

Registered number
2306320

Zurich Holdings (UK) Limited

Financial Statements

31 December 2008

TUESDAY



A06

AJ8S7EGU

27/10/2009

47

COMPANIES HOUSE

Contents

Page

Company information	1
Directors' report	2
Statement of directors' responsibilities	4
Independent auditors' report to the shareholders of Zurich Holdings (UK) Limited	5
Profit and loss account	7
Reconciliation of movements in shareholders' funds	7
Balance sheet	8
Accounting policies	9
Notes to the financial statements	11

Company information

Directors

S Egan (appointed 14 January 2008)
W Lewis

Secretary

L A Stevens (appointed 29 May 2009)

Registered office

The Zurich Centre
3000 Parkway
Whiteley
Fareham
Hampshire
PO15 7JZ

Auditors

PricewaterhouseCoopers LLP
Hay's Galleria
1 Hays Lane
London
SE1 2RD

Directors' report

The directors present their report and audited financial statements for the year ended 31 December 2008.

Principal activity

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

On 10 December 2008, 50,200,000 ordinary shares of £1 each in the capital of the Company were authorised and on 26 January 2009, these shares were allotted to Zurich Insurance Company Ltd (ZIC), the Company's parent. On the 26 January 2009 the shares were fully paid up. On the same date a loan of £30,000,000 was granted to the Company by ZIC. On 1 January 2009 the loan of £81,000,000, recorded in the balance sheet, was repaid to Zurich Financial Services (UKISA) Limited and a new loan of £70,000,000 was granted. The funds were utilised on 26 January 2009 by the Company to purchase 100% controlling interest in Endsleigh Limited and ZPC Capital Limited. On 23 December 2008 the Company purchased 10,800,000 additional ordinary shares of £1 in one of its subsidiaries, Zurich UK General Services Limited and agreed a £43,500,000 loan facility to the subsidiary. None of the facility had been drawn as at 31 December 2008.

The Company has taken advantage of the exemption available for small companies (as defined in Section 246(4a) of the Companies Act 1985) and has therefore not prepared a business review.

Results for the year

The results for the Company show a pre-tax loss of **£12,993,000** (2007: loss of £1,933,000) for the year.

The Company has net assets of **£80,602,000** (2007: £92,527,000).

Dividends

The directors do not propose the payment of a dividend for the year (2007: £nil).

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:

M J Summersgill (resigned 31 May 2008)

The following directors resigned after the end of the year:

J A Cooke (appointed 13 October 2008 and resigned 1 September 2009)

G R C Munnoch (resigned 1 October 2009)

J R Vazquez (appointed 18 November 2008 and resigned 9 March 2009)

The following company secretary resigned after the end of the year:

M A Porter (resigned 29 May 2009)

Directors' interests

No directors had material interests in contracts of significance with the Company or any subsidiary company of Zurich Financial Services during the year.

Directors' report

Directors' indemnity

Qualifying third party indemnity provisions (as defined in Section 234(2) of the Companies Act 2006) are in force for the benefit of the directors.

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

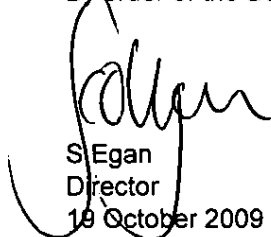
Each of the persons who is a director at the date of this report confirms that:

- 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 2008 of which the 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.

Auditors

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

By order of the Board



S Egan
Director
19 October 2009

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; and
- 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 proper 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 1985, and where applicable, 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.

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 2008 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

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

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

Opinion

In our opinion :

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
19 October 2009

**Profit and loss account
for the year ended 31 December 2008**

£'000	Notes	2008	2007
Investment income	1	2,854	2,707
Interest payable and similar charges	1	(5,047)	(4,640)
Unrealised losses on investments	6	(10,800)	-
Loss on ordinary activities before taxation		(12,993)	(1,933)
Taxation on loss on ordinary activities	4	1,068	1,362
Loss for the financial year		(11,925)	(571)

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 loss on ordinary activities as reported and on an historical cost basis.

**Reconciliation of movements in shareholders' funds
for the year ended 31 December 2008**

£'000	Share capital	Profit and loss account	2008	2007
Opening shareholders' funds	97,600	(5,073)	92,527	93,098
Loss for the financial year	-	(11,925)	(11,925)	(571)
Closing shareholders' funds	97,600	(16,998)	80,602	92,527

Balance sheet
as at 31 December 2008

£'000	Notes	2008	2007
Fixed Assets			
Land and buildings	5	-	880
Investments in subsidiary undertakings	6	160,517	160,517
		160,517	161,397
Current assets			
Other financial investments	7	11,704	1,008
Debtors	8	497	868
Cash at bank and in hand		2	-
		12,203	1,876
Creditors: amounts falling due within one year	9	(92,118)	(70,746)
Net current liabilities		(79,915)	(68,870)
Total assets less current liabilities		80,602	92,527
Capital and reserves			
Called up share capital	10	97,600	97,600
Profit and loss account		(16,998)	(5,073)
Total shareholders' funds		80,602	92,527

The financial statements on pages 7 to 15 were approved and authorised for issue by the Board on 19 October 2009 and were signed on its behalf by:


S Egan
Director

Accounting policies for the year ended 31 December 2008

Basis of preparation

The Company's financial statements have been prepared in accordance with the provisions of Section 226 of, and Schedule 4 to, the Companies Act 1985. 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. As a wholly owned subsidiary of the immediate and ultimate parent company, incorporated in a European Economic Area, the company is 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.

