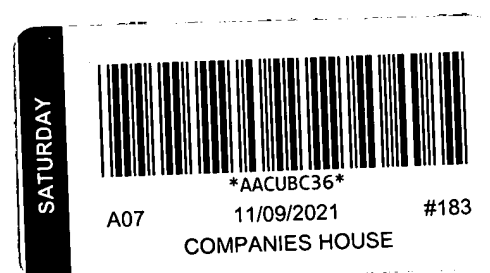


Company Registration No. 01416463 (England and Wales)

**EAGLE STAR HOLDINGS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**



# **EAGLE STAR HOLDINGS LIMITED**

## **COMPANY INFORMATION**

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### **Directors**

G D Jenkins  
H A Pickford – Resigned 30 June 2020  
C Horne – Appointed 30 June 2020

### **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

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# EAGLE STAR HOLDINGS LIMITED

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# EAGLE STAR HOLDINGS LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2020

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The directors present the strategic report and audited financial statements for Eagle Star Holdings Limited (the "Company") for the year ended 31 December 2020.

#### **Review of the business**

The principal activity of 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 10 March 2020 the Company issued 70,000,000 ordinary shares of £1 each to its immediate parent company, Zurich Financial Services (UKISA) Limited (the "parent company"), for a consideration of £70,000,000.

On 10 March 2020 the Company subscribed for 70,000,000 ordinary shares for £1 each in a subsidiary, Zurich Assurance Ltd ("ZAL") for a consideration of £70,000,000.

On 17 December 2020 the Company received a dividend of £86,000,000 from Zurich Assurance Ltd ("ZAL").

On 17 December 2020 the Company paid an interim dividend of £86,000,000 to the Parent Company.

#### *Key Performance Indicators*

The profit for the year before taxation amounted to £85,995,000 (2019: £121,997,000). After taking taxation into account, the amount transferred to reserves was £85,995,000 (2019: £121,997,000).

At 31 December 2020, the Company had net assets of £1,245,701,000 (2019: £1,175,706,000), representing the value of its investment in subsidiary undertakings and amounts owed by 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 11 and 12.

#### *Future Outlook*

The directors do not expect any material changes to 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. The directors' note the impact of both Brexit and COVID-19 as potential but immaterial business risks.

#### *Business Risk*

The UK left the European Union ("EU") on 31 January 2020. A transitional period, during which the UK was no longer a member of the EU but was still subject to EU rules and remained a member of the Customs Union, concluded at 11pm on 31 December 2020. The EU-UK Trade and Cooperation Agreement was agreed and is provisionally applicable from 1 January 2021, causing an underlying level of ongoing uncertainty in the UK of the financial and economic impact from this agreement. The risk to the Company as a result of leaving the EU is not considered to be significant as the principal activity of the Company does not involve the import or export of goods and services to and from other EU countries.

The directors recognise the possible consequences arising from the ongoing COVID-19 situation and have considered the operational impact on the business. Zurich Insurance Group Ltd ("the ZIG Group"), of which the Company is a wholly owned subsidiary, has well established business continuity plans and in 2020 implemented remote working for all staff and a full assessment of business critical processes to ensure operations could continue as normal or with suitable alternatives in place. These plans are still in place in 2021 and as such the directors believe that the Company is well positioned to cope with any additional changes in circumstances as they may arise.

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

# EAGLE STAR HOLDINGS LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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

Section 172 of the Companies Act 2006 requires the Board of Directors (the "Board") to promote the success of the Company for the benefit of its members as a whole and in doing so to have regard to the interests of stakeholders including shareholders, customers, employees, suppliers, regulators and the wider society in which the Company operates.

The Company is a wholly owned subsidiary entity of the ZIG Group and is subject to policies and governance arrangements set by the Group as well as UK local statutory and regulatory requirements. The Board derives its collective authority by direct delegation from its shareholder. Its key purpose is to ensure the Company's prosperity by collectively directing the Company's affairs whilst meeting the appropriate interests of its shareholder and relevant stakeholders.

