

ROYAL & SUN ALLIANCE INSURANCE (GLOBAL) LIMITED

Report and Accounts

for the year ended 31st December 2001



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Royal & Sun Alliance Insurance (Global) Limited

Directors

Directors

D.E. Reeves

Non-Destructive Testers Limited

Secretary

J.E. Fox

Registered office

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

Royal & Sun Alliance Insurance (Global) Limited

Directors' Report

for the year ended 31st December 2001

Activities

The principal activity of the Company is the transaction of general insurance business, including multinational business, in Netherlands, Belgium and Hong Kong.

Review of the year and future developments

The directors are satisfied with both the level of business and the financial position of the Company.

Profit and dividend

The loss for the year is shown in the profit and loss account on pages 10 and 11. The directors do not recommend the payment of a dividend (2000 £Nil).

Euro currency

The impact the introduction of the Euro has had on the Company is minimal. However system and product changes required to achieve Euro capability by 1st January 1999 were successfully implemented and work to change over to the Euro by 2002 remains on target. The incremental costs of the current Euro projects, including future costs, will be borne by a parent company. Plans are also being developed to address the possible extended scope of the Euro, including the UK's potential entry.

Directors

Non-Destructive Testers Limited was appointed a director on 21st November 2001.

Mr D.E. Reeves and Mr P. Spencer served throughout the year.

Mr Spencer resigned from the Company on 31st March 2002.

None of the directors had an interest in the shares of the Company. The interests of Mr Spencer in the ordinary shares of 27.5p each in Royal & Sun Alliance Insurance Group plc are disclosed in the financial statements of that company.

The interests of Mr Reeves in the ordinary shares of 27.5p each in Royal & Sun Alliance Insurance Group plc are as follows:

	Ordinary shares held at 1st January 2001	Ordinary shares acquired	Ordinary shares disposed	Ordinary shares held at 31st December 2001
D.E. Reeves	556	3,277	3,244	589

In addition to the interests shown above, Mr Reeves had a beneficial interest, as at 31st December 2001, in 11,543,076 shares of 27.5p each in Royal & Sun Alliance Insurance Group plc held in the Royal & Sun Alliance ESOP Trust and Mr Reeves and Mr Spencer had a beneficial interest, as at 31st December 2001, 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 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.

Options to subscribe for shares

	Held at 1st January 2001	Granted	During 2001 Exercised	Held at 31st December 2001
D.E. Reeves	91,851	34,462	3,244	123,069

By order of the directors

J.E. Fox
Secretary

28 October 2002

Royal & Sun Alliance Insurance (Global) Limited

Statement of Directors' Responsibilities

Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31st December 2001. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors have responsibility for ensuring that the Company keeps proper accounting records. The directors 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.

Royal & Sun Alliance Insurance (Global) Limited

Auditors' Report

Independent auditors' report to the members of Royal & Sun Alliance Insurance (Global) Limited

We have audited the financial statements which comprise the profit and loss account, the statement of recognised gains and losses, the balance sheet 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.

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.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

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.

Equalisation Provisions

Our evaluation of the presentation of information in the financial statements has had regard to the statutory requirements for insurance companies to maintain equalisation provisions. The nature of the equalisation provisions, the amounts set aside at 31 December 2001 and the effect of the movement in those provisions during the year on the balance on the general business technical account and the profit on ordinary activities before tax, are disclosed in note 11.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31st December 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London

28 October 2002

1. Accounting and disclosure requirements

The accounts of the Company are prepared in accordance with the provisions of section 255 of, and Schedule 9A to, the Companies Act 1985.

2. Accounting policies

The financial statements are prepared in accordance with applicable UK accounting standards and the Statement of Recommended Practice issued by the Association of British Insurers in December 1998. The financial statements have been prepared under the historical cost accounting rules.

The Company has entered into mutual guarantees with Royal & Sun Alliance Insurance plc and certain of its UK subsidiaries for the payment of general insurance business liabilities.

