

**SWINTON (DENTON) LIMITED**

**DIRECTORS' REPORT AND  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2001**

**Registered number: 1232766 England**



**SWINTON (DENTON) LIMITED**

**DIRECTOR:** P J E Smith

**SECRETARY:** S A Hargreaves

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

**REGISTERED AUDITORS:** Ernst & Young LLP  
100 Barbirolli Square  
Manchester  
M2 3EY

**REGISTERED NUMBER:** 1232766 England

## **SWINTON (DENTON) LIMITED**

### **REPORT OF THE DIRECTORS**

The directors submit their report and financial statements of the Company for the year ended 31 December 2001

#### **BUSINESS REVIEW**

The principal activity of the Company is that of a holding company of subsidiaries.

The Company has been dormant prior to this financial period and all of the Company's subsidiary undertakings are dormant with one exception, Swinton Group Limited, which operates as an insurance intermediary.

The entire issued share capital of the Company's holding company, Swinton (Holdings) Limited, was sold on 2 May 2001 to MMA Holdings UK plc by Royal & Sun Alliance Insurance Group plc ["RSA"], the Company's previous ultimate parent undertaking.

As part of that sale, the majority of the Company's dormant subsidiary undertakings were retained by RSA. Accordingly these companies ceased to be subsidiary undertakings of the Company. The Company also became dormant again after this transaction had been completed.

The directors do not propose the payment of a dividend for the year (2000 - Enil).

#### **DIRECTORS**

The members of the board during the year were:

G E Jones	resigned 01.05.2001
J M Price	resigned 25.05.2001
P J E Smith	appointed 25.05.2001
S A Hargreaves	resigned 01.11.2001

As at 1 January 2001, the following three directors held options to subscribe for ordinary shares of 10p each in the share capital of the Swinton (Holdings) Limited: G E Jones held 88,294 options, J M Price held 17,341 options and S A Hargreaves held 8,671 options. These options lapsed on 14 January 2001.

No director had any interests in the shares or debentures of the Company.

At the year end, only P J E Smith had an interest in other bodies corporate in the same group as the Company. He holds, through his interests in Webbshare Limited, 50,400 Ordinary 'A' Shares (16.8% of the Ordinary Share Capital) in Its4me plc, a subsidiary of MMA Insurance plc.

## **SWINTON (DENTON) LIMITED**

### **REPORT OF THE DIRECTORS**

#### **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**

Until 2001, the Company, was dormant and had an elective resolution in place dispensing it from its obligation to appoint an auditor. In 2001, Ernst & Young LLP were appointed auditors.

As the Company will be dormant from 1 January 2002 onwards, an elective resolution will be put to the Annual General Meeting proposing that the Company dispenses with the annual appointment of auditors and laying of its accounts at general meeting.

**By Order of the Board**



**S A HARGREAVES**

**Secretary**

**21 May 2002**

## **SWINTON (DENTON) LIMITED**

### **REPORT OF THE DIRECTORS**

#### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SWINTON (DENTON) LIMITED**

We have audited the Company's financial statements for the year ended 31 December 2001 which comprise the Profit and Loss Account, Balance Sheet, Reconciliation of Shareholders' Funds, Statement of Total Recognised Gains and Losses and the related notes 1 to 8. These financial statements have been prepared on the basis of the accounting policies set out therein.

#### **Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities the Company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 with the Company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

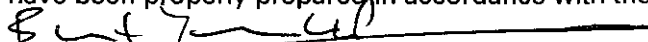
#### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom 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 affairs of the Company as at 31 December 2001 and of the profit of the Company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
Ernst & Young LLP  
Registered Auditor  
Manchester

21 May 2002

**SWINTON (DENTON) LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2001**

	Note	2001 £	2000 £
Profit on disposal of subsidiaries	2,7	283,768	-
		<hr/>	<hr/>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		283,768	-
Tax on results of ordinary activities		-	-
		<hr/>	<hr/>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		283,768	-
Dividends		-	-
		<hr/>	<hr/>
<b>PROFIT FOR THE YEAR</b>		<u>283,768</u>	<u>-</u>

The company has no recognised gains and losses other than those included in the profit above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the profit for the year, and their historical cost equivalents.

**SWINTON (DENTON) LIMITED**  
**BALANCE SHEET AS AT 31 DECEMBER 2001**

	Note	2001 £	2000 £
<b>FIXED ASSETS</b>			
Investments	2	68,437	2,239,335
<b>CREDITORS</b>			
Amounts falling due within one year	3	(17,451,307)	(19,905,973)
<b>NET LIABILITIES</b>		<u>(17,382,870)</u>	<u>(17,666,638)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	4	26,260	26,260
Profit and loss account	5	(17,409,130)	(17,692,898)
	6	<u>(17,382,870)</u>	<u>(17,666,638)</u>

The financial statements on pages 5 to 9 were approved by the board on 21 May 2002 and signed on their behalf by



**P J E SMITH**  
**DIRECTOR**

# SWINTON (DENTON) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

### 1. ACCOUNTING POLICIES

#### Basis of preparation

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

The Company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare consolidated accounts. These financial statements present information about the Company as an individual undertaking and not about its Group.

