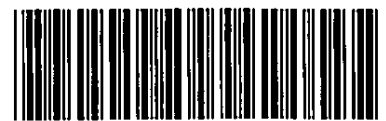


Registered Number: 02395376

ROYAL & SUN ALLIANCE INSURANCE FINANCE LIMITED

**Annual Report and Accounts
for the year ended 31 December 2009**

MONDAY



LIYFANR4

LD5

27/09/2010

180

COMPANIES HOUSE

ROYAL & SUN ALLIANCE INSURANCE FINANCE LIMITED

Contents

Company information	1
Directors' report	2
Directors' responsibilities statement	4
Independent auditors' report	5
Profit and loss account	6
Balance sheet	7
Notes to the accounts	8

ROYAL & SUN ALLIANCE INSURANCE FINANCE LIMITED

Company information

Directors

R J Clayton

D P Cockrem

I A Craston

M Harns

Secretary

Roysun Limited

Registered office

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

Auditors

Deloitte LLP
Chartered Accountants and Statutory Auditors
London

ROYAL & SUN ALLIANCE INSURANCE FINANCE LIMITED

Directors' report

for the year ended 31 December 2009

The directors present their annual report on the affairs of the Company and the audited financial statements for the year ended 31 December 2009

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.

The results for the Company show a loss on ordinary activities before tax of £554,642 (2008 profit £10,234). The shareholder funds of the Company were £14,595,705 as at 31 December 2009 (31 December 2008 £15,137,850).

Future outlook

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

Dividends

The directors do not recommend payment of a dividend in respect of the year ended 31 December 2009 (2008 £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 82 to 84, 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 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 37 and the directors' report on pages 43 to 46.

Articles of association

The Companies Act 2006, which became effective on 1 October 2009, abolishes the requirement for a company to have an authorised share capital through the repeal of section 2(5)(a) of the Companies Act 1985.

Accordingly, by written resolution passed on 1 April 2010, the Company amended its articles of association (the "Old Articles") by deleting all the provisions of the Company's memorandum of association which, by virtue of section 28 of the Companies Act 2006, were treated with effect from 1 October 2009 as provisions of the Old Articles. At the same time the Company adopted new Articles of Association (the "New Articles"). The New Articles do not contain restrictions on the share capital of the Company and consequently, the Company no longer has an authorised share capital.

Directors

Mr P. L. Miles served as a director until he resigned on 30 June 2010. The names of the current directors, who served throughout the year, are listed on page 1.

ROYAL & SUN ALLIANCE INSURANCE FINANCE LIMITED

Directors' report (continued) for the year ended 31 December 2009

Auditors

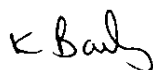
Each of the persons who is a director at the date of approval of this report confirms that

- 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 s418 of the Companies Act 2006

Deloitte LLP have confirmed their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed to be reappointed as auditors in the absence of an Annual General Meeting

By Order of the Board



RoySun Limited
Secretary
22 September 2010

ROYAL & SUN ALLIANCE INSURANCE FINANCE LIMITED

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

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

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

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.

Independent auditors' report to the member 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 2009 which comprise the profit and loss account, the balance sheet and the related notes 1 to 15. 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).

This report is made solely to the Company's member, as a body, 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 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

As explained more fully in the Directors' responsibilities statement, 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 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

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 2009 and of its loss 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.

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 within 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.



Alexander Arterton (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Registered Auditors
London, United Kingdom

24 September 2010

ROYAL & SUN ALLIANCE INSURANCE FINANCE LIMITED

Profit and loss account for the year ended 31 December 2009

	Notes	2009 £	2008 £
Turnover	2	1,685	889,379
Operating expenses		(559,470)	(755,974)
Operating (loss)/profit		(557,785)	133,405
Loss on disposal of interest bearing loan book		-	(150,000)
Other interest receivable and similar income		3,143	26,829
(Loss)/profit on ordinary activities before taxation		(554,642)	10,234
Taxation on (loss)/profit on ordinary activities	6	12,497	(203,291)
Loss for the financial year	12	(542,145)	(193,057)

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 8 to 10 form an integral part of these accounts.