(a) General insurance business

(i) Underwriting results

The underwriting result is accounted for on an annual basis. Premiums written are accounted for in the year in which the related risks commence and include estimates where the amounts are not determined at the balance sheet date. Premiums written exclude taxes and duties levied on premiums. The commission and other acquisition costs incurred in writing the business are deferred and amortised over the period in which the related premiums are earned.

Claims paid represent all payments made during the period whether arising from events during that or earlier periods.

The balance on the general business technical account is arrived at after taking account of changes in the equalisation provision.

(ii) Technical provisions

The provision for unearned premiums represents the proportion of premiums written relating to periods of insurance subsequent to the balance sheet date, calculated principally on a daily pro-rata basis.

The provision for claims outstanding, whether reported or not, comprises the estimated cost of claims incurred but not settled at the balance sheet date. It includes related expenses and a deduction for the expected value of salvage and other recoveries. The provision is determined using the best information available of claims settlement patterns, forecast inflation trends and, after recognition of the potential time elapsed in the notification, development and settlement of claims.

Differences between the estimated cost and subsequent settlement are dealt with in the technical account for the year in which the claims are settled or re-estimated.

Provision is made, based on information available at the balance sheet date, for any estimated future underwriting losses relating to unexpired risks, after taking into account future investment income on relevant technical provisions. The unexpired risk provision is assessed in aggregate for business classes which in the opinion of the directors are managed together.

Equalisation provisions are established in accordance with legislation and are in addition to the provisions required to meet the anticipated ultimate cost of settlement of outstanding claims at the balance sheet date.

(b) Investment return

Income from investments is included in the profit and loss account on an accruals basis. Dividend income on ordinary shares is recognised when the related investment goes 'ex-dividend'.

(c) Taxation

Taxation in the non-technical account is based on the profit and income for the year as determined in accordance with the relevant tax legislation, together with adjustments to provisions for prior years.

Deferred taxation is calculated using the liability method and consists of the estimated taxation, or relief from taxation, which is expected to arise in the foreseeable future from material timing differences using expected future rates of tax where applicable. Credit is taken for relief for trading losses in the foreseeable future.

A provision for deferred taxation on unrealised gains is made where disposals giving rise to a taxation liability are anticipated in the foreseeable future.

(d) Investments

Investments are stated in the balance sheet at market values comprising stock exchange values for listed securities and directors' valuations for other investments. Profits and losses on the realisation of investments, the differences between market values and book values of the investments together with the related tax are taken to the non technical account.

(e) Translation of foreign currencies

Assets and liabilities in foreign currencies and overseas revenue transactions are translated into sterling at rates ruling at the year end. The resulting exchange adjustments, including the differences arising from the translation of the technical provisions at the beginning of the year at year end rates are taken to the non technical account.

(f) Tangible assets and depreciation

Tangible assets comprise fixtures, fittings, tools and equipment which are capitalised and depreciated over periods not exceeding their useful economic lives (between three and ten years) after taking into account residual value.

(g) Operating leases

Payments made under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

Estimation Techniques, Uncertainties and Contingencies

Introduction

One of the purposes of insurance is to enable policyholders to protect themselves against uncertain future events. Insurance companies accept the transfer of uncertainty from policyholders and seek to add value through the aggregation and management of these risks.

The uncertainty inherent in insurance is inevitably reflected in the financial statements of insurance companies. The uncertainty in the financial statements principally arises in respect of the technical provisions of the company.

The technical provisions include the provision for unearned premiums and unexpired risks as well as the provision for outstanding claims. The provisions for unearned premiums and unexpired risks represents the amount of income set aside by the Company to cover the cost of claims that may arise during the unexpired period of risk of insurance policies in force at the balance sheet date. The provision for outstanding claims represents the Company's estimate of the cost of settlement of claims that have occurred by the balance sheet date but have not yet been finally settled.

In addition to the inherent uncertainty of having to make provision for future events, there is also considerable uncertainty as regards the eventual outcome of the claims that have occurred by the balance sheet date but remain unsettled. This includes claims that may have occurred but have not yet been notified to the company and those that are not yet apparent to the insured.

