Company Registration No. 02741053 (England and Wales)

ZURICH MANAGEMENT SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

ZURICH MANAGEMENT SERVICES LIMITED

COMPANY INFORMATION

Directors	T J Grant J P Hartigan J H Keppel K Surendrakumar	 (appointed 12 September 2019)
Secretary	Zurich Corporate Secretary (UK) Limited	
Company number	02741053	
Registered office	The Zurich Centre 3000 Parkway Whiteley Fareham Hampshire PO15 7JZ	
Independent auditors	PricewaterhouseCoopers LLP 2 Glass Wharf Bristol BS2 0FR	

ZURICH MANAGEMENT SERVICES LIMITED

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ZURICH MANAGEMENT SERVICES LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present the strategic report and audited financial statements for Zurich Management Services Limited (the "Company") for the year ended 31 December 2019.

Review of the business
The principal activity of the Company is the delivery of risk management and administration services to both private and public sector organisations. The Company is a private company limited by shares and is incorporated and domiciled in England and Wales. The registered office is The Zurich Centre, 3000 Parkway, Whiteley, Fareham, Hampshire, PO15 7JZ.

Zurich Risk Services Asia Pacific Sdn. Bhd. ("ZRSAP"), a wholly owned subsidiary, is in the process of being liquidated.

On 11 June 2019, the £15,000,000 loan provided to Zurich Insurance Company Limited ("ZIC") matured and was immediately replaced with a new loan for £15,000,000, which matures on 11 June 2020. This is unsecured and incurs interest at a fixed rate of 1.0614% p.a. payable on maturity. Subsequent to this, the loan has been replaced with a new loan and recorded as a subsequent event in the Directors Report and note 23 to the accounts.

On 1 August 2019, the Company received a dividend of £197,332 (MYR 1,000,000) from ZRSAP, a wholly owned subsidiary.

On 12 September 2019, the Company provided a loan to Zurich Holdings (UK) Limited (the "Parent Company") for £7,000,000, which matures on 16 October 2020. This is unsecured and incurs interest at a fixed rate of 0.9877% p.a. payable on maturity.

Key performance indicators
The profit before taxation amounted to £16,426,262 (2018: £11,702,685). After taking taxation into account, the amount transferred to reserves was £13,305,272 (2018: £9,493,979 transferred to reserves).

Profit has increased in 2019, mainly driven by a one-off increase in Revenue (see note 4), a decrease in expenses as a result of an exceptional expense recognised in the prior year, in respect of Guaranteed Minimum Pensions ("GMP") equalisation, and a decrease in current year administrative expenses following a reduction in a system improvement project and business reorganisation spend compared to the prior year.

At 31 December 2019, the Company had net assets of £18,857,113 (2018: net assets of £11,551,841) representing mainly the value of its trade debtors and other financial investments, net of accruals and deferred income and corporation tax payable shown within other taxation and social security.

Given the nature of the business, the Company's directors are of the opinion that no additional key performance indicators are necessary for an understanding of the development, performance and position of the business other than the performance and position shown in the profit and loss account and the balance sheet on pages 11 and 12 respectively.

Future outlook
The directors do not expect any material changes in the principal activity or the underlying performance of the business in the foreseeable future.

Principal risks and uncertainties
The Company's operation is exposed to both operational and financial risk through its activities as well as its financial assets and financial liabilities. The specific financial risks are limited to credit risk, liquidity risk and price risk. The directors do not consider there to be a material exposure as a result of these risks. The directors note the impact of both Brexit and the evolving situation with respect to COVID-19 as potential but immaterial business risks (see note 23).

Business risk
Following the decision by the UK in June 2016 to leave the European Union ("EU") and the subsequent passing of the Withdrawal Agreement Bill by the UK Parliament on 22 January 2020, the UK left the EU on 31 January 2020. There continues to be an underlying level of uncertainty in the UK regarding the financial and economic impact from this action. However, the risk to the Company is not considered to be significant as the principal activity of the Company does not involve the import or export of goods and services to and from other EU countries. There may be smaller impacts caused by changes in employment rules related to EU citizens in the UK, however, this is not expected to have a material impact on the operations of the Company. According to UK company law, there is no requirement for the Company to prepare a separate risk report.

The directors recognise the possible consequences arising from COVID-19 and have considered the operational and financial impact on the business. The Company has well established business continuity plans, which included the implementation of remote working for all office staff and a full assessment of business critical processes to ensure operations could continue as normal or with suitable alternatives in place. For the inspectors a risk assessment was undertaken and revised working processes and procedures implemented to ensure the health and safety of the employees and as such the directors believe that the Company is well positioned to cope with any changes in circumstances that may impact operations as they may arise.

