

**Registered Number: 06878431**

**RSA Finance (Isle of Man) Limited**

**Annual Report and Accounts  
for the year ended 31 December 2011**



## **RSA Finance (Isle of Man) Limited**

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# **RSA Finance (Isle of Man) Limited**

## **Company information**

### **Directors**

R J Clayton

D P Cockrem

I A Craston

M Harris

W R B McDonnell

### **Secretary**

Roysun Limited

### **Registered office**

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

### **Auditor**

Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London

# RSA Finance (Isle of Man) Limited

## Directors' report for the year ended 31 December 2011

The directors present their annual report on the affairs of the Company and the audited financial statements for the period ended 31 December 2011

### Business review and principal activity

The company was incorporated on 16 April 2009 to act as a vehicle for efficient management of the RSA Insurance Group's (the "Group") intercompany loans and interest thereon. The results for the Company show a result before taxation of £nil (2010 £nil). The shareholder funds of the Company were £53,128 as at 31 December 2011 (2010 £52,915).

### Future outlook

The objective of the Company was fulfilled in 2009 and the directors intend to liquidate the Company. Accordingly the financial statements have been drawn up on a basis other than that of a going concern basis.

### 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 89 to 92, and in the risk framework on pages 30 to 33 of the Annual Report and 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's management of risk is set at Group level.

The main financial 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 because the receivables balance is due from Group companies.

### 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. Further information on financial KPIs is detailed in the Annual Report and Accounts of the Group (which do not form part of this report) within the Group CEO review on pages 10 to 15 and the regional business review on pages 18 to 25. The Annual Report and Accounts of the Group also includes non-financial KPIs which are detailed in the regional business reviews on pages 18 to 25, the corporate responsibility report on pages 34 to 37 and the Directors' and corporate governance report on pages 44 to 56.

### Directors

The names of the current directors are listed on page 1. Mr W R B McDonnell was appointed as a director on 16 June 2011. The other directors served throughout the year.

### 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 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.

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 auditor in the absence of an Annual General Meeting.

By order of the Board



J Mills  
For and on behalf of  
Roysun Limited  
Secretary

22 May 2012

## **RSA Finance (Isle of Man) Limited**

### **Directors' responsibilities statement**

The directors are responsible for preparing the Annual Report and Accounts 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 judgments 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 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 auditor's report to the member of RSA Finance (Isle of Man) Limited**

We have audited the financial statements of RSA Finance (Isle of Man) Limited for the period ended 31 December 2011 which comprise the profit and loss account, the balance sheet and the related notes 1 to 12. 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 members, 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 members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

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 and express an opinion on the financial statements in accordance with applicable law and International Standards of 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**

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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on the 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 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with the 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.

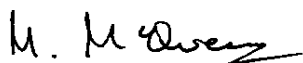
### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial period 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.



Mark McQueen (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom

29 May 2012

## **RSA Finance (Isle of Man) Limited**

### **Profit and loss account** for the year ended 31 December 2011

	<b>Note</b>	<b>2011</b>	<b>2010</b>
		<b>£</b>	<b>£</b>
<b>Interest receivable from group undertakings</b>		-	-
<b>Profit on ordinary activities before taxation</b>		-	-
Taxation on ordinary activities	5	213	(95)
<b>Profit/(Loss) for the financial year</b>		<b>213</b>	<b>(95)</b>

All figures relate to discontinued operations

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

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

# RSA Finance (Isle of Man) Limited

## Balance sheet as at 31 December 2011

	Notes	2011 £	2010 £
<b>Current assets</b>			
Debtors	6	53,128	53,010
		<b>53,128</b>	53,010
<b>Creditors amounts falling due within one year</b>	7	-	(95)
<b>Total assets less current liabilities</b>		<b>53,128</b>	52,915
<b>Capital and reserves</b>			
Called up share capital	8	1	1
Profit and loss account	9	53,127	52,914
<b>Shareholder funds</b>	9	<b>53,128</b>	52,915

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

The financial statements of RSA Finance (Isle of Man) Limited (registered number 06878431) were approved by the Board of Directors and are signed on its behalf by



W R B McDonnell  
Director  
15 May 2012



# **RSA Finance (Isle of Man) Limited**

Year ended 31 December 2011

## **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 basis other than that of a going concern basis.

The objective of the Company was fulfilled during 2009. Accordingly the financial statements have been drawn up 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 the basis of preparation.

A summary of the major accounting policies, which have been applied consistently throughout the period, is set out below.

#### **(a) 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.

### **2 Auditor's remuneration**

Fees payable to Deloitte LLP for the audit of the Company's annual accounts were £1,000 (2010: £1,000) which were borne by a parent company, Royal & Sun Alliance Insurance plc. Details of non-audit fees payable to Deloitte LLP are disclosed in the RSA Insurance Group plc 2011 Annual Report & Accounts.

### **3 Directors' emoluments**

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

### **4 Employees and staff costs**

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

# RSA Finance (Isle of Man) Limited

Year ended 31 December 2011

## 5 Taxation

	2011	2010
	£	£
The (credit)/charge for taxation in the profit and loss account comprises		
<b>Current tax</b>		
UK corporation tax	(213)	95
<b>Total current tax</b>	(213)	95
<b>Tax (credit)/charge</b>	(213)	95

The UK corporation tax for the current year is based on a rate of 26.5% (2010 28%)

### *Factors affecting the current tax credit*

The current tax credit for the year is more than 26.5% (2010 more than 28%) due to the items set out in the reconciliation below

	2011	2010
	£	£
Tax at 26.5% (2010 at 28%)	-	-
<i>Factors affecting (credit)/charge</i>		
Fiscal adjustments	(213)	95
<b>Current tax (credit)/charge for the period</b>	(213)	95

There were no deferred tax assets or liabilities as at 31 December 2011 or 2010

# RSA Finance (Isle of Man) Limited

Year ended 31 December 2011

## 6 Current Assets

	2011	2010
	£	£
Amounts owed by group undertakings	52,915	53,010
Corporation tax debtor	213	-
	<u>53,128</u>	<u>53,010</u>

## 7 Creditors amounts falling due within one year

	2011	2010
	£	£
Corporation tax creditor	-	95
	<u>-</u>	<u>95</u>

## 8 Share capital

	2011	2010
	£	£
Allotted, issued and fully paid up		
1 ordinary share of £1 each	1	1
	<u>1</u>	<u>1</u>

## 9 Movement in shareholder funds

	Share capital	Profit and loss account	2011	2010
	£	£	£	£
Shareholder funds at 1 January	1	52,914	52,915	53,010
Profit/(loss) for the financial year	-	213	213	(95)
Shareholder funds at 31 December	<u>1</u>	<u>53,127</u>	<u>53,128</u>	<u>52,915</u>

## 10 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.

## 11 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.

## **RSA Finance (Isle of Man) Limited**

Year ended 31 December 2011

### **12 Parent companies**

The Company's immediate parent company is Royal Insurance Service Company (Isle of Man) Limited, which is registered in the Isle of Man. The smallest group to consolidate these financial statements is Tower Insurance Company Limited, which is registered in the Isle of Man.

The Company's ultimate parent company is RSA Insurance Group plc, which is registered in England and Wales and is the parent company of the largest group to consolidate these financial statements. A copy of that company's accounts can be obtained from 9<sup>th</sup> Floor, One Plantation place, 30 Fenchurch Street, London, EC3M 3BD.