The Board's principal aim is to enhance the Company's long-term value to its shareholder through the sustainable delivery of financial performance targets within a framework of prudent and effective controls.

When making decisions to further the Company's strategic purpose, the Board has a duty to promote the success of the Company under s172 of the Companies Act 2006. During the course of the financial year, the Board has given consideration to this duty when making decisions, including the:

- Likely consequences of any decision in the long term;
- Interests of employees;
- Company's business relationships with suppliers, customers and others;
- Impact of the Company's operations on the community and the environment;
- Maintaining the Company's reputation for high standards of business conduct.

As a wholly owned subsidiary of the Zurich Insurance Group Ltd the Company only has one member and therefore the directors do not need to consider the fairness between members.

### Long term decisions

The Board continually assesses the long term strategy of the Company and its long term value to its shareholder. In doing so it considers the interests of stakeholders as part of its overall long-term business objectives and continues to align the Company's strategic direction with the shareholder's aspirations. For each matter that is considered by the Board, stakeholders who may be impacted are identified and their interests considered as part of the Board's decision-making process.

The Board considered a proposal to pay an interim dividend to its shareholder in late 2020 and as part of its deliberations considered the impact upon stakeholders as well as the statutory capital requirements and whether the Company would be able to meet its liabilities going forward.

### Interests of employees

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 2020 and 2019 have been borne by another group undertaking. The principal disclosures in respect of these staff, including the approach to employee engagement and particularly support provided since the commencement of the COVID-19 pandemic, appear in the financial statement of Zurich Employment Services Limited, The Grange, Bishops Cleeve, Cheltenham, Gloucestershire, GL52 8XX.

However, the following summarises how Zurich UK (Zurich business conducted within the UK) considered employees in its deliberations:

- The Company's employee engagement mechanisms include receiving regular updates on the results of employee surveys to keep fully apprised of employee engagement levels and the quality of leadership across the workforce, as well as a broad range of subjects including collaboration, working conditions, wellbeing, reputation, benefits and rewards, diversity and inclusion and responsible business;  
The Company recognised the challenges faced by employees throughout the COVID-19 pandemic and was committed to supporting employees through its Flex Work scheme and Emergency Leave policy and regularly sought feedback and updates from senior management on morale and wellbeing;

# EAGLE STAR HOLDINGS LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

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

##### Interests of employees (continued)

- The Wellbeing hub provides a range of resources and tools to help employees keep active, healthy and safe.

##### Stakeholder Relationships and Engagement

###### *Business relationships with suppliers, customers and others*

The principal activity of the Company is as an investment holding company to companies within the Zurich Group and its source of income is dividends from its subsidiaries.

###### *Business relationship with Community*

The Company believes in contributing positively to society in order to have a positive impact on the communities in which it operates.

- The UK Public Affairs Team is in place which aims to make Zurich an influential and prominent voice in all aspects of the public policy process. Its primary focus is the identification and monitoring of key regulatory and legislative developments, and the communication of these to the wider business to determine whether to lead, drive, or support, on any external engagement activity.
- Zurich has membership in, and the Public Affairs Team works closely with, industry bodies such as the Association of British Insurers, Confederation of British Industry, and TheCityUK to ensure that Zurich is coordinated and effective in influencing the public policy agenda.
- The UK Public Affairs Team provides a weekly internal update on stakeholder engagement across the UK together with details of government consultations and inquiries of relevance to the Company.
- There are a wide range of initiatives and activities that we have been involved with engaging with society. A complete description of these activities can be found on [www.zurich.co.uk/en/about-us/corporate-responsibility/workplace/diversity-and-inclusion](http://www.zurich.co.uk/en/about-us/corporate-responsibility/workplace/diversity-and-inclusion).

###### *Impact of operations on sustainability*

The Head of Public Affairs also holds responsibility for Sustainability, which is at the centre of the Company, as part of the Group's ambition to be known as one of the most responsible and impactful businesses in the world. The Group aims to be a responsible and sustainable business supporting customers and communities and managing its own environmental, social and governance risks.

