

SWINTON GROUP LIMITED

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 1999



Registered Number: 756681 England

SWINTON GROUP LIMITED

DIRECTORS: G E Jones (Chairman)
P J Halpin
A M Hazeldine
J M Price

SECRETARY: S A Hargreaves

REGISTERED OFFICE: 6 Gt. Marlborough Street
Manchester M1 5SW

REGISTERED AUDITORS: PricewaterhouseCoopers
101 Barbirolli Square
Lower Mosley Street
Manchester M2 3PW

BANKERS: HSBC
27-32 Poultry
London
EC2P 2BX

SOLICITORS: Halliwell Landau
St James's Court
Brown Street
Manchester
M2 2JF

REGISTERED NUMBER: 756681 England

SWINTON GROUP LIMITED

REPORT OF THE DIRECTORS

The directors submit their report and the audited financial statements of the company for the year ended 31 December 1999.

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The principal activity of the Company continued to be that of operating as an insurance intermediary.

The Company's increased profitability in 1999 reflects both the continuing benefit of the restructuring and development programmes undertaken in recent years and the completion of the acquisition of the remaining franchise businesses. During 1999, the Company acquired the remaining 43 franchise businesses as part of the franchise withdrawal programme. The continuing benefit of the restructuring programmes and the acquisition of franchise businesses should further improve the Company's profitability in 2000.

The Year 2000 compliance programme was successfully completed during the year and there was no disruption to business operations over the millennium period. The costs of the Year 2000 compliance exercise are described in note 2 of the financial statements.

RESULTS AND DIVIDEND

The results for the year are set out in the profit and loss account on page 6.

The directors do not recommend the payment of a dividend.

FIXED ASSETS

The changes in fixed assets during the year are shown in notes 9 and 10 on pages 11 and 12 to the financial statements.

SUPPLIER PAYMENT POLICY

The Company applies standard terms and conditions to the majority of its trade creditors in the UK. This includes the agreement of payment terms when it enters into contracts for the purchase of goods and services and the Company seeks to abide by those terms when it is satisfied that the supplier has provided the goods or services in accordance with those terms and conditions. For other suppliers, specific terms and conditions are agreed before contracts are entered into.

The trade creditor days of the company for the year ended 31 December 1999 were 2 (1998 – 5 days).

SWINTON GROUP LIMITED

REPORT OF THE DIRECTORS

DIRECTORS

The members of the board during the year were:

G E Jones	(Chairman)
P J Halpin	
A M Hazeldine	
J M Price	

No director had any interest in the shares of the Company.

G E Jones is a director of the Company's parent company, Swinton (Holdings) Limited and his interests are shown in the financial statements of that company.

The interests of the other directors in the shares of other bodies corporate in the same group as the Company were as follows:-

Swinton (Holdings) Limited

	Options to subscribe for ordinary shares of 10p each			As at 31.12.99
	As at 01.01.99	Granted	Exercised/ Lapsed	
P J Halpin	7,225	-	-	7,225
A M Hazeldine	13,006	-	-	13,006
J M Price	17,341	-	-	17,341

Royal & Sun Alliance Insurance Group plc

	Ordinary shares ¹ held at 01.01.99	Ordinary shares held			Ordinary shares ³ held at 31.12.99
		Ordinary shares acquired	Ordinary shares disposed	Reduction in number of shares as a result of share consolidation ²	
J M Price	4,113	3,898	1,170	622	6,219
P J Halpin	-	2,555	653	173	1,765

1 Ordinary shares of 25p.

2 On 14 May 1999, every 11 ordinary shares of 25p each in the capital of Royal & Sun Alliance Insurance group plc 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, the directors had a beneficial interest, as at 31 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 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 No. 2.

SWINTON GROUP LIMITED

REPORT OF THE DIRECTORS

DIRECTORS (continued)

	Options to subscribe for ordinary shares of 27.5p each			As at 31.12.99
	As at 01.01.99	Granted	Exercised/ Lapsed	
P J Halpin	43,575	4,222	2,555	45,242
A M Hazeldine	42,498	4,222	-	46,720
J M Price	41,472	4,222	-	45,694

DISABLED EMPLOYEES

Disabled persons, when they apply for jobs, are offered equal opportunity and, if appointed, they are provided with training, career progression and promotion within the scope of their aptitude and abilities. Training or re-training is also provided, wherever possible, for employees who become disabled during their employment by the Company.

