

**EAGLE STAR HOLDINGS LIMITED**

**REPORTS AND FINANCIAL STATEMENTS**

**31 DECEMBER 2015**

**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 2015.

**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 Company is a limited company domiciled and incorporated in the UK. The registered office is The Grange, Bishops Cleeve, Cheltenham, Gloucestershire, GL52 8XX.

The profit for the year before taxation amounted to £230,002,000 (2014: £139,995,000). After taking taxation into account, the amount transferred to reserves was £230,002,000 (2014: £139,995,000).

At 31 December 2015, the Company had net assets of £1,175,716,000 (2014: £1,175,714,000), representing the value of its investment in subsidiary undertakings and amounts owed by Zurich Financial Services (UKISA) Limited ("the Parent Company").

On 20 March 2015 the Company received a dividend of £230,000,000 from Zurich Assurance Ltd ("ZAL").

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.

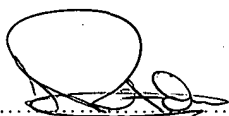
The principal risks and uncertainties of the Company relate to the valuation of the fixed asset investments that the Company holds and any future dividends that it may receive from its subsidiaries.

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.

On behalf of the Board

Secretary



Name

IAN RITCHIE

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

Date

21 MARCH 2016

## **Eagle Star Holdings Limited**

### **DIRECTORS' REPORT**

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#### **Dividends**

Interim dividends in respect of the ordinary shares of the Company totalling £230,000,000 were declared and paid during the year (2014: £140,000,000).

The directors do not recommend the payment of a final dividend for the year (2014: £nil).

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#### **Directors**

The directors who served during the year were:

N.J Evans  
G P J Shaughnessy (resigned 2 October 2015)  
J R Sykes

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.

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#### **Adoption of FRS 101 Reduced Disclosure Framework**

In 2012, 2013 and 2014 the United Kingdom's Financial Reporting Council ("FRC") revised financial reporting standards in the United Kingdom and Republic of Ireland. The revisions fundamentally reformed financial reporting, replacing the extant standards with four Financial Reporting Standards ("FRS"):

- FRS 100 Application of Financial Reporting Requirements;
- FRS 101 Reduced Disclosure Framework;
- FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- FRS 103 Insurance Contracts.

These standards are effective for accounting periods beginning on or after 1 January 2015.

FRS 101 sets out a reduced disclosure framework which addresses the financial reporting requirements and disclosure exemptions for the individual financial statements of subsidiaries and ultimate parents that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted International Financial Reporting Standards.

The directors have opted to apply FRS 101 Reduced Disclosure Framework and these financial statements have been prepared and restated on this basis.

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#### **Financial Risk and Future Outlook**

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

## **Eagle Star Holdings Limited**

### **DIRECTORS' REPORT (continued)**

#### **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.

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.

On behalf of the Board

Secretary



Name

..... IAN RITCHIE .....

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

Date

..... 21 MARCH 2016 .....

## **Eagle Star Holdings Limited**

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

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#### **Report on the financial statements**

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##### **Our opinion**

In our opinion, Eagle Star Holdings 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 2015 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.

##### **What we have audited**

The financial statements, included within the Reports and Financial Statements, comprise:

- the Balance Sheet as at 31 December 2015;
- the Profit and Loss Account for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- 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 the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (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.

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#### **Opinion on other matter prescribed by the Companies Act 2006**

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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.

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#### **Other matters on which we are required to report by exception**

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##### **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.

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#### **Responsibilities for the financial statements and the audit**

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##### **Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express 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.

## **Eagle Star Holdings Limited**

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

#### **Responsibilities for the financial statements and the audit (continued)**

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.

#### **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 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.



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

Date 21 March 2016

**Eagle Star Holdings Limited**

**PROFIT AND LOSS ACCOUNT**

**for the year ended 31 December 2015**

<b>Amount in £'000s</b>	<b>Note</b>	<b>2015</b>	<b>2014</b>
Income from Shares in Group Undertakings	6	230,000	140,000
Net Amounts Written Back/Off Fixed Asset Investments	2 & 9	2	(5)
<b>Profit on Ordinary Activities Before Taxation</b>		<b>230,002</b>	<b>139,995</b>
Tax on Profit on Ordinary Activities	8	-	-
<b>Profit for the Financial Year</b>		<b>230,002</b>	<b>139,995</b>

All amounts above are in respect of continuing operations.

