ZURICH PROJECT FINANCE (UK) LIMITED

REPORTS AND FINANCIAL STATEMENTS

31 DECEMBER 2017

COMPANY REGISTRATION NUMBER: 09082621

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COMPANIES HOUSE

Zurich Project Finance (UK) Limited (company registration number 09082621)

The directors present the strategic report, their report and the audited financial statements for Zurich Project Finance (UK) Limited ("the Company") for the year ended 31 December 2017.

STRATEGIC REPORT

The principal activity of the Company is to act as a vehicle for undertaking financing arrangements within the Zurich Insurance Group Ltd ("ZIG") group. The directors expect this activity to continue for the foreseeable future. The Company is a limited company domiciled and incorporated in England and Wales. The registered office is The Grange, Bishops Cleeve, Cheltenham, Gloucestershire, GL52 8XX.

On 31 July 2014 the Company received loans of £720m and £480m from Zurich (UK) General Services Limited ("ZUKGS") and Zurich Employment Services Limited ("ZES") respectively. The legal and beneficial interests in these loans were immediately assigned, by ZUKGS and ZES, to Zurich (Scotland) Limited Partnership ("ZSLP").

On 31 July 2014 the Company issued a subordinated loan of £480m to ZES and a subordinated loan of £720m to ZUKGS.

The results for the year are set out on page 7. The profit before taxation amounted to £718,000 (2016: £718,000). After taking taxation into account, the amount transferred to reserves was £576,000 (2016: £574,000 transferred to reserves). The result for the year principally consists of interest payable and receivable on the loans set out above.

At 31 December 2017, the Company had net assets of £455,000 (2016: £1,379,000).

The Company's principal risks and uncertainties relate to financial instruments, as the execution of the Company's strategy is subject mainly to financial risks. The Company's financial instruments and its exposure to financial risks are summarised in note 13. The Company is not subject to any material risks or uncertainties of its own, over and above those stated. Following the decision in 2016 by the UK to leave the European Union there is an underlying level of uncertainty in the UK regarding the financial and economic impacts of that decision. However, the risk to the Company is not considered to be significant as the company has mitigated its exposure to market and currency risk by fixing the interest rates associated with its financial instruments and denominating these in Sterling.

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.

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 use the going concern basis in preparing the financial statements.

On behalf of the Board

Secretary .....

Name J. Reay

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

Date 26.6.18

DIRECTORS' REPORT

Dividends

Interim dividends in respect of ordinary shares of the Company totalling £1,500,000 were declared and paid during the year (2016: £nil).

The directors do not recommend the payment of a final dividend for the year (2016: £nil).

Directors

The directors who served during the year were:

C H P Carl
A E Jackson
H A Pickford
J B Quin

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

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

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have signified their willingness to continue in office and a resolution that they be re-appointed will be proposed at the Annual General Meeting.

Financial Instrument Risk and Future Outlook

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

Statement of Directors' Responsibilities

The following statement sets out the responsibilities of the directors in relation to the financial statements of the Company. The report of the auditors, shown on pages 4, 5 and 6 sets out their responsibilities in relation to the financial statements.

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Statement of Directors' Responsibilities (continued)

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In the case of each director in office at the date the Directors' Report is approved:

- So far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware;
- Each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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

On behalf of the Board

Secretary .....

Name J. Reay

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

Date 26.6.18

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF ZURICH PROJECT FINANCE (UK) LIMITED

Report on the audit of the financial statements

Our opinion
In our opinion, Zurich Project Finance (UK) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 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 Reports and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2017; the profit and loss account, 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
We have nothing to report in respect of the following matters in relation to which 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.

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.

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.

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 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 2017 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 pages 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF ZURICH PROJECT FINANCE (UK) LIMITED (CONTINUED)

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

Date 26 June 2018

Zurich Project Finance (UK) Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2017

	Note	2017 £'000	2016 £'000
Administrative Expenses		(3)	(4)
Operating Loss		(3)	(4)
Interest Receivable and Similar Income	5	70,907	70,908
Interest Payable and Similar Expenses	6	(70,186)	(70,186)
Profit Before Taxation		718	718
Tax on Profit	7	(142)	(144)
Profit for the Financial Year		576	574

All amounts above are in respect of continuing operations.

