

Registered Number: 2395376

ROYAL & SUN ALLIANCE INSURANCE FINANCE LIMITED

Annual Report and Accounts for the year ended 31 December 2007



Royal & Sun Alliance Insurance Finance Limited
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Royal & Sun Alliance Insurance Finance Limited
Company information

Directors

Non-Destructive Testers Limited

Roysun Limited

Company Secretary

Roysun Limited

Registered office

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

Auditors

Deloitte & Touche LLP
Hill House
1 Little New Street
London
EC4A 3TR

Royal & Sun Alliance Insurance Finance Limited

Directors' report for the year ended 31 December 2007

The directors present their report and the audited financial statements for the year ended 31 December 2007

Business review and principal activity

The principal activity of the Company is to provide credit sale finance to employees of Royal & Sun Alliance Insurance plc to enable employees to purchase a car through the Company. See also the post balance sheet event detailed below

Post balance sheet event

As part of a project to outsource the Royal & Sun Alliance Insurance Group (the RSA Group) fleet business, the majority of the Company's interest-bearing loan book was sold in July 2008 to a third party outside of the RSA Group and the Company does not intend to write any new business. This cessation of trade has resulted in the financial statements being prepared on an other than going concern basis (see the Statement of accounting policies)

Future outlook

The remaining element of the interest-bearing loan book will continue to be managed. Following final settlement of these loans, a decision will be made as to the future of the Company.

Result and dividend

The result for the year is shown in the profit and loss account on page 7. The directors do not recommend the payment of a dividend (2006: £nil).

Principal risks and uncertainties and key performance indicators

A discussion on financial instrument risk management is set out below. Key performance indicators are not appropriate for the Company and are not maintained as the Company provides a service to a fellow Group company's employees.

Directors

The names of the current directors, who all served throughout the year, are listed on page 2.

Financial instrument risk management

The Company is a subsidiary of RSA Insurance Group plc (previously Royal & Sun Alliance Insurance Group plc) and its management of risk is set at Group level.

The only financial instrument risk to which the Company is exposed is credit risk arising from receivables in the balance sheet. However, the Board considers this risk to be remote as the receivables are comprised mainly of amounts due from employees of Royal & Sun Alliance Insurance plc, which are either recoverable via that company's payroll or secured by retention of vehicle documentation, and amounts owed by fellow Group undertakings.

Royal & Sun Alliance Insurance Finance Limited

Directors' report (continued) for the year ended 31 December 2007

Auditors

At the Extraordinary General Meeting of the Company held on 21 June 2007, PricewaterhouseCoopers LLP stepped down as auditors of the Company and Deloitte & Touche LLP were appointed. PricewaterhouseCoopers LLP have confirmed that there are no circumstances connected with their ceasing to hold office which should be brought to the notice of the shareholders or creditors of the Company pursuant to section 394 of the Companies Act 1985.

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

- so far as each 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, 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 s234ZA of the Companies Act 1985.

Deloitte & Touche LLP have confirmed their willingness to continue in office as auditors of the Company. The Company has in place an elective resolution made under section 386 of the Companies Act 1985 which continues in force under the Companies Act 2006.

By order of the board



J Possener for and on behalf of Roysun Limited
Company Secretary
29 October 2008

Royal & Sun Alliance Insurance Finance Limited

Statement of directors' responsibilities

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). The financial statements are required by law to 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 judgements and 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 proper accounting records that 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 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.

Independent auditors' report to the members of Royal & Sun Alliance Insurance Finance Limited

We have audited the financial statements of Royal & Sun Alliance Insurance Finance Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 14 including the accounting policies. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

Emphasis of matter – Going concern

Without qualifying our opinion, we draw attention to the disclosures made in the Statement of accounting policies, which states that the financial statements have been prepared on the basis that the company is no longer a going concern and describes the reason why.