As a consequence of this uncertainty, the insurance company needs to apply sophisticated estimation techniques to determine the appropriate provisions.

Estimation Techniques

In general business, claims and unexpired risks provisions are determined based upon previous claims experience, knowledge of events and the terms and conditions of the relevant policies and on interpretation of circumstances. Particularly relevant is experience with similar cases and historical claims payment trends. The approach also includes the consideration of the development of loss payment trends, the levels of unpaid claims, judicial decisions and economic conditions.

The Company employs a variety of statistical techniques and a number of different bases to determine these provisions. These include methods based upon the following:

- the development of previously settled claims, where payments to date are extrapolated for each prior year,
- estimates based upon a projection of claims numbers and average cost,
- notified claims development, where notified claims to date for each year are extrapolated based upon observed development of earlier years, and
- expected loss ratios.

In addition, the Company uses other methods such as the Bornhuetter-Ferguson method, which combines features of the above methods. The Company also uses bespoke methods for specialist classes of business.

Large claims impacting each relevant business class are generally assessed separately, being measured either at the face value of the loss adjuster's estimates or projected separately in order to allow for the future development of large claims.

Where possible the Company adopts multiple techniques to estimate the required level of provisions. This assists in giving greater understanding of the trends inherent in the data being projected. The projections given by the various methodologies also assist in setting the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each accident year.

Provisions are calculated gross of any reinsurance recoveries. A separate estimate is made of the amounts that will be recoverable from reinsurers based upon the gross provisions and having due regard to collectability.

The general business claims provisions are subject to annual independent review by external advisors. In addition, for major classes where the risks and uncertainties inherent in the provisions are greatest, regular and ad hoc detailed reviews are undertaken by advisors who are able to draw upon their specialist expertise and a broader knowledge of current industry trends in claims

development. The results of these reviews are considered when establishing the appropriate levels of provisions for outstanding claims and unexpired periods of risk.

It should be emphasised that the estimation techniques for the determination of general insurance business liabilities involve obtaining corroborative evidence from as wide a range of sources as possible and combining these to form the overall estimate. This technique means that the estimate is inevitably deterministic rather than stochastic. A stochastic valuation approach, whereby a range of possible outcomes is estimated and probabilities assigned thereto, is only possible in a limited number of situations.

Uncertainties and contingencies

The uncertainty arising under insurance contracts may be characterised under a number of specific headings, such as:

- uncertainty as to whether an event has occurred which would give rise to a policyholder suffering an insured loss,
- uncertainty as to the amount of insured loss suffered by a policyholder as a result of the event occurring,
- uncertainty over the timing of a settlement to a policyholder for a loss suffered.

Royal & Sun Alliance Insurance (Global) Limited

Accounting Policies (continued)

The degree of uncertainty will vary by policy class according to the characteristics of the insured risks. For certain classes of policy (e.g. term assurance) the value of the settlement of a claim may be specified under the policy terms while for other classes (e.g. motor insurance) the cost of a claim will be determined by an actual loss suffered by the policyholder.

There may be significant reporting lags between the occurrence of the insured event and the time it is actually reported to the Company. Following the identification and notification of an insured loss, there may still be uncertainty as to the magnitude and timing of the settlement of the claim. There are many factors that will determine the level of uncertainty such as inflation, judicial trends, legislative changes and claims handling procedures.

There may also be complex technical issues that give rise to delays in notification arising from unresolved legal issues on policy coverage and the identity of the insureds. As a consequence, traditional techniques for estimating claims provisions cannot wholly be relied on and the Company employs specialised techniques to determine provisions using the extensive knowledge of both internal and external legal and professional advisors.

The establishment of technical provisions is an inherently uncertain process and, as a consequence of this uncertainty, the eventual cost of settlement of outstanding claims and unexpired risks can vary substantially from the initial estimates. The Company seeks to provide appropriate levels of claims provision and provision for unexpired risks taking the known facts and experience into account however by their nature the quantification of the provisions must remain very uncertain.

