

SUN ALLIANCE AND LONDON INSURANCE plc

Report and Accounts

for the year ended 31st December 1999



Sun Alliance and London Insurance plc
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Sun Alliance and London Insurance plc
Directors

Directors

S.W. Broughton

G.S. Pater

P. Spencer

Secretary

J.H. Berg

Registered office

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

Activities

The principal activity of the Company is the transaction of insurance business.

Year 2000

The Company recognised the importance of the Year 2000 issue and the potential impact it could have on the business. This continues to be managed for all companies within the Royal & Sun Alliance Group through Year 2000 project teams who have looked at IT systems, embedded systems and the reliance that could be placed on external suppliers.

Plans for ensuring systems and processes were fully compliant were completed around mid year 1999 and business interruption and contingency plans were in place at the year end. As a result of this work, the 1999 year end change has taken place without any major Year 2000 problems being identified and all minor issues identified to date have been resolved without affecting our ability to transact business. The company will continue to monitor the situation with regard to Year 2000. The total incremental costs incurred on Year 2000 will be borne by the parent company.

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 the Parent Company. Plans are also being developed to address the possible extended scope of the Euro, including the UK's potential entry.

Directors

Mr.J. Sidwell served until he resigned on 14th November 1999.

The other directors whose names appear on page 2 served throughout the year.

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

	Ordinary shares held on appointment ¹	Ordinary shares acquired	Ordinary shares disposed	Reduction in number of ordinary shares as a result of share consolidation ²	Ordinary shares held at 31st December 1999 ³
S.W. Broughton	20,399	313	-	1,856	18,856
G.S. Pater	15,345	52,020	563	2,732	64,070

1. Ordinary shares of 25p or, if appointed after 14th May 1999, ordinary shares of 27.5p each (see note 2).
2. On 14th May 1999, every 11 ordinary shares of 25p each in the capital of the Company were consolidated into 10 new ordinary shares of 27.5p each.
3. Ordinary shares of 27.5p each.

In addition to the interests shown above, Mr.S.W. Broughton and Mr.G.S. Pater had a beneficial interest, as at 31st December 1999, in 6,500,000 shares of 27.5p each in Royal & Sun Alliance Insurance Group plc held in the Royal & Sun Alliance ESOP Trust and all the directors had a beneficial interest, as at 31st December 1999, in 200,000 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.

	Held at 1st January 1999	Options to subscribe for shares		Held at 31st December 1999
		Granted	During 1999 Exercised	
S.W. Broughton	129,909	32,923	-	162,832
G.S. Pater	93,413	31,024	-	124,437

By order of the directors

J.H. Berg
Secretary

2000

Sun Alliance and London Insurance plc
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 1999. 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.

Report of the auditors to the members of Sun Alliance and London Insurance plc

We have audited the financial statements on pages 6 to 18 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 and 7.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 5, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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.

Basis of 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 requirement for insurance companies to maintain equalisation provisions. The nature of equalisation provisions, the amounts set aside at 31st December 1999 and the effect of the movement in those provisions during the year on the general business technical result and profit on ordinary activities before tax, are disclosed in note 5.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31st December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London

24 July 2000

Financial Statements

The financial statements are prepared in accordance with applicable UK accounting standards, the Statement of Recommended Practice (SORP) issued by the Association of British Insurers in December 1998 and the provisions of section 255 of, and Schedule 9A to, the Companies Act 1985. The financial statements have been prepared under the historical cost accounting rules. The Company's accounting policies are set out on pages 6 and 7.

Change in Accounting Policy

The Company has adopted the requirements of Financial Reporting Standard 16 "Current Tax" in 1999; FRS 16 specifies that the tax law change resulting in the abolition of ACT should be reflected as a change in accounting policy. As a result of this requirement, comparatives have been restated to reflect investment income and taxation net of the associated tax credits. There is no impact upon the reported result.

General insurance business

(i) Technical account

General business 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 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 equalisation provisions.

(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 appropriate 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 the requirements of 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.

Exchange

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 insurance funds at the beginning of the year at year-end rates, are taken to reserves.

Tangible assets and depreciation

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

Operating leases

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

Pensions costs

The cost of providing pensions for the Company's employees is accounted for over the employees' working lives on a systematic basis as advised by qualified actuaries.