ROYAL & SUN ALLIANCE INSURANCE FINANCE LIMITED**Balance sheet**
as at 31 December 2009

	Notes	2009 £	2008 £
Current assets			
Debtors amounts falling due within one year	7	14,843,948	15,490,436
Cash at bank and in hand		413,505	394,126
		<u>15,257,453</u>	<u>15,884,562</u>
Creditors amounts falling due within one year	9	(9,137)	(322,164)
Provisions for liabilities	10	(652,611)	(424,548)
Net current assets		<u>14,595,705</u>	<u>15,137,850</u>
Capital and reserves			
Called up share capital	11	10,960,002	10,960,002
Profit and loss account	12	3,635,703	4,177,848
Shareholder's funds		<u>14,595,705</u>	<u>15,137,850</u>

The notes on pages 8 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



D Cockrem
Director

22 September 2010

ROYAL & SUN ALLIANCE INSURANCE FINANCE LIMITED

Notes to the accounts

1 Financial statements

The financial statements are prepared in accordance with applicable UK Accounting Standards and in compliance with the Companies Act 2006. 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 Auditors' remuneration

Fees payable to Deloitte LLP for the audit of the Company's annual accounts were £4,400 (2008 £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 2009 Annual Report & Accounts.

4 Directors' emoluments

None of the directors received any emoluments from the Company during the year (2008 £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.

ROYAL & SUN ALLIANCE INSURANCE FINANCE LIMITED

Notes to the accounts (continued)

5 Employees and staff costs

The Company did not employ anyone during the year (2008 nil) All administrative duties are performed by employees of Royal & Sun Alliance Insurance plc at no cost to the Company (2008 £nil)

6 Taxation

The (credit)/charge for taxation in the profit & loss account comprises

	2009 £	2008 £
Current tax		
UK corporation tax	9,137	322,164
Total current tax	9,137	322,164
Deferred tax		
Timing differences - origination and reversal	(21,634)	(118,873)
Total deferred tax (see note 8)	(21,634)	(118,873)
Tax (credit)/charge	(12,497)	203,291

The UK corporation tax for the current year is based on a rate of 28% (2008 28.5%)

Factors affecting the current tax charge

The current tax charge for the year is more than 28% (2008 more than 28.5%) due to the items set out in the reconciliation below

	2009 £	2008 £
(Loss)/profit on ordinary activities before tax	(554,642)	10,234
Tax at 28% (2008 28.5%)	(155,300)	2,916
Factors affecting charge		
Expenses not deductible for tax purposes	-	34,084
Fiscal adjustments	142,803	164,179
Other timing differences	21,634	120,985
Current tax charge for the period	9,137	322,164

7 Debtors

Amounts falling due within one year

	2009 £	2008 £
Net investment in credit sales agreements	-	137,699
Amounts due from group undertakings	14,665,463	15,191,847
Other debtors	178,485	160,890
	14,843,948	15,490,436

Other debtors includes £140,507 (2008 £118,873) relating to deferred tax (see note 8)

8 Deferred tax

Deferred tax for the current year is based on a rate of 28% (2008 28%)

	2009 £	2008 £
Short term timing difference	140,507	118,873
Deferred tax asset	140,507	118,873
	2009 £	2008 £
Deferred tax asset at 1 January	118,873	-
Credit for the year – Profit and loss	21,634	118,873
Deferred tax asset at 31 December	140,507	118,873

ROYAL & SUN ALLIANCE INSURANCE FINANCE LIMITED

Notes to the accounts (continued)

9 Creditors amounts falling due within one year

	2009 £	2008 £
Other taxation and social security	9,137	322,164

10 Provisions for liabilities

Indemnity provision

	2009 £	2008 £
At 1 January	424,548	-
Charged to the Profit and loss account	538,400	424,548
Utilised	(310,337)	-
At 31 December	652,611	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.

11 Share capital

	2009 £	2008 £
Allotted, issued and fully paid up		
10,960,002 (2008: 10,960,002) ordinary shares of £1 each	10,960,002	10,960,002

12 Movements in shareholder's funds

	Share capital £	Profit and loss account £	2009 £	2008 £
Shareholder's funds at 1 January	10,960,002	4,177,848	15,137,850	15,330,907
Loss for the financial year	-	(542,145)	(542,145)	(193,057)
Shareholder's funds at 31 December	10,960,002	3,635,703	14,595,705	15,137,850

13 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.

14 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. There were no other related party transactions requiring disclosure.

15 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.