

Registered No. 2372343

**EAGLE STAR TRUST COMPANY
LIMITED**

**ANNUAL REPORT
AND
ACCOUNTS**

31 DECEMBER 2000



EAGLE STAR TRUST COMPANY LIMITED

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EAGLE STAR TRUST COMPANY LIMITED

(a wholly owned subsidiary undertaking of Eagle Star Life Assurance Company Ltd
and member of Zurich Financial Services Group of Companies)

Report of the Directors

The Directors submit their report and accounts for the year ended 31 December 2000.

Principal Activity

The Company acts as the Trustee of small self-administered pension schemes. It also provides computer services for the holding of protected rights records related to contracted-out money purchase scheme pensions.

It is intended that the Company will continue to undertake business relating to these activities.

Results for the year

The profit for the year before taxation amounted to £145,000 (1999: loss of £64,000).

Dividend

The Directors do not recommend the payment of a final dividend (1999: £NIL). An amount of £158,000 was transferred to reserves (1999: £10,000 from reserves).

Directors

The Directors who held office throughout the year were:

C D Goodwin
I D Macrae
R M Pearce
S G Reynolds

Directors' Interests

The Company is a subsidiary of Zurich Financial Services, a company incorporated in Switzerland as such no Director had any interests required to be disclosed under the Companies Act 1985.

On 17 October, the holding structure of the Zurich Financial Services Group unified to give a single parent company, Zurich Financial Services, in place of the two listed holding companies, Allied Zurich p.l.c. and Zurich Allied AG.

Prior to 17 October 2000, Zurich Financial Services was owned 57% by Zurich Allied AG, incorporated in Switzerland, and 43% by Allied Zurich p.l.c, incorporated in England and Wales.

Neither Zurich Allied AG nor Allied Zurich p.l.c. fell within the definition of a holding company under section 736, Companies Act 1985. None of the Directors had an interest in any shares or debentures of Zurich Financial Services prior to 17 October 2000.

None of the Directors had a material interest in a contract of significance with the Company during the year to 31 December 2000.

EAGLE STAR TRUST COMPANY LIMITED

Report of the Directors (Continued)

Statement of Directors' Responsibilities

The following statement sets out the responsibilities of the Directors in relation to the financial statements of the Company.

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 for those financial statements, the Directors are required to:

- select appropriate policies and apply them consistently, subject to any material departures being disclosed and explained;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis, unless they consider that to be inappropriate.

The Directors are responsible for ensuring that the Company keeps sufficient accounting records to disclose with reasonable accuracy the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985.

They are responsible for taking reasonable steps to safeguard the assets of the Company, and in that context to have proper regard to the establishment of appropriate systems of internal control with a view to the prevention and detection of fraud and other irregularities. The Directors are also required to prepare the financial statements.

The Directors consider that they have pursued the actions necessary to meet their responsibilities as set out in this statement.

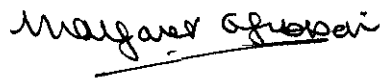
EAGLE STAR TRUST COMPANY LIMITED

Report of the Directors (Continued)

Auditors

The Company has elected by a resolution passed in accordance with Section 386 of the Companies Act 1985 and dated 3 December 1993, to dispense with the obligation to appoint auditors annually. PricewaterhouseCoopers have indicated a willingness to continue in office.

By order of the Board



M E Gibbon
Company Secretary

60 St Mary Axe
LONDON
EC3A 8JQ

27 March 2001

**AUDITORS' REPORT TO THE MEMBERS OF
EAGLE STAR TRUST COMPANY LIMITED**

We have audited the financial statements on pages 6 to 13, which have been prepared under the historical cost convention and the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 3, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards 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 judgements 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the United Kingdom Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants & Registered Auditors
LONDON

29 March 2001

EAGLE STAR TRUST COMPANY LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2000

	Notes	2000 £'000	1999 £'000
Turnover		218	283
Administrative expenses	2 – 3	(474)	(619)
Operating loss		(256)	(336)
Investment income	4	401	272
Profit/(loss) on ordinary activities before taxation		145	(64)
Taxation	5	13	54
Retained profit/(loss) for the financial year		158	(10)

All operations in the current and prior periods are continuing. There were no acquisitions in either period.

The Company has no recognised gains or losses other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented. There is no difference between the profit for the year and the retained profit above and their historical cost equivalents.

The notes on pages 9 to 13 form an integral part of these accounts.

EAGLE STAR TRUST COMPANY LIMITED
RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2000


	2000 £'000	1999 £'000
Profit/(loss) for the financial year	158	(10)
Shareholders' funds at 1 January	639	649
	<hr/>	<hr/>
Shareholders' funds at 31 December	797	639
	<hr/> <hr/>	<hr/> <hr/>

EAGLE STAR TRUST COMPANY LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2000

	Notes	2000		1999	
		£'000	£'000	£'000	£'000
INVESTMENTS	6		302		302
CURRENT ASSETS					
Debtors: amounts falling due within one year	7	411		325	
Cash at bank and on deposit		1,427		1,207	
CREDITORS: amounts falling due within one year	8	(1,302)		(1,169)	
NET CURRENT ASSETS			536		363
TOTAL ASSETS LESS CURRENT LIABILITIES			838		665
Provision for liabilities & charges	9		(41)		(26)
			797		639
CAPITAL AND RESERVES					
Called up equity share capital	10		250		250
Profit and loss account	11		547		389
Shareholders' Funds			797		639

The notes on pages 9 to 13 form an integral part of these accounts.