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London, United Kingdom

30 October

2008

Royal & Sun Alliance Insurance Finance Limited

Profit and loss account for the year ended 31 December 2007

	Notes	2007 £	2006 (restated) £
Turnover	1	1,630,953	1,734,358
Operating expenses		(1,039,314)	(540,406)
Operating profit		591,639	1,193,952
Other interest receivable and similar income		52,286	52,000
Profit on ordinary activities before taxation		643,925	1,245,952
Taxation on profit on ordinary activities	5	(270,771)	(442,122)
Profit for the financial year		373,154	803,830

All figures relate to continuing operations

There have been no recognised gains and 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 described in the profit and loss account 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.

Royal & Sun Alliance Insurance Finance Limited

Balance sheet as at 31 December 2007

	Notes	2007 £	2006 £
Current assets			
Debtors amounts falling due within one year	6	6,185,351	9,410,495
Debtors amounts falling due after more than one year	6	7,695,483	5,150,331
Cash at bank and in hand		1,720,844	690,741
		15,601,678	15,251,567
Creditors: amounts falling due within one year	8	(270,771)	(293,814)
Net current assets		15,330,907	14,957,753
Capital and reserves			
Called up share capital	9	10,960,002	10,960,002
Profit and loss account	10	4,370,905	3,997,751
Shareholder's funds		15,330,907	14,957,753

The financial statements on pages 7 to 13 were approved by the Board of Directors and are signed on its behalf by



P Miles for and on behalf of
Non-Destructive Testers Limited - Director
29 October 2008

Royal & Sun Alliance Insurance Finance Limited

Statement of accounting policies

Financial statements

The financial statements of the Company have been prepared in accordance with applicable UK Accounting Standards and the provisions of Section 226A of, and Schedule 4 to, the Companies Act 1985. The financial statements have been prepared under the historical cost convention on an other than going concern basis.

The sale after the balance sheet date of the Company's interest-bearing loan book to a third party outside of the RSA Group and the consequent cessation of trade has resulted in the financial statements being prepared on a basis other than that of a going concern. The directors are satisfied that no change is required to the carrying value of the Company's assets and liabilities as a result of this change in basis of preparation.

Prior year restatement

The presentation of turnover and operating expenses within these accounts has been changed to better reflect the nature of the Company's activity as a provider of credit sale finance. What was previously disclosed as car sales income has been netted within operating expenses against what was previously disclosed as the cost of cars sold, and the comparative figures restated to reflect this change in presentation (previously, what was described as car sales income was included in turnover).

The effect of this is to reduce the prior year turnover from £9,661,297 to £1,734,358 and the prior year operating expenses from £8,467,345 to £540,406. Were the current year results to be presented in the same way as in the prior year, the turnover for the year would be £8,242,239 and operating expenses would be £7,650,000. This restatement has not resulted in any impact on opening reserves for the Company.

A summary of the major accounting policies, which have been applied consistently throughout the year and the preceding year except as referred to in the prior year restatement paragraph above, is set out below.

a) Turnover

Turnover is stated exclusive of value added tax and includes income from finance, maintenance and fleet administration charges (previously, what was described as car sales income was included in turnover).

b) Finance income

Finance income is allocated to the profit and loss account over the life of each contract to give a constant periodic rate of return using the actuarial method of calculation.

c) Discount

Discounts given on the capital cost of vehicles are passed on to the employees of Royal & Sun Alliance Insurance plc.

d) Maintenance income

The maintenance charge levied as part of the credit sale agreement is accrued evenly over the life of the contract.

e) Maintenance expense

The profit and loss account is charged with actual expenditure.

f) Provisions

Specific provisions are made in respect of credit sale debtors where an amount is in arrears of repayments and it is the opinion of the directors that doubt exists regarding recoverability.

g) 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.

g) Taxation (continued)

Deferred tax is recognised in respect of all timing differences 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.

