

Registered number
2306320

Zurich Holdings (UK) Limited

Financial Statements

31 December 2010

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Contents

Page

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

Company information

Directors

S Diffey (appointed 27 July 2010)
J R Dyke (appointed 27 July 2010)
S Lewis
W Lewis

Secretary

P J Lampshire

Registered office

The Zurich Centre
3000 Parkway
Whiteley
Fareham
Hampshire
PO15 7JZ

Independent auditors

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

Directors' report

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

Business review

This review is designed to help explain the financial statements and the financial performance of the Company. Set out below is a brief explanation of the methods used to measure and monitor the performance of the Company as well as providing commentary on the financial results for the year.

Principal activity

The principal activity of the Company is to act as a holding company. The principal activity of its subsidiary undertakings is the provision of services to other group companies and businesses, to support the group's insurance business.

During May 2011 a series of transactions were carried out with fellow subsidiaries. On 23 May 2011 a subordinated loan of £28,920,000 was granted to the Company by Zurich Finance (Luxembourg) S A. On 27 May 2011, a credit facility was made available to the Company of £115,680,000 by Zurich Global Funding. On 31 May 2011 a new loan of £104,771,017.81 was granted to the Company by Zurich Group Funding Luxembourg S A replacing the existing loan of an equivalent amount.

On 27 June 2011 the Company was allotted 32,970,000 ordinary shares of £1 each in a subsidiary, Zurich UK General Services Limited. On 31 May 2011 a new loan facility of £260,280,000 was granted to the subsidiary by the Company, replacing the existing loan facility of £43,200,000. The sum of £4,050,000 which has been drawn down by the subsidiary under the existing loan facility was repaid to the Company on 27 June 2011.

Performance measurement

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance and position of the business.

Results for the year

The results for the Company show a pre-tax profit of **£3,918,000** (2009 profit of £4,934,000) for the year.

The Company has net assets of **£141,869,000** (2009 £137,374,000).

The overall financial position at the end of the year was satisfactory and the directors expect to maintain the current level of performance for the foreseeable future.

Dividends

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

Directors

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

The following directors resigned during the year:

K S Maeder (resigned 21 September 2010)

S Egan (resigned 27 July 2010)

Directors' indemnity

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

Directors' report

Financial instruments

The directors consider that there is no material exposure to credit or liquidity risk for the financial instruments held by the Company. The Company does not hold equity instruments, the financial assets and liabilities are British pound denominated.

Statement of disclosure of information to auditors

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

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

Independent auditors

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

Directors' responsibilities statement

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

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

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

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

By order of the Board



P J Lampshire
Company Secretary
15 September 2011

Independent auditors' report to the shareholders of Zurich Holdings (UK) Limited

We have audited the financial statements of Zurich Holdings (UK) Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

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

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

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

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditors' report to the shareholders of Zurich Holdings (UK) Limited

Matters on which we are required to report by exception

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

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



Paul Clarke (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

16 September 2011

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

£000	Notes	2010	2009
Investment income	1	5,992	9,612
Interest receivable and similar income	1	98	26
Operating profit		6,090	9,638
Interest payable and similar charges	1	(2,172)	(4,704)
Profit on ordinary activities before taxation		3,918	4,934
Tax on profit on ordinary activities	5	577	1,638
Profit for the financial year		4,495	6,572

All figures relate to continuing operations

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

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

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

£000	Called up share capital	Profit and loss account	2010	2009
Opening shareholders' funds	147,800	(10,426)	137,374	80,602
Profit for the financial year	-	4,495	4,495	6,572
Issue of ordinary shares of £1 each	-	-	-	50,200
Closing shareholders' funds	147,800	(5,931)	141,869	137,374

Balance sheet
as at 31 December 2010

£000	Notes	2010	2009
Fixed Assets			
Investments in subsidiary undertakings	6	230,026	230,027
		230,026	230,027
Current assets			
Other financial investments	7	12,040	10,355
Debtors	8	4,647	1,706
Cash at bank and in hand		1	1
		16,688	12,062
Creditors: amounts falling due within one year	9	(104,845)	(104,715)
Net current liabilities		(88,157)	(92,653)
Total assets less current liabilities		141,869	137,374
Capital and reserves			
Called up share capital	10	147,800	147,800
Profit and loss account		(5,931)	(10,426)
Total shareholders' funds		141,869	137,374

The financial statements on pages 6 to 13 were approved and authorised for issue by the Board on 15 September 2011 and were signed on its behalf by



J R Dyke
Director

Accounting policies for the year ended 31 December 2010

Basis of preparation

The Company's financial statements have been prepared in accordance with the provisions of the Large and Medium-sized Companies and groups (Accounts and Reports) Regulations 2008 ("SI2008/410"). The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom.

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

The Company is a wholly owned subsidiary of an ultimate parent company incorporated outside of the European Economic Area which prepares consolidated accounts, in accordance with section 401 of the Companies Act 2006 the Company is therefore exempt from preparing group accounts.

Accounting convention

The accounts are prepared under the historical cost convention modified by the revaluation of investments.

Investment return

Investment return comprises all investment income, realised investment gains and losses and movements in unrealised gains and losses, net of investment expenses, charges and interest.

Investment income is accounted for on an accruals basis.

Interest receivable

Interest on deposits held with credit institutions and bank and cash is accounted for on an accruals basis.

Dividends

Interim dividends are recognised when paid, and final dividends are booked as a liability when they are approved by resolution of the member.

Investments

Investments in subsidiaries are valued at cost less any provision that may be required for impairment and other investments are valued at cost.

