

Registered number
2306320

Zurich Holdings (UK) Limited

Financial Statements

31 December 2012

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Company information

Directors

S Diffey
J R Dyke
S 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 More London Riverside
London
SE1 2RT

Directors' report

The directors present their report and audited financial statements for the year ended 31 December 2012

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 activities

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.

On 20 April 2012, Zurich Specialties London Limited transferred its shareholdings in three subsidiaries to the Company: 2 ordinary shares of £1.00 each in Zurich Global Corporate UK Limited for a consideration of £514,476, 102 ordinary shares of £1.00 each in Zurich Professional Limited for a consideration of £1 and 40,000,000 ordinary shares of £1.00 each in Zurich International (UK) Limited for a consideration of £1.

On 29 June 2012 a loan of £28,920,000 was granted to the Company by its parent, Zurich Insurance Company Ltd. This was repaid on 28 June 2013.

On 25 July 2012 the Company was allotted 28,920,000 ordinary shares of £1 each in a subsidiary, Zurich UK General Services Limited.

On 18 June 2013 the Company received a Mount Rosa Investment as a dividend-in-specie as part of a total dividend of £70,000,000 from the Company's subsidiary Zurich Specialties London Limited, plus deferred tax thereon.

On 28 June 2013 the Company made a short term loan of £164,000,000 to its parent Zurich Insurance Company Ltd.

On 28 June 2013 the Company was allotted 28,920,000 ordinary shares of £1 each in a subsidiary, Zurich UK General Services Limited.

On 28 June 2013 the ordinary share capital of the Company's wholly owned subsidiary Zurich Specialties London Limited was reduced from £150,000,000 to £2 by cancelling and extinguishing 149,999,998 ordinary shares of £1 each. As a result of this capital reduction £156,999,998 was repaid to the Company.

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 loss of **£28,249,000** (2011: pre-tax loss of £31,128,000) for the year.

The Company has net assets of **£84,961,000** (2011: £111,808,000).

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 (2011: £nil).

Directors' report

Directors

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

The following director resigned during the year

W Lewis (resigned 26 April 2012)

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

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 2012 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' report

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 prepared 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

26 September 2013

Statement of directors' responsibilities

The following statement sets out the responsibilities of the directors in relation to the financial statements of the Company. The report of the auditors, shown on pages 5 and 6, sets out their responsibilities in relation to the financial statements.

Company law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit or loss for the financial period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently, with the exception of changes arising on the adoption of new accounting standards in the year,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable 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 confirm they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping adequate accounting records that 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, and

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.

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

We have audited the financial statements of Zurich Holdings (UK) Limited for the year ended 31 December 2012 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. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2012 and of its loss 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 requirement of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditors' report to the members of Zurich 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

27 September 2013

**Profit and loss account
for the year ended 31 December 2012**

£000	Notes	2012	2011
Investment income	1	6,393	5,869
Administrative expenses		(580)	(345)
Interest receivable and similar income	1	98	120
Operating profit		5,911	5,644
Interest payable and similar charges	1	(5,240)	(3,802)
Unrealised losses on investments	5	(28,920)	(32,970)
Loss on ordinary activities before taxation		(28,249)	(31,128)
Tax on loss on ordinary activities	4	1,402	1,067
Loss for the financial year		(26,847)	(30,061)

All figures relate to continuing operations

The Company has no recognised gains or losses other than the loss 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 2012**

£000	Called up share capital	Profit and loss account	2012	2011
Opening shareholders' funds	147,800	(35,992)	111,808	141,869
Loss for the financial year	-	(26,847)	(26,847)	(30,061)
Closing shareholders' funds	147,800	(62,839)	84,961	111,808

Balance sheet
as at 31 December 2012

£000	Notes	2012	2011
Fixed Assets			
Investments	5	230,540	230,026
Current assets			
Debtors	7	1,327	853
Other investments	6	16,832	14,916
Cash at bank and in hand		2	1
		18,161	15,770
Creditors, amounts falling due within one year	8	(134,820)	(296)
Net current (liabilities)/assets		(116,659)	15,474
Total assets less current liabilities		113,881	245,500
Creditors, amounts falling after more than one year	9	(28,920)	(133,692)
Total assets less liabilities		84,961	111,808
Capital and reserves			
Called up share capital	10	147,800	147,800
Profit and loss account		(62,839)	(35,992)
Total shareholders' funds		84,961	111,808

The financial statements on pages 6 to 15 were approved and authorised for issue by the Board on
26 September 2013 and were signed on its behalf by



S Lewis
Director

Accounting policies for the year ended 31 December 2012

Basis of preparation

The Company's financial statements have been prepared on a going concern basis and 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 financial statements, in accordance with section 401 of the Companies Act 2006 the Company is therefore exempt from preparing group financial statements

Accounting convention

The financial statements 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 2012**

1 Investment income, interest and charges

£000	2012	2011
Dividends receivable	6,393	5,869
Interest receivable and similar income	98	120
Investment income	6,491	5,989
Interest payable and similar charges	5,240	3,802
Interest payable and similar charges	5,240	3,802

2 Auditors' remuneration

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

£000	2012	2011
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	122	163
Total	125	166

These expenses have been borne by another group company

3 Directors' Remuneration

There was no directors' remuneration paid by the Company (2011 £nil) The services of the directors of the Company are of a non-executive nature and their remuneration is deemed to be wholly attributable to their services to the company paying their remuneration

