

Registered Number: 00638918

SUN ALLIANCE AND LONDON INSURANCE LIMITED

Annual Report and Accounts

For the year ended 31 December 2019

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SUN ALLIANCE AND LONDON INSURANCE LIMITED

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SUN ALLIANCE AND LONDON INSURANCE LIMITED

Company Information

Directors

C D A Heiss

J C Poole

S de Baat

Secretary

Roysun Limited

Registered Office

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

Auditor

KPMG LLP
15 Canada Square
Canary Wharf
London
E14 5GL

SUN ALLIANCE AND LONDON INSURANCE LIMITED

Directors' report for the year ended 31 December 2019

Sun Alliance and London Insurance Limited is part of RSA Insurance Group plc (the 'Group').

The directors present their annual report on the affairs of the Company and the audited financial statements for the year ended 31 December 2019.

Principal activity

The Company is the holding company for subsidiaries formerly transacting the business of insurance and related financial services in the United Kingdom and overseas.

Business review

The results for the Company show a profit on ordinary activities before tax of £355,000 (2018: £164,000) for the year. The shareholder's funds of the Company were £41,000 as at 31 December 2019 (31 December 2018: £644,411,000).

During the year, the Group undertook a project to rationalise the Group structure and review the intercompany balances within certain entities. The Company was one of the entities included within that project as was its subsidiary entity, National Vulcan Engineering Insurance Group Limited. As a result of this project, the Company's capital position has been reduced and intercompany balances were eliminated. National Vulcan Engineering Insurance Group Limited implemented similar changes resulting in the payment of a dividend to the Company. The investment in National Vulcan Engineering Insurance Group Limited was subsequently impaired to reflect this distribution.

Future outlook

The cessation of trade of the Company's subsidiaries on 1 January 2012 has resulted in the financial statements being prepared on an other than going concern basis.

Key performance indicators ('KPIs')

There are no KPIs produced for the company as no trading activity has occurred during the year.

Principal risks and uncertainties

The principal risks or uncertainties relate to the Company's exposure to amounts due from other companies within the Group. The Company is an intermediate holding company within the Group and its risks are managed in accordance with Group policies. The principal risks and uncertainties of the Group, which include those of the Company, are set out in the Strategic report of the 2019 Annual Report and Accounts of the Group, which do not form part of this report.

Financial risk management

The Company's financial risks are managed and monitored at a Group level. The risk management of the Group, which includes that of the Company is set out in the risk management sections on pages 40 to 43 of the 2019 Annual Report and Accounts of the Group, which does not form part of this report. The directors consider that there is a minimal level of financial risk associated with the Company's assets and liabilities due to the nature of the Company's activities.

Directors

The names of the directors who held office during the year are listed on page 1. From 1 January 2019 to date the following changes have taken place:

Director	Appointed
S de Baat	28 February 2019

Directors' responsibilities

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

None of the directors have any interest in the shares of the Company.

Dividends

Dividends totalling £644,725,229 were declared during the year (2018: £nil), of which, £644,719,409 was paid with £5,820 remaining outstanding at 31 December 2019.

Political donations

The Company did not make any political donations during the financial year (2018: £nil).

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 reasonable 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.

SUN ALLIANCE AND LONDON INSURANCE LIMITED

Directors' report (continued) for the year ended 31 December 2019

Auditor (continued)

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

KPMG LLP were deemed re-appointed auditors of the Group for the year ended 31 December 2019 at the Annual General Meeting of RSA Insurance Group plc, the Company's ultimate parent company, on 10 May 2019.

Post Balance Sheet Events

The World Health Organisation declared COVID 19 a global pandemic at 11 March 2020 and the UK Prime Minister initiated the UK lock down on 23 March 2020. This is considered a significant event that is expected to lead to a material adverse impact on the UK economy. The implications of COVID-19 are indicative of conditions that arose after the balance sheet date and as such is a subsequent event that does not give rise to any adjustments in either the 2019 financial performance or the balance sheet as at 31 December 2019. There are no material impacts to these financial statements arising in the post-balance sheet period that require disclosure.

Directors' Indemnity

Article 82 and 83 of the Articles of Association provides that, among other things and insofar as permitted by law, the Company may indemnify its directors against any liability and may purchase and maintain insurance against any liability. As permitted by section 233 of the Companies Act 2006, the Company, through its ultimate parent company, purchased and maintained Directors and Officers insurance for its directors and officers which provides suitable cover in relation to the discharge of their duties as directors and officers.

Non-going concern

The cessation of the Company's trade has resulted in the financial statements not being prepared on the going concern basis. Using this basis of preparation, the directors are satisfied that no change is required to the carrying value of the Company's assets and liabilities.

Strategic report

The Company has taken advantage of the exemption in section 414A(2) of the Companies Act 2006 (Strategic Report and Directors' Report Regulations 2013) from the requirements to prepare a strategic report on the basis that it would be entitled to prepare accounts for the year in accordance with the small companies regime but for being a member of an ineligible group.

