

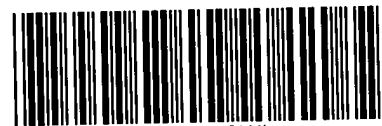
Registered number
2741053

Zurich Management Services Limited

Financial Statements

31 December 2014

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Company information

Directors

N A Freshwater (appointed 26 February 2014)

D Hawkins

C J Gebhard (appointed 24 April 2015)

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

7 More London Riverside

London

SE1 2RT

Strategic report

The directors present their strategic report for the year ended 31 December 2014.

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 activities

The principal activity of the Company is the delivery of risk management and administration services to both private and public sector organisations.

Zurich Risk Services Asia Pacific Sdn. Bhd., a wholly owned subsidiary, provides Risk Engineering and allied services to Zurich Insurance Group Ltd group 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 profit on ordinary activities before taxation of **£7,507,568** (2013: £4,597,301) for the year.

The Company has total shareholders' funds of **£7,177,630** (2013: £7,284,190).

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.

Principal risks and uncertainties

The Company's operations expose it to credit and liquidity risk. The directors do not consider there to be a material exposure as a result of these risks.

Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The Company closely manages its exposure to a single counterparty, or groups of counterparties and the risk is mitigated by the strong on-going customer relationships.

Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The Company is financed with appropriate short-term finance to match the need of the business. The Company aims to mitigate liquidity risk by managing cash generation from operations.

By order of the Board



P J Lampshire
For and on behalf of Zurich Corporate Secretary (UK) Limited
18 September 2015

Directors' report

The directors present their annual report and audited financial statements for the year ended 31 December 2014.

Future developments

The directors expect to maintain the current position and level of performance for the foreseeable future.

Dividends

An interim ordinary dividend of **£6,000,000** was paid during the year (2013: £3,000,000). The directors do not propose the payment of a final dividend.

On 8 May 2015 an interim ordinary dividend of £4,500,000 was paid. The dividend was declared after the end of the year.

Charitable and political donations

During the year, the Company made charitable donations of **£1,730,990** (2013: £1,650,303). No donation was made for political purposes during 2014 (2013: £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 was appointed during the year:
N A Freshwater (appointed 26 February 2014)

The following director resigned during the year:
S Lewis (resigned 26 June 2014)

The following director resigned after the end of the year:
P Moore (resigned 30 April 2015)

The following director was appointed after the end of the year:
C J Gebhard (appointed 24 April 2015)

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.

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 2014 of which the Company's 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.

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.

Statement of Directors' Responsibilities

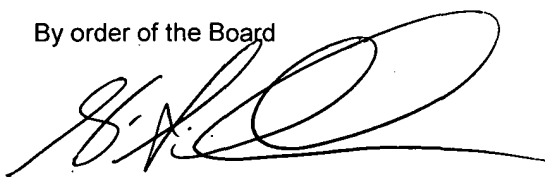
The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared 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



N A Freshwater
Director

18 September 2015

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

Report on the financial statements

Our opinion

In our opinion, Zurich Management Services Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of its result 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.

What we have audited

Zurich Management Services Limited's financial statements comprise:

- the balance sheet as at 31 December 2014;
- the profit and loss account for the year then ended;
- the reconciliation of movements in shareholders' funds for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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, 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of Zurich Management Services Limited Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities, 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 an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



David Roper (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

 September 2015

**Profit and loss account
for the year ended 31 December 2014**

| £ | Note | 2014 | 2013 |
|--|------|------------------|------------------|
| Turnover | 1 | 63,062,291 | 59,489,860 |
| Cost of sales | | (44,872,860) | (41,843,036) |
| Gross profit | | 18,189,431 | 17,646,824 |
| Administrative expenses | | (10,718,939) | (13,099,569) |
| Operating profit | | 7,470,492 | 4,547,255 |
| Interest receivable and similar income | 2 | 37,076 | 50,046 |
| Profit on ordinary activities before taxation | | 7,507,568 | 4,597,301 |
| Tax on profit on ordinary activities | 6 | (1,614,128) | (1,068,872) |
| Profit for the financial year | | 5,893,440 | 3,528,429 |

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 2014**

| £ | Note | Called up Share capital | Profit and loss account | 2014 | 2013 |
|------------------------------------|------|----------------------------|----------------------------|------------------|------------------|
| Opening shareholders' funds | | 100 | 7,284,090 | 7,284,190 | 6,755,761 |
| Profit for the financial year | | - | 5,893,440 | 5,893,440 | 3,528,429 |
| Dividends paid | 7 | - | (6,000,000) | (6,000,000) | (3,000,000) |
| Closing shareholders' funds | | 100 | 7,177,530 | 7,177,630 | 7,284,190 |

Balance sheet
as at 31 December 2014

| £ | Note | 2014 | 2013 |
|---|------|---------------------|---------------------|
| Fixed Assets | | | |
| Investments | 8 | 110,317 | 110,317 |
| Current assets | | | |
| Other financial investments | 9 | 758,591 | 9,615,617 |
| Debtors | 10 | 32,711,952 | 20,105,857 |
| Cash at bank and in hand | | 93,364 | 44,120 |
| | | 33,563,907 | 29,765,594 |
| Creditors: amounts falling due within one year | 11 | (26,496,594) | (22,591,721) |
| Net current assets | | 7,067,313 | 7,173,873 |
| Total assets less current liabilities | | 7,177,630 | 7,284,190 |
| Capital and reserves | | | |
| Called up share capital | 12 | 100 | 100 |
| Profit and loss account | | 7,177,530 | 7,284,090 |
| Total shareholders' funds | | 7,177,630 | 7,284,190 |

The financial statements on pages 7 to 14 were approved and authorised for issue by the Board on 18 September 2015 and were signed on its behalf by:



N A Freshwater
Director
18 September 2015

Accounting policies for the year ended 31 December 2014

Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

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 financial statements under Section 400 of the Companies Act 2006.