Royal & Sun Alliance Insurance (Global) Limited

Profit and Loss Account for the year ended 31st December 2001

Technical account - General business

	Notes	2001 £000	2000 £000
Gross premiums written		70,997	41,752
Outward reinsurance premiums		(56,394)	(25,440)
Net premiums written	2	14,603	16,312
Change in the gross provision for unearned premiums		(2,701)	(777)
Change in the provision for unearned premiums, reinsurers' share		2,462	(7)
Earned premiums, net of reinsurance		14,364	15,528
Claims paid			
Gross amount		(55,795)	(46,200)
Reinsurers' share		39,534	31,888
		(16,261)	(14,312)
Change in the provision for claims			
Gross amount		2,560	(68,068)
Reinsurers' share		(564)	62,905
		1,996	(5,163)
Claims incurred, net of reinsurance		(14,265)	(19,475)
Acquisition costs		(5,016)	(4,637)
Change in deferred acquisition costs		(42)	(217)
Administrative expenses		(2,119)	(2,712)
Reinsurance commissions and profit participation		2,443	1,943
Net operating expenses	3	(4,734)	(5,623)
Balance on the technical account before change in the equalisation provision		(4,635)	(9,570)
Change in the equalisation provision	11	-	-
Balance on the technical account for general business		(4,635)	(9,570)

Royal & Sun Alliance Insurance (Global) Limited

Profit and Loss Account for the year ended 31st December 2001

Non-technical account

	Notes	2001 £000	2000 £000
Balance on the technical account for general business		(4,635)	(9,570)
Investment income	6	6,068	6,229
Operating profit (loss) before tax	2	1,433	(3,341)
Realised (losses) on investments		(1,407)	(1,397)
Unrealised gains (losses) on investments		(1,449)	1,107
(Loss) profit on ordinary activities before taxation		(1,423)	(3,631)
(Loss) gain on disposal of business		-	(695)
(Loss) profit on ordinary activities before taxation		(1,423)	(4,326)
Taxation on profit (loss) on ordinary activities	7	(276)	1,292
(Loss) profit on ordinary activities after taxation		(1,699)	(3,034)
Retained profits transfer		(1,699)	(3,034)

The notes on pages 14 to 17 and the accounting policies on pages 6 to 9 form part of these accounts

There have been no recognised gains or losses in either reporting year other than those recorded in the profit and loss account and accordingly a Movement in Capital and Reserves and Recognised Gains Statement is not prepared.

Royal & Sun Alliance Insurance (Global) Limited

Balance Sheet as at 31st December 2001

	Notes	2001 £000	2000 £000
Assets			
Investments			
Other financial investments			
Listed debt securities and other fixed income securities		71,623	70,350
Deposits with credit institutions		11,931	15,229
Total investments	9	83,554	85,579
Reinsurers' share of technical provisions			
Provision for unearned premiums		5,559	3,160
Claims outstanding		94,220	96,442
		99,779	99,602
Debtors			
Due from parent undertaking and fellow subsidiary undertakings		3,039	-
Debtors arising out of direct insurance operations		12,756	7,926
Debtors arising out of reinsurance operations		2,510	3,216
Other debtors		3,654	3,122
		21,959	14,264
Other assets			
Tangible assets	10	98	10
Cash at bank and in hand		7,790	663
		7,888	673
Prepayments and accrued income			
Accrued interest and rent		1,416	1,958
Prepayments and accrued income		134	152
Deferred acquisition costs		416	463
		1,966	2,573
Total assets		215,146	202,691

Royal & Sun Alliance Insurance (Global) Limited

Balance Sheet as at 31st December 2001

	Notes	2001 £000	2000 £000
Liabilities			
Capital and reserves			
Called up share capital	12	36,367	36,367
Share premium account		28,355	28,355
Profit and loss account	8	(30,455)	(28,756)
Equity shareholders' funds	2	34,267	35,966
Technical provisions			
Provision for unearned premiums		10,656	8,094
Claims outstanding		127,519	132,814
Equalisation provision	11	-	-
		138,175	140,908
Creditors			
Creditors arising out of direct insurance operations		1,077	537
Creditors arising out of direct reinsurance operations		12,645	6,386
Amounts owed to parent undertakings and fellow subsidiary undertakings		25,218	17,967
Other creditors including taxation and social security		3,764	927
		42,704	25,817
Total liabilities		215,146	202,691