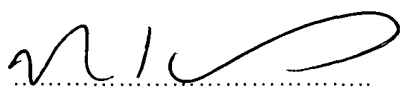
The Company has no recognised gains or losses in either period other than the profit stated above, therefore no Statement of Comprehensive Income has been prepared.

**Eagle Star Holdings Limited****BALANCE SHEET****at 31 December 2015**

Amount in £'000s	Note	2015	2014
<b><u>Fixed Assets</u></b>			
Investments:			
Shares in Group Undertakings	9	<u>1,172,021</u>	<u>1,172,019</u>
<b><u>Current Assets</u></b>			
Debtors: Amounts Owed by the Parent Company		3,695	4,659
		<u>3,695</u>	<u>4,659</u>
Creditors: Amounts Falling Due Within One Year	10	-	(964)
		<u>-</u>	<u>(964)</u>
<b>Net Current Assets</b>		<b>3,695</b>	<b>3,695</b>
<b>Total Assets Less Current Liabilities</b>		<b><u>1,175,716</u></b>	<b><u>1,175,714</u></b>
<b>Net Assets</b>		<b><u>1,175,716</u></b>	<b><u>1,175,714</u></b>
<b><u>Capital and Reserves</u></b>			
Called Up Share Capital	11	50	50
Capital Reserve		75,000	75,000
Profit and Loss Account		1,100,666	1,100,664
<b>Total Shareholder's Funds</b>		<b><u>1,175,716</u></b>	<b><u>1,175,714</u></b>

The financial statements on pages 6 to 19 were approved by the Board on 21 March 2016 and were signed on its behalf by:

Director



Name

NEIL EVANS



**Eagle Star Holdings Limited****STATEMENT OF CHANGES IN EQUITY****for the year ended 31 December 2015**

<b>Amount in £'000s</b>	<b>Called Up Share Capital</b>	<b>Capital Reserve</b>	<b>Profit &amp; Loss Account</b>	<b>Total Shareholder's Funds</b>
Opening Balance at 1 January 2014	50	75,000	1,100,669	1,175,719
Profit for the financial year	-	-	139,995	139,995
Dividends paid on ordinary shares	-	-	(140,000)	(140,000)
<b>Balance at 31 December 2014</b>	<b>50</b>	<b>75,000</b>	<b>1,100,664</b>	<b>1,175,714</b>
Profit for the financial year	-	-	230,002	230,002
Dividends paid on ordinary shares	-	-	(230,000)	(230,000)
<b>Balance at 31 December 2015</b>	<b>50</b>	<b>75,000</b>	<b>1,100,666</b>	<b>1,175,716</b>

Capital contributions that the Company receives from the Parent Company are shown in the capital reserve. The directors consider the capital reserve to be distributable.

**NOTES TO THE FINANCIAL STATEMENTS**

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**1. Accounting Policies**

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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 Basis of Presentation**

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). Refer to Note 2 for disclosures on the adoption of FRS 101.

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

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 2015, 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.

**Summary of FRS 101 exemptions adopted**

FRS 101 sets out a reduced disclosure framework which addresses the financial reporting requirements and disclosure exemptions for the individual financial statements of subsidiaries and ultimate parents that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted International Financial Reporting Standards.

The Company has taken the following exemptions in preparing the financial statements:

- The requirements of paragraphs 6 and 21 of IFRS 1 to present an opening statement of financial position at the date of transition.
- The requirements of 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 of IAS 8 Accounting Policies, Changes in Accounting Estimate 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 key management compensation in accordance with FRS 101 paragraph 8(j).
- The requirements of 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 party to a 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).

**1.2 Current Taxation**

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

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**1. Accounting Policies (continued)**

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1.3 Shares In Group Undertakings

Shares in Group Undertakings are valued at cost, being deemed cost (the previous carrying amount at the date of transition to FRS 101) 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.

1.4 Income from Shares in Group Undertakings

Income for Shares in Group Undertakings is accounted for when received.

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**2. Adoption of FRS 100 Application of Financial Reporting Requirements ("FRS 100") and FRS 101 Reduced Disclosure Framework ("FRS 101")**

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These financial statements, for the year ended 31 December 2015, are the first the Company has prepared in accordance with FRS 100 and FRS 101.

