

Registered Number: 01824102

SWINCHAN HOLDINGS LIMITED

**Annual Report and Accounts
for the year ended 31 December 2012**

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SWINCHAN HOLDINGS LIMITED

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SWINCHAN HOLDINGS LIMITED

Company information

Directors

R J Clayton

I A Craston

W R B McDonnell

Secretary

Roysun Limited

Registered office

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

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
London

SWINCHAN HOLDINGS LIMITED

Directors' report for the year ended 31 December 2012

The directors present their annual report on the affairs of the Company and the audited financial statements for the year ended 31 December 2012

Business review and principal activity

The Company was the holding company of Surfeal Limited, which became a wholly owned subsidiary of the Company following the dissolution of its previous parent company, Surfeal Holdings Limited on 29 October 2008. Surfeal Limited was a non-trading company that was dissolved on 19 March 2013.

The results for the Company show a profit on ordinary activities before tax of £202,786 (2011 loss £6,196,293). The shareholder funds of the Company were £23,101,650 as at 31 December 2012 (31 December 2011 £22,837,946).

Future outlook

There is not expected to be any change to the business in the foreseeable future.

Dividends

The directors do not recommend payment of a dividend in respect of the year ended 31 December 2012 (2011 £nil).

Principal risks and uncertainties

The Company's principal risks and uncertainties are integrated within and managed together with the principal risks of the RSA Insurance Group plc (the "Group") and are not managed separately. The principal risks and uncertainties of the Group, which include those of the UK business, and hence the Company, are set out in the estimation techniques, uncertainties and contingencies on pages 88 to 91, and in the risk review on pages 26 to 29 of the 2012 Annual Report & Accounts of the Group, which do not form part of this report.

A discussion on the management of financial risk is set out below.

Financial risk management

The Company's management of risk is set at Group level.

The Company's principal exposure is to debts due from group companies which the directors expect to be settled in full as they fall due or on demand as applicable.

Key performance indicators

The directors of the Group manage the Group's operations on a divisional basis as described in the Annual Report & Accounts of the Group. For this reason the Company's directors believe that analysis using key performance indicators (KPIs) for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. Further information on financial KPIs are detailed in the Annual Report & Accounts of the Group (which do not form part of this report) within the Group Chief Executive's review on pages 10 to 13 and the regional business reviews on pages 18 to 25. The Annual Report & Accounts of the Group also includes non-financial KPIs which are detailed in the regional business reviews on pages 18 to 25, the corporate responsibility report on pages 30 to 33 and the directors' and corporate governance report on pages 40 to 54.

Directors

The names of the current directors are listed on page 1. Ms D P Cockrem served as a director until her resignation on 10 October 2012. Mr M Harris served as a director until his resignation on 31 May 2013. The other directors served throughout the year.

The directors' responsibilities statement appears on page 4 and is incorporated by reference into this report.

SWINCHAN HOLDINGS LIMITED

Directors' report (continued) for the year ended 31 December 2012

Auditor

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all steps that he ought to have taken as a director in order to make himself aware of any relevant audit information, and to establish that the Company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

At the 2013 Annual General Meeting of RSA Insurance Group plc, the Company's ultimate parent company, KPMG LLP were appointed as external auditor to the Group. Accordingly Deloitte LLP will not be seeking re-appointment as auditor of the Company at the conclusion of their current term of office. There are no circumstances connected with the resignation of Deloitte LLP as external auditor which should be brought to the attention of members or creditors of the Company.

Going concern

In considering the appropriateness of the going concern basis the Board have reviewed the key risks and uncertainties to which they believe the Company is exposed and the Company's ongoing financial commitments for the next twelve months and beyond. As a result of this, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and have satisfied themselves that it is appropriate to prepare these financial statements on a going concern basis.

By order of the Board



J M Mills
For and on behalf of
Roysun Limited
Secretary
24 June 2013

SWINCHAN HOLDINGS LIMITED

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the member of Swinchan Holdings Limited

We have audited the financial statements of Swinchan Holdings Limited for the year ended 31 December 2012 which comprise the profit and loss account, the balance sheet and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's member in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

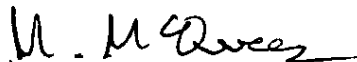
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



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

28 June 2013

SWINCHAN HOLDINGS LIMITED

Profit and loss account for the year ended 31 December 2012

		2012	2011
	Notes	£	£
Interest receivable	5	202,786	207,794
Impairment of financial assets		-	(6,404,087)
Profit/(loss) on ordinary activities before taxation		202,786	(6,196,293)
Taxation on profit on ordinary activities	6	60,918	388,122
Profit/(loss) for the financial year		263,704	(5,808,171)

All figures relate to continuing operations

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

There is no material difference between the results for the current year and the previous year as reported above and the results on an unmodified historical cost basis. Accordingly, a note on the historical cost profits and losses for the year is not given.

The notes on pages 8 to 10 form an integral part of these accounts.

