

Company Registration No. 01416463 (England and Wales)

EAGLE STAR HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018



EAGLE STAR HOLDINGS LIMITED

COMPANY INFORMATION

Directors

H A Pickford
J R Sykes

Secretary

Zurich Corporate Secretary (UK) Limited

Company number

01416463

Registered office

The Grange
Bishops Cleeve
Cheltenham
Gloucestershire
GL52 8XX

Independent Auditors

PricewaterhouseCoopers LLP
2 Glass Wharf
Bristol
BS2 0FR

EAGLE STAR HOLDINGS LIMITED

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EAGLE STAR HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present the strategic report and financial statements for the year ended 31 December 2018.

Review of the business

The principal activity of Eagle Star Holdings Limited (the "company") is that of an investment holding company. The company's 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.

On 6 August 2018, the company received a dividend of €10.28 (£9.34) from Eagle Star (Malta) Limited ("ESM").

On 20 September 2018 the company received a dividend of £150,000,000 from Zurich Assurance Ltd ("ZAL").

On 23 November 2018, the company received a dividend of £100,000,000 from ZAL.

Key Performance Indicators

The profit for the year before taxation amounted to £249,997,000 (2017: £138,996,000). After taking taxation into account, the amount transferred to reserves was £249,997,000 (2017: £138,996,000).

At 31 December 2018, the company had net assets of £1,175,709,000 (2017: £1,175,712,000), representing the value of its investment in subsidiary undertakings and amounts owed by Zurich Financial Services (UKISA) Limited (the "parent company").

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 7 and 8.

Future Outlook

The directors do not expect any material changes on the principal activity of the business in the foreseeable future.

Principal risks and uncertainties

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.

Going concern

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



Name: J. REAY
Zurich Corporate Secretary (UK) Limited
Secretary

21 June 2019

EAGLE STAR HOLDINGS LIMITED

DIRECTORS REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

Statement of directors' responsibilities

(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.

Statement of disclosure to auditor

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

By order of the Board



Name: J. REAY
Zurich Corporate Secretary (UK) Limited
Secretary

21 June 2019

EAGLE STAR HOLDINGS LIMITED

DIRECTORS REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their annual report and financial statements for the year end 31 December 2018.

Results and dividends

The results for the year are set out on page 7.

Ordinary dividends totaling £250,000,000 were declared and paid during the year (2017: £139,000,000). The directors do not recommend payment of a final dividend.

Directors

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

H A Pickford
J R Sykes

Qualifying third party indemnity provisions

Qualifying third party indemnity provisions (as defined in Section 234(2) of the Companies Act 2006) have been in force for the benefit of directors during the year and remain in force as at the date of this Directors' report.

Future developments

The directors have elected to include a description of the nature of the company's exposure to financial 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.

Independent Auditors

The auditor, PricewaterhouseCoopers LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF EAGLE STAR HOLDINGS LIMITED

Report on the financial statements

Opinion

In our opinion, Eagle Star Holdings Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2018; the profit and loss account and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

EAGLE STAR HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF EAGLE STAR HOLDINGS LIMITED

Reporting on other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

With respect to the Strategic Report and Directors Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 2 and 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

EAGLE STAR HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF EAGLE STAR HOLDINGS LIMITED

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



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

21/6/19

EAGLE STAR HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £'000	2017 £'000
Income from shares in Group undertakings	7	250,000	139,000
Gain on sale of shares in Group undertakings	11	0	0
Amounts written off fixed asset investments	8	(3)	(4)
Profit before taxation		<u>249,997</u>	<u>138,996</u>
Tax on profit	9	-	-
Profit and total comprehensive income for the financial year		<u><u>249,997</u></u>	<u><u>138,996</u></u>

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


EAGLE STAR HOLDINGS LIMITED

BALANCE SHEET

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £'000	2017 £'000
Fixed Assets			
Investments	11	<u>1,172,014</u>	<u>1,172,017</u>
Current Assets			
Debtors	13	<u>3,695</u>	<u>3,695</u>
Creditors: Amounts Falling Due Within One Year			
Creditors	14	0	0
Net current assets		<u>3,695</u>	<u>3,695</u>
Total assets less current liabilities		<u>1,175,709</u>	<u>1,175,712</u>
Net assets		<u>1,175,709</u>	<u>1,175,712</u>
Equity			
Called Up Share Capital	15	50	50
Capital Reserve	16	75,000	75,000
Retained earnings		<u>1,100,659</u>	<u>1,100,662</u>
Total equity		<u>1,175,709</u>	<u>1,175,712</u>