For years up to and including the year ended 31 December 2014, the Company prepared its financial statements in accordance with the UK generally accepted accounting practice ("UK GAAP") applicable at that time. For year ending 31 December 2015, the Company has prepared financial statements which comply with the requirements of FRS 101 (as noted above). The comparative year data at and for the year ended 31 December 2014 included in the financial statements for the year ending 31 December 2015 also complies with the requirements of FRS 101.

In preparing these financial statements, the Company's opening balance sheet was prepared at 1 January 2014, the date of transition to FRS 101. This note explains the principal adjustments made by the Company in restating its then applicable UK GAAP financial statements, including the opening balance sheet position at 1 January 2014 and the financial statements at and for the year ended 31 December 2014.

In this note, the following headings are used as an abbreviation of the subsequent text:

- 2014 figures complying with the requirements of UK GAAP (as applicable for years up to and including the year ended 31 December 2014) ("2014 as previously reported").
- Adjustments made to comply with the requirements of FRS 101 ("Adjustments").
- 2014 figures complying with the requirements of FRS 101 ("2014 revised").

The accounting estimates at 1 January 2014 and 31 December 2014 are consistent with those made for the same dates in accordance with '2014 as previously reported' (after adjustments to reflect any differences in accounting policies).

**Reconciliation of '2014 as previously reported' to '2014 revised'**

The reconciliations on pages 11 to 13 reflect the following items:

i) Shares in Group Undertakings

On transition to FRS 101, the following adjustments have been made:

- The Revaluation Reserve has been transferred to the Profit and Loss Account at the date of transition.
- In accordance with IFRS 1, Shares in Group Undertakings have been valued at deemed cost at the date of transition to FRS 101. This has resulted in the reversal of the £27,144,000 increase in the valuation of Zurich Assurance Ltd as reported in the 2014 financial statements.
- A decrease in the valuation of another subsidiary undertaking during 2014, which has resulted in £5,000 being charged to the Profit and Loss Account.

## **Eagle Star Holdings Limited**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

#### **2. Adoption of FRS 100 Application of Financial Reporting Requirements ("FRS 100") and FRS 101 Reduced Disclosure Framework ("FRS 101") (continued)**

*Reconciliation of opening equity at 1 January 2014*

<b>Amount in £'000s</b>	<b>Notes on page 10</b>	<b>2014 as previously reported</b>	<b>Adjustments</b>	<b>2014 revised</b>
<b><u>Fixed Assets</u></b>				
Investments:				
Shares in Group Undertakings		<b>1,172,024</b>	-	<b>1,172,024</b>
<b><u>Current Assets</u></b>				
Debtors: Amounts owed by the Parent Company		4,673	-	4,673
		4,673	-	4,673
Creditors: Amounts Falling Due Within One Year		(978)	-	(978)
<b>Net Current Assets</b>		<b>3,695</b>	-	<b>3,695</b>
<b>Total Assets Less Current Liabilities</b>		<b>1,175,719</b>	-	<b>1,175,719</b>
<b>Net Assets</b>		<b>1,175,719</b>	-	<b>1,175,719</b>
<b><u>Capital and Reserves</u></b>				
Called Up Share Capital		50	-	50
Capital Reserve		75,000	-	75,000
Revaluation Reserve	i	360,250	(360,250)	-
Profit and Loss Account	i	740,419	360,250	1,100,669
<b>Total Shareholder's Funds</b>		<b>1,175,719</b>	-	<b>1,175,719</b>

**Eagle Star Holdings Limited****NOTES TO THE FINANCIAL STATEMENTS (continued)****2. Adoption of FRS 100 Application of Financial Reporting Requirements ("FRS 100") and FRS 101 Reduced Disclosure Framework ("FRS 101") (continued)***Reconciliation of equity at 31 December 2014*