The directors have considered the impact on the Company's profit and loss and projected cashflows (liquidity). The impact is predominantly driven by a potential reduction in revenue as a result of the cessation or reduction in operational activity which can be conducted by the Company's Engineer Surveyors as a result of business cessation and "social distancing" measures put in place by the UK Government. The estimated impact on Inspection and Consultancy revenue compared to 31 December 2019 is c.£1.5m decrease. All other revenues and expenses are anticipated to remain materially in line with 2019 actuals.

The Company has performed a full re-forecasting exercise for 2020 which takes into account the anticipated impact to revenue from COVID-19 including the removal of the originally forecast growth factors. As COVID-19 situation is still evolving, the forecast is currently being reviewed and updated on a monthly basis and processes are in place to regularly monitor its performance against its business plan. These monitoring activities allow the leadership teams of the company to take mitigating action where appropriate.

The directors have considered the potential impact of COVID-19 and there is no indication that the Company would have insufficient resources to pay its liabilities as they fall due (see note 23).

The above information regarding the possible impact of COVID-19 on the business relevant to the Company is accurate at the time of writing but as a result of ongoing developments, may not reflect the developed situation at the time of reading.

Principal risks and uncertainties (continued)

Operational risk
The Company is exposed to operational risk through the health and safety of the employees, the potential for equipment failure and the potential for claims or litigation to be brought against the Company in respect of Thorough Examination Reports carried out by the Company. Exposure to personnel risk is inevitable given the nature of the work carried out by the Company's employees. The major risks include lone working, working in hazardous areas, at height, with moving and/or rotating machinery and in confined spaces. Performing safety checks on equipment, which requires employees to operate (or simulate operation of) equipment to the extremes of its safe operating parameters, could result in the need for specialist intervention to restore equipment to normal use. This exposes the Company to criticism and/or costs for the interventions.

In addition to the normal operational risks above, the Company has considered the operational risks for its Inspectors during the COVID-19 pandemic, a risk assessment was undertaken and revised working processes and procedures implemented to ensure the health and safety of the employees.

There are two ongoing litigation cases with the Company which have been reported as a Contingent Liability see note 21 for further information.

At a leadership level we look at risk mitigation measures such as Total Risk Profiling and looking at our risks within boundaries of tolerance and how these can be improved.

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. The loans are deemed to be low credit risk due to the borrower having a strong capacity to meet it's contractual obligations in the near term and adverse changes in the economic and business conditions as a result of COVID-19 are not expected to reduce the ability of the borrower to fulfil its obligations.

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 needs of the business. The Company aims to mitigate liquidity risk by managing cash generation from operations. The Company does not expect its cashflow to be impacted by the recoverability of short term debtors as a result of COVID-19 as the Company supplies services to a diversified customer base, across both the private and public sectors. This reduces the overall credit and liquidity risk as the Public Sector are Government backed and the Private Sector are receiving additional government support (i.e. furlough payments for employees) which is enabling these companies to continue to trade and pay their debts (see note 23).

Price risk
The Company is exposed to securities price risk, because of the short-term, highly liquid investments held by the Company and classified on the Balance Sheet as investments.

Duty to promote the success of the Company in accordance with s172(1) Companies Act 2006
The Company is a wholly owned subsidiary entity of Zurich Insurance Group AG and is subject to policies and governance arrangements set by the Zurich Group as well as local statutory and regulatory requirements, which take precedence. In accordance with The Companies (Miscellaneous Reporting) Regulations 2018, the Company is required to make disclosures in respect of s.172 of the Companies Act 2006 "Duty to promote the success of the Company" and stakeholder engagement.

Duty to promote the success of the Company in accordance with s172(1) Companies Act 2006 (continued)

During the course of the financial year, the Board consider, both individually and together, that they have acted in a way they consider would be most likely to promote the success of the Company for the benefit of its shareholder and customers. In particular, the Board has given consideration to the:
- Likely consequences of any decision in the long term;
- Interests of employees;
- Need to foster the Company's business relationships with suppliers, customers and others;
- Impact of the Company's operations on the community and the environment; and
- Desirability of the Company maintaining a reputation for high standards of business conduct.

<u>Long term decisions</u>
The Board continually assesses the long term strategy of the Company and its long term value to its shareholder. It ensures that the engineering inspection services and risk engineering consultancy services generate sufficient fee income and good customer outcomes. These considerations form the basis of its decision making in respect of the Company.

The Board receives quarterly reports on risk engineering and engineering inspection matters; outlining the operational and financial aspects of the business performance. This allows the Board to assess the appropriateness of its strategy and make alterations should it need to. The Board reviews engineering inspections' Total Risk Profile (TRP) each quarter, ensuring that all relevant and applicable risks that could impact the company's strategy and business are captured, monitored and mitigated in the most appropriate way.