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'. Realised and unrealised gains and losses are dealt with in the non-technical account. Realised gains and losses represent the net sale proceeds less the purchase price.

Taxation

Taxation in the non-technical account is based on profits 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 on 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 only to the extent that the directors anticipate that profits will absorb such losses in the foreseeable future.

Investments

Investments are shown at market value, for which purpose unlisted investments, mortgages and loans are included at directors' valuation and properties at professional valuation. For listed securities the stock exchange values are used. Properties are valued annually at open market value.

Investments in subsidiaries are included at net asset value.

Sun Alliance and London Insurance plc

Profit and Loss Account for the year ended 31st December 1999

Technical account - general business

	Notes	1999 £m	1998 £m
Gross premiums written			
Continuing operations	1(b)	28.4	32.5
Discontinued operations		-	10.4
		<u>28.4</u>	<u>42.9</u>
 Outward reinsurance premiums		 (6.2)	 (8.9)
 Net premiums written		 22.2	 34.0
 Change in the gross provision for unearned premiums		 (0.2)	 8.9
Change in the provision for unearned premiums, reinsurers' share		0.2	(0.8)
 Change in the net provision for unearned premiums		 -	 8.1
 Earned premiums, net of reinsurance		 22.2	 42.1
 Claims paid:			
Gross amount		(22.1)	(43.4)
Reinsurers' share		4.0	6.3
		<u>(18.1)</u>	<u>(37.1)</u>
 Change in the provision for claims:			
Gross amount		(18.5)	16.9
Reinsurers' share		9.2	(4.6)
		<u>(9.3)</u>	<u>12.3</u>
 Claims incurred, net of reinsurance		 (27.4)	 (24.8)
 Net operating expenses	2	 (8.9)	 (32.0)
Balance on the technical account before change in the equalisation provision		<u>(14.1)</u>	<u>(14.7)</u>
 Change in the equalisation provision	5	 4.7	 (0.6)
Balance on the technical account for general business		<u>(9.4)</u>	<u>(15.3)</u>

The notes on pages 12 to 18 form part of these accounts.

Sun Alliance and London Insurance plc

Profit and Loss Account for the year ended 31st December 1999

Non-technical account

	Notes	1999 £m	Restated 1998 £m
Balance on the technical account for general business		(9.4)	(15.3)
Investment income	4	36.1	23.7
Unrealised gains on investments		52.2	39.3
Investment expenses and charges		(0.5)	(0.4)
Operating profit: continuing operations		78.4	65.8
discontinued operations		-	(18.5)
	1(a)	78.4	47.3
Profit on sale of discontinued operations		5.8	-
Profit before taxation		84.2	47.3
Taxation on profit on ordinary activities		(7.0)	(0.7)
Profit on ordinary activities after taxation		77.2	46.6
Dividends	8	-	(261.0)
Retained profits transfer		77.2	(214.4)

Statement of total recognised gains and losses

	1999 £m	1998 £m
Profit for the financial year	77.2	46.6
Foreign exchange losses	(3.5)	(0.8)
Unrealised appreciation (depreciation) of investments in subsidiaries	10.0	2.4
Total recognised gains arising in the year	83.7	48.2

Reconciliation of movements in shareholders' funds

	Notes	1999 £m	1998 £m
Shareholders' funds at 1st January		675.4	888.2
Total recognised gains		83.7	48.2
Dividends	8	-	(261.0)
Shareholders' funds at 31st December		759.1	675.4

The notes on pages 12 to 18 form part of these accounts.

Sun Alliance and London Insurance plc

Balance Sheet as at 31st December 1999

	Notes	1999 £m	1998 £m
Assets			
Investments			
Investments in subsidiary undertakings	17	1,057.2	1,047.2
Other financial investments	11	438.1	400.9
Deposits with ceding undertakings		0.6	0.6
		1,495.9	1,448.7
Reinsurers' share of technical provisions			
Provision for unearned premiums		2.3	2.7
Claims outstanding		21.0	12.1
		23.3	14.8
Debtors			
Debtors arising out of direct insurance operations	12	7.8	9.8
Debtors arising out of reinsurance operations	13	4.8	4.2
Other debtors	14	279.7	10.0
		292.3	24.0
Other assets			
Tangible assets	15	0.1	3.2
Cash at bank and in hand		8.1	4.5
		8.2	7.7
Prepayments and accrued income			
Accrued interest and rent		0.7	1.2
Deferred acquisition costs		1.9	2.6
Other prepayments and accrued income		-	0.7
		2.6	4.5
Total assets		1,822.3	1,499.7