The ZIG group has designed a sustainability strategy and the UK has developed its own strategy which is structured on the three themes used by the Group which comprise our internal definition of Sustainability – our 1.5 degree future (supporting the transition to a low carbon economy and managing climate risks); work sustainability (preparing for new ways of working and the skills and solutions needed); and confidence in a digital society (inciting customer resilience against cyber-attacks by enabling confidence in our use of their data).

Sustainability is growing in importance for many of Zurich's stakeholders and the organisations we do business with. The passing of the Social Value Act in 2012 has increased this demand and a number of Zurich's customers now require us to provide information about our corporate responsibility and sustainability activity and targets.

We measure our sustainability commitments thoroughly in order to ensure confidence in what we say we do, and these approaches are embedded throughout the organisation. There are a wide range of initiatives and activities that we have been involved with engaging with environmental issues. A complete description of these activities can be found on [www.zurich.co.uk/news-and-insight/sustainability](http://www.zurich.co.uk/news-and-insight/sustainability).

# **EAGLE STAR HOLDINGS LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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

### **Going concern**

Taking into account all available information related to the future, including the consideration of the impact of leaving the EU and COVID-19 on the operations of the Company, the directors are satisfied that the Company has access to adequate resources to enable it to continue in operational existence for the foreseeable future.

On behalf of the Board

  
.....

Name: Christopher Horne .....  
**Director**

Date: 30 June 2021

# EAGLE STAR HOLDINGS LIMITED

## DIRECTORS REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2020

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The directors present their annual report and financial statements for the year end 31 December 2020.

#### Results and dividends

The results for the year are set out on page 10.

Interim dividends in respect of ordinary shares of the Company totaling £86,000,000 were declared and paid during the year (2019: £122,000,000). The directors do not recommend the payment of a final dividend.

#### Subsequent Events

On 26 March 2021 the Company received a dividend on £100,000,000 from Zurich Assurance Ltd ("ZAL").

On 26 March 2021 the Company paid an interim dividend of £100,000,000 to Zurich Financial Services (UKISA) Ltd (the "Parent Company").

#### Directors

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

G D Jenkins  
H A Pickford – Resigned 30 June 2020  
C Horne – Appointed 30 June 2020

#### 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 on page 1, as permitted by section 414C(11) of the Companies Act 2006.

#### Independent Auditors

PricewaterhouseCoopers ("PwC") are the current auditor of the Company, and in accordance with legal and regulatory requirements, will be resigning as auditor following completion of the audit for the year ended 31 December 2020. Following all appropriate processes and approvals, Ernst & Young ("EY") will be appointed as the Company's auditor for the financial year beginning on 1 January 2021.

#### 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

## DIRECTORS REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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### 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 of information to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the Company's 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.

On behalf of the Board

  
.....

Name: Christopher Horne  
Director

Date: 30 June 2021

# **EAGLE STAR HOLDINGS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF EAGLE STAR HOLDINGS LIMITED**

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#### **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 2020 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 2020; 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**

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

##### **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.

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

# EAGLE STAR HOLDINGS LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF EAGLE STAR HOLDINGS LIMITED

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#### Reporting on other information

(continued)

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 our work undertaken in the course of the audit, the Companies Act 2006 requires 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 2020 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, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries, to manipulate the Company's result for the year. Audit procedures performed by the engagement team included:

- identifying and testing journal entries, in particular any journal entries with unexpected account combinations to expenses
- reviewing Board meeting minutes
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing
- discussions with the Board, management, internal audit, senior management involved in the Risk and Compliance functions and the Group's legal function, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud

# EAGLE STAR HOLDINGS LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF EAGLE STAR HOLDINGS LIMITED

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

(continued)

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### *Use of this report*

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

#### Other required reporting

##### *Companies Act 2006 exception reporting*

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

- we have not obtained 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  
30 June 2021