<u>Interests of employees</u>
The Company does not have any direct employees but a management charge is made to the Company from a number of employing entities (Zurich UK General Employee Services Limited, Zurich UK General Services Limited and Zurich Global Corporate UK Limited) in respect of employees who work on behalf of the Company and have a responsibility for the Company. The principal disclosures in respect of these staff, including the approach to employee engagement, appear in the financial statements of Zurich UK General Employee Services Limited, Zurich UK General Services Limited and Zurich Global Corporate UK Limited.

<u>Stakeholder relationship and engagement</u>

Business relationships with suppliers, customers and others
The principal activity of the Company is the delivery of fee based engineering inspection services and risk engineering consultancy services to both private and public sector organisations.

The Zurich Engineering Inspection business helps customers to identify, manage and control engineering risks through its national team of approximately 500 highly trained and experienced engineer surveyors that help customers comply with a wide range of legislation through independent in-service examinations of plant and machinery.

The Risk Engineering business supports improved risk selection and pricing, to drive fee income and cross sell new premium business and support renewal retention. The engineers within the Risk Engineering organisation work with general insurance customers to identify, assess and mitigate potential risks to their business. The Company contracts with customers for the provision of these consultancy services in return for a service fee.

Duty to promote the success of the Company in accordance with s172(1) Companies Act 2006 (continued)

Impact of operations on the community and environment
The UK Corporate Affairs team are responsible for Diversity & Inclusion and Social Media and provide a weekly update on stakeholder engagement across the UK together with details on governmental consultation and inquiries.

Zurich Group announced in July 2019 its commitment to the UN Climate Change targets to using only renewable energy by 2022. The Zurich Group has also taken a stance on single use plastics, i.e. to eliminate its use and to reduce internal paper usage by 80%. Zurich is part of a project to help financial institutions align lending and investment portfolios with the Paris Agreement targets. This commitment to climate change is driven down from the top level Board and management through all jurisdictions and this commitment will come through as part of Company's long term strategy.

Business conduct
The Heads of the Engineering Inspection business and the Risk Engineering business report on a quarterly basis to the Board on matters concerning the health and safety of the Company's engineers and consultants, business performance and other issues affecting the Company.

The Company manages and mitigates health and safety risks (in so far as is reasonably practicable) by providing robust safe systems of work, risk assessments and escalation in the classification of defects to customers in a timely manner. It works closely with customers to provide a safe place of work for the engineers and specialist help where necessary. The company employs only suitably qualified and experienced engineers and adheres to the SAFed health and safety passport scheme. All engineering inspection staff have access to a market leading training and induction programme and to regular technical bulletins and toolbox talks, which offer/provide technical assistance during working hours by a duty senior engineer.

Going concern
The directors have at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, this includes consideration of the impact of COVID-19. Accordingly, it is appropriate to continue to use the going concern basis of accounting in preparing the financial statements (see note 1.2).

On behalf of the Board

T.J. Grant

Name : **T J Grant**
Director

Date **4 August 2020**

The directors present their annual report and the audited financial statements for the year ended 31 December 2019.

Results and dividends
The results for the year are set out on page 11.

Interim dividends on the ordinary share capital of the Company totalling £6,000,000 were declared and paid during the year (2018: £30,000,000). The directors do not recommend the payment of a final dividend for the year (2018: £nil).

Subsequent events
The directors recognise the possible consequences arising from COVID-19 and note this as a non-adjusting post balance sheet event. The directors have considered the possible economic impacts due to potential reductions in turnover which would impact on the Company's profit and loss and projected cashflows (liquidity). The estimated impact on Inspection and Consultancy revenue compared to 31 December 2019 is c.£1.5m decrease. All other revenues and expenses are anticipated to remain materially in line with 2019 actuals. There is no indication that the Company would have insufficient resources to pay its liabilities as they fall due (see note 23).

On 11 June 2020, the £15,000,000 loan provided to ZIC matured and was immediately replaced with a new loan for £15,000,000, which matures on 11 June 2021. This is unsecured and incurs interest at a fixed rate of 0.66550% p.a. payable on maturity.

On 12 June 2020, the Company provided a loan to the Parent Company of £4,000,000 which matures on 12 July 2021. This is unsecured and incurs interest at a fixed rate of 0.71290% p.a. payable on maturity.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

V Cellerini	(resigned 12 September 2019)
T J Grant	
J P Hartigan	
J H Keppel	(appointed 12 September 2019)
K Surendrakumar	

Qualifying third party indemnity provisions
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.

Future developments
The directors have elected to include a description of the nature of the Company's exposure to financial instrument risk and the future outlook, as required by regulations made under section 416(4) of the Companies Act 2006, within the Strategic Report (see section Future outlook on page 2) as permitted by section 414C(11) of the Companies Act 2006.

Independent auditors'
The auditors, PricewaterhouseCoopers LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Charitable and political donations
During the year, the Company made charitable donations of £1,648,605 (2018: £1,596,672). No donation was made for political purposes during 2019 (2018: £nil).