Royal & Sun Alliance Insurance Finance Limited

Notes to the accounts

1. Turnover

All turnover is derived from business conducted within the UK

2. Auditors' remuneration

The fee for the audit of the Company's financial statements was £4,400 (2006 PricewaterhouseCoopers LLP £4,000) which was borne by another Group company, Royal & Sun Alliance Insurance plc

3. Directors' emoluments

None of the directors received any emoluments from the Company during the year (2006 £nil)

4. Employees and staff costs

The Company did not employ anyone during the year (2006 nil) All activities are performed by employees of Royal & Sun Alliance Insurance plc at no cost to the Company (2006 £nil)

5. Taxation

	2007 £	2006 £
The charge for taxation in the profit and loss account comprises		
Current tax		
UK corporation tax	270,771	293,247
Total current tax	270,771	293,247
Deferred tax		
Origination and reversal of timing differences	-	148,875
Total deferred tax (see note 7)	-	148,875
Tax charge	270,771	442,122

The UK corporation tax charge for the current year is based on a rate of 30% (2006 30%)

Factors affecting the current tax charge

The current tax charge for the year is more than (2006 less than) 30% due to the items set out in the reconciliation below

	2007 £	2006 £
Profit on ordinary activities before tax	643,925	1,245,952
Tax at 30%	193,178	373,786
<i>Factors affecting charge</i>		
Fiscal adjustment	77,593	68,336
Other timing differences	-	(148,875)
Current tax charge for the year	270,771	293,247

The Company had no deferred tax assets or liabilities at 31 December 2007 (2006 £nil)

The tax charge in future periods will be impacted by the change in the UK corporation tax rate to 28% with effect from 1 April 2008

Royal & Sun Alliance Insurance Finance Limited

Notes to the accounts (continued)

6. Debtors

Amounts falling due within one year

	2007 £	2006 £
Net investment in credit sale agreements	2,149,045	4,921,503
Amounts owed by group undertakings	3,740,497	4,242,426
Other debtors	156,122	98,680
Prepayments and accrued income	139,687	147,886
	6,185,351	9,410,495

Amounts falling due after more than one year:

	2007 £	2006 £
Net investment in credit sale agreements	7,695,483	5,150,331

7. Deferred tax

	2007 £	2006 £
Deferred tax asset at 1 January	-	148,875
Charged (see note 5)	-	(148,875)
Deferred tax asset at 31 December	-	-

The Company had no deferred tax assets or liabilities at 31 December 2007 (2006 £nil)

8. Creditors: amounts falling due within one year

	2007 £	2006 £
Other creditors	-	567
Taxation and social security	270,771	293,247
	270,771	293,814

9. Share capital

	2007 £	2006 £
Authorised:		
11,000,000 ordinary shares of £1 each	11,000,000	11,000,000
Allotted, issued and fully paid up:		
10,960,002 ordinary shares of £1 each	10,960,002	10,960,002

Royal & Sun Alliance Insurance Finance Limited

Notes to the accounts (continued)

10. Movements in shareholder's funds

	Share capital £	Profit & loss account £	2007 £	2006 £
Shareholder's funds at 1 January	10,960,002	3,997,751	14,957,753	14,153,923
Profit for the financial year	-	373,154	373,154	803,830
Shareholder's funds at 31 December	10,960,002	4,370,905	15,330,907	14,957,753

11. Cash flow statement

The Company is a wholly owned subsidiary of RSA Insurance Group plc (previously Royal & Sun Alliance Insurance Group plc) and the cash flows of the Company are included in the consolidated cash flow statement of RSA Insurance Group plc (previously Royal & Sun Alliance 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 entities that are part of the Royal & Sun Alliance Insurance Group.

13. Parent company

The Company's immediate and ultimate parent company is RSA Insurance Group plc (previously Royal & Sun Alliance 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.

14. Events after the balance sheet date

As part of a project to outsource the Royal & Sun Alliance Insurance Group (the RSA Group) fleet business, the Company's interest-bearing loan book was sold in July 2008 to a third party outside the RSA Group. The financial effect of this is to reduce the net investment in credit sale agreements to approximately £274,000 and yield a profit on disposal of approximately £446,000.