EMPLOYEE PARTICIPATION

The Company places considerable value on the involvement of its employees and keeps them informed on matters affecting them as employees and takes steps to keep them informed of the factors affecting the performance of the company. A monthly briefing process exists to ensure effective internal communications and to provide a vehicle for employees' feedback and contributions.

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to select suitable accounting policies and then apply them consistently, make judgements and estimates that are reasonable and prudent, state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

A resolution proposing that PricewaterhouseCoopers be reappointed as auditors will be put to the members at the next Annual General Meeting.

By Order of the Board



S A HARGREAVES
Secretary

12 July 2000

**REPORT OF THE AUDITORS TO THE MEMBERS OF
SWINTON GROUP LIMITED**

We have audited the financial statements on pages 6 to 16 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 4, 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 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.

Opinion

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

PricewaterhouseCoopers

**PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Manchester
12 July 2000**

SWINTON GROUP LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1999

All Continuing Operations

	Note	1999 £	1998 £
TURNOVER	1	59,441,398	50,663,772
Administrative expenses		(58,363,109)	(51,415,526)
Exceptional release – Year 2000 costs	2	-	241,049
		<hr/>	<hr/>
OPERATING PROFIT	3	1,078,289	(510,705)
Exceptional items	5	-	-
Interest receivable	6	7,799	29,778
Interest payable	7	(6,614,970)	(7,544,136)
		<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(5,528,882)	(8,025,063)
Tax on loss on ordinary activities	8	1,774,081	5,073,466
		<hr/>	<hr/>
LOSS FOR THE FINANCIAL YEAR	20	(3,754,801)	(2,951,597)
		<hr/> <hr/>	<hr/> <hr/>

The Company has no recognised gains or losses other than the loss for the period. There is no difference between the loss on ordinary activities before taxation and its historical cost equivalent.

A statement of the movement on reserves can be found in note 20.

SWINTON GROUP LIMITED

BALANCE SHEET AS AT 31 DECEMBER 1999

	Note	1999 £	1998 £
FIXED ASSETS			
Intangible assets	9	417,117	-
Tangible assets	10	5,240,158	6,816,237
Investments	11	1,000	-
		<u>5,658,275</u>	<u>6,816,237</u>
CURRENT ASSETS			
Redeemable preference shares in fellow subsidiary undertaking	12	1,200,000	1,200,000
Debtors	13	47,152,073	37,659,666
Cash at bank and in hand		29,815	26,432
		<u>48,381,888</u>	<u>38,886,098</u>
CREDITORS: Amounts falling due within one year	14	(144,162,532)	(121,734,626)
NET CURRENT LIABILITIES		<u>(95,780,644)</u>	<u>(82,848,528)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(90,122,369)</u>	<u>(76,032,291)</u>
CREDITORS: Amounts falling due after more than one year	15	(10,518,835)	(8,901,273)
PROVISIONS FOR LIABILITIES AND CHARGES	16	(4,578,465)	(16,531,304)
		<u>(105,219,669)</u>	<u>(101,464,868)</u>
CAPITAL AND RESERVES			
Called up share capital	19	100	100
Profit and loss account	20	(105,219,769)	(101,464,968)
EQUITY SHAREHOLDERS' FUNDS	21	<u>(105,219,669)</u>	<u>(101,464,868)</u>

The financial statements on pages 6 to 16 were approved by the board on 12 July 2000.


G E JONES - DIRECTOR

SWINTON GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

1. STATEMENT OF ACCOUNTING POLICIES

A summary of the principal accounting policies is set out below.

Basis of preparation

These financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Turnover

Turnover represents insurance commissions receivable net of rebates given during the year.

Depreciation

Depreciation is provided so as to write off the cost of all tangible fixed assets over their expected useful economic lives, which are estimated to be:

Short leasehold property	-	The period of the lease
Equipment, furniture & vehicles	-	3 - 7 years

Improvements to leasehold properties, including those leased from other group companies, are capitalised and written off over their estimated useful life.