The financial statements were approved by the board of directors and authorised for issue on 21 June 2019 and are signed on its behalf by:



J.R. SYKES
Director

Company Registration No. 01416463

EAGLE STAR HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Share Capital	Capital Reserve	Profit and Loss Account	Total
	£'000	£'000	£'000	£'000
Balance at 1 January 2017	50	75,000	1,100,666	1,175,716
Year ended 31 December 2017:				
Profit and total comprehensive income for the year	-	-	138,996	138,996
Dividends (see note 10)	-	-	(139,000)	(139,000)
Balance at 31 December 2017:	50	75,000	1,100,662	1,175,712
Year ended 31 December 2018:				
Profit and total comprehensive income for the year	-	-	249,997	249,997
Dividends (see note 10)	-	-	(250,000)	(250,000)
Balance at 31 December 2018:	50	75,000	1,100,659	1,175,709

EAGLE STAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

Company information

Eagle Star Holdings Limited is a private company limited by shares incorporated in England and Wales. The registered office is The Grange, Bishops Cleeve, Cheltenham, Gloucestershire, GL52 8XX.

1.1 Accounting convention

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

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

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

- The requirements of International Accounting Standard ("IAS") 1 'Presentation of Financial Statements' paragraph 16 regarding an explicit and unreserved statement of compliance with IFRS accounting, in accordance with FRS 101 paragraph 8(g).
- The requirements of IAS 7 'Statement of Cash Flows' in accordance with FRS 101 paragraphs 8(h) and where relevant, 8(g).
- The requirements 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).

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 2018, 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.

The parent company information has been disclosed in note 17.

1.2 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Income from shares in Group undertakings

Income for Shares in Group Undertakings represents dividend income and is accounted for when paid (for interim dividends) and when declared (for final dividends).

1.4 Amounts written off fixed asset investments

Amounts written off investments occurs where there has been a change in the value of investments in group undertakings. An impairment is recognised when the cost is lower than their recoverable amount; their recoverable amount being the higher of fair value less costs of disposal or value in use. Reversals in previous impairment are limited to the value of deemed cost.

EAGLE STAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(CONTINUED)

1.5 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss. Reversals in previous impairments are limited to the value of deemed cost.

1.6 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

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

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

Financial assets at amortised cost

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

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

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

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses an annual expected loss allowance for all intercompany debtors. To measure the expected credit losses, intercompany debtors have been grouped based on business area (UK).

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

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

EAGLE STAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(CONTINUED)

1.7 Taxation

Current Tax

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

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.

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

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

IFRS 9 and IFRS 15 accounting standards are effective for the year ended 31 December 2018 and have not had a material impact on the company (note 18). There are no other amendments to accounting standards that are effective for the year ended 31 December 2018.

3 Critical accounting estimates and judgments

In the application of the company's accounting policies, the directors are required to make judgments and use certain estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Investments in subsidiaries

The company makes an estimate of the recoverable value of its material investments in subsidiary undertakings by considering a number of factors including the expected future cashflows and the market consistent embedded value ("MCEV") of assets and liabilities. In taking into account these factors, the following estimates and assumptions are made:

- A risk-free interest rate is used for discounting and projecting cash flows included within MCEV;
- Mortality assumptions are set with reference to relevant industry and reinsurance information i.e. reference to the standard tables provided by the Continuous Mortality Investigation (CMI) and a CMI projections model;
- Withdrawal or lapse rate assumptions are based on the average rates experienced over the previous two calendar years for all products apart from the whole of life assurances where four calendar years is used. In setting the rates the experience data is grouped by similar product types to ensure it is sufficiently credible. The assumptions are changed to reflect the more recent investigation unless the difference in experience is deemed to be statistically insignificant, in which case the assumptions are left unchanged.
- The expected future cashflows are based on Plan information provided by the business over a period of 5 years from the year end date; and
- The expected future cashflows are discounted over this period at a rate of 6.06% representing the UK Weighted Average Cost of Capital ("WACC").

EAGLE STAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

4 Auditors remuneration

	2018 £'000	2017 £'000
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	4	4
Audit of the financial statements of the company's subsidiaries	1,099	1,223
	<u>1,103</u>	<u>1,227</u>
For other services		
Other services pursuant to legislation	358	440
Other services	54	63
	<u>412</u>	<u>503</u>

5 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 2018 and 2017 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 Grange, Bishops Cleeve, Cheltenham, Gloucestershire, GL52 8XX

6 Directors' remuneration

	2018 £'000	2017 £'000
Remuneration for qualifying services	<u>523</u>	<u>469</u>

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 was 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 (2017: 1 director) did not receive remuneration in respect of their services to the company or any of its subsidiary undertakings.