Sun Alliance and London Insurance plc

Balance Sheet

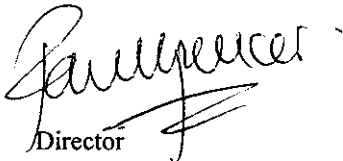
as at 31st December 1999

	Notes	1999 £m	1998 £m
Liabilities			
Capital and reserves			
Called up share capital	9	201.8	201.8
Share premium account		270.3	270.3
Revaluation reserve	10	82.6	72.6
Profit and loss account	10	204.4	130.7
Equity shareholders' funds		759.1	675.4
Technical provisions			
Provision for unearned premiums		10.6	12.7
Claims outstanding		60.1	47.1
Equalisation provision	5	-	4.7
		70.7	64.5
Creditors			
Creditors arising out of direct insurance operations		1.4	2.0
Creditors arising out of reinsurance operations		3.5	6.2
Proposed ordinary dividend	8	-	250.0
Other creditors including taxation and social security	16	987.0	501.0
		991.9	759.2
Accruals and deferred income		0.6	0.6
Total liabilities		1,822.3	1,499.7

The notes on pages 12 to 18 form part of these accounts.

The accounts on pages 6 to 18 were approved by the directors on

2000 and were signed on their behalf by:


Director

Sun Alliance and London Insurance plc

Notes on the Accounts

1(a) Analysis of Profit and Loss Account Balances

Discontinued operations relate to the sale of the Sun Direct branch on 1st January 1999.

	Continuing £m	1999 Discontinued £m	Total £m	Continuing £m	1998 Discontinued £m	Total £m
Earned premiums, net of reinsurance	22.2	-	22.2	32.0	10.1	42.1
Claims incurred, net of reinsurance	(27.4)	-	(27.4)	(14.1)	(10.7)	(24.8)
Net operating expenses	(8.9)	-	(8.9)	(13.9)	(18.1)	(32.0)
Change in the equalisation provision	4.7	-	4.7	(0.6)	-	(0.6)
Balance on the technical account	(9.4)	-	(9.4)	3.4	(18.7)	(15.3)
Investment income	36.1	-	36.1	23.7	-	23.7
Unrealised gains on investments	52.2	-	52.2	39.3	-	39.3
Investments expenses and charges	(0.5)	-	(0.5)	(0.4)	-	(0.4)
Operating profit	78.4	-	78.4	66.0	(18.7)	47.3

1(b) Segmental information

	Gross Premiums Written £m	Gross premiums earned £m	Gross claims incurred £m	Gross operating expenses £m	Reinsurance balance £m	Net technical result £m
1999						
Accident and health	3.7	3.9	3.3	1.4	(0.7)	(1.5)
Motor (third party liability)	0.5	0.5	0.2	0.2	(0.1)	-
Motor (other claims)	7.5	7.5	3.4	2.3	(1.0)	0.8
Marine, aviation and transport	1.8	1.8	0.7	0.7	-	0.4
Fire and other damage to property	7.0	7.6	3.1	2.8	(1.3)	0.4
Inwards reinsurances	7.9	6.9	25.2	2.8	11.6	(9.5)
Total	28.4	28.2	35.9	10.2	8.5	(9.4)
1998						
Accident and health	4.6	5.1	2.3	1.7	(0.6)	0.5
Motor (third party liability)	9.8	9.9	9.2	14.4	(0.4)	(14.1)
Motor (other claims)	8.8	9.5	4.9	6.8	(2.0)	(4.2)
Marine, aviation and transport	2.1	2.5	0.7	0.9	(0.1)	0.8
Fire and other damage to property	12.3	11.9	6.6	4.1	(2.9)	(1.7)
Inwards reinsurances	5.3	12.9	3.3	5.6	(0.6)	3.4
	42.9	51.8	27.0	33.5	(6.6)	(15.3)

Net premiums written can be analysed as follows:

