

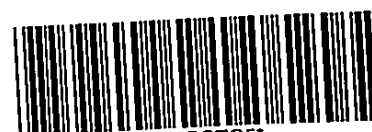
Registered number
2741053

Zurich Management Services Limited

Financial Statements

31 December 2010

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Company information

Directors

J R Dyke (appointed 27 July 2010)
D Hawkins
S Lewis
P J Moore

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
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 2010

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 activity

The principal activity of the Company is the delivery of risk management and administration services to public, private service organisations and other Group organisations.

Zurich Risk Services Asia Pacific Sdn Bhd, a wholly owned subsidiary, provides Risk Engineering and allied services to the Zurich Financial Services Group (ZFS) companies and their customers worldwide with activities involving the systematic identification, assessment and improvement of risk.

Performance measurement

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPIs 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 profit of **£4,875,339** (2009 profit of £5,500,056) for the year.

The Company has total shareholders' funds of **£3,866,235** (2009 £3,333,283).

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

An interim ordinary dividend of **£3,000,000** was paid during the year (2009 £7,000,000). The directors do not propose the payment of a final dividend.

Charitable and political donations

During the year, the Company made charitable donations of **£1,330,000** (2009 £1,516,000). No donation was made for political purposes during 2010 (2009 £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:

S Egan (resigned 27 July 2010)

M N Quinton (resigned 30 June 2010)

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 2010 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 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,
- 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.

Directors' report

Directors' responsibilities statement (cont'd)

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
7 April 2011

Independent auditors' report to the members of Zurich Management Services Limited

We have audited the financial statements of Zurich Management Services Limited for the year ended 31 December 2010 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 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 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.

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 2010 and of its profit 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 requirements 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 Management Services 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
// April 2011

**Profit and loss account
for the year ended 31 December 2010**

£	Notes	2010	2009
Turnover	1	47,695,179	53,784,463
Cost of sales		(35,310,175)	(39,778,583)
Gross profit		12,385,004	14,005,880
Administrative expenses		(7,534,117)	(8,539,412)
Operating profit		4,850,887	5,466,468
Interest receivable	2	24,452	33,588
Profit on ordinary activities before taxation		4,875,339	5,500,056
Taxation on profit on ordinary activities	6	(1,342,387)	(1,306,873)
Profit for the financial year		3,532,952	4,193,183

All figures relate to continuing operations

The Company has no recognised gains or losses other than the profit 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 2010**

£	Note	Called up Share capital	Profit and loss account	2010	2009
Opening shareholders' funds		100	3,333,183	3,333,283	6,140,100
Profit for the financial year		-	3,532,952	3,532,952	4,193,183
Dividends paid	7	-	(3,000,000)	(3,000,000)	(7,000,000)
Closing shareholders' funds		100	3,866,135	3,866,235	3,333,283

Balance sheet
as at 31 December 2010

£	Notes	2010	2009
Fixed Assets			
Investments in subsidiary undertakings	8	110,317	110,317
Current assets			
Other financial investments	9	9,113,000	5,733,000
Debtors	10	18,346,041	21,597,644
Cash at bank and in hand		55,732	107,150
		27,514,773	27,437,794
Creditors amounts falling due within one year	11	(23,758,855)	(24,214,828)
Net current assets		3,755,918	3,222,966
Total assets less current liabilities		3,866,235	3,333,283
Capital and reserves			
Called up share capital	12	100	100
Profit and loss account		3,866,135	3,333,183
Total shareholders' funds		3,866,235	3,333,283

The financial statements on pages 7 to 14 were approved and authorised for issue by the Board on 7 April 2011 and were signed on its behalf by



P J Moore
Director

Accounting policies for the year ended 31 December 2010

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 ("S12008/410") 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 (Revised 1996) 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 another company incorporated in the EEA, the Company is exempt from preparing group accounts under Section 400 of the Companies Act 2006

Accounting convention

The accounts are prepared under the historical cost convention

Turnover

Revenue is recognised and earned within the profit and loss account on an accruals basis

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

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 group undertakings are valued at cost less any provision that may be required for impairment

Accounting policies for the year ended 31 December 2010

Deferred tax

Provision is made for deferred tax liabilities, using the liability method, on all material timing differences, including revaluation gains and losses on investments recognised in the profit and loss account. Deferred tax is calculated at the rates at which it is expected that the tax will arise and discounted to take into account the likely timing of payments and the pattern of the expected realisation of investments. The discount rates used are the post-tax yields to maturity that could be obtained at the balance sheet date on government bonds with maturity dates and in currencies similar to those of the deferred tax assets or liabilities. Deferred tax is recognised in the profit and loss account for the period, except to the extent that it is attributable to a gain or loss that is recognised directly in the statement of total recognised gains and losses.