Statement of directors' responsibilities in respect of the financial statements
The directors are responsible for preparing the Annual 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; 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. 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.

Statement of disclosure of information to auditors'
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the Company's auditors are unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the Board

T.J. Grant

Name : **T J Grant**
Director

Date **4 August 2020**

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ZURICH MANAGEMENT SERVICES LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Zurich Management Services Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 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 101 "Reduced Disclosure Framework", 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 Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2019; the profit and loss account, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include 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 where:

- 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.

Reporting on other information (continued)
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.

With respect to the Strategic Report and 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.

Strategic Report and Directors' Report
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 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 Strategic Report and 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 7, 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.

Responsibilities for the financial statements and the audit (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

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.

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.

N. Muzzlewhite

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

Date: 4 August 2020

ZURICH MANAGEMENT SERVICES LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR THEN ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
Revenue	4	82,494,352	81,498,328
Cost of sales		(53,928,114)	(54,458,358)
Gross profit		28,566,238	27,039,970
Administrative expenses		(12,642,245)	(13,972,083)
Exceptional expenses	8	-	(1,671,600)
Operating profit		15,923,993	11,396,287
Income from shares in group undertakings	11	197,332	75,641
Profit before interest and taxation		16,121,325	11,471,928
Other interest receivable and similar income	9	305,174	247,645
Interest payable and similar charges	10	(237)	(16,888)
Profit before taxation		16,426,262	11,702,685
Tax on profit	12	(3,120,990)	(2,208,706)
Profit for the financial year		13,305,272	9,493,979

The profit and loss account has been prepared on the basis that all operations are 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.

ZURICH MANAGEMENT SERVICES LIMITED

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Current assets			
Debtors	15	32,402,192	32,997,192
Investments	13	35,893,564	22,703,981
Cash at bank and in hand		28,500	819
		68,324,256	55,701,992
Creditors: amounts falling due within one year			
Creditors	16	(43,560,032)	(39,437,504)
Other taxation and social security		(5,407,111)	(4,710,266)
Net current assets		19,357,113	11,554,222
Provisions for liabilities	17	(500,000)	(2,381)
Net assets		18,857,113	11,551,841
Capital and reserves			
Called up share capital	18	100	100
Profit and loss account		18,857,013	11,551,741
Total Shareholders' funds		18,857,113	11,551,841

The financial statements were approved by the Board of directors and authorised for issue on 4 August 2020 and are signed on its behalf by:

Name : **T J Grant**
Director

Company Registration No. 02741053

ZURICH MANAGEMENT SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR THEN ENDED 31 DECEMBER 2019

	Note	Called up share capital £	Profit and loss account £	Total Shareholders' funds £
Balance at 1 January 2018 (restated)		100	32,057,762	32,057,862
Year ended 31 December 2018:				
Profit for the financial year		-	9,493,979	9,493,979
Total comprehensive income for the year		-	9,493,979	9,493,979
Dividends on ordinary shares	14	-	(30,000,000)	(30,000,000)
Balance at 31 December 2018		**100**	**11,551,741**	**11,551,841**
Year ended 31 December 2019:				
Profit for the financial year		-	13,305,272	13,305,272
Total comprehensive income for the year		-	13,305,272	13,305,272
Dividends on ordinary shares	14	-	(6,000,000)	(6,000,000)
Balance at 31 December 2019		**100**	**18,857,013**	**18,857,113**

1 Accounting policies

Company information
Zurich Management Services Limited is a private company limited by shares incorporated in England and Wales. The registered office is The Zurich Centre, 3000 Parkway, Whiteley, Fareham, Hampshire,

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.

1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

The Company has taken the following exemptions in preparing the financial statements:
• The requirements of International Accounting Standard ("IAS") 1 'Presentation of Financial Statements' paragraph 16 regarding an explicit and unreserved statement of compliance with IFRS accounting, in accordance with FRS 101 paragraph 8(g).
• The requirements of IAS 7 'Statement of Cash Flows' in accordance with FRS 101 paragraphs 8(h) and where relevant 8(g).
• The requirements IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' paragraphs 30 and 31 in respect of new standards, amendments and interpretations issued but not effective for the financial year in accordance with FRS 101 paragraph 8(i).
• The requirements of IAS 24 'Related Party Disclosures' paragraph 17, to disclose related party key management compensation in accordance with FRS 101 paragraph 8(j).
• The requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member in accordance with FRS 101 paragraph 8(k).
• The requirements of IFRS 7 'Financial Instruments: Disclosures' in accordance with FRS 101 8 (d).

The Company has taken advantage of the exemptions contained within section 401 of the Act and has not produced consolidated financial statements for the year ended 31 December 2019, since it is a wholly-owned subsidiary undertaking of a parent company that is not established under the law of an EEA state, which prepares consolidated financial statements in which the Company and its subsidiaries are included.

