

RSA ACCIDENT REPAIRS LIMITED

Report and Accounts

for the year ended 31 December 2002



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RSA Accident Repairs Limited

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RSA Accident Repairs Limited

Directors

Directors

M T Grant
D S Neave
Non-Destructive Testers Limited

Secretary

J E Fox

Registered Office

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

Auditors

PricewaterhouseCoopers LLP
Southwark Towers
32 London Bridge Street
London
SE1 9SY

RSA Accident Repairs Limited

Directors' report

Principal activity

The principal activity of the Company is the management of Royal & SunAlliance Accident Repair Centres.

Review of business and future developments

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

Result and dividend

The result for the year is shown in the profit and loss account on page 7. The directors do not recommend the payment of a dividend (2001: £nil).

Auditors

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 5 February 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the Company will be proposed at the next general meeting at which accounts are laid.

RSA Accident Repairs Limited

Directors' report

Directors

F D Booth resigned as a director on 9 August 2002.

Non-Destructive Testers Limited was appointed as a director on 31 July 2002.

The names of the other directors who served during the year appear on Page 2. The directors did not have any interests in the shares of the Company.

The interests of the directors in the ordinary shares of Royal & Sun Alliance Insurance Group plc are as follows:

	Ordinary shares ¹ held at 1 January 2002 or appointment	Ordinary shares acquired	Ordinary shares disposed	Ordinary shares held at 31 December 2002
M T Grant	-	-	-	-
D S Neave	1,674	-	-	1,674

Note:

1. Ordinary shares of 27.5p each.

In addition to the interests shown above, M T Grant and D S Neave had a beneficial interest, as at 31 December 2002, in 11,541,409 shares of 27.5p each in Royal & Sun Alliance Insurance Group plc held in the Royal & Sun Alliance ESOP Trust and all the directors, excluding Non-Destructive Testers Limited, had a beneficial interest, as at 31 December 2002, in 697,200 shares of 27.5p each in the Royal & Sun Alliance Insurance Group plc held in the Royal & Sun Alliance ESOP Trust No 2. All employees of the Group and certain option-holders have a beneficial interest in the shares held in these trusts with the exception of the executive directors of Royal & Sun Alliance Insurance Group plc who are excluded from the beneficiaries of the Royal & Sun Alliance ESOP Trust.

Interests in share options

	Balance held at 1 January 2002 or on appointment	Granted during period	Exercised during Period	Cancelled / Lapsed during Period	Balance held on 31 December 2002
M T Grant	12,620	10,087	-	-	22,707
D S Neave	136,065	26,522	-	3,445	159,142

By order of the Directors

J E Fox
Secretary

26 September 2003

RSA Accident Repairs Limited

Statement of directors' responsibilities

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently, with the exception of changes arising on the adoption of new accounting standards in the year;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 proper accounting records that 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 1985. 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.

RSA Accident Repairs Limited

Independent Auditors' report

Independent auditors' report to the members of RSA Accident Repairs Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the Statement of Total Recognised Gains and Losses and the related notes which have been prepared in accordance with the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company at 31 December 2002 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

London 26 September 2003

RSA Accident Repairs Limited

Profit and loss account
For the year ended 31 December 2002

		2002	2001
		£000	Restated £000
	Notes		
Turnover	2	13,134	14,513
Operating expenses		(15,312)	(15,166)
Operating loss	3	(2,178)	(653)
Loss on ordinary activities before taxation		(2,178)	(653)
Tax on loss on ordinary activities	8	(43)	(80)
Loss on ordinary activities after taxation		(2,221)	(733)

All figures relate to continuing operations.

There is no material difference between the results for the current year and the previous year as described in the profit and loss account and the results on an unmodified historical cost basis. Accordingly, a note on the historical profits and losses for the year is not given.

The notes on pages 9 to 14 form part of these accounts.

Statement of total recognised gains and losses

	2002	2001
	£000	£000
Net loss for the financial year	(2,221)	(733)
Total recognised gains and losses relating to the year	(2,221)	(733)
Prior year adjustment (see note 1)	430	
Total recognised gains and losses since last annual report	(1,791)	

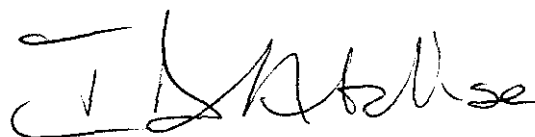
RSA Accident Repairs Limited

Balance sheet
as at 31 December 2002

	Notes	2002 £000	2001 Restated £000
Fixed assets			
Intangible assets	9	-	2,390
Tangible assets	10	3,601	3,699
		<u>3,601</u>	<u>6,089</u>
Current assets			
Stock		168	175
Debtors	11	3,200	692
Cash at bank and in hand		2,757	3,297
		<u>6,125</u>	<u>4,164</u>
Creditors: amounts falling due within one year	12	(5,059)	(3,365)
Net current liabilities/assets		<u>1,066</u>	<u>799</u>
Total assets less current liabilities		<u>4,667</u>	<u>6,888</u>
Capital and reserves			
Called up share capital	13	8,000	8,000
Profit and loss account		(3,333)	(1,112)
Shareholders' funds		<u>4,667</u>	<u>6,888</u>

The notes on pages 9 to 14 form part of these accounts.