The Company had no other comprehensive income in the year other than the profit stated above, therefore no Statement of Comprehensive Income has been prepared.

Zurich Project Finance (UK) Limited

BALANCE SHEET

at 31 December 2017

	Note	2017 £'000	2016 £'000
Fixed Assets			
Investments	8	1,200,000	1,200,000
		1,200,000	1,200,000
Current Assets			
Debtors	9	29,917	29,917
Cash at bank and in Hand		233	1,155
		30,150	31,072
Creditors: Amounts Falling Due Within One Year	10	(29,695)	(29,693)
Net Current Assets		455	1,379
Total Assets Less Current Liabilities		1,200,455	1,201,379
Creditors: Amounts Falling Due After More Than One Year	11	(1,200,000)	(1,200,000)
Net Assets		455	1,379
Capital and Reserves			
Called Up Share Capital	12	-	-
Profit and Loss Account		455	1,379
Total Shareholders' Funds		455	1,379

The financial statements on pages 7 to 17 were approved by the Board on 26 June 2018 and were signed on its behalf by:

Director H Richford

Name HELEN RICHFORD

Zurich Project Finance (UK) Limited

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2017

	Called Up Share Capital £'000	Profit and Loss Account £'000	Total Shareholders' Funds £'000
Opening Balance at 1 January 2016	-	805	805
Profit for the financial year	-	574	574
Balance at 31 December 2016	-	1,379	1,379
Profit for the financial year	-	576	576
Interim dividend paid (£1.5m per £1 share)	-	(1,500)	(1,500)
Balance at 31 December 2017	-	455	455

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of Preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

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

The Company has taken advantage of the exemptions contained within section 401 of the Act and has not produced consolidated financial statements for the year ended 31 December 2017, 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 14.

Summary of FRS 101 exemptions adopted

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

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

- The requirements of International Accounting Standard ("IAS") 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).

1.2 Administrative Expenses

Administrative expenses represents bank charges and audit fees and are charged to the profit and loss account on an accruals basis.

1.3 Interest Receivable and Similar Income

Other interest receivable and similar income include interest on fixed asset investments and are accounted for on an accruals basis.

1.4 Interest Payable and Similar Expenses

Interest payable and similar expenses include interest on fixed interest borrowing and guarantee fees and are accounted for on an accruals basis.

1. Accounting Policies (continued)

1.5 Current Taxation

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

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

1.6 Investments

The loan of £1,200m was lent at cost and the interest income is credited to the profit and loss account using the effective interest method. The effective interest method is used to allocate all cash flows over the expected life of the investment. An effective interest rate of 5.91% (2016: 5.91%) was used for the calculation of the amortisation on the £1,200m loan.

1.7 Debtors

Debtors represent accrued interest on the investments of £480m and £720m calculated using the contractually agreed interest rate of 5.91%. Interest is settled annually in arrears.

1.8 Creditors: Amounts Falling Due Within One Year and Creditors: Amounts Falling Due After More Than One Year

Creditors: Amounts Falling Due Within One Year represent accrued interest on the £1,200m senior loan. Interest is calculated using the contractually agreed interest rate of 5.01%. Creditors: Amounts Falling Due After More Than One Year are initially included in the balance sheet at the value of consideration received, net of any issue costs. The liability is thereafter stated at amortised cost using the effective interest method which is used to allocate all cash flows over the expected life of the debt. An effective interest rate of 5.01% (2016: 5.01%) was used for the calculation of amortisation on the £1,200m senior loan.

2. Auditors' Remuneration

The fees payable to the Company's auditors for the audit of the Company's financial statements were £3,462 (2016: £3,517).

3. Employee Information

Staff are not employed directly by the Company and accordingly the Company does not incur direct staff or pension costs. The costs of staff working for the Company in 2017 and 2016 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.

4. Directors' Remuneration

The remuneration of the directors for services to the Company as directors during the year was £nil (2016: £nil).

No advances or credits granted to any director subsisted during the year (2016: £nil). Also, no guarantees on behalf of any director subsisted during the year (2016: £nil).

