

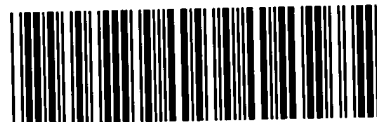
Registered number
2388706

Zurich Specialties London Limited

Financial Statements

31 December 2017

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Company information

Directors

S R Barnes
O M Carrillo

Company Secretary

Zurich Corporate Secretary (UK) Limited

Registered office

The Zurich Centre
3000 Parkway
Whiteley
Fareham
Hampshire
PO15 7JZ

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
2 Glass Wharf
Bristol
BS2 0FR

Directors' report

The directors present their report and the audited financial statements for Zurich Specialties London Limited ("the Company") for the year ended 31 December 2017.

The Directors' report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Principal activities

The principal activity of the Company is that of an investment holding company. The Company earned income and incurred expenses on its investments during the year and the previous financial year. The Company previously carried various classes of general insurance and reinsurance business, complemented by investments in fixed interest securities.

The Company is a private company limited by shares and is incorporated and domiciled in England and Wales. The address of its registered office is shown on page 1.

The Company has not prepared a strategic report as it has taken advantage of the exemption in this respect available for small companies (as defined in Section 414B of the Companies Act 2006).

On 28 December 2017, the Company provided a loan of £6.0m to ZIC which matures on 14 June 2018.

Results for the year

The results for the Company show a profit before taxation of £228,000 (2016: £727,000) for the year. After taking taxation into account, the amount transferred to reserves was £184,000 (2016: £715,000 transferred to reserves).

The Company has total shareholders' funds of £6,707,000 (2016: £6,523,000).

Dividends

No interim dividend in respect of ordinary shares of the Company were declared or paid during the year (2016: £nil).

The directors do not recommend the payment of a final dividend for the year (2016: £nil).

Directors

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

There have been no appointments or resignations during the year or between the end of the financial year and the date of signing these financial statements.

Going Concern

No material uncertainties that cast significant doubt about the ability of the company to continue as a going concern have been identified by the directors.

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

Future Outlook

The Directors do not intend for the Company to trade in the foreseeable future.

Financial instruments and risk management

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 Directors' responsibilities in respect of the financial statements

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, 6 and 7 sets out their responsibilities in relation to the financial statements.

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

The directors 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.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken 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.

Directors' report

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.

On behalf of the Board

Secretary 

Name NEIL OWEN

For and on behalf of Zurich Corporate Secretary (UK) Limited

Date 05/06/2018

Independent auditors' report to the members of Zurich Specialties London Limited

Report on the audit of the financial statements

Opinion

In our opinion, Zurich Specialties London Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December; the profit and loss account; the statement of changes in equity; and the notes to the financial statements, which includes a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs-(UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Independent auditors' report to the members of Zurich Specialties London Limited

Reporting on other information (continued)

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of 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.

Independent auditors' report to the members of Zurich Specialties London Limited

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Nick Muzzlewhite (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol

Date..... 5/6/18

**Profit and loss account
for the year ended 31 December 2017**

£'000	Note	2017	2016
Administrative expenses	6	(10)	-
Other operating income	7	-	673
(Loss)/Profit before interest and taxation		(10)	673
Interest Receivable and Similar Income	8	238	54
Profit before taxation		228	727
Tax on profit	9	(44)	(12)
Profit for the financial year		184	715

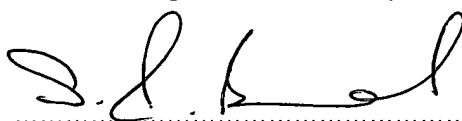
All figures relate to continuing operations.

The Company has no other comprehensive income in either year other than the profit stated above, therefore no Statement of Comprehensive Income has been prepared.