# EAGLE STAR HOLDINGS LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2020

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	Note	2020 £'000	2019 £'000
Income from shares in group undertakings	7	86,000	122,000
Amounts written off investments	8	(5)	(3)
<b>Profit before taxation</b>		85,995	121,997
Tax on profit	9	-	-
<b>Profit and total comprehensive income for the financial year</b>		<u>85,995</u>	<u>121,997</u>

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

There are no items of other comprehensive income

# EAGLE STAR HOLDINGS LIMITED

## BALANCE SHEET

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £'000	2019 £'000
<b>Fixed Assets</b>			
Investments	11	<u>1,242,006</u>	<u>1,172,011</u>
<b>Current Assets</b>			
Debtors	13	<u>3,695</u>	<u>3,695</u>
<b>Creditors: Amounts Falling Due Within One Year</b>			
Creditors	14	0	0
<b>Net current assets</b>		<u>3,696</u>	<u>3,695</u>
<b>Total assets less current liabilities</b>		<u>1,245,701</u>	<u>1,175,706</u>
<b>Net assets</b>		<u>1,245,701</u>	<u>1,175,706</u>
<b>Equity</b>			
Called up share capital	15	70,050	50
Capital reserve	16	75,000	75,000
Profit and loss account		<u>1,100,651</u>	<u>1,100,656</u>
<b>Total equity</b>		<u>1,245,701</u>	<u>1,175,706</u>

The financial statements on pages 10 to 23 were approved by the board of directors and authorised for issue on 30 June 2021 and are signed on its behalf by:



Name: Christopher Horne  
Director

Company Registration No. 01416463

# EAGLE STAR HOLDINGS LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital	Capital reserve	Profit and loss account	Total
	£'000	£'000	£'000	£'000
<b>Balance at 1 January 2019</b>	50	75,000	1,100,659	1,175,709
<b>Year ended 31 December 2019:</b>				
Profit and total comprehensive income for the year	-	-	121,997	121,997
Dividends (see note 10)	-	-	(122,000)	(122,000)
<b>Balance at 31 December 2019:</b>	50	75,000	1,100,656	1,175,706
<b>Year ended 31 December 2020:</b>				
Profit and total comprehensive income for the year	-	-	85,995	85,995
Issue of ordinary shares of £1 each	70,000	-	-	-
Dividends (see note 10)	-	-	(86,000)	(86,000)
<b>Balance at 31 December 2020:</b>	70,050	75,000	1,100,651	1,245,701

# EAGLE STAR HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 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 compliance with the Companies Act 2006.

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 2020, 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 from 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 investments

The directors monitor the value of investments in group undertakings. An impairment is recognised when the cost of the investment is higher 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 (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 1 Accounting policies

(continued)

##### 1.5 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.

##### 1.6 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.

# EAGLE STAR HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1 Accounting policies

(continued)

#### 1.6 Taxation

(continued)

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

The following amendments to Accounting Standards have been implemented for the reporting period ending 31 December 2020 but have no impact on the current or prior period, and no expected impact on future periods.

- Amendments to IFRS 3 – Business definition
- Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform
- Amendments to IAS 1 and IAS 8 – Materiality Definition
- Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an investor and its Associate or Joint Venture.

### 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 group undertakings

The Company makes an estimate of the recoverable value of its material investments in group 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.

# EAGLE STAR HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 4 Auditors' remuneration

	2020 £'000	2019 £'000
Fees payable to the Company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the Company	4	4
Audit of the financial statements of the Company's subsidiaries	869	789
	<u>873</u>	<u>793</u>
<b>For other services</b>		
Audit-related assurance services	361	325
Other services pursuant to legislation	479	450
Other services	40	76
	<u>880</u>	<u>851</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 2020 and 2019 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

	2020 £'000	2019 £'000
Remuneration for qualifying services	139	565

2 directors (2019: 1 director) did not receive remuneration in respect of their services to the Company or any of its subsidiary undertakings.