1.2 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, this includes consideration of the impact of COVID-19 on the projected cash flows and profit and loss of the Company which show that the Company has sufficient resources for the forseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Revenue

Revenue represents income from the provision of risk management and administration services to both private and public sector organisations.

1 Accounting policies (continued)

1.3 Revenue (continued)

For engineering inspection contracts, progress through the work set out in the contract is measured with reference to the time spent on inspection activity (measured in units). Revenue is recognised when control passes to the customer which is measured on the number of units inspected during the financial period, in line with IFRS 15. The contract term is 12 months. Prior to this the Income is recognised as deferred income on the Balance Sheet (see note 16).

For all other contracts, revenue is measured and recognised as performance obligations are fulfilled.

Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

1.4 Cost of sales

Cost of sales represents expenses payable which are necessary for the provision of services, recognised on an accruals basis.

1.5 Expenses

Administrative expenses, including IT development spend, charitable donations, recharged pension costs are charged to the profit and loss account on an accruals basis. Exceptional expenses are charged to the profit and loss account on an accruals basis.

1.6 Other interest receivable and similar income

Other interest receivable and similar income includes income from investments, interest receivable on loans and net realised and unrealised investment and foreign exchange gains and are recognised in the profit and loss account on an accruals basis.

1.7 Interest payable and similar charges

Interest payable and similar charges includes investment expense charges and net realised and unrealised investment and foreign exchange losses and are recognised in the profit and loss account on an accruals basis.

1.8 Income from shares in group undertakings

This represents dividend income and is recognised when the right to receive payment is established; when paid (for interim dividends) and when declared (for final dividends).

1.9 Dividend distribution

Interim dividends on the ordinary shares of the Company are recognised once settled due to the ability of the directors to revoke their resolution at any time before settlement is completed; no contractual obligation is created by the declaration of the interim dividend. Final dividends on the ordinary shares of the Company are recognised as a liability in the Company's financial statements in the period in which the dividends are declared by the Company's directors.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

1 Accounting policies (continued)

1.10 Taxation (continued)

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Investments
Investments in subsidiary undertakings are valued at 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.

1.12 Amounts recoverable on contracts
Amounts recoverable on contracts represent the value of work included in revenue on particular contracts in excess of amounts received to date.

1.13 Cash at bank and in hand
Cash at bank and in hand includes cash in hand, deposits held at call with banks less bank overdrafts. In the balance sheet, bank overdrafts are shown within creditors in current liabilities.

1.14 Financial assets
Financial assets are recognised in the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

1 Accounting policies (continued)

1.14 Financial assets (continued)

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss, which are measured at fair value.

A financial asset is classified and subsequently measured at amortised cost under IFRS 9 if it meets both of the following criteria:

- The asset is held within a business model whose objective is to hold the financial asset in order to collect contractual cash flows (known as the 'hold-to-collect' business model test); and
- The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on a specified date (the 'SPPI' contractual cash flow characteristics test).

Financial assets at amortised cost
Financial assets, including trade, intra group receivables, current investments and other receivables that have fixed or determinable payments that are not quoted in an active market are measured at amortised cost using the effective interest method, less any impairment.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses an annual expected loss allowance for all cash and cash equivalents, intercompany debtors and intercompany loans.

Derecognition of financial assets
Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to

There were no adjustments made for the 2019 reporting period relating to IFRS 9 adjustments as the identified impairment loss in relation to the financial assets subject to IFRS 9 was immaterial.

1.15 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liability at amortised cost
IFRS 9 requires all financial liabilities to be measured at amortised cost unless either:

- The financial liability is required to be measured at FVTPL because it is held for trading (e.g. derivatives that have not been designated in a hedging relationship); or
- The entity elects to measure the financial liability at FVTPL (using the fair value option).

Financial liabilities are measured at amortised cost using the effective interest method.

Financial liabilities, including trade, intra group payables and loans, other payables and bank borrowings that have fixed or determinable payments that are not quoted in an active market are measured at amortised cost using the effective interest method, less any impairment.

1 Accounting policies (continued)

1.15 Financial liabilities (continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the Company's obligations are discharged, cancelled, or they expire.

There were no adjustments made for the 2019 reporting period relating to IFRS 9 adjustments as the identified impairment loss in relation to the financial assets subject to IFRS 9 was immaterial.

1.16 Provisions for liabilities

Provisions represent the best estimates of the future costs to settle the obligations in existence at the balance sheet date. Provisions are not discounted, unless the impact of the time value of money is material, and are periodically reviewed and adjusted to reflect the current best estimates. Provisions are reversed if it is no longer probable that future costs will be incurred.

1.17 Share capital

Ordinary shares are classified as equity.