Goodwill

Goodwill, being the difference between the fair value of the assets acquired and the purchase consideration is capitalised and amortised over its estimated useful life. The goodwill arising on the acquisition of business portfolios from other intermediaries or insurance companies is amortised on a straight line basis over 5 years. This period being the directors' estimate of the period over which the Company will benefit from the cashflows generated by the acquired business. Goodwill acquired prior to 1 January 1998 has been taken directly to reserves. The profit or loss on the disposal or termination of a business includes goodwill previously taken directly to reserves.

Vacant property expenses

The Company provides for future costs associated with properties which it has ceased to use and is unlikely to re-occupy. The provision encompasses all rent and other outgoings based on an estimate of the average length of time properties will continue to be vacant.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1999**

1. STATEMENT OF ACCOUNTING POLICIES (continued)

Operating lease rentals

Operating lease rentals are charged to the profit and loss account in the year in which they are incurred.

Deferred Taxation

Deferred taxation is provided using the liability method to the extent that the directors consider that a liability will arise in the foreseeable future.

Pension Costs

The Company is a member of a group pension scheme which operates a defined contribution scheme covering the majority of its employees. The scheme is non-contributory and the funds are administered independently of the Company's finances. The charge to the profit and loss account comprises the total contributions payable to the scheme in the financial year.

Cash Flows

The Company is a wholly owned subsidiary of Royal & Sun Alliance Insurance Group plc and its cash flows are included in the consolidated cash flow statement of that Company. Consequently the Company is exempt from the requirement of Financial Reporting Standard 1 to prepare a cash flow statement.

2. EXCEPTIONAL RELEASE – YEAR 2000 COSTS

An exceptional charge of £3,400,000 was made in 1997 in respect of the external costs necessary to make existing computer software Year 2000 compliant. This activity was substantially completed in 1998 and £241,049 of the charge was released. In addition to these costs, £1,500,000 was incurred in replacing existing non Year 2000 compliant computer hardware. The costs of the computer hardware have been capitalised as incurred and depreciated in accordance with the Company's depreciation policy.

3. OPERATING PROFIT	1999	1998
	£	£
Operating loss is stated after charging:		
Amortisation of Goodwill	14,383	-
Depreciation	3,284,265	3,399,860
Auditors' remuneration	98,000	88,170
Operating lease rentals:		
Land & buildings	1,930,103	1,720,925
Loss on disposal of tangible fixed assets	46,074	-
	<hr/>	<hr/>
and after crediting:		
Rents receivable	55,928	48,938
Group management charge receivable	300,000	315,595
Profit on disposal of tangible fixed assets	-	100,175
	<hr/>	<hr/>

Remuneration of the Company's auditors for provision of non-audit services to the Company was £nil (1998 - £518,000).

SWINTON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1999**

4. DIRECTORS AND EMPLOYEE INFORMATION	1999	1998
	£	£
Directors' remuneration	515,454	581,858
Pension contributions	27,656	26,250
	<u>£543,110</u>	<u>£608,108</u>
The emoluments of the highest paid director, amounted to:		
Directors' remuneration	234,397	259,768
Pension contributions	-	-
	<u>£234,397</u>	<u>£259,768</u>
	£	£
Wages and salaries	23,674,480	21,168,630
Social security costs	2,071,039	1,951,884
Other pension costs	778,834	719,905
	<u>£26,524,353</u>	<u>£23,840,419</u>
	No.	No.
The average weekly number of employees during the year was:	1,790	1,694
5. EXCEPTIONAL ITEMS	1999	1998
	£	£
Release of surplus restructuring provision	-	360,442
Loss on sale of branches	-	(360,442)
Taxation	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
6. INTEREST RECEIVABLE	1999	1998
	£	£
Loan interest	453	3,657
Other interest receivable	7,346	26,121
	<u>£7,799</u>	<u>£29,778</u>

