

Registered Number: 2395376

ROYAL & SUN ALLIANCE INSURANCE FINANCE LIMITED

Annual Report and Accounts for the year ended 31 December 2008

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ROYAL & SUN ALLIANCE INSURANCE FINANCE LIMITED

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ROYAL & SUN ALLIANCE INSURANCE FINANCE LIMITED

Company information

Directors

R J Clayton

D P Cockrem

I A Craston

M Harris

P L Miles

Secretary

Roysun Limited

Registered office

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

Auditors

Deloitte LLP
Chartered Accountants and Registered Auditors
London

ROYAL & SUN ALLIANCE INSURANCE FINANCE LIMITED

Directors' report for the year ended 31 December 2008

The directors present their annual report on the affairs of the Company and the audited financial statements for the year ended 31 December 2008.

Business review and principal activity

The Company's principal activity was to provide credit sale finance to employees of Royal & Sun Alliance Insurance plc to enable employees to purchase a car through the Company. As part of a project to outsource the RSA Insurance Group plc (the Group) fleet business, the majority of the Company's interest-bearing loan book was sold in July 2008 to a third party outside of the Group and the Company does not intend to write new business. This curtailment of trade has resulted in the financial statements being prepared on a non-going concern basis (see the Statement of accounting policies).

The results for the Company show a profit on ordinary activities before tax of £10,234 (2007: £643,925). The shareholder's funds of the Company were £15,137,850 as at 31 December 2008 (31 December 2007: £15,330,907).

Future outlook

The remaining element of the interest-bearing loan book will continue to be managed. Following final settlement of these loans, a decision will be made as to the future of the Company.

Dividends

The directors do not recommend payment of a dividend in respect of the year ended 31 December 2008 (2007: *Nil*).

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, which include those of the Company, are set out in the estimation techniques, risks, uncertainties and contingencies on pages 76 to 78, and in the risk framework on pages 30 to 32 of the Annual Report & Accounts of the Group, which do not form part of this report.

A discussion on the management of financial risk is set out below.

Financial risk management

The Company is a subsidiary of RSA Insurance Group plc and its management of risk is set at Group level.

The only financial instrument risk to which the Company is exposed is credit risk arising from receivables in the balance sheet. However, the Board considers this risk to be remote as the receivables are comprised mainly of amounts due from employees of Royal & Sun Alliance Insurance plc, which are either recoverable via that company's payroll or secured by retention of vehicle documentation, and amounts owed by fellow Group undertakings.

Key performance indicators

The directors of RSA Insurance Group plc manage the Group's operations on a divisional basis. For this reason the Company's directors believe that analysis using key performance indicators (KPIs) for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. Financial KPIs are detailed in the Annual Report & Accounts of the Group which do not form part of this report within the Group CEO review on pages 6 to 10 and the regional business review on pages 14 to 25. This document also includes non-financial KPIs which are detailed in the regional business reviews on pages 14 to 25, the corporate responsibility report on pages 33 to 35 and the directors' report on pages 41 to 43.

Directors

The directors whose names appear on page 1 were all appointed on 5 December 2008. Non-Destructive Testers Limited and Roysun Limited served throughout the year until their resignation on 5 December 2008.

Auditors

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 auditors are unaware; and
- the director has taken all 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.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

On 1 December 2008 Deloitte & Touche LLP changed its name to Deloitte LLP. Deloitte LLP have confirmed their willingness to continue in office as auditors of the Company. The Company has in place an elective resolution made under section 386 of the Companies Act 1985 which continues in force under the Companies Act 2006.

By Order of the Board

Roysun Limited
Secretary

14 October 2009

ROYAL & SUN ALLIANCE INSURANCE FINANCE LIMITED

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). The financial statements are required by law to 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; 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.

Independent auditors' report to the members of Royal & Sun Alliance Insurance Finance Limited

We have audited the financial statements of Royal & Sun Alliance Insurance Finance Limited for the year ended 31 December 2008 which comprise the profit and loss account, the balance sheet and the related notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's member, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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 as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' report is consistent with the financial statements.

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.

