

EAGLE STAR HOLDINGS LIMITED
REPORTS AND FINANCIAL STATEMENTS
31 DECEMBER 2013
COMPANY REGISTRATION NUMBER 01416463

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EAGLE STAR HOLDINGS LIMITED (company registration number 01416463)

The directors present the strategic report, their report and the audited financial statements for Eagle Star Holdings Limited ("the Company") for the year ended 31 December 2013

STRATEGIC REPORT

The principal activity of the Company is that of an investment holding company. The Company's main source of income is dividends received from its subsidiaries. The principal risks and uncertainties of the Company relate to the valuation of the fixed asset investments that the Company holds and any future dividends that it may receive from its subsidiaries.

The profit for the year before taxation amounted to £26,000 (2012 £33,016,000). After taking taxation into account, the amount transferred to reserves was £24,000 (2012 £33,012,000).

At 31 December 2013, the Company had net assets of £1,175,719,000 (2012 £543,453,000) representing the value of its investment in subsidiary undertakings and cash net of amounts owed to subsidiaries and current tax payable.

On 26 September 2013 the Company's bank account was closed and the funds transferred to Zurich Financial Services (UKISA) Limited ("the Parent Company").

On 27 September 2013 a subsidiary of the Company, Eagle Star International Services (Ireland) Limited, was dissolved, resulting in a realised gain for the Company of £18,000.

The directors do not expect any material changes in the principal activity or the underlying performance of the business in the foreseeable future. The results for the year are set out on page 6.

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 balance sheet on pages 6 and 7.

The directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future and, accordingly, it is appropriate to continue to use the going concern basis in preparing the financial statements.

By order of the Board

Secretary



Name

IAN RITCHIE

Date

1/4/14

EAGLE STAR HOLDINGS LIMITED

DIRECTORS' REPORT

Dividends

No interim dividends in respect of the ordinary shares of the Company were declared and paid during the year (2012 £33,000,000 declared and paid during the year)

The directors do not recommend the payment of a final dividend for the year (2012 £nil)

Subsequent Events

On 26 March 2014 the Company received a dividend of £140,000,000 from Zurich Assurance Ltd

Directors

The directors who served during the year were

N J Evans	
D J Pender	(resigned 1 July 2013)
J R Sykes	(appointed 26 June 2013)

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

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

Statement of Directors' Responsibilities

The following statement sets out the responsibilities of the directors in relation to the financial statements of the Company. The report of the auditors, shown on pages 4 and 5, sets out their responsibilities in relation to the financial statements

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 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

EAGLE STAR HOLDINGS LIMITED

DIRECTORS' REPORT (continued)

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.

So far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware.

Each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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

By order of the Board

Secretary



Name

IAN RITCHIE

Date

1/4/14

EAGLE STAR HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF EAGLE STAR HOLDINGS LIMITED

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 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

This opinion is to be read in the context of what we say in the remainder of this report

What we have audited

The financial statements (the "financial statements"), which are prepared by Eagle Star Holdings Limited, comprise

- the balance sheet, as at 31 December 2013,
- the profit and loss account for the year then ended,
- the statement of total recognised gains and losses,
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information

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)

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

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("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

In addition, we read all the financial and non-financial information in the Reports and 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

Opinion on matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and 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

EAGLE STAR HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF EAGLE STAR HOLDINGS LIMITED **(Continued)**

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.

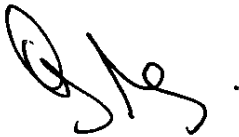
Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on pages 2 and 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 an opinion on the financial statements in accordance with applicable law and 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 member 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.



Sue Morling (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol

Date 1 April 2014.

EAGLE STAR HOLDINGS LIMITED**PROFIT AND LOSS ACCOUNT****for the year ended 31 December 2013**

Amount in £'000s	Note	2013	2012
Income from Shares in Group Undertakings	5	-	33,000
Administrative Expenses		(5)	(4)
Realised Gain on Dissolved Subsidiary Undertaking	9	18	-
Profit on Ordinary Activities Before Interest and Taxation		13	32,996
Other Interest Receivable and Similar Income	6	13	20
Profit on Ordinary Activities Before Taxation		26	33,016
Tax on Profit on Ordinary Activities	7	(2)	(4)
Profit for the Financial Year		24	33,012

All amounts above are in respect of continuing operations

There are no material differences between the Profit on Ordinary Activities Before Taxation and the Profit for the Financial Year stated above, other than the revaluation amount reported in the Statement of Total Recognised Gains and Losses, and their historical cost equivalents

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**for the year ended 31 December 2013**

Amount in £'000s	Note	2013	2012
Profit for the Financial Year		24	33,012
Revaluation of Group Undertakings	9	632,242	(47,844)
Total Recognised Gains/(Losses) Relating to the Year		632,266	(14,832)