SWINTON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1999**

7. INTEREST PAYABLE	1999	1998
	£	£
On loans from parent company	6,614,628	7,541,462
To others	342	2,674
	<hr/>	<hr/>
	£6,614,970	£7,544,136
	<hr/>	<hr/>
8. TAX ON LOSS ON ORDINARY ACTIVITIES	1999	1998
	£	£
The tax credit for the year represents:		
Group loss relief receivable at 30.25% (1998 - 31%)	1,774,081	3,164,235
Adjustment in respect of previous years	-	1,909,231
	<hr/>	<hr/>
	£1,774,081	£5,073,466
	<hr/>	<hr/>
9. INTANGIBLE FIXED ASSETS		Purchased Goodwill
		£
Cost		
At 1 January 1999		-
Additions		431,500
		<hr/>
At 31 December 1999		431,500
Depreciation		
At 1 January 1999		-
Charge for the year		14,383
		<hr/>
At 31 December 1999		14,383
Net book value		
At 31 December 1999		£417,117
		<hr/>
At 31 December 1998		-
		<hr/>

SWINTON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1999**

10. TANGIBLE FIXED ASSETS

	Short Leasehold Property £	Equipment Furniture & Vehicles £	Total £
<i>Cost</i>			
At 1 January 1999	1,442,196	17,859,818	19,302,014
Additions		2,086,842	2,086,842
Disposals	(769,074)	(2,685,552)	(3,454,626)
	<hr/>	<hr/>	<hr/>
At 31 December 1999	673,122	17,261,108	17,934,230
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 January 1999	1,094,149	11,391,628	12,485,777
Charge for the year	42,383	3,241,882	3,284,265
Disposals	(724,167)	(2,351,803)	(3,075,970)
	<hr/>	<hr/>	<hr/>
At 31 December 1999	412,365	12,281,707	12,694,072
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 1999	£260,757	£4,979,401	£5,240,158
	<hr/>	<hr/>	<hr/>
At 31 December 1998	£348,047	£6,468,190	£6,816,237
	<hr/>	<hr/>	<hr/>

11. FIXED ASSET INVESTMENTS

	1999 £	1998 £
<i>Shares in subsidiary companies</i>		
Cost at 1 January	-	-
Additions in year	1,000	-
	<hr/>	<hr/>
At 31 December	£1,000	-
	<hr/>	<hr/>

The share capital of Quickjay Limited was acquired on 28th May 1999 at par as part of the franchise withdrawal programme. The trade of Quickjay Limited was transferred to the Company prior to acquisition and has not traded since that date.

SWINTON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1999**

12. CUMULATIVE REDEEMABLE PREFERENCE SHARES ("PREFERENCE SHARES") IN FELLOW SUBSIDIARY UNDERTAKING	1999 £	1998 £
---	-------------------	-------------------

Funding provided by way of preference shares:

Redeemable within one year	£1,200,000	£1,200,000
----------------------------	------------	------------

The shareholding comprises 1,200,000 £1 variable rate cumulative redeemable preference shares (1996) in Mynshul Finance Plc, a company registered in England and Wales. Mynshul Finance plc's redemption and dividend obligations to the Company are guaranteed by its parent company, Mynshul Group plc, and under the terms of the articles of association of Mynshul Finance plc, the Company has the right to exercise certain management controls. With effect from 20 December 1993, the Company waived the dividend which would otherwise accrue to it in respect of the preference shares, until further notice.

13. DEBTORS	1999 £	1998 £
--------------------	-------------------	-------------------

Insurance debtors	44,599,284	34,530,570
Amounts owed by group undertakings	809,406	163,913
Other debtors	583,196	1,952,735
Prepayments and accrued income	1,160,187	1,012,448

	<u>£47,152,073</u>	<u>£37,659,666</u>
--	--------------------	--------------------

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	1999 £	1998 £
---	-------------------	-------------------

Bank loans and overdrafts	5,571,461	11,082,572
Trade creditors	124,752	322,320
Insurance creditors	30,990,176	27,217,147
Amounts owed to group undertakings	103,043,559	76,972,488
Other creditors including taxation and social security	794,362	947,663
Accruals and deferred income	3,638,222	5,192,436

	<u>£144,162,532</u>	<u>£121,734,626</u>
--	---------------------	---------------------

Prior to restatement, the 1998 other creditors including taxation and social security figure included balances which have now been included in Provision for Liabilities and Charges. These are disclosed under Other Provisions in note 16.