Balance sheet
as at 31 December 2017

£'000	Note	2017	2016
Assets			
Investments			
Shares in group undertakings	10	-	-
Current assets			
Other Financial Investments	11	6,000	-
Debtors	12	2	1
Cash and cash equivalents	13	762	6,544
		6,764	6,545
Total assets		6,764	6,545
Liabilities			
Creditors			
Creditors: amounts falling due within one year	14	57	22
		57	22
Capital and reserves			
Called up share capital	15	-	-
Profit and loss account		6,707	6,523
Total shareholders' funds		6,707	6,523
Total equity and liabilities		6,764	6,545

The financial statements on pages 8 to 16 were approved and authorised for issue by the Board on 5 June 2018 and were signed on its behalf by:

Director 

Name SIMON BARNES

**Statement of changes in equity
for the year ended 31 December 2017**

£'000	Called up share capital	Profit and loss account	Total shareholders' funds
At 1 January 2016	-	5,808	5,808
Profit for the financial year	-	715	715
At 31 December 2016	-	6,523	6,523
Profit for the financial year	-	184	184
At 31 December 2017	-	6,707	6,707

Notes to the financial statements for the year ended 31 December 2017

1 Statement of compliance

These financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standards applicable in the United Kingdom and the Republic of Ireland "FRS 102", and the Companies Act 2006.

2 Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with United Kingdom Accounting Standards, including FRS 102 and the Companies Act 2006.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The company currently does not have any critical judgements or estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The Company is exempt from the requirement to prepare consolidated financial statements by virtue of Section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and are not prepared on a consolidated basis.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. The Company has taken advantage of the following disclosure exemptions under FRS 102:

- (a) a reconciliation of the number of shares outstanding at the beginning and end of the period, FRS 102.4.12(a)(iv).
- (b) the requirement to prepare a statement of cash flows, Section 7 of FRS102 and FRS 102.3.17(d).
- (c) the non-disclosure of key management personnel compensation in total, FRS 102.33.7.
- (d) certain financial instrument disclosures providing equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated, FRS 102.11.39-48A and FRS 102.12.26-29.

2.2 Administrative expenses

Administrative expenses are charged to the profit and loss account on an accruals basis. Administrative expenses comprises of investment related management expenses.

2.3 Other Operating Income

Other operating income includes release of previously held provisions, VAT recovery and amounts in relation to services provided via shared services, accounted for on an accruals basis.

2.4 Interest receivable and similar income

Interest receivable and similar income includes interest received from units held in a unit trust liquidity fund and income from other loans and is recognised in the profit and loss account on an accruals basis.

2.5 Investments

Investments are valued at cost, being deemed cost or, where there has been an impairment in value, at their recoverable amount being the higher of fair value less costs of disposal or value in use. Reversals in previous impairments are limited to the value of deemed cost.

Notes to the financial statements for the year ended 31 December 2017

2.6 Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade, intra-group and other receivables, cash and bank balances, deposits held at call with banks, other short-term highly liquid investments and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

Financial liabilities

Basic financial liabilities, including trade, intra-group and other payables, bank loans and overdrafts, loans from fellow Group companies and preference shares, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

2.7 Taxation

The tax expense for the period comprises current tax. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

3 **Auditors' remuneration**

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

£'000	2017	2016
Fees payable to the Company's auditors for the audit of the Company's financial statements	1	1
Total	1	1

In 2017 and 2016, the audit fee have been borne by another group company, Zurich Insurance plc.

4 **Directors' remuneration**

The remuneration of the directors for services to the Company as directors during the year was £nil (2016: £nil).

No advances or credits granted to any director subsisted during the year. Also, no guarantees on behalf of any director subsisted during the year.

**Notes to the financial statements
for the year ended 31 December 2017**

5 Employee information

Staff are not employed directly by the Company and accordingly the Company does not incur direct staff or pension costs. The costs of staff working for the Company in 2017 and 2016 have been borne by another group undertaking.