EAGLE STAR HOLDINGS LIMITED**BALANCE SHEET****at 31 December 2013**

Amount in £'000s	Note	2013	2012
<u>Fixed Assets</u>			
Investments			
Shares in Group Undertakings	9	<u>1,172,024</u>	<u>540,412</u>
<u>Current Assets</u>			
Debtors Amounts Owed by the Parent Company		4,673	-
Cash at Bank and in Hand		<u>-</u>	<u>4,028</u>
		4,673	4,028
Creditors Amounts Falling Due Within One Year	10	<u>(978)</u>	<u>(987)</u>
Net Current Assets		3,695	3,041
Total Assets Less Current Liabilities		<u>1,175,719</u>	<u>543,453</u>
Net Assets		<u>1,175,719</u>	<u>543,453</u>
<u>Capital and Reserves</u>			
Called Up Share Capital	11	50	50
Capital Reserve	12	75,000	75,000
Revaluation Reserve	12	360,250	(271,808)
Profit and Loss Account	12	740,419	740,211
Total Shareholder's Funds	12	<u>1,175,719</u>	<u>543,453</u>

The financial statements on pages 6 to 13 were approved by the Board on 1 April 2014 and were signed on its behalf by

Director



Name

NEIL EVANS

EAGLE STAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting Policies

1.1 Basis of Presentation

The financial statements have been prepared in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards

The accounting policies have been consistently applied to all years presented

The Company has taken advantage of the exemption contained within section 401 of the Companies Act 2006 and Financial Reporting Standard ("FRS") 2 'Accounting for Subsidiary Undertakings' and has not produced consolidated financial statements for the year ended 31 December 2013, since it is a subsidiary undertaking of a parent company that prepares consolidated financial statements

1.2 Cash Flow Statement

The Company qualifies as exempt from the requirement to produce a cash flow statement under FRS 1 'Cash Flow Statements (Revised 1996)' since it is a wholly owned subsidiary undertaking of a parent company that prepares publicly available consolidated financial statements

1.3 Investments

Fixed asset investments are stated at net asset value or, where there has been an impairment in value, at their recoverable amount. Changes in valuation are recognised in the statement of total recognised gains and losses. Permanent impairments are recognised in the profit and loss account

The investment in group undertakings is tested for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable

1.4 Income from Shares in Group Undertakings

Income from Shares in Group Undertakings is accounted for when received

1.5 Interest Receivable

Interest income on bank deposits is accounted for on an accruals basis

2 Auditors' Remuneration

The fees payable to the Company's auditors for the audit of the Company's financial statements were £1,914 (2012: £1,653). In 2013 and 2012 the audit fee was borne by the Parent Company

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

Amount in £'000	2013	2012
Audit Services		
Auditors' remuneration in respect of audit services	2	2
Other Services		
Audit of the Company's subsidiaries	1,422	1,202
Audit related assurance services	356	366
Other services not covered above	41	100
	1,821	1,670

EAGLE STAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

3 Employee Information

Staff are not employed directly by the Company and accordingly the Company does not incur direct staff or pension costs. The costs of staff working for the Company in 2013 and 2012 have been borne by another group undertaking.

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

4 Directors' Remuneration

The remuneration received by the directors of the Company in respect of their services to the Company and its subsidiary undertakings in the year is detailed below.

Amount in £'000s	2013	2012
Aggregate remuneration	210	532
Aggregate remuneration – highest paid director	210	532
Compensation for loss of office	0	428

The remuneration received by the directors was in respect of their role as directors of a subsidiary undertaking of the Company.

Directors' remuneration (none of which are in respect of fees) includes performance related pay, benefits, bonuses and an accrual in respect of deferred bonuses which may become payable in future years.

2 directors (2012: **3 directors**) were not paid in respect of their services as directors of the Company or any of its subsidiary undertakings.

Of the **1 director** (2012: **1 director**) who received remuneration in respect of their services to the Company or any of its subsidiary undertakings during the year:

- **1 director** (2012: **1 director**) who served during the year is a member of a defined benefits scheme.
- **1 director** (2012: **1 director**) who served during the year is a member of a long-term incentive scheme.
- **No directors** (2012: **1 director**) who served during the year exercised options over shares in Zurich Insurance Group Ltd in the year.
- **No directors** (2012: **no directors**) who served during the year are members of a defined contribution scheme. No company contributions were paid, or treated as paid, in respect of that defined contributions scheme for any director in the year (2012: £nil).

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

The directors' remuneration in 2013 and 2012 was borne by Zurich Employment Services Limited.