Amount in £'000s	Notes on page 10	2014 as previously reported	Adjustments	2014 revised
<b><u>Fixed Assets</u></b>				
Investments:				
Shares in Group Undertakings	i	1,199,163	(27,144)	1,172,019
<b><u>Current Assets</u></b>				
Debtors: Amounts owed by the Parent Company		4,659	-	4,659
		4,659	-	4,659
Creditors: Amounts Falling Due Within One Year		(964)	-	(964)
<b>Net Current Assets</b>		<b>3,695</b>	<b>-</b>	<b>3,695</b>
<b>Total Assets Less Current Liabilities</b>		<b>1,202,858</b>	<b>(27,144)</b>	<b>1,175,714</b>
<b>Net Assets</b>		<b>1,202,858</b>	<b>(27,144)</b>	<b>1,175,714</b>
<b><u>Capital and Reserves</u></b>				
Called Up Share Capital		50	-	50
Capital Reserve		75,000	-	75,000
Revaluation Reserve	i	387,389	(387,389)	-
Profit and Loss Account	i	740,419	360,245	1,100,664
<b>Total Shareholder's Funds</b>		<b>1,202,858</b>	<b>(27,144)</b>	<b>1,175,714</b>

## **Eagle Star Holdings Limited**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

#### **2. Adoption of FRS 100 Application of Financial Reporting Requirements ("FRS 100") and FRS 101 Reduced Disclosure Framework ("FRS 101") (continued)**

*Reconciliation of total comprehensive income for the year ended 31 December 2014*

Amount in £'000s	Notes on page 10	2014 as previously reported	Adjustments	2014 revised
Income from Shares in Group Undertakings		140,000	-	140,000
Net Amounts Written Off Fixed Asset Investments	i	-	(5)	(5)
<b>Profit on Ordinary Activities Before Taxation</b>		<b>140,000</b>	<b>(5)</b>	<b>139,995</b>
Tax on Profit on Ordinary Activities		-	-	-
<b>Profit for the Financial Year</b>		<b>140,000</b>	<b>(5)</b>	<b>139,995</b>

#### **3. Auditors' Remuneration**

The fees payable to the Company's auditors for the audit of the Company's financial statements were £2,278 (2014: £1,914). In 2015 and 2014 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 £'000s	2015	2014
Audit Services:		
Auditors' remuneration in respect of audit services	2	2
Other Services:		
Audit of the Company's subsidiaries	1,257	1,185
Audit of solvency returns submitted by the Company's subsidiaries	438	278
Other services not covered above	257	188
	<b>1,954</b>	<b>1,653</b>

#### **4. 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 2015 and 2014 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.

## **Eagle Star Holdings Limited**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

#### **5. 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:

<b>Amount in £'000s</b>	<b>2015</b>	<b>2014</b>
Aggregate remuneration	<b>1,218</b>	<b>1,114</b>
Aggregate remuneration – highest paid director	<b>775</b>	<b>607</b>

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.

**1 director** (2014: 1 director) was not paid in respect of their services as director of the Company or any of its subsidiary undertakings.

Of the **2 directors** (2014: 2 directors) who received remuneration in respect of their services to the Company or any of its subsidiary undertakings during the year:

- **1 director** (2014: 1 director) who served during the year is a member of a defined benefits scheme.
- **2 directors** (2014: 2 directors) who served during the year are members of a long-term incentive scheme.
- **No directors** (2014: no directors) who served during the year exercised options over shares in Zurich Insurance Group Ltd ("ZIG") in the year.
- **No directors** (2014: no directors) who served during the year were members of a defined contribution scheme. The aggregate value of company contributions paid, or treated as paid, in respect of the defined contribution scheme in the year was £nil (2014: £nil).

The value of the highest paid director's accrued annual pension benefits at 31 December 2015 was £nil (2014: £nil). The highest paid director is not a member of a defined contribution scheme. The aggregate value of company contributions paid, or treated as paid, in respect of that defined contribution scheme for that director in the year was £nil (2014: £nil). The highest paid director did not exercise options over shares in ZIG in the year (2014: did not exercise share options). The highest paid director is a member of a long-term incentive scheme (2014: was a member). The highest paid director has not changed during the course of the year.

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 2015 and 2014 was borne by Zurich Employment Services Limited.