Of the 1 director (2017: 1 director) who received remuneration in respect of their services to the company or any of its subsidiary undertakings during the year:

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to nil (2017: nil).

The number of directors who exercised share options during the year was nil (2017: nil).

The number of directors who are entitled to receive shares under long term incentive schemes during the year was 1 (2017: 1).

EAGLE STAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

6 Directors' remuneration

(CONTINUED)

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2018 £'000	2017 £'000
Remuneration for qualifying services	523	469
Company pension contributions to defined contribution schemes	-	-
Accrued lump sum at the end of the year	106	106

The highest paid director did not accrue benefits under a defined benefit scheme (2017: did not accrue benefits). The highest paid director did not accrue benefits under a defined contribution scheme (2017: did not accrue benefits). The highest paid director did not exercise options over shares in ZIG in the year (2017: did not exercise share options). The highest paid director is a member of a long-term incentive scheme (2017: was a member). The highest paid director has not changed during the course of the year (2017: has not changed).

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 2018 and 2017 was borne by Zurich Employment Services Limited.

7 Income from Shares in Group Undertakings

	2018 £'000	2017 £'000
Dividends		
Zurich Assurance Ltd	250,000	139,000
Eagle Star (Malta) Limited	0	0
	<u>250,000</u>	<u>139,000</u>

8 Amounts written off investments

	2018 £'000	2017 £'000
Impairments	(3)	(4)
	<u></u>	<u></u>

9 Tax on profit

	2018 £'000	2017 £'000
Current tax		
UK corporation tax on profits for the current period	-	-
	<u></u>	<u></u>
Total tax charge	<u>-</u>	<u>-</u>

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 20% to 19% with effect from 1 April 2017.

EAGLE STAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

9 Tax on profit

(CONTINUED)

Further reductions to the UK corporation tax rates were substantively enacted as part of the Finance No.2 Act 2015 on 26 October 2015 and the Finance Act on 6 September 2016. These reduce the main rate to 17% from 1 April 2020.

The charge for the year can be reconciled to the profit per the profit and loss account as follows:

	2018 £'000	2017 £'000
Profit before taxation	249,997	138,996
Expected tax charge/(credit) based on the corporation tax rate of 19.00%	47,499	26,752
Income not subject to tax	(47,500)	(26,753)
Impairment of subsidiary undertaking	1	1
Taxation charge for the year	-	-

At 31 December 2018, the company has unused tax losses of £13,525,500 (2017: £nil) for which no deferred tax asset has been recognised.

10 Dividends

	2018 per share	2017 per share	2018 £'000	2017 £'000
Amounts recognised as distributions to equity holders:				
Interim dividend paid	5,000	2,780	250,000	139,000

11 Investments

	Current		Non-current	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Investments in subsidiaries	-	-	1,172,014	1,172,017

Fixed asset investments revalued

The original cost of the investments in subsidiaries were £1,172,024,147 (2017: £1,172,024,137) and the cumulative impairment at the year-end was £10,244 (2017: £6,757).

The directors have considered the value of each of the company's investments in subsidiary undertakings as at 31 December 2018 and are satisfied that the value of each investment is not less than the amount at which it is stated in the balance sheet.

EAGLE STAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

11 Investments

(CONTINUED)

Additions

During the year, the 1 ordinary share held by Eagle Star Group Holdings Limited in ESM was transferred to the company for a consideration of €11.68 (£10.38).

Disposals

During the year, the company sold its 1 ordinary share in ESM to Atlas Insurance PCC Limited for a consideration of €2.56 (£2.24).

Impairment

Impairment consists of a write off of £3,478 in respect of Grovewood Property Holdings Limited following a change in the net asset value of that company in the year.

On 6 August 2018, Eagle Star (Malta) Limited ("ESM") paid a dividend of €10.28 (£9.34) to the company. Following the payment of this dividend the value of shares in ESM have been impaired by £9.34.

