

Registered Number: 00010150

THE SEA INSURANCE COMPANY LIMITED

Annual Report and Accounts

for the year ended 31 December 2016

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THE SEA INSURANCE COMPANY LIMITED

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Company Information

Directors

E S Bell (resigned 9 February 2016)

C D A Heiss (appointed 9 February 2016)

M Postles (appointed 9 February 2016)

Non-Destructive Testers Limited

Secretary

Roysun Limited

Registered Office

St Mark's Court
Chart Way
Horsham
West Sussex
United Kingdom RH12 1XL

Auditor

KPMG LLP
Chartered Accountants and Statutory Auditor
15 Canada Square
London
E14 5GL

Directors' report

For the year ended 31 December 2016

The Directors present their annual report on the affairs of the Company and the audited financial statements for the year ended 31 December 2016.

Business review and principal activity

The Company was deauthorised by the Financial Services Authority on 1 January 2012. The Company did not trade during the year.

Accordingly, the financial statements have been drawn up on a basis other than that of a going concern.

The results for the Company show a profit on ordinary activities before tax of £53,000 (2015: £6,000). The shareholder's funds of the Company as at 31 December 2016 were £11,318,000 (31 December 2015: £11,265,000).

Future outlook

There is not expected to be any change to the business in the foreseeable future.

Dividends

The directors did not recommend payment of a dividend in respect of the year ended 31 December 2016 (2015: *£nil*).

Principal risks and uncertainties

The Company has no principal risks or uncertainties because it is an intermediate holding company within the RSA Insurance Group plc group of companies (the "Group"). The Company's risks are managed in accordance with Group policies. The principal risks and uncertainties of the Group, which include those of the Company, are set out in the Strategic report - risk management on pages 38 to 41 and in the risk and capital management note on pages 120 to 127 of the 2016 Annual Report & Accounts of the Group, which do not form part of this report.

Financial risk management

The Company's financial risks are managed and monitored at a Group level. The risk management of the Group, which includes that of the Company, is set out in the risk and capital management note on pages 120 to 127 of the 2016 Annual Report and Accounts of the Group, which does not form part of this report. The directors consider that there is a minimal level of financial risk associated with the Company's assets and liabilities due to the nature of the Company's activities.

Key performance indicators

There are no KPIs produced for the Company as no significant transactions have occurred during the year.

Directors

The names of the directors who held office during the year are listed on page 1.

The directors' responsibilities statement appears on page 3 and is incorporated by reference into this report.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all reasonable 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 auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

KPMG LLP has confirmed its willingness to continue in office as auditor of the Company for the year ending 31 December 2017. Under the Companies Act 2006, the Company is not required to hold an Annual General Meeting and accordingly KPMG LLP will be deemed to be re-appointed for each succeeding financial year.

Strategic report

The Company has taken advantage of the exemption in section 414A(2) of the Companies Act 2006 (Strategic Report and Directors' Report Regulations 2013) from the requirement to prepare a strategic report on the basis that it would be entitled to prepare accounts for the year in accordance with the small companies regime but for being a member of an ineligible group.

By order of the Board



E Bell

For and on behalf of Roysun Limited
Secretary

17 May 2017

Statement of Directors' responsibilities in respect of the Directors' Report and the Financial Statements

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards and applicable law (United Kingdom Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgments and 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of The Sea Insurance Company Limited

We have audited the financial statements of The Sea Insurance Company Limited for the year ended 31 December 2016 set out on pages 5 to 10. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

This report is made solely to the Company's member in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Directors and auditor

As explained more fully in the Directors' Responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, the information given in the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' Report:

- we have not identified material misstatements in that report; and
- in our opinion, that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

Caroline Gilbertson

Caroline Gilbertson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

23 May 2017

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THE SEA INSURANCE COMPANY LIMITED

Profit and loss account
for the year ended 31 December 2016

		2016	2015
	Notes	£000	£000
Investment Income	6	1	1
Investment expenses		(3)	-
Foreign exchange gains		55	5
Profit on ordinary activities before tax		53	6
Taxation on profit on ordinary activities	7	-	-
Profit for the financial year		53	6

There is no other comprehensive income and accordingly no statement of other comprehensive income has been presented.

The notes on pages 8 to 10 form an integral part of these financial statements.

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Statement of changes in equity
for the year ended 31 December 2016

	Share capital	Share premium	Profit and loss account	Total equity
	£000	£000	£000	£000
Balance at 1 January 2015	6,250	1,145	3,864	11,259
Profit for the financial year	-	-	6	6
Balance at 31 December 2015	6,250	1,145	3,870	11,265
Profit for the financial year	-	-	53	53
Balance at 31 December 2016	6,250	1,145	3,923	11,318

The attached notes on pages 8 to 10 form an integral part of these financial statements.

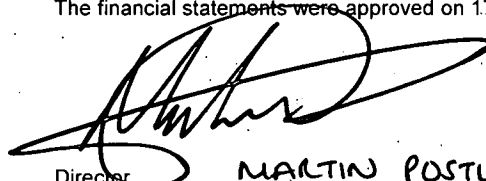
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THE SEA INSURANCE COMPANY LIMITED

Balance Sheet
as at 31 December 2016

	Notes	2016 £000	2015 £000
Current assets			
Debtors	8	11,318	11,448
Prepayment and accrued income		4	3
		<u>11,322</u>	<u>11,451</u>
Cash at bank and in hand		2	-
Total current assets		<u>11,324</u>	<u>11,451</u>
Creditors: amounts falling due less than one year	9	(6)	(186)
Net current assets		<u>11,318</u>	<u>11,265</u>
Total assets less current liabilities		<u>11,318</u>	<u>11,265</u>
Capital and reserves			
Called up share capital	10	6,250	6,250
Share premium account		1,145	1,145
Profit and loss account		3,923	3,870
Shareholder's funds		<u>11,318</u>	<u>11,265</u>

The attached notes on pages 8 to 10 form an integral part of these financial statements.