The accounts on pages 6 to 13 were approved by the Board of Directors on 27 March 2001 and were signed on its behalf by:-


STUART REYNOLDS, Director

EAGLE STAR TRUST COMPANY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2000

1. ACCOUNTING POLICIES

a) Accounting Convention

The accounts have been prepared on the historical cost basis of accounting and in accordance with applicable accounting standards.

b) Cash Flow Statement

In accordance with exemptions given in FRS 1 the Company has not prepared a cash flow statement since it is a wholly owned subsidiary undertaking of a parent company whose consolidated accounts, including the subsidiary, are publicly available.

c) Consolidated Accounts

In accordance with exemptions given in FRS2, the Company has not prepared consolidated accounts since it is a wholly owned subsidiary undertaking of an EU parent company which prepares consolidated accounts.

d) Turnover

Turnover represents the total invoice value of trustee and related fees receivable for the year, net of value added tax.

e) Deferred Taxation

Provision is made for deferred taxation calculated using the liability method, on timing differences between profits stated in the accounts and profits computed for taxation purposes, if there is a reasonable probability that such taxation will become payable in the foreseeable future.

f) Investments in Subsidiaries

All investments are stated at cost.

2. ADMINISTRATIVE EXPENSES

Administrative expenses are initially paid by the holding company and are recharged to the Company on an annual basis. This charge includes direct expenses and an allocation of corporate overheads. All audit fees are borne by the parent company.

3. DIRECTORS' EMOLUMENTS

The emoluments of the Directors during the year were £NIL (1999: £NIL).

No Directors exercised options over shares in Zurich Financial Services during the period 17 October 2000 to 31 December 2000.

EAGLE STAR TRUST COMPANY LIMITED

NOTES TO THE ACCOUNTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2000

4. INVESTMENT INCOME

	2000 £'000	1999 £'000
Income from investment in subsidiaries	324	204
Bank interest	77	68
	—	—
	401	272
	==	==

5. TAXATION

The taxation credit for the year is based on the taxable income in the profit and loss account and is made up as follows:-

	2000 £'000	1999 £'000
UK Corporation Tax @ 30% (1999: 30.25%)	23	(4)
Double taxation relief	(51)	(51)
	—	—
	(28)	(55)
Prior year adjustment	-	1
Deferred taxation	15	-
	—	—
	(13)	(54)
	==	==

Deferred taxation is charged at 30%.

EAGLE STAR TRUST COMPANY LIMITED

NOTES TO THE ACCOUNTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2000

6. SUBSIDIARY UNDERTAKINGS

The following are wholly owned subsidiary undertakings of Eagle Star Trust Company Limited at 31 December 2000 and the particulars of the percentages of nominal value of issued shares then held:

<u>Company and country of registration</u>	<u>Class of share capital</u>	<u>Percentage of Nominal value held</u>
Eagle Star Trust Company (Guernsey) Limited (incorporated in Guernsey)	ordinary	100
Eagle Star Trust Company (Jersey) Limited (incorporated in Jersey)	ordinary	100
Eagle Star Nominees (Isle of Man) Limited (incorporated in the Isle of Man)	ordinary	100

7. DEBTORS: amounts falling due within one year

	2000 £'000	1999 £'000
Amounts owed by subsidiary undertaking	324	204
Trade debtors	7	-
Prepayments and accrued income	52	67
Amounts owed by other group company – corporation tax recoverable	28	54
	—	—
	411	325
	=====	=====

Amounts owed by the subsidiary company and other group undertakings are unsecured, interest free and have no fixed date of repayment.

8. CREDITORS: amounts falling due within one year

	2000 £'000	1999 £'000
Amounts owed to holding company	1,262	1,139
Other taxes and social security	13	14
Accruals and deferred income	27	16
	—	—
	1,302	1,169
	=====	=====

Amounts due to group undertakings are unsecured, interest free and are repayable on demand.

EAGLE STAR TRUST COMPANY LIMITED

NOTES TO THE ACCOUNTS (Continued) **FOR THE YEAR ENDED 31 DECEMBER 2000**

9. PROVISION FOR LIABILITIES & CHARGES

	2000 £'000	1999 £'000
Deferred Taxation		
At 1 January	26	25
Profit and loss account	15	1
	—	—
At 31 December	<u>41</u>	<u>26</u>

Deferred taxation has been provided in the accounts as follows. There were no amounts of unprovided deferred taxation.

	2000 £'000	1999 £'000
Proposed dividends receivable	<u>41</u>	<u>26</u>

10. CALLED UP SHARE CAPITAL

	2000 £'000	1999 £'000
Authorised, allotted, called up and fully paid 250,000 ordinary shares of £1 each	<u>250</u>	<u>250</u>

11. PROFIT AND LOSS ACCOUNT

	2000 £'000	1999 £'000
Balance as at 1 January	389	399
Retained profit/(loss)	158	(10)
	—	—
Balance as at 31 December	<u>547</u>	<u>389</u>

EAGLE STAR TRUST COMPANY LIMITED

NOTES TO THE ACCOUNTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2000

12. ULTIMATE PARENT COMPANY

The Company's ultimate parent company is Zurich Financial Services which is incorporated in Switzerland. Copies of the consolidated financial statements of Zurich Financial Services can be obtained from Mythenquai 2, 8022 Zurich, Switzerland.

Eagle Star Holdings Limited is the parent company of the smallest group of companies, of which the Company is a wholly owned subsidiary, for which group accounts are drawn up. Copies of the consolidated financial statements of Eagle Star Holdings Limited can be obtained from The Secretary, Eagle Star Holdings Limited, 22 Arlington Street, London SW1A 1RW.

In these accounts the term holding company refers to Eagle Star Life Assurance Company Limited.

13. RELATED PARTY DISCLOSURE

The Company has taken advantage of an exemption from FRS8 not to disclose transactions with Zurich Financial Services' group undertakings. Balances with Zurich Financial Services' group undertakings are shown in notes 6, 7 and 8.