Amounts recoverable on contracts

Amounts recoverable on contracts represent the value of work included in turnover on particular contracts in excess of amounts received and receivable to date.

Accruals and accrued income

When purchasing an inspection contract, customers commit to buying an annual policy. Where this annual commitment is contractually invoiced in instalments, the initial debtor is classified within prepayments and income accruals and the income deferred (note 10).

Where the customer is invoiced annually in advance, the unearned income is classified as accruals and deferred income and the debtor is shown within trade debtors (note 11).

**Notes to the financial statements
for the year ended 31 December 2010**

1 Turnover

Turnover represents provision of risk management services, £38,874,005 (2009 £38,911,543) and administration services, £8,821,174 (2009 £14,872,920), which are receivable by the Company for services provided excluding VAT, and arises entirely within the United Kingdom

Turnover has reduced by £6,892,507 during the year due to the discontinuation of administration services provided to another group company

2 Investment income, interest and charges

£	2010	2009
Income from other investments	24,452	33,588
Investment income	24,452	33,588

3 Auditors' remuneration

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

£	2010	2009
Fees payable to the Company's auditor for the audit of the Company's financial statements	5,100	5,093

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

5 Directors' remuneration

The aggregate remuneration of directors in respect of their services to the Company were **£148,585** (2009 £154,346)

**Notes to the financial statements
for the year ended 31 December 2010**

6 Tax on profit of ordinary activities

Taxation in the profit and loss account was as follows

£	2010	2009
Current Tax		
UK corporation tax on profits for the year	1,365,095	1,540,016
Adjustments in respect of prior years	(22,708)	(233,143)
Current tax charge for the year	1,342,387	1,306,873
Tax on profit on ordinary activities	1,342,387	1,306,873

Factors affecting the tax charge for the year

The tax for the year differs from the standard rate of corporation tax in the UK (28%) The differences are explained below

£	2010	2009
Profit on ordinary activities before taxation	4,875,339	5,500,056
Profit on ordinary activities at standard rate of corporation taxation in the UK of 28% (2008 28.5%)	1,365,095	1,540,016
Adjustments to tax charge in respect of previous years	(22,708)	(233,143)
Current tax charge for the year	1,342,387	1,306,873

7 Dividends

£	2010	2009
Equity shares		
Dividend paid of £30,000 per share (2009 £70,000)	3,000,000	7,000,000

8 Investments in subsidiary undertakings

£	2010	2009
500,000 ordinary shares of 1 Malaysian Ringgit each	110,317	110,317
Total	110,317	110,317

The Company holds 100% of the nominal value of the allotted ordinary shares of a subsidiary company, Zurich Risk Services Asia Pacific SDN BHD, a company undertaking risk engineering and incorporated in Malaysia

**Notes to the financial statements
for the year ended 31 December 2010**

9 Other financial investments

£	2010	2009
Deposits with credit institutions	9,113,000	5,733,000

10 Debtors

£	2010	2009
Trade debtors	14,271,699	14,040,729
Amounts recoverable on contracts	142,841	173,191
Amounts due from group undertakings	221,690	29,357
Corporation taxation recoverable	-	463,214
Sundry debtors	784,668	2,877,885
Prepayments	2,925,143	4,013,268
Total	18,346,041	21,597,644

11 Creditors' amounts falling due within one year

£	2010	2009
Amounts due to group undertakings	-	1,901,221
Corporation tax payable	1,807,826	1,540,016
Sundry creditors	2,298,798	2,763,396
Accruals and deferred income	19,652,231	18,010,195
Total	23,758,855	24,214,828

12 Share capital

£	2010	2009
Allotted, called up and fully paid 100 ordinary shares of £1 each	100	100
Authorised 100 ordinary shares of £1 each	100	100

13 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.

**Notes to the financial statements
for the year ended 31 December 2010**

14 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, 10 and 11.

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.