Turnover

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

Interest Receivable

Interest income is accounted for on an accruals basis.

Expenses

Interest, rents and expenses, including cost of sales, 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 2014

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 (note 10) and the income deferred (note 11).

Where the customer is invoiced annually in advance, the unearned income is classified as accruals and deferred income (note 11) and the debtor is shown within trade debtors (note 10).

**Notes to the financial statements
for the year ended 31 December 2014**

1 Turnover

Turnover represents provision of risk management services **£63,062,291** (2013: £59,489,860) which are receivable by the Company for services provided excluding VAT, and arises entirely within the United Kingdom.

2 Interest receivable and similar income

| £ | 2014 | 2013 |
|---|---------------|---------------|
| Income from other investments | 37,076 | 50,046 |
| Interest receivable and similar income | 37,076 | 50,046 |

3 Auditors' remuneration

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

| £ | 2014 | 2013 |
|---|--------------|--------------|
| Fees payable to the Company's auditor for the audit of the Company's financial statements | 6,015 | 7,008 |
| Total | 6,015 | 7,008 |

These expenses have been borne by another group company.

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 companies, within the group of companies of which the ultimate parent is Zurich Insurance Group Ltd, a company incorporated in Switzerland.

The principal disclosures in respect of these staff, including disclosures in relation to share based payments, appear in the financial statements 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 **£153,524** (2013: £156,098).

**Notes to the financial statements
for the year ended 31 December 2014**

6 Tax on profit of ordinary activities

Taxation in the profit and loss account was as follows:

| £ | 2014 | 2013 |
|---|------------------|------------------|
| United Kingdom taxation: | | |
| UK corporation tax at 21.5% (2013: 23.25%) for the year | 1,614,127 | 1,068,872 |
| Adjustments in respect of prior years | 1 | - |
| Current tax charge for the year | 1,614,128 | 1,068,872 |
| Tax on profit on ordinary activities | 1,614,128 | 1,068,872 |

Factors affecting the tax charge for the year:

The tax for the year differs from the standard rate of corporation tax in the UK (21.5%). The differences are explained below:

| £ | 2014 | 2013 |
|--|-----------|-----------|
| Profit on ordinary activities before taxation | 7,507,568 | 4,597,301 |
| Profit on ordinary activities at standard rate of corporation taxation in the UK of 21.5% (2013: 23.25%) | 1,614,127 | 1,068,872 |
| Adjustments in respect of prior years | 1 | - |
| Current tax charge for the year | 1,614,128 | 1,068,872 |

Factors affecting future tax charges:

The UK corporation tax rate reduced from 23% to 21% with effect from 1 April 2014 and to 20% with effect from 1 April 2015.

7 Dividends

| £ | 2014 | 2013 |
|--|-----------|-----------|
| Equity shares | | |
| Dividend paid of £60,000 per share (2013: £30,000) | 6,000,000 | 3,000,000 |
| | 6,000,000 | 3,000,000 |

**Notes to the financial statements
for the year ended 31 December 2014**

8 Investments

| £ | 2014 | 2013 |
|---|----------------|----------------|
| 500,000 (2013: 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.

The directors have considered the value of the Company's investment in subsidiary undertakings as at 31 December 2014 and are satisfied that the value of the investment is not less than the amount at which it is stated in the balance sheet.

9 Other financial investments

| £ | 2014 | 2013 |
|---|----------------|------------------|
| Shares and other variable-yield securities and units in unit trusts | 758,591 | 9,615,617 |
| Total | 758,591 | 9,615,617 |

10 Debtors

| £ | 2014 | 2013 |
|------------------------------------|-------------------|-------------------|
| Trade debtors | 16,082,511 | 10,988,345 |
| Amounts recoverable on contracts | 404,676 | 527,998 |
| Amounts owed by group undertakings | 11,908,465 | 5,031,331 |
| Corporation taxation recoverable | - | 563,551 |
| Other debtors | 403 | - |
| Prepayments and accrued income | 4,315,897 | 2,994,632 |
| Total | 32,711,952 | 20,105,857 |

11 Creditors: amounts falling due within one year

| £ | 2014 | 2013 |
|------------------------------|-------------------|-------------------|
| Bank loans and overdrafts | 471,088 | 528,326 |
| Corporation tax payable | 2,746,454 | 1,118,816 |
| Other creditors | 2,829,166 | 2,675,732 |
| Accruals and deferred income | 20,449,886 | 18,268,847 |
| Total | 26,496,594 | 22,591,721 |

**Notes to the financial statements
for the year ended 31 December 2014**

12 Called up share capital

| £ | 2014 | 2013 |
|--|------------|------------|
| Allotted, called up and fully paid: | | |
| 100 (2013: 100) ordinary shares of £1 each | 100 | 100 |
| Total | 100 | 100 |
| Authorised: | | |
| 100 (2013: 100) ordinary shares of £1 each | 100 | 100 |
| Total | 100 | 100 |

13 Ultimate parent company

The Company's ultimate parent company 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.

14 Related party transactions

The Company has taken advantage of an exemption from within FRS 8 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 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 Insurance Group undertakings. The terms 'director' and 'key management' includes members of their families.