Deloitte LLP

Deloitte LLP
Chartered Accountants and Registered Auditors
London,
United Kingdom

15 October 2009

ROYAL & SUN ALLIANCE INSURANCE FINANCE LIMITED

Profit and loss account for the year ended 31 December 2008

	Notes	2008 £	2007 £
Turnover	2	889,379	1,630,953
Operating expenses		(755,974)	(1,039,314)
Operating profit		133,405	591,639
Loss on disposal of interest bearing loan book	3	(150,000)	-
Other interest receivable and similar income		26,829	52,286
Profit on ordinary activities before taxation		10,234	643,925
Taxation on profit on ordinary activities	7	(203,291)	(270,771)
(Loss)/profit for the financial year	13	(193,057)	373,154

All figures relate to discontinued operations.

There have been no recognised gains or losses in either reporting period other than those recorded in the profit and loss account. Accordingly, no statement of total recognised gains and losses is presented.

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

The notes on pages 7 to 10 form an integral part of these accounts.

ROYAL & SUN ALLIANCE INSURANCE FINANCE LIMITED

Balance sheet as at 31 December 2008

	Notes	2008 £	2007 £
Current assets			
Debtors: amounts falling due within one year	8	15,490,436	6,185,351
Debtors: amounts falling due in more than one year	8	-	7,695,483
Cash at bank and in hand		394,126	1,720,844
		<u>15,884,562</u>	<u>15,601,678</u>
Creditors: amounts falling due within one year	10	(322,164)	(270,771)
Provisions for liabilities	11	(424,548)	-
Net current assets		<u>15,137,850</u>	<u>15,330,907</u>
Capital and reserves			
Called up share capital	12	10,960,002	10,960,002
Profit and loss account	13	4,177,848	4,370,905
Shareholder's funds		<u>15,137,850</u>	<u>15,330,907</u>

The notes on pages 7 to 10 form an integral part of these accounts.

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



P. Miles

Director

14 October 2009

ROYAL & SUN ALLIANCE INSURANCE FINANCE LIMITED

Notes to the accounts

1. Financial statements

The financial statements of the Company have been prepared in accordance with applicable UK Accounting Standards and the provisions of Section 226A of, and Schedule 4 to, the Companies Act 1985. The financial statements have been prepared under the historical cost convention, on a non-going concern basis.

The sale of the Company's interest-bearing loan book in July 2008 to a third party outside of the Group and the consequent cessation of trade has resulted in the financial statements being prepared on a basis other than that of a going concern. The directors are satisfied that no change is required to the carrying value of the Company's assets and liabilities as a result of this change in basis of preparation.

A summary of the major accounting policies, which have been applied consistently throughout the year and preceding year is set out below:

(a) Turnover

Turnover is stated exclusive of value added tax and comprises income from finance, maintenance and fleet administration charges.

(b) Finance income

Finance income is allocated to the profit and loss account over the life of each contract to give a constant periodic rate of return using the actuarial method of calculation.

(c) Discount

Discounts given on the capital cost of vehicles are passed on to the employees of Royal & Sun Alliance Insurance plc.

(d) Maintenance income

The maintenance charge levied as part of the credit sale agreement is accrued evenly over the life of the contract.

(e) Maintenance expense

The profit and loss account is charged with actual expenditure.

(f) Bad debt provisions

Specific provisions are made in respect of credit sale debtors where repayments are in arrears of and it is the opinion of the directors that doubt exists regarding recoverability.

(g) Taxation

Current tax, based on profits and income for the year, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences (except as set out below) that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. A deferred tax asset is recognised for relief for trading losses or other losses only to the extent that the directors anticipate that suitable profits will absorb such losses in the future.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

2. Turnover

All turnover is from business conducted within the UK and is derived from the Company's principal activity.

3. Loss on disposal

The major part of the Company's interest-bearing loan book was sold in July 2008 to a third party outside of the Group, giving rise to a loss on disposal of £150,000.

4. Auditors' remuneration

Fees payable to Deloitte LLP for the audit of the Company's annual accounts were £4,400 (2007: £4,400) which were borne by another Group company, Royal & Sun Alliance Insurance plc. Details of non-audit fees payable to Deloitte LLP are disclosed in the RSA Insurance Group plc 2008 Annual Report & Accounts.

ROYAL & SUN ALLIANCE INSURANCE FINANCE LIMITED

Notes to the accounts (continued)

5. Directors' emoluments

None of the directors received any emoluments from the Company during the year (2007: £nil). All the directors receive remuneration from Royal & Sun Alliance Insurance plc as employees of that company, and it is not appropriate, because of the non-executive nature of their services, to make an apportionment of their emoluments in respect of the Company.