4 Tax on loss on ordinary activities

Tax in the profit and loss account was as follows

£000	2012	2011
Current tax		
UK corporation tax on loss for the year	(1,402)	(1,067)
Current tax credit for the year	(1,402)	(1,067)
Tax on loss on ordinary activities	(1,402)	(1,067)

**Notes to the financial statements
for the year ended 31 December 2012**

4 Tax on loss on ordinary activities (continued)

Factors affecting the tax charge for the year

The tax for the year differs from the standard rate of corporation tax in the UK 24.5% (2011 26.5%) The differences are explained below

£000	2012	2011
Loss on ordinary activities before taxation	(28,249)	(31,128)
Loss on ordinary activities at standard rate of corporation tax in the UK of 24.5% (2011 26.5%)	(6,921)	(8,249)
Income not chargeable for taxation purposes	(1,566)	(1,555)
Expenses not deductible for taxation purposes	7,085	8,737
Current tax credit for the year	(1,402)	(1,067)

The UK Chancellor's Autumn Statement on 5 December 2012 announced that the UK corporation tax rate will be reduced to 21% by 1 April 2014. A further reduction to 20% was announced in the UK Chancellor's Spring statement on 20 March 2013 and will be effective by 1 April 2015. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26th March 2012 and 3 July 2012 respectively.

5 Investments

£000	2012	2011
Shares in subsidiary undertakings	230,540	230,026
Total	230,540	230,026

Movements during the year consisted of

£000	Shares in subsidiary undertakings 2012
Net assets value at 1 January 2012	230,026
Share increases in subsidiary undertakings	28,920
Transfer of shares in subsidiary undertakings	514
Impairment of investment in subsidiary undertakings	(28,920)
Net assets value at 31 December 2012	230,540

On 20 April 2012, Zurich Specialties London Limited transferred its shareholdings in three subsidiaries to the Company: 2 ordinary shares of £1.00 each in Zurich Global Corporate UK Limited for a consideration of £514,476, 102 ordinary shares of £1.00 each in Zurich Professional Limited for a consideration of £1 and 40,000,000 ordinary shares of £1.00 each in Zurich International (UK) Limited for a consideration of £1.

On 25 July 2012 the Company was allotted 28,920,000 ordinary shares of £1 each in a subsidiary, Zurich UK General Services Limited.

**Notes to the financial statements
for the year ended 31 December 2012**

5 Investments (continued)

On 28 June 2013 the Company was allotted 28,920,000 ordinary shares of £1 each in a subsidiary, Zurich UK General Services Limited

On 28 June 2013 the ordinary share capital of the Company's wholly owned subsidiary Zurich Specialties London Limited was reduced from £150,000,000 to £2 by cancelling and extinguishing 149,999,998 ordinary shares of £1 each. As a result of this capital reduction £156,999,998 was repaid to the Company

The directors have considered the value of each of the Company's investments in subsidiary undertakings as at 31 December 2012 and are satisfied that the value of each investment is not less than the amount at which it is stated in the balance sheet except for ZUKGS

The following is a list of the Company's subsidiary undertakings as at 31 December 2012 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 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
Zurich Global Corporate UK Limited	Ordinary	100	Services
Zurich GSH Limited	Ordinary	100	Holding company of Zurich GSG Limited
Zurich International UK Limited	Ordinary	100	Dormant
Zurich Professional Limited	Ordinary	100	Dormant

**Notes to the financial statements
for the year ended 31 December 2012**

5 Investments (continued)

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.

6 Other financial investments

£000	2012	2011
Other Short Term Investments	16,832	-
Deposits with credit institutions	-	14,916
Total	16,832	14,916

7 Debtors

£000	2012	2011
Amounts owed by group undertakings	92	-
Corporation tax recoverable	1,032	652
Prepayments and accrued income	203	201
Total	1,327	853

8 Creditors' amounts falling due within one year

£000	2012	2011
Amounts owed to group undertakings	514	-
Loan from a fellow subsidiary	133,691	52
Accruals and deferred income	615	244
Total	134,820	296

On 29 June 2012 a loan of £28,920,000 was granted to the Company by its parent, Zurich Insurance Company Ltd. This was repaid on 28 June 2013.

9 Creditors' amounts falling due after more than one year

£000	2012	2011
Loan from a fellow subsidiary	28,920	133,692
Total	28,920	133,692

**Notes to the financial statements
for the year ended 31 December 2012**

10 Share capital

£000	2012	2011
Allotted, called up and fully paid		
10,500,000 (2011 10,500,000) non cumulative redeemable 5% preference shares of £1 each	10,500	10,500
137,300,000 (2011 137,300,000) ordinary shares of £1 each	137,300	137,300
Total	147,800	147,800
Authorised		
37,900,000 (2011 37,900,000) non cumulative redeemable 5% preference shares of £1 each	37,900	37,900
137,300,000 (2011 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.

11 Ultimate parent company

The Company's ultimate parent company and ultimate controlling party is Zurich Insurance Group Ltd which is incorporated in Switzerland. Copies of the consolidated financial statements of Zurich Insurance Group Ltd can be obtained from The Secretary, Zurich Insurance Group 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 financial statements 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 undertakings which are part of the group of companies of which the ultimate parent is Zurich Insurance Group Ltd ("the Zurich Insurance Group undertakings"). Balances with Zurich Insurance Group undertakings are shown in notes 7, 8 and 9.

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