	Shares in group undertakings £'000
Valuation	
At 1 January 2018	1,172,017
Additions	0
Disposals	(0)
Impairment	(3)
	<hr/>
At 31 December 2018	1,172,014
	<hr/>
Carrying Amount	
At 31 December 2018	1,172,014
	<hr/>
	<hr/>
At 31 December 2017	1,172,017
	<hr/>
	<hr/>

12 Subsidiaries

Details of the company's direct subsidiaries at 31 December 2018 are as follows:

Name of undertaking	Registered office	Ownership interest (%)	Voting power held (%)	Nature of business
Eagle Star Group Holdings Limited	Critchleys LLP 23-38 Hythe Bridge Street Oxford, Oxfordshire, OX1 2EP	100	100	In liquidation
Eagle Star Group Services Limited	The Grange, Bishops Cleeve, Cheltenham, Gloucestershire, GL52 8XX	100	100	Dormant

EAGLE STAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

12 Subsidiaries

(CONTINUED)

Name of undertaking	Registered office	Ownership interest (%)	Voting power held (%)	Nature of business
Groveswood Property Holdings Limited	The Grange, Bishops Cleeve, Cheltenham, Gloucestershire, GL52 8XX	100	100	Ex gratia services
Zurich Assurance Ltd	The Grange, Bishops Cleeve, Cheltenham, Gloucestershire, GL52 8XX	100	100	Life insurance

Details of the company's indirect subsidiaries at 31 December 2018 are as follows:

Name of undertaking	Registered office	Ownership interest held by subsidiary undertaking (%)	Voting power held by subsidiary undertaking (%)	Nature of business
50 Brook Green Management Company Limited	Cannon Place, 78 Cannon Street, London, EC4N 6AF	80	80	Management company
Access Franchise Management Limited	The Grange, Bishops Cleeve, Cheltenham, Gloucestershire, GL52 8XX	100	100	Franchise management company
Eagle Star (Leasing) Limited	The Grange, Bishops Cleeve, Cheltenham, Gloucestershire, GL52 8XX	100	100	Property company
Eagle Star Estates Limited	Critchleys LLP 23-38 Hythe Bridge Street Oxford, Oxfordshire, OX1 2EP	100	100	In liquidation
Eagle Star Farms Limited	Critchleys LLP 23-38 Hythe Bridge Street Oxford, Oxfordshire, OX1 2EP	100	100	In liquidation
Eagle Star Holding Company of Ireland Unlimited Company	Zurich House, Frascati Road, Blackrock, Co Dublin, Ireland	100	100	Holding company
ES (Walsall) Nominee Limited	100 Barbirolli Square, Manchester, Lancashire, M2 3AB	100	100	Property management company
ES Cannock Nominee 1 Limited	100 Barbirolli Square, Manchester, Lancashire, M2 3AB	100	100	Property management company
ES Cannock Nominee 2 Limited	100 Barbirolli Square, Manchester, Lancashire, M2 3AB	100	100	Property management company

EAGLE STAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

12 Subsidiaries

(CONTINUED)

Name of undertaking	Registered office	Ownership interest held by subsidiary undertaking (%)	Voting power held by subsidiary undertaking (%)	Nature of business
ES Dudley Nominee 1 Limited	100 Barbirolli Square, Manchester, Lancashire, M2 3AB	100	100	Property management company
ES Dudley Nominee 2 Limited	100 Barbirolli Square, Manchester, Lancashire, M2 3AB	100	100	Property management company
ES Plympton Nominee 1 Limited	100 Barbirolli Square, Manchester, Lancashire, M2 3AB	100	100	Property management company
ES Plympton Nominee 2 Limited	100 Barbirolli Square, Manchester, Lancashire, M2 3AB	100	100	Property management company
ES Ramsgate Nominee 1 Limited	100 Barbirolli Square, Manchester, Lancashire, M2 3AB	100	100	Property management company
ES Ramsgate Nominee 2 Limited	100 Barbirolli Square, Manchester, Lancashire, M2 3AB	100	100	Property management company
Graphene Capital Partners Limited	The Grange, Bishops Cleeve, Cheltenham, Gloucestershire, GL52 8XX	100	100	Dormant
Groveswood Engineering Limited	The Grange, Bishops Cleeve, Cheltenham, Gloucestershire, GL52 8XX	100	100	In liquidation
Hawkcentral Limited	The Grange, Bishops Cleeve, Cheltenham, Gloucestershire, GL52 8XX	100	100	Dormant
Kennet Road 1 UK Limited	100 Barbirolli Square, Manchester, Lancashire, M2 3AB	100	100	Property management company
Kennet Road 2 UK Limited	100 Barbirolli Square, Manchester, Lancashire, M2 3AB	100	100	Property management company
Nearheath Limited	The Grange, Bishops Cleeve, Cheltenham, Gloucestershire, GL52 8XX	100	100	Dormant
Plot 8B Buckingway Management Limited	6th Floor, 65 Gresham Street, London, EC2V 7NQ	100	100	Property management company
Zurich Pension Trustees Limited	The Grange, Bishops Cleeve, Cheltenham, Gloucestershire, GL52 8XX	100	100	Trustee company