SWINCHAN HOLDINGS LIMITED

Registered number: 01824102

Balance sheet

As at 31 December 2012

	Notes	2012 £	2011 £
Current assets			
Debtors	7	41,320,472	41,444,890
		<u>41,320,472</u>	<u>41,444,890</u>
Creditors	8	(18,218,822)	(18,606,944)
Total assets less current liabilities		<u>23,101,650</u>	<u>22,837,946</u>
 Capital and reserves			
Called up share capital	9	100	100
Profit and loss account	10	<u>23,101,550</u>	<u>22,837,846</u>
Shareholder funds		<u>23,101,650</u>	<u>22,837,946</u>

The notes on pages 8 to 10 form an integral part of these accounts

The financial statements were approved by the Board of Directors and are signed on its behalf by


R J Clayton

Director

26 June 2013

SWINCHAN HOLDINGS LIMITED

Notes to the accounts

1 Financial Statements

The financial statements are prepared in accordance with applicable UK Accounting Standards and in compliance with the Companies Act 2006

The financial statements have been prepared under the historical cost convention, on a going concern basis

In considering the appropriateness of the going concern basis the Board have reviewed the key risks and uncertainties to which they believe the Company is exposed and the Company's ongoing financial commitments for the next twelve months and beyond. As a result of this, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and have satisfied themselves that it is appropriate to prepare these financial statements on a going concern basis

A summary of the major accounting policies, which have been applied consistently throughout the year and the preceding year, is set out below

(a) Income

Income from intercompany loans is included in the profit and loss account on an accruals basis

(b) Taxation

Current tax, based on profits and income for the year, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

2 Auditor's remuneration

Fees payable to Deloitte LLP for the audit of the Company's annual accounts were £1,650 (2011 £1,650) which were borne by a Group company, Royal & Sun Alliance Insurance plc. Details of non-audit fees payable to Deloitte LLP are disclosed in the RSA Insurance Group plc 2012 Annual Report & Accounts

3 Directors' emoluments

None of the directors received any emoluments from the Company during the year (2011 £nil). All the directors receive remuneration from Royal & Sun Alliance Insurance plc as employees of that company, and it is not appropriate, because of the non-executive nature of their services, to make an apportionment of their emoluments in respect of the Company

4 Employees and staff costs

The Company did not employ anyone during the year (2011 nil). All administrative duties are performed by employees of Royal & Sun Alliance Insurance plc at no cost to the Company (2011 £nil)

5 Other interest receivable and similar income

	2012	2011
	£	£
Income from group undertakings	202,786	207,794

6 Taxation

The credit for taxation in the profit and loss account comprises

	2012	2011
	£	£
Current Tax		
UK corporation tax	(60,918)	(388,122)
Tax credit	(60,918)	(388,122)

SWINCHAN HOLDINGS LIMITED

Notes to the accounts (continued)

6 Taxation (continued)

The UK corporation tax for the current year is based on a rate of 24.5% (2011 26.5%). The rate of corporation tax has reduced from 26% to 24% effective 1 April 2012, and as a result a composite rate of 24.5% has been used in the accounts.

Factors affecting the current tax credit

The current tax credit for the year is less than 24.5% (2011 less than 26.5%) due to the items set out in the reconciliation below.

	2012	2011
	£	£
Profit/(loss) on ordinary activities before tax	202,786	(6,196,293)
Tax at 24.5% (2011 26.5%)	49,677	(1,641,593)
Factors affecting credit		
Expenses not deductible for tax purposes	-	1,696,644
Fiscal adjustments	(110,595)	(443,173)
Current tax credit for the year	(60,918)	(388,122)

There were no deferred tax assets or liabilities at 31 December 2012 or 2011.

7 Debtors amounts falling due within one year

	2012	2011
	£	£
Amounts due from group undertakings	41,259,554	41,056,768
Other taxation	60,918	388,122
	41,320,472	41,444,890

8 Creditors amounts falling due within one year

	2012	2011
	£	£
Amounts owed to group undertakings	18,218,822	18,606,944
	18,218,822	18,606,944

9 Share capital

	2012	2011
	£	£
Allotted, issued and fully paid up		
100 (2011 100) ordinary shares of £1 each	100	100

10 Movements in shareholder funds

	Share capital	Profit and loss account	2012	2011
	£	£	£	£
Shareholder funds at 1 January	100	22,837,846	22,837,946	28,646,117
Profit/(loss) for the financial year	-	263,704	263,704	(5,808,171)
Shareholder funds at 31 December	100	23,101,550	23,101,650	22,837,946

SWINCHAN HOLDINGS LIMITED

Notes to the accounts (continued)

11 Cash flow statement

The Company is a wholly-owned subsidiary of RSA Insurance Group plc and the cash flows of the Company are included in the consolidated cash flow statement of RSA Insurance Group plc. The Company has thus taken advantage of the exemption permitted by FRS 1 (revised 1996) 'Cash flow Statements' and has elected not to prepare its own cash flow statement.

12 Related party transactions

Advantage has been taken of the exemption provided in FRS 8 'Related Party Disclosures' from disclosing details of transactions with RSA Insurance Group plc and its subsidiaries and associated undertakings.

13 Parent companies

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