#### **6. Income from Shares in Group Undertakings**

<b>Amount in £'000s</b>	<b>2015</b>	<b>2014</b>
<b>Dividends</b>		
Zurich Assurance Ltd	230,000	140,000
	<b>230,000</b>	<b>140,000</b>

**Eagle Star Holdings Limited****NOTES TO THE FINANCIAL STATEMENTS (continued)****7. Tax on Profit on Ordinary Activities****Tax expense included in the profit and loss account**

<b>Amount in £'000s</b>	<b>2015</b>	<b>2014</b>
Current Tax:		
UK Corporation Tax on profits for the year	-	-
<b>Tax on Profit on Ordinary Activities</b>	<b>-</b>	<b>-</b>

The tax expense for the year is lower (2014: lower) than the standard rate of corporation tax in the UK of 20.25% (2014: 21.49%). The differences are explained below:

<b>Amount in £'000s</b>	<b>2015</b>	<b>2014</b>
Profit on Ordinary Activities Before Taxation	230,002	139,995
Profit multiplied by the standard rate of corporation tax in the UK of 20.25% (2014: 21.49%)	46,575	30,085
Effects of:		
Income not subject to tax	(46,575)	(30,086)
Revaluation of subsidiary undertakings	-	1
<b>Tax charge</b>	<b>-</b>	<b>-</b>

The tax rate for the current period is lower than the prior period due to changes in the UK Corporation tax rate which decreased from 21% to 20% with effect from 1 April 2015.

Further reductions to the UK corporation tax rates were substantively enacted as part of the Finance No.2 Act 2015 on 26 October 2015. These reduce the main rate to 19% from 1 April 2017 and to 18% from 1 April 2020.

The Budget Statement on 16 March 2016 announced a further reduction in the UK corporation tax rate to 17% with effect from 1 April 2020. This rate has not been substantively enacted and hence is not reflected in the Financial Statements for the year ended 31 December 2015.

**8. Dividends**

<b>Amount in £'000s</b>	<b>2015</b>	<b>2014</b>
Equity – ordinary shares		
Interim dividend: £4,600 (2014: £2,800) per £1 share	230,000	140,000



**Eagle Star Holdings Limited****NOTES TO THE FINANCIAL STATEMENTS (continued)****9. Shares in Group Undertakings**

<b>Amount in £'000s</b>	<b>2015</b>	<b>2014</b>
Shares in subsidiary undertakings	<b>1,172,021</b>	<b>1,172,019</b>
Cost	<b>1,172,024</b>	<b>1,172,024</b>

The directors have considered the value of each of the Company's investments in subsidiary undertakings as at 31 December 2015 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:

<b>Amount in £'000s</b>	
Opening balance at 1 January 2015	1,172,019
Revaluations	2
<b>Closing balance at 31 December 2015</b>	<b>1,172,021</b>

**Revaluations**

Revaluations consist of a write back of £2,000 in respect of amounts previously written off the carrying value of Grovewood Property Holdings Limited following a change in the net assets of that company in the year.

**10. Creditors: Amounts Falling Due Within One Year**

<b>Amount in £'000s</b>	<b>2015</b>	<b>2014</b>
Amounts owed to subsidiary undertakings	-	964
	<b>-</b>	<b>964</b>

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

**11. Called Up Share Capital**

<b>Amount in £'000s</b>	<b>2015</b>	<b>2014</b>
Allotted, issued and fully paid: 50,000 Ordinary shares of £1 each	<b>50</b>	<b>50</b>

## **Eagle Star Holdings Limited**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

#### **12. Related Parties**

##### **a) 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

##### **b) Related Party balances**

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 IAS 24.

##### **c) Subsidiary Undertakings**

The following are the Company's subsidiary undertakings at 31 December 2015.

<b>Company and country of registration or incorporation</b>	<b>Class of Share Capital</b>	<b>Percentage of nominal value held by the Company</b>	<b>Percentage of nominal value held by subsidiary undertakings</b>
<b>England and Wales</b>			
Eagle Star Group Holdings Limited	Ordinary	100	
Eagle Star Group Services Limited	Ordinary	100	
Groewood Property Holdings Limited	Ordinary	100	
Groewood Property Holdings Limited	Preference	100	
Zurich Assurance Ltd	Ordinary	100	
50 Brook Green Management Company Limited	Ordinary		80
Access Franchise Management Limited	Ordinary & Deferred		100
Albert Road 1 UK Limited	Ordinary		100
Albert Road 2 UK Limited	Ordinary		100
Eagle Star (Leasing) Limited	Ordinary		100
Eagle Star (Malta) Limited	Ordinary		99.996
Eagle Star Computer Services Limited	Ordinary		100
Eagle Star Estates Limited	Ordinary		100
Eagle Star Farms Limited	Ordinary		100
Eagle Star Forests Limited	Ordinary		100
Eagle Star Holding Company of Ireland	Ordinary		100
Eagle Star Loans Limited	Ordinary		100
Eagle Star Mortgages Limited	Ordinary		100
ES (Leeds) Nominee Limited	Ordinary		100
ES (Walsall) Nominee Limited	Ordinary		100
ES Camberley Nominee 1 Limited	Ordinary		100