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

1 Investment income, interest and charges

£000	2010	2009
Dividends receivable	5,992	9,612
Interest receivable and similar income	98	26
Investment income	6,090	9,638
Interest payable and similar charges	2,172	4,704
Interest payable and similar charges	2,172	4,704

2 Auditors' remuneration

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

£000	2010	2009
Fees payable to the Company's auditor for the audit of the Company's financial statements	3	3
Fees payable to the Company's auditor and its associates for other services		
- The audit of the Company's subsidiaries, pursuant to legislation	197	130
Total	200	133

These expenses have been borne by another group company

3 Directors' emoluments

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

4 Staff Costs

Employees in the UK working on behalf of the Company are employed by either Zurich UK General Employee Services Limited, Zurich UK General Services Limited or Zurich Global Corporate UK Limited These employees may also work on behalf of any other Zurich Financial Services Ltd's companies

The principal disclosures in respect of these staff, including disclosures in relation to share based payments, appear in the accounts of Zurich UK General Employee Services Limited, Zurich UK General Services Limited and Zurich Global Corporate UK Limited, copies of which can be obtained from The Secretary, The Zurich Centre, 3000 Parkway, Whiteley, Fareham, Hampshire, PO15 7JZ

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

5 Tax on profit on ordinary activities

Tax in the profit and loss account was as follows

£000	2010	2009
Current tax		
UK corporation tax on loss for the year	(581)	(1,310)
Adjustments in respect of prior years	4	(328)
Current tax credit for the year	(577)	(1,638)
Tax on profit on ordinary activities	(577)	(1,638)

Factors affecting the tax charge for the year

The tax for the year differs from the standard rate of corporation tax in the UK (28%). The differences are explained below

£000	2010	2009
Profit on ordinary activities before taxation	3,918	4,934
Profit on ordinary activities at standard rate of corporation tax in the UK of 28% (2009 28%)	1,097	1,382
Income not chargeable for taxation purposes	(1,678)	(2,692)
Adjustments in respect of prior years	4	(328)
Current tax credit for the year	(577)	(1,638)

6 Investments in subsidiary undertakings

£000	2010	2009
Shares in subsidiary undertakings	230,026	230,027
Total	230,026	230,027

Movements during the year consisted of

£000	Shares in subsidiary undertakings
Net assets value at 1 January	230,027
Dissolution of subsidiary	(1)
	230,026

On 11 August 2010 ZGEE6 Limited, a subsidiary of the Company was dissolved, and the value of the investment was written down to nil

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

6 Investments in subsidiary undertakings (continued)

The directors have considered the value of each of the Company's investments in subsidiary undertakings as at 31 December 2010 and are satisfied that the value of each investment is not less than the amount at which it is stated in the balance sheet

The following is a list of the Company's principal subsidiary undertakings as at 31 December 2010 and particulars of the percentage of nominal value of issued shares then held

Company and country of incorporation and registration	Class of share capital	Nominal value held %	Nature of business
England and Wales			
Zurich Specialties London Limited	Ordinary	100	Insurance and reinsurance
Zurich Management Services Limited	Ordinary	100	Strategic risk management and risk services
Zurich UK General Services Limited	Ordinary	100	Management administration services
Zurich GSH Limited	Ordinary	100	Holding company of Zurich GSG Limited
Zurich Building Control Services Limited	Ordinary	100	Inspection and risk management services
Zurich Transitional Services Limited	Ordinary	100	Administration services
ZPC Capital Limited	Ordinary	100	Investment company
Endsleigh Limited	Ordinary	100	Holding company with subsidiaries engaged in insurance business

The principal country in which each of the above named subsidiary undertakings operates is its country of registration or incorporation. The Company has taken advantage of Section 410(2)(a) of the Companies Act 2006 and listed only those subsidiary undertakings which principally affected the figures shown in the financial statements

On 27 June 2011 the Company was allotted 32,970,000 ordinary shares of £1 each in a subsidiary, Zurich UK General Services Limited

7 Other financial investments

£000	2010	2009
Deposits with credit institutions	12,040	10,355
Total	12,040	10,355

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

8 Debtors

£000	2010	2009
Amounts due from group undertakings	4,050	-
Corporation tax recoverable	343	1,509
Prepayments and accrued income	254	197
Total	4,647	1,706

9 Creditors: amounts falling due within one year

£000	2010	2009
Amounts due to group undertakings	-	10
Corporation tax payable	4	-
Loan from a fellow subsidiary	104,772	103,695
Accruals and deferred income	69	1,010
Total	104,845	104,715

During May 2011 a series of transactions were carried out with fellow subsidiaries. On 23 May 2011 a subordinated loan of £28,920,000 was granted to the Company by Zurich Finance (Luxembourg) S A. On 31 May 2011 a new loan of £104,771,017.81 was granted to the Company by Zurich Group Funding Luxembourg S A replacing the existing loan of an equivalent amount.

10 Share capital

£000	2010	2009
Allotted, called up and fully paid		
10,500,000 non cumulative redeemable 5% preference shares of £1 each	10,500	10,500
137,300,000 ordinary shares of £1 each	137,300	137,300
Total	147,800	147,800
Authorised		
37,900,000 non cumulative redeemable 5% preference shares of £1 each	37,900	37,900
137,300,000 ordinary shares of £1 each	137,300	137,300
Total	175,200	175,200

Non-cumulative redeemable 5% preference shares have priority on winding up. There is no specific date of redemption and redemption is at the option of the Company and with the agreement of the holder at anytime. There is no premium payable on redemption of the shares.

The redeemable preference shares have been assessed in accordance with the requirements of FRS 25 'Financial instruments: disclosure and presentation' and have been presented as equity.

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

11 Ultimate parent company

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

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

12 Related party transactions

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

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