

CN 2395376

ROYAL & SUN ALLIANCE INSURANCE FINANCE LIMITED
(FORMERLY ROYAL INSURANCE FINANCE LIMITED)
(FORMERLY THE ADVICE SERVICE LIMITED)

REPORT AND ACCOUNTS
1996



Royal & Sun Alliance Insurance Finance Limited
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Royal & Sun Alliance Insurance Finance Limited

Directors

Directors

Non-Destructive Testers Limited

Secretary

Mr R A Eves (Appointed 23.11.96)

Mr A J P Bunyan (Resigned 22.11.96)

Registered office: 1, Bartholomew Lane, London EC2N 2AB

Registration number: 2395376

Royal & Sun Alliance Insurance Finance Limited

Directors' Report

The directors present to the members the financial statements of the Company for the year 1996, together with their report.

Principal activity

On 21st March 1996 the Company changed its name from The Advice Service Limited to Royal Insurance Finance Limited. On 30th January 1997 the Company changed its name from Royal Insurance Finance Limited to Royal & Sun Alliance Insurance Finance Limited.

The principal activity of the Company is to provide credit sale finance to employees of Royal & Sun Alliance Insurance Group plc to enable employees to purchase a car through the Company.

Review of the year and future developments

The Company commenced trading during the year and the Directors intend to expand operations significantly during 1997.

Result and dividend

The profit for the year after providing for taxation amounted to £279. No dividend for the year will be paid.

There is no requirement under the Company's Articles of Association for directors to retire by rotation or otherwise, at an annual general meeting.

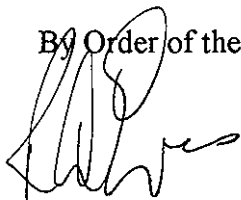
Mr A J P Bunyan resigned as Company Secretary on 22.11.96.

Mr R A Eves was appointed as Company Secretary on 23.11.96.

Auditors

The Company's Auditors are Coopers & Lybrand. In accordance with the Companies Act 1989 the Company has dispensed with the appointment of Auditors annually.

By Order of the Board



R A Eves
Secretary
London, 1st April 1997

Royal & Sun Alliance Insurance Finance Limited

Accounting Policies

The financial statements have been prepared in accordance with the Companies Act 1985 and applicable accounting standards.

Basis of accounting

The accounts are prepared under the historical cost convention.

Turnover

Turnover is stated exclusive of value added tax and includes proceeds from the sale of vehicles to employees of Royal & Sun Alliance Insurance Group plc.

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.

Discount

Discounts given on the capital cost of vehicles are deferred and amortised over the life of each contract using the actuarial method of calculation.

Maintenance income

The maintenance charge levied as part of the credit sale agreement is allocated to the profit and loss account in the month in which payment is received.

Maintenance expense

The profit and loss account is charged with an amount equivalent to the higher of maintenance income or actual expenditure. Any surpluses, calculated as the difference between the amount charged to the profit and loss account and the actual cost incurred, are recognised at the end of the contract period.

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.

Residual interests in vehicles

It is the Company's policy to recognise assets and liabilities for the repurchase of residual interests in vehicles at the end of the credit sale period, at the pre-determined prices set out in the contracts.

Where it is anticipated by the directors that the repurchase of certain vehicles will result in a loss to the Company, calculated as the difference between the repurchase price and the predicted market value, full provision is made for the amount of the loss.

Royal & Sun Alliance Insurance Finance Limited

Accounting Policies

Taxation

The UK taxation in the profit and loss account is based on profits/(losses) and income of the year as determined in accordance with the relevant tax legislation, together with adjustments of provisions for prior years.

Deferred taxation is calculated on the liability method and consists of the estimated taxation, or relief from taxation, which is expected to arise in the foreseeable future from material timing differences: expected future rates of tax are used where applicable.

Companies Act 1985

The accounts are drawn up in compliance with Part VII, Chapter 1 and Schedule 4 to the Companies Act 1985.

Royal & Sun Alliance Insurance Finance Limited

Profit and Loss Account

for the year ended 31st December 1996

	Notes	1996 £
Turnover		39,048
Operating expenses		(37,553)
Operating profit		1,495
Administrative charges		(1,079)
Profit on ordinary activities before tax	1	416
Tax on profit on ordinary activities	2	(137)
Profit on ordinary activities after tax		279
Dividend		-
Transfer to/(from) retained profits		279

All figures relate to continuing operations.

There have been no recognised gains or losses in the reporting year other than those recorded in the profit and loss account, and accordingly a movement in capital and reserves and recognised gains statement is not presented.