The accounts on pages 6 to 17 were approved by the directors on

2002, and signed on their behalf by:-

Director

(representing Non-Destructive
Testers Limited)

28 October 2002

Royal & Sun Alliance Insurance (Global) Limited

Notes on the Accounts

1. Exchange rates

The rates of exchange used in these accounts in respect of the major overseas currencies are:

	2001	2000
Belgian Franc	65.93640	64.18440
Netherlands Guilder	3.60201	3.50630

2 (a) Segmental analysis of business by class and geographical area

Net premiums written (by origin)

	2001 £000	2000 £000
Europe	14,539	17,798
Rest of World	64	(1,486)
	<u>14,603</u>	<u>16,312</u>

Net premiums are disclosed by origin. There is no material difference between the amounts shown and those by reference to location of risk.

	2001 £000	2000 £000
Operating profit/(loss) before taxation		
Europe	51	737
Rest of World	1,382	(4,078)
	<u>1,433</u>	<u>(3,341)</u>
Net assets as at 31st December		
Europe	38,213	41,295
Rest of World	(3,946)	(5,329)
	<u>34,267</u>	<u>35,966</u>

(b) Segmental analysis of business by class of business

	Direct Motor (Other) £000	Marine, Aviation & Transport £000	Direct Fire & Other Damage to Property £000	Direct Liability £000	Direct Total £000
2001					
Gross premiums written	2	937	62,529	7,529	70,997
Gross premiums earned	20	860	59,736	7,680	68,296
Gross claims incurred	292	(755)	(42,393)	(10,379)	(53,235)
Gross operating expenses	(4)	(110)	(8,468)	(1,266)	(9,848)
Gross Technical result	308	(5)	8,875	(3,965)	5,213
Reinsurance balance	(302)	305	(11,431)	1,580	(9,848)
Net Technical result before equalisation occurs	6	300	(2,556)	(2,385)	(4,635)
2000					
Gross premiums written	(255)	701	34,674	6,632	41,752
Gross premiums earned	(244)	699	34,576	5,944	40,975
Gross claims incurred	(7)	(591)	(106,291)	(7,379)	(114,268)
Gross operating expenses	(45)	(111)	(6,183)	(1,227)	(7,566)
Gross Technical result	(296)	(3)	(77,898)	(2,662)	(80,859)
Reinsurance balance	252	331	70,904	(198)	71,289
Net Technical result before equalisation occurs	(44)	328	(6,994)	(2,860)	(9,570)

In the Company's capacity as a global network service provider, gross premiums earned of £12,389,000 (2000 £14,251,000), and gross claims incurred of £28,496,000 (2000 £26,912,000) do not result in a significant transfer of insurance risk to the Company. In respect of this business underlying insurance risk is retained by other Group companies.

Royal & Sun Alliance Insurance (Global) Limited

Notes on the Accounts (continued)

3. Net operating expenses: technical account - general business

	2001 £000	2000 £000
Net operating expenses include:		
Depreciation	7	9
Operating lease rentals – other assets	273	120

Total commissions for reinsurance business accounted for by the Company during the year, excluding payments to employees, amounted to £ 2,443,000 (2000 £1,943,000).

4. Prior years' claims provision

The over provision in claims provisions at the beginning of the year compared to payments and provisions at the end of the year in respect of prior years claims was £4,135,000 (2000 £567,000).