SWINTON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1999**

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	1999 £	1998 £
Amounts owed to group undertaking	£10,518,835	£8,901,273

The parent company, Swinton (Holdings) Limited, has undertaken to continue to provide such financial assistance as is necessary to maintain the business of the Company as a going concern.

16. PROVISIONS FOR LIABILITIES AND CHARGES	Restructuring Costs	Vacant Property Costs	Other Provisions	Total £
At 1 January 1999	10,055,912	6,008,277	467,115	16,531,304
Charge/(release) to profit and loss account	(102,000)	-	71,431	(30,569)
Utilised during the year	(9,969,703)	(1,792,297)	(160,270)	(11,922,270)
At 31 December 1999	£(15,791)	£4,215,980	£378,276	£4,578,465

Included in Other Provisions is £97,000 in respect of claims notified to the Company at the balance sheet date in respect of sales of personal pension plans (1998 - £157,000).

The Company has restated the opening balances of the provisions to reflect provisions previously included in other creditors. This is to reflect the adoption of FRS 12 in the year, which became compulsory for accounting periods ended on or after 23 March 1999, and the recognition that these balances represent provisions as defined by FRS 12. The balance was included in other creditors in the previous year and so this comparative has also been restated.

17. CONTINGENT LIABILITIES

The Company has guaranteed to settle any obligations arising in respect of the sale of personal pension plans by Mynshul Financial Services Limited, a wholly owned subsidiary of Royal & Sun Alliance Insurance Group plc, to the extent that Mynshul Finance Services Limited is not capable of meeting such obligations out of its existing resources.

SWINTON GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1999**

18. DEFERRED TAXATION

	Potential Asset	
	1999	1998
	£	£
Deferred taxation represents:		
Capital allowances	1,556,069	2,454,668
Short term timing differences	146,285	4,200,103
	<hr/>	<hr/>
	£1,702,354	£6,654,771
	<hr/>	<hr/>

On the grounds of prudence, the above asset has not been accounted for in the financial statements.

19. SHARE CAPITAL

	1999	1998
	£	£
Authorised, issued and fully paid At 1 January 1999 and 31 December 1999 100 ordinary shares of £1 each	<hr/>	<hr/>
	£100	£100
	<hr/>	<hr/>

20. PROFIT AND LOSS ACCOUNT

	£
At 1 January 1999	(101,464,968)
Loss for the financial year	(3,754,801)
	<hr/>
At 31 December 1999	£(105,219,769)
	<hr/>

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1999	1998
	£	£
Loss for the financial year	(3,754,801)	(2,951,597)
Goodwill reinstated	-	527,762
Goodwill on acquisitions in year	-	(750,000)
	<hr/>	<hr/>
Net reduction to shareholders' funds	(3,754,801)	(3,173,835)
	<hr/>	<hr/>
Opening shareholders' funds	(101,464,868)	(98,291,033)
	<hr/>	<hr/>
Closing shareholders' funds	£(105,219,669)	£(101,464,868)
	<hr/>	<hr/>

SWINTON GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

22. CAPITAL COMMITMENTS

1999
£

1998
£

At the balance sheet date, the Company had capital expenditure commitments as follows:

Contracted for but not provided in the financial statements	£320,716	£766,000
---	----------	----------

23. OTHER FINANCIAL COMMITMENTS

The Company has annual commitments under non-cancellable operating leases as follows:

	1999 Land and Buildings £	1998 Land and Buildings £
Expiring within one year	114,081	74,232
Expiring between 2-5 years	1,141,476	913,286
Expiring after more than 5 years	1,980,003	2,468,809
	<u>£3,235,560</u>	<u>£3,456,327</u>

There is a difference between operating lease rentals charged to the profit and loss account in the current year and the annual commitment noted at the previous year end. This is because lease rentals relating to vacant properties are charged against the vacant property provision and do not go through the profit and loss directly.

24. ULTIMATE PARENT COMPANY

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

The company has applied the provisions of Financial Reporting Standard Number 8, whereby if a subsidiary is at least 90% owned by its parent, no disclosure is required of transactions with entities that are part of the group.