

**Registered Number: 02395376**

**Royal & Sun Alliance Insurance Finance Limited**

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

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# Royal & Sun Alliance Insurance Finance Limited

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# Royal & Sun Alliance Insurance Finance 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

# Royal & Sun Alliance Insurance Finance 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's principal activity was to provide credit sale finance to employees of Royal & Sun Alliance Insurance plc to enable employees to purchase a car through the Company. As part of a project to outsource the RSA Insurance Group plc (the 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 Group and the Company does not intend to write new business. This curtailment of trade resulted in the financial statements being prepared on a non-going concern basis.

The results for the Company show a result on ordinary activities before tax of £nil (2011: loss £652,046). The shareholder funds of the Company were £13,878,002 as at 31 December 2012 (31 December 2011: £13,962,027).

### 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 (31 December 2011: £nil).

### Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of 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 88 to 91, and in the risk review on pages 26 to 29 of the Annual Report and 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 main 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 owed by fellow Group undertakings.

### 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 UK business in aggregate is relevant to the Company. Further information on financial KPIs is 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 review on pages 18 to 25. The Annual Report and 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 who served throughout the year, are listed on page 1. Ms D P Cockrem resigned as a director on 10 October 2012 and Mr M Harris resigned as a director on 31 May 2013.

### Going concern

The sale of the Company's interest-bearing loan book in July 2008 to a third party outside of the 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 basis of preparation.

# Royal & Sun Alliance Insurance Finance 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 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 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 auditors 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.

By Order of the Board



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

# Royal & Sun Alliance Insurance Finance Limited

## Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and Accounts 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.

## **Independent auditor's report to the member 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 2012 which comprise the profit and loss account, the balance sheet and the related notes 1 to 15. 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, 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 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 as a body, 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 loss for the year then ended,
- have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Emphasis of matter – going concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made within note 1 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.

### **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.



Alexander Arterton BSc ACA (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom

27 June 2013

# Royal & Sun Alliance Insurance Finance Limited

## Profit and loss account for the year ended 31 December 2012

	Notes	2012 £	2011 £
Turnover	2	-	-
Operating expenses		-	(656,440)
<b>Operating loss</b>		-	(656,440)
Other interest receivable and similar income		-	4,394
<b>Loss on ordinary activities before taxation</b>		-	(652,046)
Taxation on loss on ordinary activities	6	(84,025)	53,631
<b>Loss for the financial year</b>	12	<b>(84,025)</b>	<b>(598,415)</b>

All figures relate to discontinued 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 to 11 form an integral part of these accounts.




# Royal & Sun Alliance Insurance Finance Limited

## Balance sheet as at 31 December 2012

	Notes	2012 £	2011 £
<b>Current Assets</b>			
Debtors amounts falling due within one year	7	13,541,602	13,643,637
Cash at bank and in hand		418,085	418,085
		<u>13,959,687</u>	<u>14,061,722</u>
<b>Creditors amounts falling due within one year</b>	9	(63,324)	-
<b>Provisions for liabilities</b>	10	(18,361)	(99,695)
<b>Net current assets</b>		<u>13,878,002</u>	<u>13,962,027</u>
<b>Capital and reserves</b>			
Called up share capital	11	10,960,002	10,960,002
Profit and loss account	12	2,918,000	3,002,025
<b>Shareholder's funds</b>		<u>13,878,002</u>	<u>13,962,027</u>

The notes on pages 8 to 11 form an integral part of these accounts

The financial statements of Royal Sun Alliance Insurance Finance Limited (registered number 02395376) were approved on 24 June 2013 by the Board of Directors and are signed on its behalf by

  
R J Clayton 27.6.13  
Director

## **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 basis other than that of a going concern.

The sale of the Company's interest-bearing loan book in July 2008 to a third party outside of the 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 basis of preparation.

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

#### **(a) Turnover**

Turnover is stated exclusive of value added tax and comprises income from finance, maintenance and fleet administration charges.

#### **(b) Operating expenses**

Operating expenses comprises the maintenance charge levied as part of the credit sale agreement, accrued evenly over the life of the contract, net of any profit and including any loss made on sale of vehicles.

#### **(c) Provisions**

Specific provision are made in respect of future costs in excess of recharges.

#### **(d) 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 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 Turnover**

All turnover is from business conducted within the UK and is derived from the Company's principal activity.

### **3 Auditor's remuneration**

Fees payable to Deloitte LLP for the audit of the Company's annual accounts were £4,400 (2011: £4,400) which were borne by another 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 and Accounts.

