

Registered Number: 01824102

SWINCHAN HOLDINGS LIMITED

**Annual Report and Accounts
for the year ended 31 December 2009**



SWINCHAN HOLDINGS LIMITED

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SWINCHAN HOLDINGS LIMITED

Company information

Directors

R J Clayton

D P Cockrem

I A Craston

M Harris

P L Miles

Secretary

Roysun Limited

Registered office

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

Auditors

Deloitte LLP
Chartered Accountants and Statutory Auditors
London

SWINCHAN HOLDINGS LIMITED

Directors' report for the year ended 31 December 2009

The directors present their annual report on the affairs of the Company and the audited financial statements for the year ended 31 December 2009

Business review and principal activity

The Company was formerly a holding company

The results for the Company show a profit on ordinary activities before tax of £311,330 (2008 £1,973,704) The shareholder's funds of the Company were £28,418,552 as at 31 December 2009 (31 December 2008 £28,085,248)

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 2009 (2008 £nil)

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the RSA Insurance Group plc (the Group) and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, which include those of the Company, are set out in the estimation techniques, risks, uncertainties and contingencies on pages 82 to 84, and in the risk framework on pages 30 to 32 of the 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 is a subsidiary of RSA Insurance Group plc and its 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 RSA Insurance Group plc manage the Group's operations on a divisional basis. 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. Financial KPIs are detailed in the Annual Report & Accounts of the Group (which do not form part of this report) within the Group CEO review on pages 6 to 10 and the regional business review on pages 14 to 25. This document also includes non-financial KPIs which are detailed in the regional business reviews on pages 14 to 25, the corporate responsibility report on pages 33 to 37 and the directors' report on pages 43 to 46.

Articles of association

The Companies Act 2006 abolishes the requirement for a company to have an authorised share capital through the repeal of section 2(5)(a) of the Companies Act 1985, which became effective on 1 October 2009.

Accordingly, by written resolution passed on 1 April 2010, the Company amended its articles of association (the "Old Articles") by deleting all the provisions of the Company's memorandum of association which, by virtue of section 28 of the Companies Act 2006, were treated with effect from 1 October 2009 as provisions of the Old Articles. At the same time the Company adopted new Articles of Association (the "New Articles"). The New Articles do not contain restrictions on the share capital of the Company and consequently, the Company no longer has an authorised share capital.

Directors

The names of the current directors are listed on page 1, they served throughout the year.

Auditors

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 auditors are unaware, and
- the director has taken all steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information, and to establish that the Company's auditors are aware of that information.

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

Deloitte LLP have confirmed their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed to be reappointed as auditors in the absence of an Annual General Meeting.

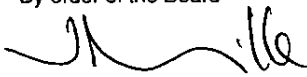
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Directors' report (continued) for the year ended 31 December 2009

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



Roysun Limited
Secretary

28 June 2010

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, subject to any material departures disclosed and explained in the financial statements, 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.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors' report to the members of Swinchan Holdings Limited

We have audited the financial statements of Swinchan Holdings Limited for the year ended 31 December 2009 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 members, as a body, 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 members those matters we are required to state to them in an auditors' 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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 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 (APB'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.

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 2009 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.

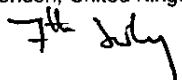
Matters on which we are required to report by exception

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 Auditors,
London, United Kingdom



2010

SWINCHAN HOLDINGS LIMITED

Profit and loss account for the year ended 31 December 2009

	Notes	2009 £	2008 £
Interest receivable	5	311,330	1,973,704
Profit on ordinary activities before taxation		311,330	1,973,704
Taxation on profit on ordinary activities	6	21,974	(355,722)
Profit for the financial year		333,304	1,617,982

All amounts relate to continuing operations

There have been no recognised gains or losses in either reporting period 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 and 9 form an integral part of these accounts.

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Balance sheet as at 31 December 2009

		2009 £	2008 £
Notes			
Current assets			
Debtors	7	40,688,779	40,355,512
		<u>40,688,779</u>	<u>40,355,512</u>
Creditors amounts falling due within one year	8	(12,270,227)	(12,270,264)
Total assets less current liabilities		<u>28,418,552</u>	<u>28,085,248</u>
Capital and reserves			
Called up share capital	9	100	100
Profit and loss account	10	28,418,452	28,085,148
Shareholder's funds		<u>28,418,552</u>	<u>28,085,248</u>

The notes on pages 8 and 9 form an integral part of these accounts

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



P L Miles
Director

28 June 2010

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 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.

Deferred tax is recognised in respect of all timing differences (except as set out below) that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. A deferred tax asset is recognised for relief for trading losses or other losses only to the extent that the directors anticipate that suitable profits will absorb such losses in the future.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

2 Auditors' remuneration

Fees payable to Deloitte LLP for the audit of the Company's annual accounts were £1,650 (2008 £1,650) which were borne by a parent company, Royal & Sun Alliance Insurance plc. Details of non-audit fees payable to Deloitte LLP are disclosed in the RSA Insurance Group plc 2009 Annual Report & Accounts.

3 Directors' emoluments

None of the directors received any emoluments from the Company during the year (2008 £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 (2008 nil). All administrative duties are performed by employees of Royal & Sun Alliance Insurance plc at no cost to the Company (2008 £nil).

5 Other interest receivable and similar income

	2009 £	2008 £
Income from group undertakings	311,330	1,973,704

6 Taxation

The charge for taxation in the profit & loss account comprises

	2009 £	2008 £
Current tax		
UK corporation tax	(21,974)	366,324
Adjustments in respect of prior periods		
- UK corporation tax	-	(10,602)
Tax (credit)/charge	(21,974)	355,722

The UK corporation tax for the current year is based on a rate of 28% (2008 28.5%).

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Notes to the accounts (continued)

6 Taxation (cont)

Factors affecting the current tax charge

The current tax charge/(credit) for the year is less than 28% (2008 less than 28.5%) due to the items set out in the reconciliation below

	2009 £	2008 £
Profit on ordinary activities before tax	311,330	1,973,704
Tax at 28% (2008 28.5%)	87,172	562,452
<i>Factors affecting charge</i>		
Fiscal adjustments	(109,146)	(196,128)
Adjustment to tax charge in respect of previous periods	-	(10,602)
Current tax charge for the year	(21,974)	355,722

There were no deferred tax assets or liabilities at 31 December 2009 or 2008

7 Debtors

Amounts falling due within one year	2009 £	2008 £
Amounts due from group undertakings	40,666,805	40,355,474
Other taxation and social security	21,974	-
Other debtors	-	38
	40,688,779	40,355,512

8 Creditors amounts falling due within one year

	2009 £	2008 £
Amounts owed to group undertakings	12,270,227	11,914,542
Other taxation and social security	-	355,722
	12,270,227	12,270,264

9 Share capital

	2009 £	2008 £
Allotted, issued and fully paid up		
100 (2008 100) ordinary shares of £1 each	100	100

10 Movements in shareholder's funds

	Share capital £	Profit and loss account £	2009 £	2008 £
Shareholder's funds at 1 January	100	28,085,148	28,085,248	26,467,266
Profit for the financial year	-	333,304	333,304	1,617,982
Shareholder's funds at 31 December	100	28,418,452	28,418,552	28,085,248

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 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.