	Net premiums written 1999 £m	Net premiums written 1998 £m
Hong Kong	6.6	9.0
Singapore	7.7	4.6
Germany:		
continuing operations	3.0	4.8
discontinued operations	-	10.2
Others	3.0	15.0
Total	4.9	5.4
	22.2	34.0

Sun Alliance and London Insurance plc

Notes on the Accounts (continued)

2. Net operating expenses

Technical account – general business

	1999 £m	1998 £m
Acquisition costs	2.0	8.4
Change in deferred acquisition costs	0.3	1.3
Administrative expenses	6.6	22.3
Net operating expenses	8.9	32.0

3. Employees and staff costs

The average monthly number of persons employed during the year was:

	1999	1998
United Kingdom	-	-
Overseas	28	267
	28	267

Staff costs amounted to:

	1999 £m	1998 £m
Wages and salaries	2.0	5.6
Social security costs	0.1	0.9
Pension costs	0.1	0.2
	2.2	6.7

4. Investment income

	1999 £m	Restated 1998 £m
Income from other investments	11.3	12.8
Realised investment gains	24.8	10.9
	36.1	23.7

Income from other investments for 1998 has been restated in accordance with the provisions of FRS16; the impact was to reduce Income from other investments as originally reported by £0.8m.

5. Equalisation provision

Equalisation provisions are established in the UK 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 changes in the provisions during the year are required to be shown in the general business technical account.

	1999 £m	1998 £m
Provision at 1st January	4.7	4.1
Established (released) during the year	(4.7)	0.6
	-	4.7

6. Taxation

The charges (credits) for taxation comprise:-

	1999 £m	Restated 1998 £m
United Kingdom taxation:		
Corporation tax	6.4	(0.2)
Deferred tax movement	-	-
Double taxation relief	-	-
	<u>6.4</u>	<u>(0.2)</u>
Overseas Tax	0.6	0.9
	<u>7.0</u>	<u>0.7</u>

United Kingdom corporation tax has been calculated at 30.25% (1998 31%) in the non-technical account.

The 1998 tax charge has been restated in accordance with the provisions of FRS16. The impact was to reduce the 1998 Corporation tax charge as originally reported by £0.8m.

Previously under an agreement with the Inland Revenue, the United Kingdom corporation tax liabilities of the company have been aggregated with those attributable to the general insurance business of other UK subsidiaries of Royal & Sun Alliance Insurance plc and assessed in the name of that company. Accordingly, any provisions for United Kingdom taxation liabilities were transferred to Royal & Sun Alliance Insurance plc.

As from 1st January 1999 this agreement has been rescinded and current year corporation tax liabilities are retained in the company's balance sheet.

In addition, previously exchange adjustments arising from the translation of insurance debtors and creditors and realised exchange movements on remittances were transferred to the intermediate parent company.

As a consequence of the agreement with the Inland Revenue being rescinded as from 1st January 1999 this practice has ceased and exchange gains and losses are retained in the accounts of the company.

The potential liability for deferred taxation on unrealised appreciation of investments which is not expected to be payable in the foreseeable future and for which, therefore, no provision has been made is estimated to amount to £97.3m (1998 £Nil).

7. Pension costs

The majority of the Company's staff are employed in Singapore; the pension cost disclosed in note 3 relates to contributions made by the Company into the Singapore government sponsored scheme, which is contribution based.

8. Dividends

	1999 £m	1998 £m
Ordinary:		
First interim dividend	-	11.0
Final dividend	-	250.0
	<u>-</u>	<u>261.0</u>

Sun Alliance and London Insurance plc

Notes on the Accounts (continued)

9. Share capital

Ordinary share capital:

Authorised:

900,000,000 (1998 900,000,000) shares of 25p each

Issued and fully paid:

807,390,126 (1998 807,390,126) shares of 25p each

1999 £m	1998 £m
------------	------------

225.0	225.0
-------	-------

201.8	201.8
-------	-------

10. Reserves

Profit and loss account

1999 £m	1998 £m
------------	------------

Revaluation reserve

1999 £m	1998 £m
------------	------------

Balance at 1st January

130.7	345.9	72.6	70.2
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Profit and loss account transfer

77.2	(214.4)	-	-
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Foreign exchange gains and losses