2 Adoption of new and revised standards and changes in accounting policies

In the current year, the following new and revised Standard has been adopted by the Company and has an effect on the current period or a prior period or may have an effect on future periods:

IFRS 16 is a new accounting standard that is effective for the year ended 31 December 2019 and has not had a material impact on the Company (see note 22). There are no other amendments to accounting standards that are effective for the year ended 31 December 2019.

3 Critical accounting estimates and judgements

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The areas where critical judgements or estimates and assumptions have an impact on the financial statements within the next financial year are in relation to the provisions for liabilities and the contingent liability as disclosed in notes 1.16, 17 and 21.

4 Revenue

Revenue represents the provision of risk management services encompassing engineering consultancy, risk engineering and engineering inspection services to both private and public sector organisation. Revenue excludes VAT, and arises entirely within the United Kingdom.

	2019	2018
	£	£
Inspection	73,086,325	72,612,797
Consultancy	4,902,687	5,170,112
Risk Engineering	3,852,120	2,824,020
Claims Handling Fee income	653,220	891,399
	82,494,352	81,498,328

4 Revenue (continued)

Risk Engineering fees for the provision of Risk Management ("RM") services are charged up front to the customer and deferred to the balance sheet until the work is performed. Income is recognised as Revenue when the Risk Engineering team provide the service to the customer. As per the terms set out in the tender documents, any work not agreed within the Schedule Period of 18 months, through no fault of lack of effort by the company, we will consider our offer to provide RM services to have been fully discharged. During the year it has been identified that there was £1.8m of fund values in deferred income where the expiry date of 18 months had been exceeded, £824k that expired in 2019 and £950k relating to prior years. This has been released to Revenue in the current year and is included in Risk Engineering.

5 Auditors' remuneration

	2019	2018
Fees payable to the Company's auditors and associates	£	£
For audit services		
Audit of the financial statements of the Company	38,226	26,505

In 2019 and 2018 the audit fees have been borne by another group company, Zurich Insurance plc and not recharged to the Company.

6 Employee information

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.

Accordingly, the Company does not incur direct staff or pension costs. During 2019 and 2018, management charges were made to the Company which included staff costs. Staff costs include share based payments granted by the Group. The element of these charges relating to these costs cannot be separately ascertained, therefore, no disclosure has been made for staff numbers and costs.

Share-based payments

The Group has adopted various share-based compensation and cash incentive plans to attract, retain and motivate executives and employees. The plans are designed to reward employees for their contribution to the performance of the Group and to encourage employee share ownership. Share based compensation plans include plans under which shares and options to purchase shares, based on the performance of the businesses, are awarded. Share based plans are based on the provision of shares in the ultimate parent company Zurich Insurance Group AG ("ZIG").

The Group encourages employees to own shares of ZIG and has set up a framework based on the implementation of either share options and/or performance share programs. Actual plans are tailored to meet local market requirements.

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.

7 Directors' remuneration

The remuneration of the directors for services to the Company as directors during the year was £nil (2018: £nil).

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

8 Exceptional expenses

	2019	2018
	£	£
GMP equalisation	-	(1,671,600)
	-	(1,671,600)

In 2018 the Company paid exceptional expenses of £1,671,600 in respect of a Guaranteed Minimum Pensions ("GMP") equalisation to the Zurich Financial Services UK Pension Scheme following a High Court judgement in the case of Lloyds Banking Group Pension Trustees Limited vs Lloyds Bank plc (and others) that was published on 26 October 2018. This judgement confirmed that formally contracted-out schemes were required to remove inequalities caused by the differences in GMPs between males and females (i.e. GMP equalisation). As a result of a previous judgement (the Barber judgement) on equalisation, the expense included reflects the Company's proportion of the GMP equalisation for the period between 17 May 1990 and 5 April 1997, when GMP stopped accruing. This expense was incurred by a fellow Group undertaking and included in recharged expenses.

9 Other interest receivable and similar income

	2019	2018
	£	£
Interest receivable and similar income	301,039	247,645
Net gains on foreign exchange	4,135	-
	305,174	247,645

10 Interest payable and similar charges

	2019	2018
	£	£
Interest payable and similar charges	237	1,784
Net losses on foreign exchange	-	15,104
	237	16,888

11 Income from shares in group undertakings

	2019	2018
	£	£
Dividends		
Zurich Risk Services Asia Pacific Sdn. Bhd.	197,332	75,641
	197,332	75,641

12 Tax on profit

	2019 £	2018 £
Current tax:		
UK corporation tax on profits for the year	3,120,538	2,286,120
Adjustments in respect of prior periods	452	(432)
Total UK current tax	3,120,990	2,285,688
Deferred taxation:		
Origination and reversal of timing differences	405	(76,982)
Adjustment in respect of prior years	(405)	
Total UK deferred tax	-	(76,982)
Total tax charge	3,120,990	2,208,706

A reduction in the UK corporation tax rate from 19% to 17% (with effect from 1 April 2020) was substantively enacted by the Finance Act 2016 in September 2016.