In accordance with Financial Reporting Standards 1 the Company has not presented a cash flow statement as its cash flows have been consolidated with those of its ultimate parent company, La Mutuelle du Mans Assurances IARD.

#### Fixed Asset Investments

Fixed asset investments are valued at cost less any provision for impairment.

### 2. FIXED ASSET INVESTMENTS

	Shares £	Loans £	Total £
In subsidiary undertakings:			
Cost:			
At 1 January 2001	16,171,790	5,000,061	21,171,851
Disposals	(16,103,353)	(5,000,061)	(21,103,414)
	<hr/>	<hr/>	<hr/>
At 31 December 2001	68,437	-	68,437
	<hr/>	<hr/>	<hr/>
Amounts provided:			
At 1 January 2001	14,164,168	4,768,348	18,932,516
Disposals	(14,164,168)	(4,768,348)	(18,932,516)
	<hr/>	<hr/>	<hr/>
At 31 December 2001	-	-	-
	<hr/>	<hr/>	<hr/>
Net book value:			
At 31 December 2001	68,347	-	68,437
	<hr/>	<hr/>	<hr/>
At 1 January 2001	2,007,622	231,713	2,239,335
	<hr/>	<hr/>	<hr/>

The directors have considered the value of the Company's fixed asset investments and are satisfied that the aggregate value of the assets, without actually revaluing them, was not less than the aggregate amount (before provisions for diminution in value) at which they are stated in the financial statements.

The Company's principal subsidiary undertaking, in which it directly holds a 100% shareholding, is Swinton Group Limited, a company which acts as an insurance intermediary.



**SWINTON (DENTON) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001**

**3. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Amounts due to group undertakings	17,451,307	19,905,973
	<hr/>	<hr/>

**4. SHARE CAPITAL**

	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Authorised, issued and fully paid		
26,000 ordinary shares of 1p each	260	260
26,000 deferred shares of £1 each	26,000	26,000
	<hr/>	<hr/>
	26,260	26,260
	<hr/>	<hr/>

Holders of deferred shares are not entitled to vote at any General Meeting of the Company. They are entitled to a 5% per annum fixed non-cumulative dividend if net profits of the Company for a financial year available for distribution are in excess of £2 million. On winding up of the Company they are entitled to a return of the capital paid up on these shares only after £2 million has been distributed in respect ordinary shares.

**5. PROFIT AND LOSS ACCOUNT**

	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
As at 1 January 2001	(17,692,898)	(17,692,898)
Retained profit for the financial year	283,768	-
	<hr/>	<hr/>
As at 31 December 2001	(17,409,130)	(17,692,898)
	<hr/>	<hr/>

**6. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS**

	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Profit for the financial year	283,768	-
Opening shareholders funds	(17,666,638)	(17,666,638)
	<hr/>	<hr/>
Closing shareholders funds	(17,382,870)	(17,666,638)
	<hr/>	<hr/>

## **SWINTON (DENTON) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001**

#### **7. RELATED PARTY TRANSACTIONS**

On 2 May 2001, the Company's ultimate parent company and controlling party, Royal & Sun Alliance Group plc ["RSA"], disposed of its interests in Swinton (Holdings) Limited, the Company's parent undertaking, and certain of its subsidiary undertakings (including the Company).

Prior to this date, RSA exercised control over all of the operations of the Company. In 2001, the Company's only transaction with RSA (which arose due to the sale) was the acquisition by RSA of certain of the Company's interests in group undertakings for a consideration of £2,454,666. There were no transactions between the Company and RSA in 2000.

RSA is registered in England & Wales and a copy of its accounts can be obtained from 30 Berkeley Square, London W1J 6EW.

#### **8. ULTIMATE PARENT COMPANY & CONTROLLING PARTY**

The Company's immediate parent company continues to be Swinton (Holdings) Limited.

From 2 May 2001, in the directors' opinion, the Company's ultimate parent company, controlling party and largest undertaking which produces consolidated accounts (which include the Company and its subsidiary undertakings) became La Mutuelle du Mans Assurances IARD ["MMA IARD"] which is registered in France. Copies of its group accounts can be obtained from MMA Insurance plc, Norman Place, Reading RG1 8DA.

The smallest undertaking in the group which produces consolidated accounts (which include the Company and its subsidiary undertakings) continues to be Swinton (Holdings) Limited which is registered in England & Wales. A copy of its accounts can be obtained from the Company's registered office.

The Company has applied the provisions of Financial Reporting Standard 8 ("Related Party Transactions") and taken the exemption allowed by the Standard from disclosing transactions with entities in the MMA IARD Group.