The Directors' Report was approved by the Board of Directors and was signed by order of the Board on its behalf by:



Christopher Smyth
For and on behalf of Roysun Limited
Secretary

Approved by the board of directors on 1 July 2020

SUN ALLIANCE AND LONDON INSURANCE LIMITED

Statement of directors' responsibilities in respect of the Directors' Report and the Financial Statements

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare such financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 apply them consistently;
- make judgments 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so. As explained in note 1, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Sun Alliance and London Insurance Limited

Opinion

We have audited the financial statements of Sun Alliance and London Insurance Limited ("the Company") for the year ended 31 December 2019 which comprise the Statement of total comprehensive income, Balance sheet, Statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Emphasis of matter - non-going concern basis of preparation

We draw attention to the disclosure made in note 1 to the financial statements which explains that the financial statements have not been prepared on the going concern basis for the reasons set out in that note. Our opinion is not modified in respect of this matter.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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; and
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Independent auditor's report to the members of Sun Alliance and London Insurance Limited

The purpose of our audit work and to whom we owe our responsibilities

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 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 members, as a body, for our audit work, for this report, or for the opinions we have formed.

Jessica S.S. Katsouris

Jessica Katsouris (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL

1st July 2020

SUN ALLIANCE AND LONDON INSURANCE LIMITED

Statement of total comprehensive income

for the year ended 31 December 2019

		2019	2018
	Notes	£000	£000
Income from shares in group undertakings		1,243	-
Interest receivable from group undertakings		196	164
Other income	5	329	-
Other expenditure	6	(163)	-
Impairment of shares in group undertakings		(1,250)	-
Profit on ordinary activities before tax		355	164
Taxation on profit on ordinary activities	7	-	(2,002)
Profit / (loss) for the financial year		355	(1,838)

The Company has no other comprehensive income and accordingly no statement of other comprehensive income is provided.

The attached notes on pages 10 to 12 form an integral part of these financial statements.

SUN ALLIANCE AND LONDON INSURANCE LIMITED

Statement of changes in equity

for the year ended 31 December 2019

	Called up share capital	Share premium account	Retained earnings	Shareholders' funds
	£000	£000	£000	£000
Balance at 1 January 2018	201,848	270,300	174,101	646,249
Loss for the financial year	-	-	(1,838)	(1,838)
Balance at 31 December 2018	201,848	270,300	172,263	644,411
Profit for the financial year	-	-	355	355
Dividends – paid (note 10)	-	-	(644,725)	(644,725)
Capital reduction	(201,848)	(270,300)	472,148	-
Balance at 31 December 2019	-	-	41	41

The attached notes on pages 10 to 12 form an integral part of these financial statements.

Registered Number: 00638918
SUN ALLIANCE AND LONDON INSURANCE LIMITED

Balance sheet
as at 31 December 2019

		2019	2018
	Notes	£000	£000
Fixed assets			
Shares in group undertakings	8	-	1,250
Current assets			
Amounts owed by group undertakings		235	920,271
Cash at bank and in hand		6	6
		241	920,277
Creditors: amounts falling due within one year	9	(200)	(277,116)
Net current assets		41	643,161
Total assets less current liabilities		41	644,411
Capital and reserves			
Called up share capital	11	-	201,848
Share premium account		-	270,300
Retained earnings		41	172,263
Shareholders' funds		41	644,411

The attached notes on pages 10 to 12 form an integral part of these accounts.

The financial statements were approved on 1 July 2020 by the Board of Directors and are signed on its behalf by:



Jane Poole
Director

SUN ALLIANCE AND LONDON INSURANCE LIMITED

Notes to the accounts

1. Basis of preparation

The financial statements are prepared in accordance with Financial Reporting Standard 101: *Reduced Disclosure Framework* (FRS 101) and in compliance with the Companies Act 2006.

The Company's financial statements are presented in pound sterling, which is also the Company's functional currency and rounded to the nearest thousand except where otherwise indicated.

In preparing the financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ('Adopted IFRS'), but makes amendments where necessary in order to comply with Companies Act 2006. The Company has set out below where advantage of FRS 101 exemptions has been taken.

The exemptions used by the Company are as follows:

- Cash Flow Statement and related notes;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures in respect of transactions between two or more wholly owned subsidiaries of the group.

As the consolidated financial statements of the Company's ultimate parent undertaking include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosure:-

- Certain disclosures required by IFRS13 *Fair Value Measurement*.
- The disclosures required by IFRS7 *Financial Instrument Disclosures*.

The Company has taken advantage of the exemption under Section 400 of the Companies Act 2006 from the requirement to prepare consolidated accounts as it is a wholly-owned subsidiary of RSA Insurance Group plc, which prepares group accounts. The Report and Accounts containing these consolidated financial statements can be found at www.rsagroup.com.

Since cessation of trade on 1 January 2012, the financial statements have been prepared on an other than going concern basis. There has been no impact on the carrying value of assets or liabilities.

Selection of significant accounting policies

The significant accounting policies used in the preparation of these financial statements, as set out below, have been applied consistently to all periods presented, unless otherwise stated.