The accounts on pages 7 to 14 were approved today by the Board of directors and are signed on its behalf by:



Director
26 September 2003

RSA Accident Repairs Limited

Notes on the accounts

1 Accounting policies

The report and financial accounts are prepared in accordance with the Companies Act 1985 and applicable United Kingdom accounting standards.

Basis of accounting

The accounts are prepared under the historical cost convention.

Change in accounting policy

The impact of the change in accounting policy arising from the adoption of FRS 19 "Deferred tax" is to increase the tax on profit on ordinary activities by £26,657 (2001: decrease £16,859). The impact on the Statement of Total Recognised Gains and Losses is to increase the profit and loss reserve by £429,967 being the effect of full provision for deferred tax at 31 December 2001, discounted at appropriate rates.

Turnover

Turnover is stated exclusive of value added tax and comprises of income derived from the provision of accident repair services.

Goodwill

Acquired goodwill is amortised over its estimated useful economic life.

Tangible fixed assets and depreciation

Tangible fixed assets are stated in the balance sheet at cost less accumulated depreciation. Depreciation is provided on the cost of all tangible fixed assets using the straight-line basis over their expected useful lives, as follows:

Freehold buildings	2%	per annum
Computer equipment	33%	per annum
Fixtures	10%	per annum
Plant and Equipment	20%	per annum

Stock

Stock is valued at the lower of cost or net realisable value.

Pensions

The Company contributes to a group pension scheme operated by Royal & Sun Alliance Insurance Group plc. Contributions and pensions costs are based on pension costs across the Royal & Sun Alliance Insurance Group plc as a whole. Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period during which the Company benefits from the employees' services. The effects of variations from regular costs are spread over the expected remaining working lifetime of members of the scheme after making suitable allowances for future withdrawals.

RSA Accident Repairs Limited

Notes on the accounts

1 Accounting policies (*continued*)

Taxation

UK taxation in the profit and loss account is based on profits/(losses) and income of the year as determined in accordance with the relevant tax legislation, together with adjustments of provisions for prior years.

Deferred taxation is provided in full and consists of the estimated taxation or relief from taxation which is expected to arise from material timing differences using rates based on tax rates and laws that have been substantively enacted by the balance sheet date.

Credit is taken for relief for trading and other losses only to the extent that the directors anticipate that suitable profits will absorb such losses in future periods.

Deferred tax balances that derive from undiscounted cash flows and for which the impact of discounting is material have been discounted using appropriate rates.

Operating Lease

Operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

2 Turnover

The total turnover of the Company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3	Operating loss	2002 £000	2001 £000
	Operating loss is stated after charging:		
	Goodwill amortisation	2,390	733
	Depreciation of tangible fixed assets	161	252
	Auditors' remuneration for audit services	13	11
	Operating lease charges	372	307

4 Directors' emoluments

The directors did not receive any emoluments during the year (2001: £nil). They were employed by a fellow group undertaking and were remunerated by that undertaking for their services to the Group as a whole. It is not possible to apportion their remuneration in respect of the Company.

RSA Accident Repairs Limited

Notes on the accounts

5 Employees

Number of employees

The average monthly number of employees employed by the Company during the year was:

	2002 Number	2001 Number
Total	210	221

Employment costs

	£000	£000
Wages and salaries	4,463	4,033
Social security costs	404	413
Other pension costs	67	73
	4,934	4,519

6. Pension costs

The Company participates in group pension schemes operated by Royal & Sun Alliance Insurance Group plc. The pension schemes are mainly of the defined benefit type and their assets are held in separate trustee administered funds. The funds are valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates. The latest actuarial assessment of the scheme was at 30 June 2002. Particulars of the valuation are contained in the accounts of Royal & Sun Alliance Insurance Group plc.

The total pension cost for the Company in 2002 was £66,735 (2001: £73,068).

