

**EAGLE STAR HOLDINGS LIMITED**

**REPORTS AND FINANCIAL STATEMENTS**

**31 DECEMBER 2014**

**COMPANY REGISTRATION NUMBER 01416463**

TUESDAY



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COMPANIES HOUSE

**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 2014.

**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 £140,000,000 (2013: £26,000). After taking taxation into account, the amount transferred to reserves was £140,000,000 (2013: £24,000).

At 31 December 2014, the Company had net assets of £1,202,858,000 (2013: £1,175,719,000), representing the value of its investment in subsidiary undertakings and amounts owed by Zurich Financial Services (UKISA) Limited ("the Parent Company"), net of amounts owed to subsidiary undertakings.

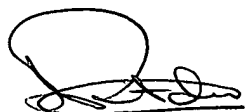
The directors do not expect any material changes in the principal activity or the underlying performance of the business in the foreseeable future. The results for the year are set out on page 6.

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.

On behalf of the Board

Secretary



Name

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

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

Date

..... 23 MARCH 2015 .....

## **EAGLE STAR HOLDINGS LIMITED**

### **DIRECTORS' REPORT**

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#### **Dividends**

Interim dividends in respect of the ordinary shares of the Company totalling £140,000,000 were declared and paid during the year (2013: £nil).

The directors do not recommend the payment of a final dividend for the year (2013: £nil).

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#### **Subsequent Events**

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

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#### **Directors**

The directors who served during the year were:

N J Evans  
G P J Shaughnessy (appointed 1 April 2014)  
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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#### **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.

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#### **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.

## **EAGLE STAR HOLDINGS LIMITED**

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

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#### **Statement of Directors' Responsibilities (continued)**

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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

..... 23 March 2015 .....

## **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 2014 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**

Eagle Star Holdings Limited's financial statements comprise:

- the balance sheet as at 31 December 2014;
- the profit and loss account and statement of total recognised gains and losses 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 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.

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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 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 International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's 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.

## **EAGLE STAR HOLDINGS LIMITED**

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

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

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##### **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 23 March 2015

## **EAGLE STAR HOLDINGS LIMITED**

### **PROFIT AND LOSS ACCOUNT**

**for the year ended 31 December 2014**

<b>Amount in £'000s</b>	<b>Note</b>	<b>2014</b>	<b>2013</b>
Income from Shares in Group Undertakings	5	140,000	-
Administrative Expenses		-	(5)
Realised Gain on Dissolved Subsidiary Undertaking		-	18
<b>Profit on Ordinary Activities Before Interest and Taxation</b>		<b>140,000</b>	<b>13</b>
Other Interest Receivable and Similar Income	6	-	13
<b>Profit on Ordinary Activities Before Taxation</b>		<b>140,000</b>	<b>26</b>
Tax on Profit on Ordinary Activities	7	-	(2)
<b>Profit for the Financial Year</b>		<b>140,000</b>	<b>24</b>

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 2014**

<b>Amount in £'000s</b>	<b>Note</b>	<b>2014</b>	<b>2013</b>
<b>Profit for the Financial Year</b>		<b>140,000</b>	<b>24</b>
Revaluation of Group Undertakings	9	27,139	632,242
<b>Total Recognised Gains Relating to the Year</b>		<b>167,139</b>	<b>632,266</b>

# **EAGLE STAR HOLDINGS LIMITED**

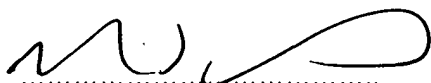
## **BALANCE SHEET**

**at 31 December 2014**

<b>Amount in £'000s</b>	<b>Note</b>	<b>2014</b>	<b>2013</b>
<b><u>Fixed Assets</u></b>			
Investments:			
Shares in Group Undertakings	9	<u>1,199,163</u>	<u>1,172,024</u>
<b><u>Current Assets</u></b>			
Debtors: Amounts Owed by the Parent Company		<u>4,659</u>	<u>4,673</u>
		4,659	4,673
Creditors: Amounts Falling Due Within One Year	10	<u>(964)</u>	<u>(978)</u>
<b>Net Current Assets</b>		<b>3,695</b>	<b>3,695</b>
<b>Total Assets Less Current Liabilities</b>		<u><b>1,202,858</b></u>	<u><b>1,175,719</b></u>
<b>Net Assets</b>		<u><b>1,202,858</b></u>	<u><b>1,175,719</b></u>
<b><u>Capital and Reserves</u></b>			
Called Up Share Capital	11	50	50
Capital Reserve	12	75,000	75,000
Revaluation Reserve	12	387,389	360,250
Profit and Loss Account	12	740,419	740,419
<b>Total Shareholder's Funds</b>	12	<u><b>1,202,858</b></u>	<u><b>1,175,719</b></u>

The financial statements on pages 6 to 13 were approved by the Board on 23 March 2015 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 2014, 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 for 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 (2013: £1,914). In 2014 and 2013 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:

<b>Amount in £'000</b>	<b>2014</b>	<b>2013</b>
Audit Services:		
Auditors' remuneration in respect of audit services	2	2
Other Services:		
Audit of the Company's subsidiaries	1,185	1,422
Audit related assurance services	278	356
Other services not covered above	188	41
	<b>1,653</b>	<b>1,821</b>

## **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 2014 and 2013 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:

<b>Amount in £'000s</b>	<b>2014</b>	<b>2013</b>
Aggregate remuneration	<b>1,114</b>	<b>210</b>
Aggregate remuneration – highest paid director	<b>607</b>	<b>210</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** (2013: 2 directors) was not paid in respect of their services as director of the Company or any of its subsidiary undertakings.