5. Interest Receivable and Similar Income

	2017 £'000	2016 £'000
Interest receivable on cash	1	2
Interest receivable on subordinated loans (see note 8)	70,906	70,906
	70,907	**70,908**

6. Interest Payable and Similar Expenses

	2017 £'000	2016 £'000
Guarantee fee	10,080	10,080
Interest payable on partnership loans (see note 11)	60,106	60,106
	70,186	**70,186**

7. Tax on Profit

Tax expense included in profit and loss account

	2017 £'000	2016 £'000
Current Tax:		
- UK Corporation Tax on profits for the year	138	144
- Adjustments in respect of prior years	4	-
Tax on Profit	142	144

The tax expense for the year is higher than (2016: same as) the standard rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are explained below.

	2017 £'000	2016 £'000
Profit Before Taxation	718	718
Profit multiplied by the standard rate of corporation tax in the UK of 19.25% (2016: 20%)	138	144
Adjustments in respect of prior years	4	-
Tax expense	142	144

There are unused tax losses at 31 December 2017 of £13,027,164 (2016: £nil) for which no deferred tax asset has been recognised.

The tax rate for the current year is lower than the prior year due to changes in the UK Corporation tax rate which decreased from 20% to 19% with effect from 1 April 2017.

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 2016 on 6 September 2016. These reduce the main rate to 17% from 1 April 2020.

8. Investments

Loans and Receivables

	2017 £'000	2016 £'000
Subordinated loans to group undertakings	1,200,000	1,200,000

On 31 July 2014, the Company loaned £480m to ZES at an interest rate of 5.91%. On 31 July 2014, the Company loaned £720m to ZUKGS at an interest rate of 5.91%.

The loans to both ZES and ZUKGS are subordinated and undated.

In the event of a winding-up of ZES or ZUKGS, the rights of the Company in respect of the undated subordinated loans or any accrued but unpaid interest thereon shall be subordinated in right of payment to the claims of all unsubordinated creditors or subordinated creditors of ZES or ZUKGS, whose claims rank, or are expressed to rank senior to the claims of the Company but shall rank ahead of the claims of any holders of issued shares of ZES or ZUKGS in respect of capital, dividends or any other distribution.

9. Debtors

	2017 £'000	2016 £'000
Amounts owed by group undertakings	29,917	29,917
Called up share capital not paid	-	-
	29,917	29,917

Amounts owed by group undertakings are unsecured, interest free and have a fixed date of repayment.

The unpaid share capital of £1 is owed by Zurich Insurance Company Ltd ("the Parent Company").

10. Creditors: Amounts Falling Due Within One Year

	2017 £'000	2016 £'000
Corporation tax payable	79	76
Amounts owed to group undertakings	4,253	4,253
Accruals and deferred income	25,363	25,364
	29,695	29,693

Amounts owed to group undertakings relate to guarantee fees on the subordinated loans to ZES and ZUKGS. They are unsecured, interest free and have a fixed date of repayment.

11. Creditors: Amounts Falling Due After More Than One Year

	2017 £'000	2016 £'000
Amounts owed to group undertakings	1,200,000	1,200,000

Amounts owed to group undertakings comprise separate partnership loans of £720m and £480m repayable to ZSLP. These loans were initially received from ZUKGS and ZES respectively. The legal and beneficial interests in these loans were immediately assigned, by ZUKGS and ZES, to ZSLP.

12. Called Up Share Capital

	2017 £'000	2016 £'000
Allotted, Issued and unpaid:		
One (2016: One) ordinary share of £1	-	-

13. Financial Instruments and Financial Risk

The Company's financial instruments comprise subordinated loans to group undertakings and senior debt from group undertakings.

The main risk to the Company arising from its financial instruments is credit risk arising from loans made to fellow group companies. As those companies have sufficient net assets or facilities in place to meet their obligations to the Company as they fall due, the Directors consider the credit risk to be low, and therefore, the credit quality high. The total maximum credit exposure on the investments as at 31 December 2017 was £1,200m (2016: £1,200m).

The financial assets and liabilities have fixed interest rates, which result in interest receivable exceeding interest payable. As such, the Company has managed its interest rate risk. In addition, as the underlying instruments are denominated in sterling, they carry no exchange risk.