The remuneration of the remaining 1 director (2019: 1 director) is in respect of their role as a director 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.

Of the 1 director (2019: 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 1 (2019: nil).

The number of directors who exercised share options during the year was nil (2019: nil).

The number of directors who are entitled to receive shares under long term incentive schemes during the year was 1 (2019: 1).

# EAGLE STAR HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 6 Directors' remuneration

(continued)

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

	2020 £'000	2019 £'000
Remuneration for qualifying services	-	565
Accrued lump sum at the end of the year	-	106

In 2020 the highest paid director did not accrue benefits under a defined benefit scheme.

In 2020 the highest paid director did not accrue benefits under a defined contribution scheme.

In 2020 the highest paid director did not exercise options over shares in ZIG in the year.

In 2020 the highest paid director was a member of a long-term incentive scheme.

In 2020 the highest paid director had 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 2020 and 2019 was borne by Zurich Employment Services Limited.

#### 7 Income from shares in group undertakings

	2020 £'000	2019 £'000
<b>Dividends</b>		
Zurich Assurance Ltd	86,000	122,000
Eagle Star Group Holdings Limited	-	0
	<u>86,000</u>	<u>122,000</u>

#### 8 Amounts written off investments

	2020 £'000	2019 £'000
Impairments (see note 11)	(5)	(3)
	<u></u>	<u></u>

#### 9 Tax on profit

	2020 £'000	2019 £'000
<b>Current tax</b>		
UK corporation tax on profits for the current period	-	-
	<u></u>	<u></u>
Total tax charge	-	-
	<u></u>	<u></u>

# EAGLE STAR HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 9 Tax on profit

(continued)

It was announced in the Budget Statement on 11 March 2020 that the UK Corporate Tax rate would remain at 19% rather than reducing to 17% with effect from 1 April 2020 as previously enacted. The 19% rate was substantively enacted on 17 March 2020.

The Budget Statement on 3 March 2021 announced an increase in the main UK Corporation Tax rate from 19% to 25% from 1 April 2023. As this measure was not substantively enacted at the balance sheet date the impact is not reflected in the financial statements for the year ended 31 December 2020.

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

	2020 £'000	2019 £'000
Profit before taxation	85,996	121,997
Expected tax charge/(credit) based on the corporation tax rate of 19.00% (2019: 19.00%)	16,339	23,179
Income not subject to tax	(16,340)	(23,180)
Impairment of subsidiary undertaking	1	1
<b>Taxation charge for the year</b>	<b>-</b>	<b>-</b>

At 31 December 2020, the Company has unused tax losses of £13,405,208 (2019: £13,405,208) for which no deferred tax asset has been recognised.

#### 10 Dividends

	2020 per share	2019 per share	2020 £'000	2019 £'000
Amounts recognised as distributions to equity holders:				
Interim dividend paid	1,228	2,440	86,000	122,000

#### 11 Investments

	Current		Non-current	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Investments in group undertakings	-	-	1,242,006	1,172,011

#### Fixed asset investments revalued

The original cost of the investments in group undertakings were £1,172,024,037 (2019: £1,172,024,147) and the cumulative impairment at the year-end was £18k (2019: £14k).

# EAGLE STAR HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 11 Investments

(continued)

#### Fixed asset investments revalued (continued)

The directors have considered the value of each of the Company's investments in group undertakings as at 31 December 2020 and are satisfied that the value of each investment is not less than the amount at which it is stated in the balance sheet.

#### Additions

On 10 March 2020 the Company subscribed for 70,000,000 ordinary shares for £1 each in a subsidiary, Zurich Assurance Ltd ("ZAL") for a consideration of £70,000,000.

#### Disposals

There were no disposals during the year.

#### Impairment

Impairment consists of a write off of £5k in respect of Grovewood Property Holdings Limited following a change in the net asset value of that Company in the year.