The Budget Statement on 11 March 2020 announced the reversal of the proposed reduction in the UK Corporation Tax rate from 19% to 17%. However this measure was not substantively enacted at the balance sheet date. Hence is not reflected in the Financial Statements for the year ended 31 December 2019.

	2019 £	2018 £
Profit before taxation	16,426,262	11,702,685
Expected tax charge based on a corporation tax rate of 19% (2018: 19%)	3,120,990	2,223,510
Income not chargeable for taxation purposes	-	(14,372)
Adjustment in respect of prior periods	-	(432)
Taxation charge for the year	3,120,990	2,208,706

13 Investments

	Current		Non-current	
	2019 £	2018 £	2019 £	2018 £
Units in unit trusts	13,893,564	7,703,981	-	-
Loans to group undertakings	22,000,000	15,000,000	-	-
Shares in group undertakings	-	-	-	-
	35,893,564	22,703,981	-	-

Units in unit trusts are short term highly liquid investments which are converted into cash on a daily basis.

The Company holds 2 (2018: 2) ordinary shares of 1 Malaysian Ringgit each, relating to 100% of the nominal value of the allotted ordinary shares of a subsidiary company, ZRSAP, a company undertaking risk engineering and incorporated in Malaysia. The ordinary shares are carried at nil cost. The registered office of Zurich Risk Services Asia Pacific Sdn. Bhd. is Level 8, Symphony House, Block D13 Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

13 Investments (continued)

The directors have considered the value of the Company's investment in subsidiary undertakings as at 31 December 2019 and are satisfied that the value of the investment is not less than the amount at which it is stated in the balance sheet.

During the year the Company received a dividend of £197,332 (MYR 1.1m) (2018: £75,641; MYR 0.4m) from ZRSAP.

Loans to group undertakings includes a £15m loan to ZIC and £7m loan to the Parent Company. The loan to ZIC matures on 11 June 2020, at a fixed rate of 1.06140%. The loan to the Parent Company matures on 16 October 2020, at a fixed rate of 0.98770% p.a. Both loans are unsecured and incur interest payable both annually and on maturity.

There were no adjustments made for the 2019 reporting period relating to IFRS 9 adjustments as the identified impairment loss in relation to the financial assets subject to IFRS 9 was immaterial.

14 Dividends

	2019 £ per share	2018 £ per share	2019 £	2018 £
Amounts recognised as distributions to equity holders:				
Interim dividend paid	60,000	300,000	6,000,000	30,000,000

15 Debtors

	2019 £	2018 £
Trade debtors	25,363,003	23,685,324
Amounts recoverable on contracts	1,047,582	496,152
Amounts owed by group undertakings	53,800	2,745,010
Prepayments and accrued income	5,937,807	6,070,706
	32,402,192	32,997,192

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

The amount owed by Trade debtors is shown net of an impairment against potentially irrecoverable debts of £849,215 (2018: £606,681). All amounts due from Trade debtors are current. The impairment has been calculated in line with the requirements of IFRS 9 'Financial Instruments', however, there was no additional IFRS 9 adjustment in respect of Amounts owed by group undertakings and Loans to group undertakings, other than the mentioned impairment, as the identified adjustment was immaterial.

16 Creditors

	2019 £	2018 £
Bank loans and overdrafts	385,954	584,744
Amounts owed to group undertakings	3,097,524	1,921
Other creditors	4,456,060	4,251,187
Accruals and deferred income	35,620,494	34,599,652
	43,560,032	39,437,504

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

17 Provisions for liabilities

	Reorganisation and restructuring	Litigation	Total
	£	£	£
At 31 December 2018	2,381	-	2,381
Additions to income statement	-	500,000	500,000
Unused amounts	(2,381)	-	(2,381)
At 31 December 2019	-	500,000	500,000

During the year, the unutilised element of the provision for business reorganisation and business restructuring costs were released.

The litigation provision relates to estimated legal costs in relation to the defence of the Notice of Contravention's that have been served to the Company by the Health and Safety Executive ("HSE"). The key assumptions in establishing the provision were the forecast legal costs of defending these claims and are discussed in note 21.

18 Called up share capital

Ordinary share capital	£	£
Issued and fully paid		
100 (2018: 100) Ordinary shares of £1 each	100	100

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.

19 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	IFRS 15 Adjustment	Total
	£	£
Adjustment on adoption of IFRS 15	76,982	76,982
Deferred tax liability at 1 January 2018	76,982	76,982
Deferred tax asset at 1 January 2018	-	-
Deferred tax movements in prior year		
Credit to equity	(76,982)	(76,982)
Deferred tax liability at 31 December 2018	-	-
Deferred tax asset at 31 December 2018	-	-
Deferred tax liability at 1 January 2019	-	-
Deferred tax asset at 1 January 2019	-	-
Deferred tax movements in current year		
Charge/(Credit) to profit or loss	-	-
Deferred tax liability at 31 December 2019	-	-
Deferred tax asset at 31 December 2019	-	-

20 Controlling party

The Parent Company of Zurich Management Services Limited is Zurich Holdings (UK) Limited and its registered office is The Zurich Centre, 3000 Parkway, Whiteley, Fareham, Hampshire, PO15 7JZ.