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


Royal & Sun Alliance Insurance Finance Limited

Balance Sheet

as at 31st December 1996

	Notes	1996 £	1995 £
Current assets			
Called up share capital not paid		2	2
Debtors	3	22,885	-
Cash at bank and in hand		38,893	-
		61,780	2
Creditors: Amounts falling due within one year	4	(1,499)	-
Net assets		60,281	2
Share capital and reserves			
Called up share capital	5	60,002	2
Profit and loss account		279	-
Equity shareholders' funds		60,281	2

The accounts on pages 6 to 11 were approved today by the Board of Directors and are signed on its behalf by:



For and on behalf of
Non-Destructive Testers Limited

London, 27 March 1997

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

Royal & Sun Alliance Insurance Finance Limited

Notes on the Accounts

1. Profit on ordinary activities before tax

The profit on ordinary activities before tax is stated after charging:-	1996 £
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Auditors' remuneration	100
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2. Taxation on profit on ordinary activities

The charge for UK taxation in the profit and loss account comprises:-	1996 £
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Corporation tax	-
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Group relief (payable)/receivable	(137)
	<hr/>

	(137)
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UK corporation tax for the current year included above is based on a rate of 33%.

Royal & Sun Alliance Insurance Finance Limited**Notes on the Accounts (continued)**

3. Debtors

	1996	1995
	£	£
Net investment in credit sale agreements	20,730	-
Deferred discount	1,968	-
Other debtors	187	-
	<hr/>	<hr/>
	22,885	-
	<hr/>	<hr/>

Amounts falling due after more than one year included above are:

	1996	1995
	£	£
Net investment in credit sale agreements	15,170	-
Deferred discount	719	-
	<hr/>	<hr/>
	15,889	-
	<hr/>	<hr/>

4. Creditors: Amounts falling due within one year

	1996	1995
	£	£
Other creditors including tax and social security	283	-
Amounts owed to parent company	137	-
Accruals and deferred income	1,079	-
	<hr/>	<hr/>
	1,499	-
	<hr/>	<hr/>

Royal & Sun Alliance Insurance Finance Limited

Notes on the Accounts (continued)

5. Share capital

Ordinary shares of £1 each:	1996	1995
	£	£
Authorised:	1,000,000	100
Called up:	60,002	2
Issued and fully paid up:	60,000	-

During the year the authorised share capital was increased by £999,900 by the creation of 999,900 ordinary shares of £1 each. On 23rd May 1996 60,000 ordinary shares were issued and fully paid up.

Analysis of changes in share capital in the year:

	1996	1995
	£	£
At 1st January	2	2
Net cash inflow from financing	60,000	-
At 31 December	60,002	2

6. Capital commitments

The Company had no capital commitments as at 31st December 1996 and 31st December 1995.

7. Contingent liability

Other than in the normal course of business the Company had no material contingent liability as at 31st December 1996 and 31st December 1995.

Royal & Sun Alliance Insurance Finance Limited

Notes on the Accounts (continued)

8. Asset valuation

The basis of valuation of assets in the accounts is set out in the accounting policies on pages 4 and 5. The directors have considered the value at 31st December 1996 of the remaining assets of the Company without actually revaluing them, and are satisfied that these assets are worth in total not less than the aggregate amount at which they are stated in the accounts.

9. Cash flow

As permitted by FRS1, it is not considered appropriate or meaningful to include within the financial statements a cash flow statement as the Company is a wholly owned subsidiary.

10. Related party transactions

Advantage has been taken of the exemption provided in FRS8 from disclosing details of transactions with Royal & Sun Alliance Insurance Group plc and its subsidiaries and associated undertakings.

11. Parent company

The Company's ultimate parent company is Royal & Sun Alliance Insurance Group plc, registered in England and Wales. The immediate parent and the parent of the smallest group for which accounts including Royal & Sun Alliance Insurance Finance Limited are drawn up is Royal Insurance plc registered in England and Wales.

Copies of the accounts for each of these companies can be obtained from the registered office as noted on page 2 of these accounts.

Royal & Sun Alliance Insurance Finance Limited
Statements of Responsibilities and Auditors' Report

Directors' responsibilities

The directors are required to present for each accounting period financial statements which comply with the provisions of company law and which give a true and fair view of the state of affairs of the Company as at the end of the accounting period and of the result for that period. In preparing the financial statements suitable accounting policies, framed by reference to reasonable and prudent judgements and estimates, have to be used and applied consistently. Applicable accounting standards also have to be followed subject to any material departures being disclosed and explained in the notes to the financial statements. The directors are required to prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business. The directors are also responsible for maintaining adequate accounting records so as to enable them to ensure the safeguarding of assets of the Company and to prevent and detect fraud and other irregularities.

Report of the auditors to the members of Royal & Sun Alliance Insurance Finance Limited

We have audited the financial statements on pages 6 to 11.

Respective responsibilities of directors and auditors

As described above the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

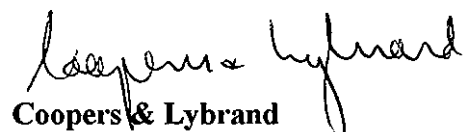
Basis of opinion

We conducted our audit in accordance with 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 mis-statement, 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 at 31st December 1996 and of the profit of the Company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand
Chartered Accountants and Registered Auditors
London, 16 April 1997