

Registered number
2306320

Zurich Holdings (UK) Limited

Financial Statements

31 December 2009

TUESDAY



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Company information

Directors

S Diffey (appointed 27 July 2010)
J R Dyke (appointed 27 July 2010)
S Lewis (appointed 19 October 2009)
W Lewis

Secretary

P J Lampshire (appointed 19 October 2009)

Registered office

The Zurich Centre
3000 Parkway
Whiteley
Fareham
Hampshire
PO15 7JZ

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
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 2009

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.

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, these 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 agreed a £43,500,000 loan facility to its subsidiary, Zurich UK General Services Limited. None of the facility had been drawn as at 31 December 2009.

The Company has taken advantage of the exemption available for small companies (as defined in Section 417(1) of the Companies Act 2006) and has therefore not prepared a business review.

Results for the year

The results for the Company show a pre-tax profit of **£4,934,000** (2008: loss of £12,993,000) for the year.

The Company has net assets of **£137,374,000** (2008: £80,602,000).

Dividends

The directors do not propose the payment of a dividend for the year (2008: £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:

J A Cooke (resigned 1 September 2009)

S Egan (resigned 27 July 2010)

G R C Munnoch (resigned 1 October 2009)

J R Vazquez (resigned 9 March 2009)

The following director resigned after the end of the year:

KS Maeder (appointed 19 October 2009, resigned 21 September 2010)

The following company secretaries resigned during the year:

M A Porter (resigned 29 May 2009)

L A Stevens (appointed 29 May 2009 and resigned 19 October 2009)

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.

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 2009 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.

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
22 September 2010

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 2009 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 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 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- 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, or
- the directors were not entitled to prepare the directors' report in accordance with the small company regime



Paul Clarke (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
24 September 2010

**Profit and loss account
for the year ended 31 December 2009**

£000	Notes	2009	2008
Investment income	1	9,612	2,000
Income from shares in group undertakings		26	854
Operating profit		9,638	2,854
Interest payable and similar charges	1	(4,704)	(5,047)
Unrealised losses on investments		-	(10,800)
Profit/(loss) on ordinary activities before taxation		4,934	(12,993)
Tax on profit/(loss) on ordinary activities	5	1,638	1,068
Profit/(loss) for the financial year		6,572	(11,925)

All figures relate to continuing operations

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

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

**Reconciliation of movements in shareholders' funds
for the year ended 31 December 2009**

£000	Called up share capital	Profit and loss account	2009	2008
Opening shareholders' funds	97,600	(16,998)	80,602	92,527
Profit/(loss) for the financial year	-	6,572	6,572	(11,925)
Issue of ordinary shares of £1 each	50,200	-	50,200	-
Closing shareholders' funds	147,800	(10,426)	137,374	80,602

Balance sheet
as at 31 December 2009

£000	Notes	2009	2008
Fixed Assets			
Investments in subsidiary undertakings	6	230,027	160,517
		230,027	160,517
Current assets			
Other financial investments	7	10,355	11,704
Debtors	8	1,706	497
Cash at bank and in hand		1	2
		12,062	12,203
Creditors: amounts falling due within one year	9	(104,715)	(92,118)
Net current liabilities		(92,653)	(79,915)
Total assets less current liabilities		137,374	80,602
Capital and reserves			
Called up share capital	10	147,800	97,600
Profit and loss account		(10,426)	(16,998)
Total shareholders' funds		137,374	80,602

The financial statements on pages 6 to 13 were approved and authorised for issue by the Board on 22 September 2010 and were signed on its behalf by



J R Dyke
Director

Accounting policies for the year ended 31 December 2009

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.

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.

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 2009**

1 Investment income, interest and charges

£000	2009	2008
Dividends receivable	9,612	2,000
Income from shares in group undertakings	26	854
Investment income	9,638	2,854
Investment management expenses	4,704	5,047
Interest payable and similar charges	4,704	5,047

2 Auditors' remuneration

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

£000	2009	2008
Fees payable to the Company's auditor for the audit of the Company's financial statements	3	1
Total	3	1

These expenses have been borne by another group company

3 Directors' emoluments

There were no directors' emoluments paid by the Company (2008 £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 2009**

5 Tax on profit on ordinary activities

Tax in the profit and loss account was as follows

£000	2009	2008
Current tax		
UK corporation tax on profit/(loss) for the year	(1,310)	(1,068)
Adjustments in respect of prior years	(328)	-
Current tax credit for the year	(1,638)	(1,068)
Tax on profit/(loss) on ordinary activities	(1,638)	(1,068)

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%) The differences are explained below

£000	2009	2008
Profit/(loss) on ordinary activities before taxation	4,934	(12,993)
Profit/(loss) on ordinary activities at standard rate of corporation tax in the UK of 28% (2008 28.5%)	1,382	(3,703)
Income not chargeable for taxation purposes	(2,692)	(570)
Expenses not deductible for taxation purposes	-	3,078
Capital gain on sale of property	-	127
Adjustments in respect of prior years	(328)	-
Current tax credit for the year	(1,638)	(1,068)

6 Investments in subsidiary undertakings

£000	2009	2008
Shares in subsidiary undertakings	230,027	160,517
Total	230,027	160,517

Movements during the year consisted of

£000	Shares in subsidiary undertakings
Net assets value at 1 January	160,517
Additions	69,510
	230,027

On 26 January 2009 the Company purchased 20,000,000 ordinary shares of £1 each at par in ZPC Capital Limited, totalling £20,000,000, 1000 ordinary shares of £1 each and 6,549,550 "A" preference shares of £0.0000001 in Endsleigh Limited totalling £49,510,000

**Notes to the financial statements
for the year ended 31 December 2009**

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 2009 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 2009 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

7 Other financial investments

£000	2009	2008
Deposits with credit institutions	10,355	11,704
Total	10,355	11,704

**Notes to the financial statements
for the year ended 31 December 2009**

8 Debtors

£000	2009	2008
Corporation tax recoverable	1,509	497
Prepayments	197	-
Total	1,706	497

9 Creditors: amounts falling due within one year

£000	2009	2008
Amounts due to group undertakings	10	10,952
Loan from a fellow subsidiary	103,695	81,000
Accruals and deferred income	1,010	166
Total	104,715	92,118

10 Share capital

£000	2009	2008
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 (2008 87,100,000) ordinary shares of £1 each	137,300	87,100
Total	147,800	97,600
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.

On 26 January 2009 the Company increased the allotted share capital by 50,200,000 ordinary shares of £1 each. The shares are fully paid, authorised and allotted.

**Notes to the financial statements
for the year ended 31 December 2009**

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 notes 8 and 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.