Expenses

Interest, rents and expenses are 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.

**Accounting policies
for the year ended 31 December 2008**

Land and buildings

Freehold properties are held at market value. Gains and losses on revaluation are taken to the revaluation reserve to the extent that carrying value exceeds historical cost. When carrying value falls below historical cost, losses on revaluation are taken to the profit and loss account. Gains on revaluation are only recognised in the profit and loss account to the extent that they may reverse revaluation losses on the same asset that was previously recognised in the profit and loss account.

In accordance with FRS 15, no depreciation charge is provided in respect of freehold properties, as any such charge would be immaterial, having regard to the estimated residual value of the property and the carrying amount. The property is therefore reviewed for impairment at the end of each reporting period in accordance with FRS 11.

Investments

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

**Notes to the financial statements
for the year ended 31 December 2008**

1 Investment income, interest and charges

£'000	Note	2008	2007
Dividends received from subsidiary undertakings		2,000	2,600
Profit from the sale of land and buildings	5	707	-
Interest receivable		147	107
Investment income		2,854	2,707
Investment management expenses		5,047	4,640
Interest payable and similar charges		5,047	4,640

2 Auditors' remuneration

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

£'000	2008	2007
Fees payable to the Company's auditor for the audit of the Company's financial statements	1	9

These expenses have been borne by another group company.

3 Directors' emoluments

There were no directors' emoluments paid by the Company (2007: £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 Taxation

Taxation in the profit and loss account was as follows:

£'000	2008	2007
United Kingdom taxation:		
UK corporation tax at 28.5% (2007: 30%) for the year	(1,068)	(1,435)
Current tax credit for the year	(1,068)	(1,435)
Deferred taxation:		
Reversal of timing differences	-	76
Movement in discount	-	(3)
Tax on loss on ordinary activities	(1,068)	(1,362)

**Notes to the financial statements
for the year ended 31 December 2008**

4 Taxation (cont'd)

Factors affecting the tax charge for the period:

The tax for the year differs from the standard rate of corporation tax in the UK (28.5%). The differences are explained below:

£'000	2008	2007
Loss on ordinary activities before taxation	(12,993)	(1,933)
Loss on ordinary activities at standard rate of corporation taxation in the UK of 28.5% (2007: 30%)	(3,703)	(580)
Income not chargeable for taxation purposes	(570)	(779)
Expenses not deductible for taxation purposes	3,078	-
Capital gain on sale of property	127	-
Movement in timing differences	-	(76)
Current tax credit for the year	(1,068)	(1,435)

5 Land and buildings

£'000	Note	2008	2007
Freehold land and buildings - Valuation	1	-	880

No depreciation is charged on freehold buildings as noted in the accounting policies.

The freehold land and buildings which represented land adjacent to Zurich House, Stanhope Road, Portsmouth which was sold on 19 March 2008 for a consideration of £1,586,523. The profit on the sale of the property was **£706,524**.

6 Investments in subsidiary undertakings

£'000	2008	2007
Shares in subsidiary undertakings	160,517	160,517
	160,517	160,517

Movements during the year consisted of:

£'000	Shares in subsidiary undertakings
Net assets value at 1 January	160,517
Additions/(disposals)	10,800
Other movements in net assets	(10,800)
	160,517

**Notes to the financial statements
for the year ended 31 December 2008**

6 Investments in subsidiary undertakings (cont'd)

On 23 December 2008 the Company purchased a further 10,800,000 ordinary shares of £1 each at par in Zurich UK General Services Ltd (ZUKGS). Other movements in net assets is as a result of ZUKGS having underlying net liabilities at 31 December 2008 and the subsequent impairment of this investment.

The directors have considered the value of each of the Company's investments in subsidiary undertakings as at 31 December 2008 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 2008 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 Professional Limited	Ordinary	49	Insurance administration
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

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 231 (5) of the Companies Act 1985 and listed only those subsidiary undertakings which principally affected the figures shown in the financial statements.

7 Other financial investments

£'000	2008	2007
Deposits with credit institutions	11,704	1,008

**Notes to the financial statements
for the year ended 31 December 2008**

8 Debtors

£'000	Note	2008	2007
Corporation taxation recoverable		497	864
Prepayments		-	4
Total		497	868

9 Creditors: amounts falling due within one year

£'000	2008	2007
Bank overdrafts	-	4
Amounts due to group undertakings	10,952	152
Corporation tax payable	-	295
Loan from a fellow subsidiary	81,000	70,000
Accruals and deferred income	166	295
Total	92,118	70,746

10 Share capital

£'000	2008	2007
Allotted, called up and fully paid:		
10,500,000 non-cumulative redeemable 5% preference shares of £1 each	10,500	10,500
87,100,000 ordinary shares of £1 each	87,100	87,100
Total	97,600	97,600
Authorised:		
37,900,000 non-cumulative redeemable 5% preference shares of £1 each	37,900	37,900
137,300,000 (2007: 87,100,000) ordinary shares of £1 each	137,300	87,100
Total	175,200	125,000

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.

On 10 December 2008 the Company increased the authorised share capital by 50,200,000 ordinary shares of £1 each.

Notes to the financial statements for the year ended 31 December 2008

11 Ultimate parent company

The Company's ultimate parent company 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 undertakings. Balances with Zurich Financial Services' group undertakings are shown in note 9.

There were no material transactions with any other related party.

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.