Of the **2 directors** (2013: 1 director) who received remuneration in respect of their services to the Company or any of its subsidiary undertakings during the year:

- **1 director** (2013: 1 director) who served during the year is a member of a defined benefits scheme.
- **2 directors** (2013: 1 director) who served during the year are members of a long-term incentive scheme.
- **No directors** (2013: no directors) who served during the year exercised options over shares in Zurich Insurance Group Ltd ("ZIG") in the year.
- **No directors** (2013: 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 (2013: £nil).

The value of the highest paid director's accrued annual pension benefits at 31 December 2014 was £nil (2013: £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 (2013: £nil). The highest paid director did not exercise options over shares in ZIG in the year (2013: did not exercise share options). The highest paid director is a member of a long-term incentive scheme (2013: was a member). The highest paid director has 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 2014 and 2013 was borne by Zurich Employment Services Limited.

## **EAGLE STAR HOLDINGS LIMITED**

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

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

<b>Amount in £'000s</b>	<b>2014</b>	<b>2013</b>
<b>Dividends</b>		
Zurich Assurance Ltd	140,000	-
	<b>140,000</b>	<b>-</b>

#### **6. Other Interest Receivable and Similar Income**

<b>Amount in £'000s</b>	<b>2014</b>	<b>2013</b>
Interest receivable on cash at bank	-	13
	<b>-</b>	<b>13</b>

#### **7. Tax on Profit on Ordinary Activities**

##### **(a) Analysis of charge for the year**

<b>Amount in £'000s</b>	<b>2014</b>	<b>2013</b>
Current Tax:		
- UK corporation tax on profit for the year	-	2
<b>Tax on Profit on Ordinary Activities</b>	<b>-</b>	<b>2</b>

##### **(b) Factors affecting the tax charge for the year**

The tax assessed for the year is lower than (2013: lower than) the effective rate of corporation tax in the UK of 21.49% (2013: 23.25%). The differences are explained below:

<b>Amount in £'000s</b>	<b>2014</b>	<b>2013</b>
Profit on Ordinary Activities Before Taxation	140,000	26
Profit on ordinary activities multiplied by the effective rate of corporation tax in the UK of 21.49% (2013: 23.25%)	30,086	6
Dividend income not taxable	(30,086)	-
Realised Gain on Dissolved Subsidiary Undertaking	-	(4)
<b>Current tax charge for the year</b>	<b>-</b>	<b>2</b>

##### **(c) Factors affecting future tax charges**

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

A further reduction to the UK corporation tax rate to 20% with effect from 1 April 2015 was substantively enacted on 2 July 2013.

## **EAGLE STAR HOLDINGS LIMITED**

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

#### **8. Dividends**

<b>Amount in £'000s</b>	<b>2014</b>	<b>2013</b>
Equity – ordinary shares		
Interim dividend: £2,800 (2013: £nil) per £1 share	<b>140,000</b>	-

#### **9. Shares in Group Undertakings**

<b>Amount in £'000s</b>	<b>2014</b>	<b>2013</b>
Shares in subsidiary undertakings	<b>1,199,163</b>	<b>1,172,024</b>
Cost	<b>875,977</b>	<b>875,977</b>

The directors have considered the value of each of the Company's investments in subsidiary undertakings as at 31 December 2014 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 2014	1,172,024
Revaluations	27,139
<b>Closing balance at 31 December 2014</b>	<b>1,199,163</b>

#### **Revaluations**

Revaluations consist mainly of an increase in the valuation of Zurich Assurance Ltd of £27,144,000.

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

<b>Amount in £'000s</b>	<b>2014</b>	<b>2013</b>
Amounts owed to subsidiary undertakings	964	976
Corporation tax payable	-	2
	<b>964</b>	<b>978</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>2014</b>	<b>2013</b>
Allotted, issued and fully paid:		
Ordinary shares of £1 each	<b>50</b>	<b>50</b>

## **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 2014	Total 2013
Opening shareholder's funds brought forward	50	360,250	75,000	740,419	1,175,719	543,453
Profit for the Financial Year	-	-	-	140,000	140,000	24
Dividends paid on Ordinary Shares	-	-	-	(140,000)	(140,000)	-
Revaluation of Subsidiary Undertakings (note 9)	-	27,139	-	-	27,139	632,242
Closing Shareholder's Funds	50	387,389	75,000	740,419	1,202,858	1,175,719

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 Undertaking**

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 HOLDINGS LIMITED**

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

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#### **15. Ultimate Parent Company**

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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

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#### **16. Subsequent Events**

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