The principal disclosures in respect of these staff appear in the financial statements of Zurich UK General Services Limited, copies of which can be obtained from The Secretary, Zurich UK General Services Limited, The Zurich Centre, 3000 Parkway, Whiteley, Fareham, Hampshire, PO15 7JZ.

6 Administrative expenses

£'000	2017	2016
Investment management expenses	10	-
Total	10	-

7 Other Operating Income

£'000	2017	2016
Movements in LUC funding provision	-	655
Other income	-	18
Total	-	673

8 Interest Receivable and Similar Income

£'000	2017	2016
Interest income	17	54
Interest income from other Loans	221	-
Total	238	54

Interest income is received from units held in a unit trust liquidity fund.

9 Tax on profit

Tax in the profit and loss account was as follows:

£'000	2017	2016
Current taxation:		
UK corporation tax on profit for the year	44	11
Adjustments in respect of prior years	-	1
Tax on profit	44	12

The tax expense for the year is the same as (2016: higher than) the standard rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are explained below:

**Notes to the financial statements
for the year ended 31 December 2017**

9 Tax on profit (continued)

£'000	2017	2016
Profit before taxation	228	727
Profit at standard rate of corporation tax in the UK of 19.25% (2016: 20%)	44	145
Income not subject to tax	-	(134)
Adjustments to tax charge in respect of prior	-	1
Total tax charge for the year	44	12

The tax rate for the current period is lower than the prior period due to changes in the UK corporation tax rate which decreased from 20% to 19% with effect from 1 April 2017.

Further reductions to the UK corporation tax rates were substantively enacted as part of Finance No. 2 Act 2015 on 26 October 2015 and the Finance Act 2016 on 6 September 2016. These reduce the main rate to 19% from 1 April 2017 and 17% from 1 April 2020.

10 Investments

The Company's investments in subsidiary undertakings were:

£	2017	2016
At 1 January	100	100
At 31 December	100	100

The directors have considered the value of each of the Company's investments in subsidiary undertakings as at 31 December 2017 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 original cost of the investments in subsidiaries was £100 (2016: £100) and the cumulative impairment as at the year end was £nil (2016: £nil).

The Company's subsidiary undertaking as at 31 December 2017 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			
ZSL Financing Limited	Ordinary A	100	Dormant

The above company is registered at the following address :
Critchleys LLP, Beaver House, 23-38 Hythe Bridge Street, Oxford, OX1 2EP

ZSL Financing Limited entered liquidation during November 2017.

**Notes to the financial statements
for the year ended 31 December 2017**

11 Other Financial Investments

£'000	2017	2016
Loans to group undertakings	6,000	-
Total	6,000	-

On 28 December 2017, the Company granted a £6.0m senior loan to Zurich Insurance Company (ZIC), which will mature on 14 June 2018. This loan is unsecured and incurs a fixed rate of interest of 0.64590%, payable on maturity.

12 Debtors

£'000	2017	2016
Sundry debtors	2	1
Total	2	1

13 Cash and cash equivalents

£'000	2017	2016
Units in unit trusts	756	6,491
Cash at bank and in hand	6	53
Total	762	6,544

14 Creditors: amounts falling due within one year

£'000	2017	2016
Amounts owed to group undertakings	2	-
Corporation tax payable	55	22
Total	57	22

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

15 Called up share capital

£	2017	2016
Allotted, called up and fully paid:		
2 (2016: 2) ordinary shares of £1 each	2	2
Authorised:		
2 (2016: 2) ordinary shares of £1 each	2	2

The ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights, they do not confer any rights of redemption.

Notes to the financial statements for the year ended 31 December 2017

16 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.

The Company's immediate parent company is Zurich Holdings (UK) Limited.

17 Related party transactions

The Company is a wholly owned subsidiary and has taken advantage of an exemption from within FRS 102.33.1A 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 10, 11 and 14.

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 Insurance Group undertakings. The terms 'director' and 'key management' includes members of their families.