(3.5)	(0.8)	-	-
-------	-------	---	---

Unrealised appreciation of investments in subsidiaries

-	-	10.0	2.4
---	---	------	-----

Balance at 31st December

204.4	130.7	82.6	72.6
-------	-------	------	------

11. Investments

Investments in subsidiary undertakings

1999 £m	1998 £m
------------	------------

1,057.2	1,047.2
---------	---------

Other financial investments:

1999 £m	1998 £m
------------	------------

Shares and other variable yield securities
and units in unit trusts

396.9	355.3
-------	-------

Debt securities and other fixed income securities

19.5	21.0
------	------

Other loans

0.1	0.1
-----	-----

Deposits with credit institutions

21.6	24.5
------	------

438.1	400.9
-------	-------

Included above are listed investments:

1999 £m	1998 £m
------------	------------

Shares and other variable yield securities
and units in unit trusts

396.9	355.3
-------	-------

Debt securities and other fixed income securities

19.5	20.1
------	------

The historical cost of investments is £1,088.3m (1998 £1,077.9m)

12. Debtors arising out of direct insurance operations

Due from policyholders

1999 £m	1998 £m
------------	------------

0.1	1.7
-----	-----

Due from intermediaries

7.7	8.1
-----	-----

7.8	9.8
-----	-----

13. Debtors arising out of reinsurance operations

Due from external debtors

1999 £m	1998 £m
------------	------------

4.8	4.0
-----	-----

Reinsurance debtors group undertakings

-	0.2
---	-----

4.8	4.2
-----	-----

14. Other debtors

Due from external debtors

1999 £m	1998 £m
------------	------------

7.8	6.8
-----	-----

Due from parent company and fellow subsidiary

271.9	3.2
-------	-----

279.7	10.0
-------	------

15. Tangible assets

	Total £m
Cost	
Balance at 1st January 1999	6.9
Purchases	0.1
Disposals	(6.4)
Balance at 31st December 1999	0.6
Depreciation	
Balance at 1st January 1999	3.7
Charged to technical account	0.1
Disposals	(3.3)
Balance at 31st December 1999	0.5
Net book value at 31st December 1999	0.1
Net book value at 31st December 1998	3.2

Tangible assets comprise computers and office equipment.

16. Other creditors including taxation and social security

	1999 £m	1998 £m
Due to external creditors	12.2	6.2
Due to subsidiaries	974.8	494.8
	987.0	501.0

17. Subsidiaries

	1999 £m	1998 £m
Shares at cost	974.6	974.6
Adjustment to net asset value	82.6	72.6
Total	1,057.2	1,047.2

A list of subsidiaries appears on page 18.

18. Auditors' remuneration

The costs of auditing the Company's accounts are borne by the parent company.

19. 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.

20. Contingent liabilities

At 31st December 1999 the Company had no material contingent liabilities.

21. Cash flow

The Company is a wholly owned subsidiary of Royal & Sun Alliance Insurance 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.

22. Transactions with related parties

The Company is exempt from the disclosure requirements of Financial Reporting Standard 8 as it is a wholly owned subsidiary.

23. Parent companies

The Company's immediate parent company is Royal & Sun Alliance Insurance plc which is registered in England and Wales. The Company's ultimate parent company is Royal & Sun Alliance Insurance Group plc which is registered in England and Wales. A copy of that company's accounts can be obtained from 30 Berkeley Square, London W1X 5HA.

Sun Alliance and London Insurance plc

Subsidiaries

Name and country of incorporation and of principal operations	Percentage of ordinary shares held	
	By Parent Company	Through Subsidiaries
United Kingdom	%	%
<i>(registered in England unless indicated)</i>		
Sun Alliance Insurance International Ltd	100.0	
Sun Alliance Insurance UK Ltd	100.0	
Sun Alliance Management Services Ltd	100.0	
Bradford Insurance Company Ltd		100.0
The Century Insurance Co. Ltd. <i>(registered in Scotland)</i>	100.0	
Guildhall Insurance Co. Ltd.	100.0	
Legal Protection Group Holdings Ltd		100.0
London Guarantee & Reinsurance Co. Ltd.	100.0	
National Vulcan Engineering Insurance Group Ltd		100.0

Some subsidiaries have been omitted from this statement to avoid providing particulars of excessive length.