5 Income from Shares in Group Undertakings

Amount in £'000s	2013	2012
Dividends		
Zurich Assurance Ltd	-	33,000
	-	33,000

EAGLE STAR HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****6 Other Interest Receivable and Similar Income**

Amount in £'000s	2013	2012
Interest receivable on cash at bank	13	20
	13	20

7 Tax on Profit on Ordinary Activities**(a) Analysis of charge for the year**

Amount in £'000s	2013	2012
Current Tax		
- UK corporation tax on profit for the year	2	4
Tax on Profit on Ordinary Activities	2	4

(b) Factors affecting the tax charge for the year

The tax assessed for the year is lower than (2012 lower than) the effective rate of corporation tax in the UK of 23.25% (2012 24.5%). The differences are explained below

Amount in £'000s	2013	2012
Profit on Ordinary Activities Before Taxation	26	33,016
Profit on ordinary activities multiplied by the effective rate of corporation tax in the UK of 23.25% (2012 24.5%)	6	8,089
Dividend income not taxable	-	(8,085)
Realised Gain on Dissolved Subsidiary Undertaking	(4)	-
Current tax charge for the year	2	4

(c) Factors affecting future tax charges

The UK corporation tax rate reduced from 24% to 23% with effect from 1 April 2013

Further reductions to the UK corporation tax rate to 21% with effect from 1 April 2014 and then to 20% with effect from 1 April 2015 were substantively enacted on 2 July 2013

8. Dividends

Amount in £'000s	2013	2012
Equity – ordinary shares		
Interim dividend £nil (2012 £660) per £1 share	-	33,000

EAGLE STAR HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****9. Shares in Group Undertakings**

Amount in £'000s	2013	2012
Shares in subsidiary undertakings	1,172,024	540,412
Cost	875,977	876,423

The directors have considered the value of each of the Company's investments in subsidiary undertakings as at 31 December 2013 and are satisfied that the value of each investment is not less than the amount at which it is stated in the balance sheet

The movement in the year comprises

Amount in £'000s	
Opening balance at 1 January 2013	540,412
Dissolutions	(630)
Revaluations	632,242
Closing balance at 31 December 2013	1,172,024

Dissolutions

On 27 September 2013, Eagle Star International Services (Ireland) Limited was dissolved. The carrying value as at 31 December 2012 was £629,585 and a gain of £18,069 was recognised as a result of this transaction.

Revaluations

Revaluations consist mainly of an increase in the valuation of Zurich Assurance Ltd of £632,223,000, which was largely as a result of adjustments made to comply with the requirements of FRS 101 "Reduced Disclosure Framework" and to improve consistency with the Company's group International Financial Reporting Standards reporting, including a change in the accounting for surpluses arising from the company's non-participating long term business. The valuation of Zurich Assurance Ltd on this basis at 31 December 2013 is £1,171,000 (2012: £1,149,000).

10. Creditors: Amounts Falling Due Within One Year

Amount in £'000s	2013	2012
Amounts owed to subsidiary undertakings	976	982
Amounts owed to group undertakings	-	1
Corporation tax payable	2	4
	978	987

Amounts owed to subsidiary and group undertakings are unsecured, interest free and have no fixed date of repayment.

11. Called Up Share Capital

Amount in £'000s	2013	2012
Allotted, issued and fully paid Ordinary shares of £1 each	50	50

EAGLE STAR HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****12. Reconciliation of Movement in Shareholder's Funds and Statement of Reserves**

Amount in £'000s	Share capital	Revaluation reserve	Capital reserve	Profit and loss account	Total 2013	Total 2012
Opening shareholder's funds brought forward	50	(271,808)	75,000	740,211	543,453	591,285
Profit for the Financial Year	-	-	-	24	24	33,012
Dividends paid on Ordinary Shares	-	-	-	-	-	(33,000)
Revaluation of Subsidiary Undertakings (note 9)	-	632,242	-	-	632,242	(47,844)
Dissolution of Subsidiary Undertaking	-	(184)	-	184	-	-
Closing Shareholder's Funds	50	360,250	75,000	740,419	1,175,719	543,453

The directors consider the capital reserve to be distributable

13. Related Party Transactions

The Company has taken advantage of an exemption from FRS 8 'Related Party Disclosures' not to disclose transactions with ZIG group undertakings, since it is a wholly owned subsidiary undertaking within that group. Balances with ZIG group undertakings are shown in the balance sheet and note 10.

No contract of significance existed at any time during the year in which a director or key manager was materially interested or which requires disclosure as a related party transaction as defined under FRS 8.

14 Principal Subsidiary Undertakings

Company and country of registration or incorporation	Share class	Percentage of nominal value held by the company
England and Wales Zurich Assurance Ltd	ordinary	100

The principal country in which the above named subsidiary undertaking operates is its country of registration or incorporation.

There has been no change in the percentage of nominal value held by the Company in the principal subsidiary undertaking listed above in the year.

Eagle Star International Services (Ireland) Limited was dissolved on 27 September 2013.

EAGLE STAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. Ultimate Parent Company

The Company's ultimate parent company and ultimate controlling party is Zurich Insurance Group Ltd, which is incorporated in Switzerland. Zurich Insurance Group Ltd is the parent company of the largest group of companies, of which the Company is a wholly owned subsidiary, for which group accounts 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 accounts are drawn up. Copies of the consolidated financial statements of Zurich Insurance Group Ltd and Zurich Insurance Company Ltd can be obtained from the Secretary of that company at the following address:

Mythenquai 2
8002 Zurich
Switzerland

16. Subsequent Events

On 26 March 2014 the Company received a dividend of £140,000,000 from Zurich Assurance Ltd.