Ultimate parent company
The Company's ultimate parent company and ultimate controlling party is Zurich Insurance Group AG, which is incorporated in Switzerland. Zurich Insurance Group AG is the parent company of the largest group of companies, of which the Company is a wholly owned subsidiary, for which group financial statements are drawn up. Zurich Insurance Company Ltd, which is incorporated in Switzerland, 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 drawn up.

Copies of the consolidated financial statements of Zurich Insurance Group AG and Zurich Insurance Company Ltd can be obtained from the Secretary of that Company at the following address:

Mythenquai 2
8002 Zurich
Switzerland

21 Contingent liabilities

Case A
The Company has been served with a Notice of Contravention by the Health and Safety Executive ("HSE") in relation to the accidental death of one of its employees. The Company has issued a response but the HSE could still enter into formal enforcement proceedings which may result in prosecution, which the Company would defend. Based on the information available to at this time and provided by external legal counsel the Company considers it probable that, if a prosecution was brought, it would be successful in defending the case and therefore no provision has been made in these accounts. A provision has been made for estimated legal costs in relation to defending this case, see note 17. The potential impact to the Company should a prosecution be successful is estimated to be anything up to £3-4m.

Case B
The Company has been served with a Notice of Contravention by the HSE as a result of an incident with a crane that had its inspections carried out by the Company. The HSE considers that defects identified in relation to the crane on the Thorough Examination Reports carried out by Zurich have been repeated without escalation in the classification of defects and without placing a required time on rectification of the defects. The HSE considers that these failures amount to a breach of the Lifting Operation and Lifting Equipment Regulations 1998 and Health and Safety at Work etc. Act 1974. Based on the information available to at this time and provided by external legal counsel the Company considers it probable that, if a prosecution was brought, it would be successful in defending the case and therefore no provision has been made in these accounts. A provision has been made for estimated legal costs in relation to defending this case, see note 17. The potential impact to the Company should a prosecution be successful is estimated to be between £300k and £3m.

22 Changes in accounting policies

This note explains the impact of the adoption of IFRS 16 Leases on the Company's financial statements. Where applicable, IFRS 16 will generally be adopted without restating comparative information. Therefore, any reclassifications and adjustments arising from the new standard will not be reflected in a restated balance sheet as at 31 December 2018 but recognised in the opening balance sheet on 1 January 2019.

22 Changes in accounting policies (continued)

IFRS 16 Leases
IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets (right-of-use asset) and liabilities (lease liability) for all leases with a term of more than twelve months, unless the underlying asset is of a low value.

Impact on the financial statements
The Company has no qualifying lease arrangements and as such, there have been no changes in the Company's accounting policies and no adjustments required to the financial statements.

23 Subsequent events

The directors recognise the possible consequences arising from COVID-19 and note this as a non-adjusting post balance sheet event. The directors have considered the impact on the Company's profit and loss and projected cashflows (liquidity). The Company has well established business continuity plans, which included the implementation of remote working for all staff and a full assessment of business critical processes to ensure operations could continue as normal or with suitable alternatives in place, and as such the directors believe that the Company is well positioned to cope with any changes in circumstances that may impact operations as they may arise.

The impact to the Company's profit and loss is predominantly driven by a potential reduction in revenue as a result of the cessation or reduction in operational activity which can be conducted by the Company's Engineer Surveyors as a result of business cessation and "social distancing" measures put in place by the UK Government. The estimated impact on Inspection and Consultancy revenue compared to 31 December 2019 is c.£1.5m decrease. All other revenues and expenses are anticipated to remain materially in line with 2019 actuals.

The Company does not expect its cashflow to be impacted by the recoverability of short term debtors as a result of COVID-19 as the Company supplies services to a diversified customer base, across both the private and public sectors. This reduces the overall credit and liquidity risk as the Public Sector are Government backed and the Private Sector are receiving additional government support (i.e. furlough payments for employees) which is enabling these companies to continue to trade and pay their debts.

On 11 June 2020, the £15,000,000 loan provided to ZIC matured and was immediately replaced with a new loan for £15,000,000, which matures on 11 June 2021. This is unsecured and incurs interest at a fixed rate of 0.66550% p.a. payable on maturity.

On 12 June 2020, the Company provided a loan to the Parent Company of £4,000,000 which matures on 12 July 2021. This is unsecured and incurs interest at a fixed rate of 0.71290% p.a. payable on maturity.