast	153	-
Alzheimer's Society	131	126
Superhero Series	90	-
Step By Step	45	65
The Soup Kitchen	40	56
Woman's Trust	40	-
Dementia Concern	40	-
Age UK	38	-
The GoodGym	37	160
Spotlight UK	36	-
Swindon & Gloucestershire Mind	35	-
Swindon Carers Centre	35	-
The Olive Tree Cafe	35	-
The Swindon Women's Aid	35	-
The Deborah Ubee Trust	30	-
The Moving on Project	30	-
The Place2Be	-	103
Mind in Haringey	-	115
MISC (Payment to ZFF for India Appeal)	-	63
Phoenix Enterprises	-	49
The Centre for Mental Health	-	48
KIDS	-	45
SIFA Fireside	-	43
Ovacome	-	36
Oakleaf Enterprise	-	35
2 Wish Upon A Star	-	35
Chailey Heritage Foundation	-	34
The Open Door Centre	-	30
The Diana Award	-	30
Jacob Abraham Foundation	-	30
Wildhearts Talent Ltd	-	30
The Openwork Foundation	-	16
Other	822	871
Total	2,178	2,328

ZURICH COMMUNITY TRUST (UK) LIMITED (a Company limited by guarantee)**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****10. Staff**

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

	<u>2022</u> <u>No.</u>	<u>2021</u> <u>No.</u>
The average number of employees working for the Charitable Company during the year was:		
Charitable activities	12	12
Other	2	2
Raising Funds	2	2
	<u>16</u>	<u>16</u>

The aggregate payroll costs of these employees were:

	<u>2022</u> <u>£'000</u>	<u>2021</u> <u>£'000</u>
Wages and salaries	693	610
Other pension costs	72	71
Social security costs	76	59
Employee benefits	80	68
	<u>921</u>	<u>808</u>

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

	<u>2022</u>	<u>2021</u>
£60,000 - £69,999	-	-
£70,000 - £79,999	-	-
£80,000 - £89,999	1	1

The total emoluments paid to key management personnel during 2022 was £83,200 (2021: £80,749). There was one key management personnel during 2022 (2021: 1).

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. The costs are recharged from the employing company to the Charitable Company and the disclosures are available in the financial statements of the employing company noted above.

ZURICH COMMUNITY TRUST (UK) LIMITED (a Company limited by guarantee)**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****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 expenditure

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

	<u>2022</u> <u>£'000</u>	<u>2021</u> <u>£'000</u>
Auditor's remuneration in respect of audit services	8	8

Auditor's remuneration in respect of ZCT audit was £8,096 (2021: £8,000). The amount borne by ZCT totalled £3,000 (2021: £3,000). Audit fee borne by ZAL amounted to £5,096 (2021: £5,000).

13. Trustees' emoluments and expenses

Trustees claimed travel and training expenses of £380 (2021: nil).

No Trustee was paid in respect of services provided to the Charitable Company either by the Charitable Company or by a related party (2021: nil).

14. Fixed asset investments

	<u>2022</u> <u>£'000</u>	<u>2021</u> <u>£'000</u>
Investment in 'UK Social Bond Fund'	<u>1,938</u>	<u>2,175</u>
	<u>At 1 Jan</u> <u>2022</u> <u>£'000</u>	<u>Valuation</u> <u>movement</u> <u>£'000</u>
Investment in 'UK Social Bond Fund'	<u>2,175</u>	<u>(237)</u>
	<u>At 1 Jan</u> <u>2021</u> <u>£'000</u>	<u>At 31 Dec</u> <u>2021</u> <u>£'000</u>
Investment in 'UK Social Bond Fund'	<u>2,211</u>	<u>(36)</u>

ZURICH COMMUNITY TRUST (UK) LIMITED (a Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Fixed asset investments (continued)

There were no purchases or disposals in the investment in the 'UK Social Bond Fund' in the year. An unrealised loss on fixed asset investments of £237,000 (2021: unrealised loss of £36,000) was recognised in the year.

15. Debtors

	<u>2022</u> <u>£'000</u>	<u>2021</u> <u>£'000</u>
Prepayments and accrued income	10	19
Amounts due from Zurich Insurance Group Ltd undertakings	5	22
Sundry debtors	29	29
	<u>44</u>	<u>70</u>

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

16. Cash at bank and in hand

	<u>At 1 Jan</u> <u>2022</u> <u>£'000</u>	<u>Cash</u> <u>flows</u> <u>£'000</u>	<u>At 31 Dec</u> <u>2022</u> <u>£'000</u>
Cash at bank and in hand	2,701	147	2,848

	<u>At 1 Jan</u> <u>2021</u> <u>£'000</u>	<u>Cash</u> <u>flows</u> <u>£'000</u>	<u>At 31 Dec</u> <u>2021</u> <u>£'000</u>
Cash at bank and in hand	2,652	49	2,701