5. Employees and staff costs

	2001 £000	2000 £000
Staff costs for all employees, including executive directors, consist of:		
Wages and salaries	1,154	1,164
Social security costs	158	142
Pension costs	70	107
	1,382	1,413

6. Investment activity account

	2001 £000	2000 £000
Other investment income		
Income from investment pool	4,559	4,786
Income from investments	1,509	1,443
Investment income	6,068	6,229
Investment expenses and charges	-	-
(Losses)/gains on the realisation of investments	(1,407)	(2,092)
Net investment income	4,661	4,137
Unrealised (losses)/gains on investments	(1,449)	1,107
Investment return	3,212	5,244

7. Taxation

	2001 £000	2000 £000
UK Taxation		
Group relief receivable	71	(1,034)
Over provision in respect of prior period	206	(303)
Double taxation relief	(41)	-
	236	(1,337)
Overseas taxation	40	45
	276	(1,292)

UK Corporation Tax for the current year is based on a rate of 30 % (2000: 30%)

8. Reserves

Reserves and reserve movements are as follows:

	Profit and loss account 2001 £000	2000 £000
Balance at 1st January	(28,756)	(25,722)
Retained profit for the year	(1,699)	(3,034)
Balance at 31st December	(30,455)	(28,756)

Royal & Sun Alliance Insurance (Global) Limited

Notes on the Accounts (continued)

9. Investments

The historical cost of other financial investments is £85,761,000 (2000 £87,883,000). Total investments include listed investments with a market value of £ 71,623,000 (2000 £70,350,000).

10. Tangible assets

	2001 £000	2000 £000
Cost		
At 1st January	179	189
Additions	96	3
Disposals	(125)	(14)
Exchange adjustments	(2)	1
At 31st December	148	179
Depreciation		
At 1st January	169	172
Charge for the year	7	9
Disposals	(125)	(13)
Exchange adjustments	(1)	1
At 31st December	50	169
Net book value		
At 31st December	98	10

All tangible assets relate to fixtures, fittings, tools and equipment.

11. Equalisation provision

Equalisation provisions are established in the United Kingdom in accordance with the Insurance Companies (Reserves) Act 1995. These provisions, notwithstanding that they do not represent liabilities at the balance sheet date as they are over and above the anticipated ultimate cost of outstanding claims, are required by Schedule 9A to the Companies Act 1985 to be included within technical provisions in the balance sheet and any change in the provisions during the year is shown in the general business technical account.

The effect of including the provision is as follows:

	2001 £000	2000 £000
Provision as at 1st January	-	-
Change in the balance on the general business technical account and in the result before tax	-	-
Provision as at 31st December	-	-

12. Share capital

	2001 £000	2000 £000
Authorised		
100,000,000 shares of £1 each	100,000	100,000
Issued and fully paid		
36,367,172 shares of £1 each	36,367	36,367

Royal & Sun Alliance Insurance (Global) Limited

Notes on the Accounts (continued)

13. Leases

	2001 £000	2000 £000
Annual commitments under non-cancellable operating leases were repayable as follows:-		
1 year or less	1	29
Between 2 and 5 years	63	58
	64	87

All material leases of land and buildings are subject to rent review periods of between three and five years.

14. Directors' remuneration

The directors did not receive any emoluments during the year. They were employed by Royal & Sun Alliance Insurance plc and were remunerated for their services to the Group as a whole. It is not possible to apportion their remuneration in respect of the Company.

15. Auditors' remuneration

The cost of auditing the Company's accounts in the UK is borne by the parent company. The audit fees of overseas branches totalled £18,500 (2000 £17,000).

16. Cash flow statement

The Company's ultimate parent is Royal & Sun Alliance Insurance Group plc and the cash flows of the company are included in the consolidated cash flow statement of Royal & Sun Alliance Insurance Group plc. The Company has thus taken advantage of the exemption permitted by FRS 1 (revised) and has elected not to prepare its own cash flow statement.

17. Related party transactions

Advantage has been taken of the exemption provided in FRS8 from disclosing details of transactions with Royal & Sun Alliance Insurance Group plc and its subsidiaries.

18. Parent companies

The Company's immediate parent company is Royal & Sun Alliance Insurance plc which is registered in England and Wales, and is the parent undertaking of the smallest group to consolidate these financial statements.

The Company's ultimate parent company and controlling party is Royal & Sun Alliance Insurance Group plc which is registered in England and Wales, and is the parent undertaking of the largest group to consolidate these financial statements. A copy of that company's accounts can be obtained from 30 Berkeley Square, London W1J 6EW.