**Eagle Star Holdings Limited****NOTES TO THE FINANCIAL STATEMENTS (continued)****12. Related Parties (continued)****c) Subsidiary Undertakings (continued)**

<b>Company and country of registration or incorporation</b>	<b>Class of Share Capital</b>	<b>Percentage of nominal value held by the Company</b>	<b>Percentage of nominal value held by subsidiary undertakings</b>
<b>England and Wales</b>			
ES Camberley Nominee 2 Limited	Ordinary		100
ES Cannock Nominee 1 Limited	Ordinary		100
ES Cannock Nominee 2 Limited	Ordinary		100
ES Coventry Nominee 1 Limited	Ordinary		100
ES Coventry Nominee 2 Limited	Ordinary		100
ES Dudley Nominee 1 Limited	Ordinary		100
ES Dudley Nominee 2 Limited	Ordinary		100
ES Hoddesdon Nominee 1 Limited	Ordinary		100
ES Hoddesdon Nominee 2 Limited	Ordinary		100
ES Plympton Nominee 1 Limited	Ordinary		100
ES Plympton Nominee 2 Limited	Ordinary		100
ES Ramsgate Nominee 1 Limited	Ordinary		100
ES Ramsgate Nominee 2 Limited	Ordinary		100
Graphene Capital Partners Limited	Ordinary		100
Groewood Engineering Limited	Ordinary		100
Hawkcentral Limited	Ordinary		100
Ipsley Street 1 UK Limited	Ordinary		100
Ipsley Street 2 UK Limited	Ordinary		100
Kenet Road 1 UK Limited	Ordinary		100
Kenet Road 2 UK Limited	Ordinary		100
Logobrook Limited	Ordinary		100
Mentionland Limited	Ordinary		100
Meritclass Investments Limited	Ordinary		100
Nearheath Limited	Ordinary		100
Plot 8B Buckingham Management Limited	Ordinary		100
Societe Continentale D'Investissement Immobilier	Ordinary		100
Zurich Assurance (2004) Limited	Ordinary		100
Zurich Group Pension Services (UK) Limited	Ordinary		100
Zurich International Solutions Limited	Ordinary		100
Zurich Pension Trustees Limited	Ordinary		100

**d) Significant holdings in undertakings other than subsidiary undertakings**

Cambridge Research Park Management Co Limited	Ordinary	23
Dukes Green Property Management Limited	Ordinary	46
Interface Solihull Management Limited	Ordinary	29
Northampton Business Park Management Limited	Ordinary	23
Plot 6 Buckingham Management Limited	Ordinary	25
Rabone Park Management Company Limited	Ordinary	43
The Parklands (Birmingham) Management Company Limited	Ordinary	30.56
Wrexham Services Limited	Ordinary	33.3

## **Eagle Star Holdings Limited**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

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#### **12. Related Parties (continued)**

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The above companies are incorporated in England and Wales with the exception of:

- Eagle Star Holding Company of Ireland, which is incorporated in the Republic of Ireland.
- Eagle Star (Malta) Limited, which is incorporated in Malta.
- Societe Continentale D'Investissement Immobilier, which was incorporated in France. This company was removed from the Commercial Register in France on 29 February 2016, following the company's liquidation.

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

There has been no change in the year in the percentage of nominal value held by the Company, or by its subsidiary undertakings, in the subsidiary undertakings listed with the exception of:

- The sale of Afterland Limited, a 100% owned subsidiary of a subsidiary company, to another Group company for a consideration of £100 on 21 December 2015; and
- The sale of Zurich Corporate Secretary (UK) Limited, a 100% owned subsidiary of a subsidiary company, to another Group company for a consideration of £2 on 12 October 2015.