7 Financial commitments

	2002 £000	2001 £000
At 31 December 2002 the Company had annual obligations under operating leases relating to plant and vehicles comprising:		
Expiring in less than one year	546	-
Expiring during years one to two	-	813
Expiring during years two to five	129	21
	675	834

8 Taxation

	2002 £000	2001 Restated £000
Current year taxation		
UK corporation tax	45	84
Adjustments in respect of prior years	(29)	13
Total Current tax	16	97
Deferred tax		
Origination and reversal of timing differences	39	(11)
Movement in discount	(13)	(6)
Total deferred tax	26	(17)
Tax charge	43	80

UK corporation taxation for the current year is based on a rate of 30% (2001: 30%).

RSA Accident Repairs Limited

Notes on the accounts

8 Taxation (continued)

Factors affecting the current tax charge

The current tax charge for the year is less than (2001: less than) 30% due to the items set out in the reconciliation below:

	2002 £000	2001 Restated £000
Loss on ordinary activities before tax	(2,178)	(653)
Tax at 30%	(654)	(196)
Factors affecting charge		
Disallowed expenditure	737	269
Adjustment to prior year provisions	(28)	13
Other timing differences	(39)	11
Current tax charge for the period	16	97

Other debtors in the balance sheet include £403,000 (2001: restated £430,000) relating to deferred tax:

	2002 £000	2001 Restated £000
Accelerated capital allowances	447	487
Discount	(44)	(57)
Deferred tax asset	403	430

9 Intangible assets

	Goodwill £000
Cost	
At 1 January 2002	3,666
Additions	-
Disposals	-
At 31 December 2002	3,666
Amortisation	
At 1 January 2002	1,276
Charge for the period	2,390
Disposals	-
At 31 December 2002	3,666
Net book value	
At 31 December 2002	-
At 1 January 2002	2,390

RSA Accident Repairs Limited

Notes on the accounts

10	Tangible fixed assets	Land and Buildings £000	Computer Equipment £000	Plant and Machinery £000	Total £000
	Cost				
	At 1 January 2002	3,567	49	557	4,173
	Additions	-	-	63	63
	Disposals	-	-	-	-
	At 31 December 2002	<u>3,567</u>	<u>49</u>	<u>620</u>	<u>4,236</u>
	Depreciation				
	At 1 January 2002	118	47	309	474
	Charge for the period	68	2	91	161
	Disposals	-	-	-	-
	At 31 December 2002	<u>186</u>	<u>49</u>	<u>400</u>	<u>635</u>
	Net book value				
	At 31 December 2002	<u>3,381</u>	<u>-</u>	<u>220</u>	<u>3,601</u>
	At 1 January 2002	<u>3,449</u>	<u>2</u>	<u>248</u>	<u>3,699</u>

11	Debtors: amounts falling due within one year	2002 £000	2001 Restated £000
	Trade Debtors	32	19
	Prepayments and accrued income	158	152
	Due from group company	2,607	-
	Deferred tax	403	430
	Other Debtors	-	91
		<u>3,200</u>	<u>692</u>

12	Creditors: amounts falling due within one year	2002 £000	2001 £000
	Trade creditors	809	665
	Accruals and deferred income	766	737
	Other creditors	111	661
	Corporation tax payable	113	97
	Due to group company	3,260	1,205
		<u>5,059</u>	<u>3,365</u>

13	Share capital	2002 £000	2001 £000
	Authorised		
	8,000,000 Ordinary shares of £1 each	<u>8,000</u>	<u>8,000</u>
	Issued, called up and fully paid		
	8,000,000 Ordinary shares of £1 each	<u>8,000</u>	<u>8,000</u>

RSA Accident Repairs Limited

Notes on the accounts

14 Reconciliation of movements in shareholders' funds

	2002
	£000
1 January 2002, as previously reported	6,458
Prior year adjustment:	
Deferred tax	430
1 January 2002, as restated	6,888
Loss for period	(2,221)
31 December 2002	4,667
Representing:	
Equity shareholders' funds	4,667

15 Cash flow statement

The Company is a wholly owned subsidiary of Royal & Sun Alliance Insurance Group plc and the cash flows of the Company are included on the consolidated cash flow statement of Royal & Sun Alliance Insurance Group plc.

The Company has thus taken advantage of the exemption provided in FRS 1 (revised) and has elected not to prepare its own cash flow statement.

16 Related party transactions

Advantage has been taken of the exemption provided by FRS 8 from disclosing details of transactions with Royal & Sun Alliance Insurance Group plc and its subsidiaries and associated undertakings.

17 Parent companies

The Company's immediate parent company is Royal Insurance Holdings plc, a company incorporated in England and Wales.

The Company's ultimate parent company is Royal & Sun Alliance Insurance Group plc, a company incorporated in England and Wales. A copy of that company's accounts can be obtained from 30 Berkeley Square, London, W1J 6EW.