	Shares in group undertakings £'000
<b>Valuation</b>	
At 1 January 2020	1,172,011
Additions	70,000
Impairment	(5)
	<hr/>
At 31 December 2020	1,242,006
	<hr/>
<b>Carrying Amount</b>	
At 31 December 2020	1,242,006
	<hr/>
	<hr/>
At 31 December 2019	1,172,011
	<hr/>
	<hr/>

### 12 Subsidiaries

Details of the Company's direct subsidiaries at 31 December 2020 are as follows:

Name of undertaking	Registered office	Ownership interest (%)	Voting power held (%)	Nature of business
Eagle Star Group Services Limited	The Grange, Bishops Cleeve, Cheltenham, Gloucestershire, GL52 8XX	100	100	Dormant
Grovewood Property Holdings Limited	The Grange, Bishops Cleeve, Cheltenham, Gloucestershire, GL52 8XX	100	100	Ex gratia services

# EAGLE STAR HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 12 Subsidiaries

(continued)

Details of the Company's indirect subsidiaries at 31 December 2020 are as follows:

Name of undertaking	Registered office	Ownership interest held by subsidiary undertaking (%)	Voting power held by subsidiary undertaking (%)	Nature of business
Zurich Assurance Ltd	The Grange, Bishops Cleeve, Cheltenham, Gloucestershire, GL52 8XX	100	100	Life insurance
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 Holding Company of Ireland Unlimited Company	Zurich House, Frascati Road, Blackrock, Co Dublin, Ireland	100	100	Dormant
ES (Walsall) Nominee Limited	100 Barbirolli Square, Manchester, Lancashire, M2 3AB	100	100	Property management company
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

# EAGLE STAR HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 12 Subsidiaries

(continued)

Name of undertaking	Registered office	Ownership interest held by subsidiary undertaking (%)	Voting power held by subsidiary undertaking (%)	Nature of business
Graphene Capital Partners Limited	The Grange, Bishops Cleeve, Cheltenham, Gloucestershire, GL52 8XX	100	100	Dormant
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
Cambridge Research Park Management Co Limited	75 King William Street, London, England, EC4R 9AN	23	23	Real estate management
Plot 6 Buckingway 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



# EAGLE STAR HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 12 Subsidiaries

(continued)

The Parklands (Birmingham) Management Company Limited	Redrow House St. Davids Park, Ewloe, Deeside, Clwyd, CH5 3RX	30.56	30.56	Property management
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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:

- Eagle Star Estates Limited entered liquidation during March 2019 and was formally dissolved on 21 February 2020.
- Eagle Star Farms Limited entered liquidation during March 2019 and was formally dissolved on 12 May 2020.
- Eagle Star Group Holdings Limited entered liquidation during March 2019 and was formally dissolved on 7 April 2020.

### 13 Debtors

	2020 £'000	2019 £'000
Amounts owed by parent undertaking	3,695	3,695

Amounts owed by the parent undertaking are unsecured, interest free and have no fixed date of repayment. There were no adjustments made for the 2020 or 2019 reporting period relating to IFRS 9 adjustments as the identified impairment loss in relation to the financial assets subject to IFRS 9 was immaterial.

### 14 Creditors

	2020 £'000	2019 £'000
Amounts owed to group undertakings	0	0

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

### 15 Called up Share capital

	2020 £'000	2019 £'000
<b>Ordinary share capital</b>		
<i>Issued and fully paid</i>		
70,050,000 (2019: 50,000) ordinary shares of £1 each	70,050	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.

# EAGLE STAR HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 16 Capital reserve

	2020 £'000	2019 £'000
As at 31 December	75,000	75,000
	<u>75,000</u>	<u>75,000</u>

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.

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 Subsequent events

On 26 March 2021 the Company received a dividend on £100,000,000 from Zurich Assurance Ltd ("ZAL").

On 26 March 2021 the Company paid an interim dividend of £100,000,000 to Zurich Financial Services (UKISA) Ltd (the "Parent Company").