17. Creditors: amounts falling due within one year

	<u>2022</u> <u>£'000</u>	<u>2021</u> <u>£'000</u>
Grant payable to the Openwork Foundation	-	16
Amounts owed to Zurich Insurance Group Ltd Undertakings	537	121
Accruals and deferred Income	65	16
	<u>602</u>	<u>153</u>

ZURICH COMMUNITY TRUST (UK) LIMITED (a Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. Statement of funds

	<u>At 1 Jan</u> <u>2022</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>At 31 Dec</u> <u>2022</u> <u>£'000</u>
General Funds	3,252	3,192	(3,482)	(237)	(1,549)	1,176
Designated Funds	1,534	-	-	-	1,511	3,045
Total Unrestricted Funds	4,786	3,192	(3,482)	(237)	(38)	4,221
Restricted Funds	7	69	(107)	-	38	7
Total Funds	4,793	3,261	(3,589)	(237)	-	4,228

	<u>At 1 Jan</u> <u>2021</u> <u>£'000</u>	<u>Income</u> <u>£'000</u>	<u>Expenditure</u> <u>£'000</u>	<u>Investment</u> <u>gain</u> <u>£'000</u>	<u>Transfers</u> <u>£'000</u>	<u>At 31 Dec</u> <u>2021</u> <u>£'000</u>
General Funds	4,696	3,065	(3,171)	(36)	(1,302)	3,252
Designated Funds	311	-	-	-	1,223	1,534
Total Unrestricted Funds	5,007	3,065	(3,171)	(36)	(79)	4,786
Restricted Funds	7	299	(378)	-	79	7
Total Funds	5,014	3,364	(3,549)	(36)	-	4,793

The general funds represent 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.

ZURICH COMMUNITY TRUST (UK) LIMITED (a Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. Statement of funds (continued)

The designated fund has increased by £1,511,000 during 2022 (2021: increased by £1,223,000). This increase reflected the impact of a transfer from the general fund to the designated fund net of expenditure in the year, following an increase in the number of national and local partnerships created in 2022.

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 £7,000 (2021: £7,000) represents the restricted funds raised which have not been expended by the end of the year.

	<u>2022</u>	<u>2021</u>
	<u>£'000</u>	<u>£'000</u>
<u>Young Peoples Mental Health Programme</u>	40	60
<u>Local Multi Year Funding Partnerships</u>	1,079	-
<u>National Partnerships</u>	450	-
<u>Teach First</u>	200	400

The short-term project commitments and future spend, for which designated funds have been set aside, include:

Short-term project commitments	170	205
Income designated for future years	1,106	869
Total designated funds	<u>3,045</u>	<u>1,534</u>

ZURICH COMMUNITY TRUST (UK) LIMITED (a Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. 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 2022 are represented by:				
Fixed asset investments	-	-	1,938	1,938
Current assets	7	3,045	(160)	2,892
Creditors	-	-	(602)	(602)
Net assets	7	3,045	1,176	4,228
	<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 2021 are represented by:				
Fixed asset investments	-	-	2,175	2,175
Current assets	7	1,534	1,230	2,771
Creditors	-	-	(153)	(153)
Net assets	7	1,534	3,252	4,793

20. Reconciliation of net expenditure to net cash provided by / (used in) operating activities

	<u>Note</u>	<u>2022</u> <u>£'000</u>	<u>2021</u> <u>£'000</u>
Net expenditure for the reporting period		(565)	(221)
Adjustments for:			
Decrease in debtors	15	26	172
Increase in creditors	17	449	62
Income from investments	6	(1)	-
Loss on investments	14	237	36
Net cash provided by / (used in) operating activities		146	49

ZURICH COMMUNITY TRUST (UK) LIMITED (a Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. Analysis of changes in net funds

	<u>At 1 Jan 2022</u>	<u>Cash flows</u>	<u>At 31 Dec 2022</u>
	<u>£'000</u>	<u>£'000</u>	<u>7£'000</u>
Cash at bank and in hand	2,701	147	2,848
Cash and cash equivalents	2,701	147	2,848

22. Related parties

a. Controlling parties

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 and life insurance and asset management. Control can be exercised by the parent, for example through corporate trusteeship or through a power to appoint or remove the majority trustees. 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:

Unity Place 1, Carfax Close, Swindon, SN1 1AP

The Charitable Company's registered office address and legal form are detailed within 'Reference and administrative details' on pages 1 and 2.

22. Related parties (continued)

b. Related party balances

Balances with Zurich Insurance Group Ltd undertakings are shown in Note 15 and 17. The balances are made up of:

Debtors:

- £5,000 (2021: £18,000) due from ZIP UK; and
- £nil (2021: £4,000 creditor) due from Zurich Assurance Ltd.

Creditors:

- £534,000 (2021: £107,000) due to Zurich Employment Services Limited;
- £3,000 (2021: £3,000) due to Allied Dunbar Assurance Plc; and

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

There were no grants paid (2021: £15,000) to the Swindon Therapy Centre for Multiple Sclerosis, a partner within the Zurich Cares programme, of which Tim Culling, a Director of the Charitable Company has been a trustee since 2014.