6. Employees and staff costs

The Company did not employ anyone during the year (2007: nil). All administrative duties are performed by employees of Royal & Sun Alliance Insurance plc at no cost to the Company (2007: £nil).

7. Taxation

The charge for taxation in the profit & loss account comprises:

	2008 £	2007 £
Current tax		
UK corporation tax	322,164	270,771
Total current tax	322,164	270,771
Deferred tax		
Timing differences - origination and reversal	(118,873)	-
Total deferred tax (see note 9)	(118,873)	-
Tax charge	203,291	270,771

The UK corporation tax for the current year is based on a rate of 28.5% (2007: 30%) which reflects the change in rates from 30% to 28% from 1 April 2008. The standard rate of corporation tax has therefore been calculated using a rate of 30% for 91 days and 28% for 275 days.

Factors affecting the current tax charge

The current tax charge for the year is more than 28.5% (2007: more than 30%) due to the items set out in the reconciliation below:

	2008 £	2007 £
Profit on ordinary activities before tax	10,234	643,925
Tax at 28.5% (2007: 30%)	2,916	193,178
Factors affecting charge		
Expenses not deductible for tax purposes	34,084	-
Fiscal adjustments	164,179	77,593
Other timing differences	120,985	-
Current tax charge for the period	322,164	270,771

8. Debtors

Amounts falling due within one year

	2008 £	2007 £
Net investment in credit sales agreements	137,699	2,149,045
Amounts due from group undertakings	15,191,847	3,740,497
Other debtors	160,890	156,122
Prepayments and accrued income	-	139,687
	15,490,436	6,185,351

Amounts falling due in more than one year

	2008 £	2007 £
Net investment in credit sales agreements	-	7,695,483

Other debtors includes £118,873 (2007: £nil) relating to deferred tax (see note 9).

ROYAL & SUN ALLIANCE INSURANCE FINANCE LIMITED

Notes to the accounts (continued)

9. Deferred tax

Deferred tax for the current year is based on a rate of 28% (2007:28%).

	2008 £	2007 £
Short term timing difference	118,873	-
Deferred tax asset	118,873	-
	2008 £	2007 £
Deferred tax asset at 1 January	-	-
Charge for the year	118,873	-
Deferred tax asset at 31 December	118,873	-

10. Creditors: amounts falling due within one year

	2008 £	2007 £
Other taxation and social security	322,164	270,771

11. Provisions for liabilities

	2008 £	2007 £
Indemnity provision		
At 1 January 2008	-	-
Charged to the Profit and loss account	424,548	-
Utilised	-	-
At 31 December 2008	424,548	-

The major part of the Company's interest-bearing loan book was sold in July 2008 to a third party outside the RSA Group. As part of the sale agreement, the Company is obliged to compensate the third party for any shortfall in the recovery of vehicle maintenance costs relating to the credit sale agreements transferred.

12. Share capital

	2008 £	2007 £
Authorised:		
11,000,000 ordinary shares of £1 each	11,000,000	11,000,000
Allotted, issued and fully paid up:		
10,960,002 (2007: 10,960,002) ordinary shares of £1 each	10,960,002	10,960,002

13. Movements in shareholder's funds

	Share capital £	Profit and loss account £	2008 £	2007 £
Shareholder's funds at 1 January	10,960,002	4,370,905	15,330,907	14,957,753
(Loss)/profit for the financial year	-	(193,057)	(193,057)	373,154
Shareholder's funds at 31 December	10,960,002	4,177,848	15,137,850	15,330,907

14. Cash flow statement

The Company is a wholly-owned subsidiary of RSA Insurance Group plc and the cash flows of the Company are included in the consolidated cash flow statement of RSA Insurance Group plc. The Company has thus taken advantage of the exemption permitted by FRS 1 (revised 1996) 'Cash flow Statements' and has elected not to prepare its own cash flow statement.

ROYAL & SUN ALLIANCE INSURANCE FINANCE LIMITED

Notes to the accounts (continued)

15. Related party transactions

Advantage has been taken of the exemption provided in FRS 8 'Related Party Disclosures' from disclosing details of transactions with RSA Insurance Group plc and its subsidiaries and associated undertakings.

16. Parent companies

The Company's immediate and 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 9th Floor, One Plantation Place, 30 Fenchurch Street, London EC3M 3BD.