The financial statements were approved on 17 May 2017 by the Board of Directors and are signed on its behalf by:


Director **MARTIN POSTLES**
17 May 2017

THE SEA INSURANCE COMPANY LIMITED

Notes to the accounts

1. Basis of preparation (Financial Statements)

The financial statements are prepared in accordance with Financial Reporting Standard (FRS 101) *Reduced Disclosure Framework* and in compliance with the Companies Act 2006. The amendments to FRS 101 (2013/14 Cycle) issued in July 2014 and effective immediately have been applied. The financial statements have been prepared under the historical cost convention, on a basis other than going concern basis.

The Company financial statements are presented in pounds sterling, which is also the Company's functional currency and rounded to the nearest thousand except where otherwise indicated.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ('IFRS'), but makes amendments where necessary in order to comply with Companies Act 2006. The Company has set out below where advantage of FRS 101 exemptions has been taken.

The disclosure exemptions applied by the Company are as follows:-

- A cash flow statement and related notes;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- The disclosure of any related party transactions with other wholly owned subsidiaries within the RSA group of companies.

As the consolidated financial statements of the Company's ultimate parent undertaking include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:-

- Certain disclosures required by IFRS13 *Fair Value Measurement*; and
- the disclosures required by IFRS7 *Financial Instrument Disclosures*.

The Report and Accounts containing these financial statements can be found at www.rsagroup.com.

The financial statements have been prepared under the historical cost convention, on a basis other than going concern basis.

Significant Accounting Policies

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial:-

(a) Translation of foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates ruling at the balance sheet date. The value of a non-monetary item is translated into sterling at the date of the initial recognition of the item and is not revalued subsequently for changes in exchange rates. When determining the net realisable value or recoverable amount for a non-monetary asset, the value is translated using the exchange rate at the valuation date.

Transactions denominated in foreign currencies are translated into sterling using the cumulative average rate for the financial year. The resulting exchange differences are taken to the profit and loss account.

(b) Other loans and receivables

Other loans and receivables, including those due to and from Group undertakings are measured at amortised cost. The Company assesses at the end of each reporting period whether a loan or receivable is impaired. A loan or receivable is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the loan or receivable that can be reliably estimated.

(c) Taxation

Taxation is recognised in the profit and loss account, except to the extent that the tax arises from a transaction or event recognised either in other comprehensive income or directly in equity.

Taxation is based on profits and income for the year as determined in accordance with the relevant tax legislation, together with adjustments for prior years.

2. Exchange Rates

The rate of exchange used in these accounts in respect of the major overseas currency are:

	2016 Cumulative Average	2016 End of Period	2015 End of Period
Euro/£	1.22	1.17	1.36

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Notes to the accounts (continued)

3. Auditor's remuneration

Fees payable to KPMG LLP for the audit of the Company's annual accounts were £1,500 (2015: £1,500) which were borne by a Group company, Royal & Sun Alliance Insurance plc. Details of non-audit fees payable to KPMG LLP are disclosed in the RSA Insurance Group plc 2016 Annual Report & Accounts.

4. Directors' remuneration

The directors were all remunerated by Royal & Sun Alliance Insurance plc, a fellow subsidiary of RSA Insurance Group plc, for their services to the RSA Group as a whole. They were not remunerated for their services as directors of the Company and the amount of time spent performing their duties is incidental to their roles across the RSA Group. This is consistent with prior years.

5. Employees and staff costs

The Company did not employ anyone during the period (2015: nil). All administrative duties are performed by employees of Royal & Sun Alliance Insurance plc at no cost to the Company (2015: nil).

6. Investment income

	2016 £000	2015 £000
Interest receivable from Group undertakings	1	1
	1	1

7. Taxation

The UK corporation tax for the current year is based on a rate of 20.0% (2015: 20.2%). The tax amount charged in the profit and loss account is £nil (2015: £nil)

Reconciliation of the total tax charge

The tax charge for the year is less than 20.0% (2015: less than 20.2%) due to the items set out in the reconciliation below:-

	2016 £000	2015 £000
Profit on ordinary activities before tax	53	6
Tax at the UK rate of 20.0% (2015: at 20.2%)	11	1
<i>Factors affecting the tax charge:</i>		
Fiscal adjustments	36	--
Group relief surrendered/(received) without payment	(47)	(1)
Total tax charge	-	-

The Company has no deferred tax assets or liabilities at 31 December 2016 or 31 December 2015.

8. Debtors: amounts falling due within one year

	2016 £000	2015 £000
Amounts owed by Group undertakings	10,900	11,088
Tax recoverable	-	73
Other debtors	418	287
	11,318	11,448

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Notes to the accounts (continued)

9. Creditors: amounts falling due within one year (Other creditors including taxation)

	2016	2015
	£000	£000
Amounts owed to Group undertakings	6	186
	6	186

10. Share Capital

	2016	2015
	£000	£000
Allotted, issued and fully paid		
25,000,000 ordinary shares of £0.25 each (2015: 25,000,000 ordinary shares of £0.25 each)	6,250	6,250
	6,250	6,250

11. Parent companies

The Company's immediate parent company is The London Assurance, which is registered in England and Wales.

The Company's ultimate parent company and controlling party is RSA Insurance Group plc, which is registered in England and Wales and is the parent company of the smallest and largest group to consolidate these financial statements. A copy of that company's accounts can be obtained from 20.Fenchurch Street, London, EC3M 3AU.