The Company has not made any significant changes to its accounting policies during 2019.

(i) Taxation and deferred tax

Taxation and deferred tax is recognised in the statement of total comprehensive income, except to the extent that the tax arises from a transaction or event recognised either in other comprehensive income or directly in equity.

Taxation is based on profits and income for the year as determined in accordance with the relevant tax legislation, together with adjustments for prior years.

(ii) Investments in subsidiaries

Investments in subsidiaries are valued at cost less impairments where applicable. The Company assesses at the end of each reporting period whether a subsidiary is impaired. Where there is an indication of impairment, the Company conducts an impairment test where it compares the carrying value of the investment with the net asset value of the subsidiary. Charges for impairments are recognised in the statement of total comprehensive income.

(iii) Amounts owed from group undertakings

The Company account for amounts owed from other group undertakings at amortised cost and determines an expected credit loss based on those default events that are possible within 12 months after the reporting date, or where the credit risk has increased significantly since initial recognition on the basis of all possible default events over the life of debt.

(iv) Amounts owed to group undertakings

The Company account for amounts owed to group undertakings at amortised cost.

2. Auditor's remuneration

Fees payable to KPMG LLP for the audit of the Company's accounts for the year ended 31 December 2019 were £3,000 (31 December 2018: £3,000) which were borne by a group company, Royal & Sun Alliance Insurance plc.

3. Directors' emoluments

The directors were all remunerated by Royal & Sun Alliance Insurance plc, a fellow subsidiary of RSA Insurance Group plc, for their services to the RSA Group as a whole. They were not remunerated for their services as directors of the Company and the amount of time spent performing their duties is incidental to their roles across the RSA Group. This is consistent with prior years.

SUN ALLIANCE AND LONDON INSURANCE LIMITED

Notes to the accounts

4. Employees and staff costs

The Company did not employ anyone during the period (2018: none). All administrative duties are performed by employees of Royal & Sun Alliance Insurance plc at no cost to the Company (2018: £nil).

5. Other income

This gain relates to the correction of an historic difference arising from the use of an incorrect exchange rate to account for gains on the disposal of a branch and an increase in intercompany debtors. This has been recognised as a one off adjustment in the year as it was not material to the prior period.

6. Other expenditure

This relates to an historic difference between opening and closing reserves and inter-company debtors which arose when the presentation of the accounts was changed from rounded to the nearest million to rounded to the nearest thousand. This has been recognised as a one off adjustment in the year, as it was not material to the prior period.

7. Taxation

The tax amounts charged in the statement of total comprehensive income are as follows:

	2019	2018
	£000	£000
Current tax		
UK corporation tax	-	2,002
Total current tax	-	2,002
Total tax charge	-	2,002

The UK corporation tax for the current year is based on a rate of 19.0% (2018: 19.0%)

Reconciliation of the total tax charge

The tax charge for the year is less than 19.0% (2018: more than 19.0%) due to the items set out in the reconciliation below.

	2019	2018
	£000	£000
Profit on ordinary activities before tax	355	164
Tax at the UK rate of 19.0% (2018: 19.0%)	67	31
<i>Factors affecting charge:</i>		
Expenses not deductible for tax purposes	238	-
Tax exempt income and investment gains / (losses)	(236)	-
Fiscal adjustments	2,208	1,971
Group relief received without payment	(2,277)	-
Total tax charge	-	2,002

The company had no deferred tax assets or liabilities at 31 December 2019 or 31 December 2018.

SUN ALLIANCE AND LONDON INSURANCE LIMITED

Notes to the accounts

8. Investments: Subsidiaries

	2019	2018
	£000	£000
At 1 January	1,250	401,250
Impairment	(1,250)	(400,000)
At 31 December	-	1,250
Comprising		
Original cost	942,995	942,995
Accumulated impairment	(942,995)	(941,745)
	-	1,250

The value of the Company's investment in National Vulcan Engineering Insurance Group Limited was fully impaired in 2019 and the entity is due to be liquidated.

9. Creditors: amounts falling due within one year

	2019	2018
	£000	£000
Amounts owed to group undertakings	-	274,914
Corporation tax	200	2,202
	200	277,116

10. Dividends

	2019	2018
	£000	£000
Interim dividend of 79.85p (2018: nil) per ordinary share paid	644,725	-

11. Share capital

	2019	2018
	£000	£000
Allotted, issued and fully paid		
807,390,126 ordinary shares of 0.00000012p (2018: 807,390,126 ordinary shares of 0.25p)	-	201,848
	-	201,848

In December 2019, a capital reduction was performed reducing the nominal value of each of the Company's ordinary shares by £0.2499999988 per share to £0.0000000012 per share (each as rounded to the 10th decimal place).

12. Parent companies

The Company's immediate parent company is Royal & Sun Alliance Insurance plc, a company incorporated in England and Wales. Royal & Sun Alliance Insurance plc's registered address is St Mark's Court, Chart Way, Horsham, West Sussex, United Kingdom, RH12 1XL.

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 20 Fenchurch Street, London EC3M 3AU.