### **4 Directors' emoluments**

None of the directors received any emoluments from the Company during the year (2011: £nil). All of 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.

### **5 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).

**Royal & Sun Alliance Insurance Finance Limited**  
Year ended 31 December 2012

**6 Taxation**

	2012	2011
	£	£
The charge/(credit) for taxation in the profit & loss account comprises		
<b>Current tax</b>		
UK corporation tax	63,324	(99,095)
<b>Total current tax</b>	63,324	(99,095)
<b>Deferred tax</b>		
Timing differences - origination and reversal	18,707	40,250
Adjustment for change in tax rates	1,994	5,214
<b>Total deferred tax (see note 8)</b>	20,701	45,464
<b>Tax charge/(credit)</b>	<b>84,025</b>	<b>(53,631)</b>

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 charge/(credit)*

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

	2012	2011
	£	£
<b>Loss on ordinary activities before tax</b>	-	(652,046)
Tax at 24.5% (2011: 26.5%)	-	(172,747)
<i>Factors affecting charge/(credit)</i>		
Fiscal adjustments	83,248	116,306
Other timing differences	(19,924)	(42,654)
<b>Current tax charge/(credit) for the period</b>	<b>63,324</b>	<b>(99,095)</b>

**7 Debtors**

	2012	2011
	£	£
<b>Amounts falling due within one year</b>		
Amounts owed by group undertakings	13,537,379	13,519,618
Other taxation and social security	-	99,095
Other debtors	4,223	24,924
	<b>13,541,602</b>	<b>13,643,637</b>

Other debtors includes £4,223 (2011: £24,924) relating to deferred tax (see note 8).

**Royal & Sun Alliance Insurance Finance Limited**  
Year ended 31 December 2012

**8 Deferred tax**

Deferred tax for the current year is based on a rate of 23% (2011 25%)

	2012 £	2011 £
Short term timing difference	4,223	24,924
<b>Deferred tax asset</b>	<b>4,223</b>	<b>24,924</b>
	2012 £	2011 £
Deferred tax asset at 1 January	24,924	70,388
Charge for the year - Profit and loss	(20,701)	(45,464)
<b>Deferred tax asset at 31 December</b>	<b>4,223</b>	<b>24,924</b>

Deferred tax assets of £4,223 (2011 £24,924), which are in excess of profits arising from the reversal of existing taxable temporary differences and that relate to tax jurisdictions in which the Company has suffered a loss in either the current or preceding period, have been recognised on the basis that future taxable profits will be available against which these can be utilised. The evidence for the future taxable profits is a forecast consistent with the three year operational plans prepared by the relevant businesses, which are subject to internal review and challenge. Where relevant, the forecast includes extrapolations of the operational plans using assumptions consistent with those used in the plans.

**9 Creditors amounts falling due within one year**

	2012 £	2011 £
Other taxation and social security	63,324	-
	<b>63,324</b>	<b>-</b>

**10 Provisions for liabilities**

	2012 £	2011 £
<b>Indemnity provision</b>		
At 1 January	99,695	260,695
Charges to the Profit and loss account	-	100,000
Utilised	(81,334)	(261,000)
At 31 December	<b>18,361</b>	<b>99,695</b>

The major part of the Company's interest-bearing loan book was sold in July 2008 to a third party outside the RSA Group. As part of the sale agreement, the Company is obliged to compensate the third party for any shortfall in the recovery of vehicle maintenance costs relating to the credit sale agreements transferred.

**11 Share capital**

	2012 £	2011 £
<b>Allotted, issued and fully paid up</b>		
10,960,002 (2011 10,960,002) ordinary shares of £1 each	<b>10,960,002</b>	<b>10,960,002</b>

**Royal & Sun Alliance Insurance Finance Limited**  
Year ended 31 December 2012

**12 Movements in shareholder's funds**

	Share Capital	Profit and Loss Account	2012	2011
	£	£	£	£
Shareholder's funds at 1 January	10,960,002	3,002,025	13,962,027	14,560,442
Loss for the financial year	-	(84,025)	(84,025)	(598,415)
<b>Shareholder's funds at 31 December</b>	<b>10,960,002</b>	<b>2,918,000</b>	<b>13,878,002</b>	<b>13,962,027</b>

**13 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.

**14 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. There were no other related party transactions requiring disclosure.

**15 Parent companies**

The Company's immediate and ultimate parent company 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 9<sup>th</sup> Floor, One Plantation Place, 30 Fenchurch Street, London EC3M 3BD.