EAGLE STAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

12 Subsidiaries

(CONTINUED)

Name of undertaking	Registered office	Ownership interest held by subsidiary undertaking (%)	Voting power held by subsidiary undertaking (%)	Nature of business
Cambridge Research Park Management Co Limited	75 King William Street, London, England, EC4R 9AN	23	23	Real estate management
Interface Solihull Management Limited	10 Wrens Court 48 Victoria Road, Sutton Coldfield, West Midlands, England, B72 1SY	29.17	29.17	Real estate management
Northampton Business Park Management Limited	350 Pavilion Drive Northampton Business Park, Northampton, United Kingdom, NN4 7YQ	22.86	22.86	Real estate management
Plot 6 Buckinghamway Management Limited	4 More London Riverside, London, SE1 2AU	25	25	Property management
Rabone Park Management Company Limited	10 Wrens Court 48 Victoria Road, Sutton Coldfield, West Midlands, England, B72 1SY	42.76	42.76	Property management
The Parklands (Birmingham) Management Company Limited	Redrow House St. Davids Park, Ewloe, Deeside, Clwyd, CH5 3RX	30.56	30.56	Property management

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:

- ES Camberley Nominee 1 Limited was dissolved during 2018
- ES Camberley Nominee 2 Limited was dissolved during 2018
- ES Coventry Nominee 1 Limited was dissolved during 2018
- ES Coventry Nominee 2 Limited was dissolved during 2018
- Eagle Star Loans Limited was dissolved during 2018
- Eagle Star Mortgages was dissolved during 2018
- Zurich International Solutions was dissolved during 2018
- Eagle Star Computer Services Limited was dissolved during 2018
- Zurich Assurance (2004) Limited was dissolved during 2018
- Logobrook Limited was dissolved during 2018
- Mentionland Limited was dissolved during 2018
- Meritclass Investments Limited was dissolved during 2018
- Eagle Star Forests Limited was dissolved during 2018
- Zurich Group Pension Services (UK) Limited was sold on 3 April 2018
- Eagle Star (Malta) Limited was sold on 31 July 2018
- Grovewood Engineering Limited was dissolved on 23 January 2019
- Eagle Star Estates Limited entered liquidation during March 2019
- Eagle Star Farms Limited entered liquidation during March 2019.

EAGLE STAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

13 Debtors

	2018 £'000	2017 £'000
Amounts due from parent undertaking	3,695	3,695
Amounts due from the parent undertaking are unsecured, interest free and have no fixed date of repayment.		

14 Creditors

	2018 £'000	2017 £'000
Amounts due to fellow group undertakings	0	0
Amounts due to fellow group undertakings are unsecured, interest free and have no fixed date of repayment.		

15 Share capital

	2018 £'000	2017 £'000
Ordinary share capital		
<i>Issued and fully paid</i>		
50,000 ordinary shares of £1 each	50	50

The ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights, they do not confer any rights of redemption.

16 Capital reserve

	2018 £'000	2017 £'000
At 1 January 2018 and 31 December 2018	75,000	75,000
	75,000	75,000

This reserve represents capital contributions received from the parent company with no obligation to repay.

17 Controlling party

The immediate parent company of Eagle Star Holdings Limited is Zurich Financial Services (UKISA) Limited and its registered office is The Grange, Bishops Cleeve, Cheltenham, Gloucestershire, GL52 8XX.

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 financial statements are drawn up. Zurich Insurance Company Ltd, which is incorporated in Switzerland, is the parent company of the smallest group of companies, of which the Company is a wholly owned subsidiary, for which group financial statements are drawn up.

EAGLE STAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

17 Controlling party

(CONTINUED)

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

18 Changes in accounting policies

This note explains the impact of the adoption of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers on the company's financial statements.

Impact on the financial statements

As a result of the changes in the entity's accounting policies, consideration of any requirement to restate the prior year financial statements has been undertaken. Where applicable, IFRS 9 will generally be adopted without restating comparative information.

IFRS 9 Financial Instruments

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 'Financial Instruments' from 1 January 2018 has resulted in changes in accounting policies but has not resulted in adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in notes 1.6 and 2.

There were no adjustments made to line items for the 2017 reporting period relating to IFRS 9 adjustments as the identified impairment loss in relation to the financial assets subject to IFRS 9 was immaterial.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 replaces IAS 11 (Construction contracts) and IAS 18 (Revenue) and relates to how and when revenue is recognised. The adoption of IFRS 15 Revenue from Contracts with Customers is not relevant to the company, as it does not have any customers as defined by IFRS 15, and as such there have been no adjustments required to the financial statements.