The Company's finances, along with those of the fellow group companies to whom loans have been made, are managed actively in conjunction with the activities of the Zurich Group to ensure that sufficient funds are available to meet liabilities as they fall due. This, together with the guarantee for payments of principal and interest that the Company has with the Parent Company, mitigate any liquidity and credit risk that the Company may face.

Interest rate risk profile of financial liabilities

The interest rate risk profile of the financial liabilities at 31 December was as follows:

	2017 £'000	2016 £'000
Fixed Rate Financial Liabilities:		
£1,200m 5.01% Dated Subordinated Bonds	1,200,000	1,200,000
	1,200,000	**1,200,000**

13. Financial Instruments and Financial Risk (continued)

	Fixed Rate Financial Liabilities	
	Weighted average fixed interest rate %	Weighted average period for which rate is fixed (years)
At 31 December 2017		
£1,200m 5.01% Dated Subordinated Bonds	5.01%	20.58
At 31 December 2016		
£1,200m 5.01% Dated Subordinated Bonds	5.01%	21.58

Interest rate risk profile of financial assets

The interest rate risk profile of the financial assets at 31 December was as follows:

	2017 £'000	2016 £'000
Fixed Rate Financial Assets:		
£480m Subordinated Undated Loan	480,000	480,000
£720m Subordinated Undated Loan	720,000	720,000
	1,200,000	**1,200,000**

	Fixed Rate Financial Assets	
	Weighted average fixed interest rate	Weighted average period for which rate is fixed (years)
At 31 December 2017		
£480m Subordinated Undated Loan	5.91%	undated
£720m Subordinated Undated Loan	5.91%	undated
At 31 December 2016		
£480m Subordinated Undated Loan	5.91%	undated
£720m Subordinated Undated Loan	5.91%	undated

Maturity Analysis of Financial Liabilities

The maturity of funding is managed in conjunction with the profile of that of the entire Zurich Group. The group's objective is to maintain a balance between continuity of funding and flexibility through the use of borrowings. As noted above, the Company's total borrowings will mature in 20.58 years.

13. Financial Instruments and Financial Risk (continued)

The maturity profile of the financial liabilities, based on expected maturity date, at 31 December was as follows:

	2017 £'000	2016 £'000
In one to five years	-	-
In greater than five years	1,200,000	1,200,000
	1,200,000	**1,200,000**

The following schedule shows the maturity analysis of the contractual cash flows of the financial liabilities, calculated on an undiscounted basis. The cash flows include the repayment of the principal amount together with the associated interest payments over the term of the financial liabilities.

	2017 £'000	2016 £'000
Less than one year	60,106	60,106
One to five years	300,530	300,530
Over five years	2,101,590	2,161,696
	2,462,226	**2,522,332**

In addition to the cash flows above, the Company incurs an annual fee of £10.1m for a guarantee provided by the Parent Company in respect of the payment of the principal and interest on the loan provided by ZSLP.

Fair Values of Financial Assets and Financial Liabilities

Set out below is a comparison by category of book values and fair values of all financial assets and financial liabilities as at 31 December.

In accordance with Level 3 of the fair value hierarchy contained in IFRS 13, the fair values of the long-term loans to and from group undertakings have been calculated as the present value of discounted future cash flows, discounted at the risk-free rate.

The book value of the cash at bank and in hand has been taken to represent fair value.

	Book Value 2017 £'000	**Book Value 2016** £'000	**Fair Value 2017** £'000	**Fair Value 2016** £'000
Fixed Assets				
Long-term loans to other group undertakings	1,200,000	1,200,000	1,613,352	1,675,727
Current Assets				
Cash at bank and in hand	233	1,155	233	1,155
Financial Liabilities				
Long-term loans from other group undertakings (greater than one year)	(1,200,000)	(1,200,000)	(1,592,434)	(1,591,795)

14. Related Parties

a) Ultimate Parent Company

The Company's ultimate parent company and ultimate controlling party is Zurich Insurance Group Ltd, which is incorporated in Switzerland. Zurich Insurance Group Ltd is the parent company of the largest group of companies, of which the Company is a wholly owned subsidiary, for which group 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. 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

The Company's immediate parent company is Zurich Insurance Company Ltd.

b) Related Party balances

No contract of significance existed at any time during the year in which a director or key manager was materially interested or which requires disclosure as a related party transaction as defined under IAS 24.