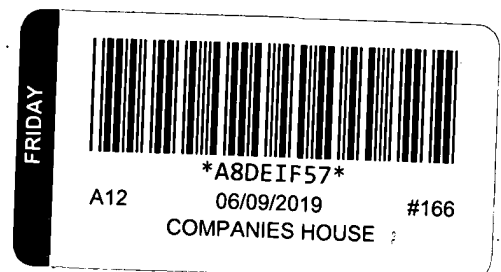


Registered Number: 00638918

SUN ALLIANCE AND LONDON INSURANCE LIMITED

Annual Report and Accounts

for the year ended 31 December 2018



SUN ALLIANCE AND LONDON INSURANCE LIMITED

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SUN ALLIANCE AND LONDON INSURANCE LIMITED

Company Information

Directors

C D A Heiss

J A Margetts (resigned 28 February 2019)

J C Poole

S De Baat (appointed 28 February 2019)

Y Lee (resigned 15 January 2018)

Secretary

Roysun Limited

Registered Office

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

Auditor

KPMG LLP
Chartered Accountants and Statutory Auditor
15 Canada Square
Canary Wharf
London
E14 5GL

SUN ALLIANCE AND LONDON INSURANCE LIMITED

Directors' report for the year ended 31 December 2018

The directors present their annual report on the affairs of Sun Alliance and London Insurance Limited (the 'Company') and the audited financial statements for the year ended 31 December 2018.

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. Details of the subsidiaries are included in note 6 to the accounts.

The company de-registered from a public company to a private limited company on 18th December 2017.

Business review

The results for the Company show a profit on ordinary activities before tax of £164,000 (2017: £101,207,000). The shareholder's funds of the Company as at 31 December 2018 were £644,411,000 (31 December 2017: £646,249,000).

Future outlook

The cessation of trade of the Company's subsidiary on 1 January 2012 has resulted in the financial statements being prepared on an other than going concern basis and it is expected that the Company will be wound up in the near future.

Key performance indicators

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 RSA Insurance Group plc group of companies (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 2018 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 and pages 118 to 126 of the 2018 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 served during the year are listed on page 1.

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

The directors do not recommend payment of a dividend in respect of the year ended 31 December 2018 (2017: £nil).

Political Donations

The company did not make any political donations during the financial year (2017: £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.

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

Under the Companies Act 2006, the Company is not required to hold an Annual General Meeting and accordingly KPMG LLP will be deemed to be re-appointed for each succeeding financial year.

SUN ALLIANCE AND LONDON INSURANCE LIMITED

Directors' report (continued)
for the year ended 31 December 2018

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.

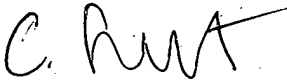
Non-going concern

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 requirement 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.

Signed by order of the Board



CHRISTOPHER SMYTH
For and on behalf of Roysun Limited
Secretary

Approved by the board of directors

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 2018 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 2018 and of its loss 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 are now not 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 4, 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 (continued)

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

7th AUGUST 2019

SUN ALLIANCE AND LONDON INSURANCE LIMITED

Statement of total Comprehensive Income for the year ended 31 December 2018

		2018	2017
	Notes	£000	£000
Income from shares in group undertakings		-	101,091
Interest receivable from group undertakings		164	116
Profit on ordinary activities before tax		164	101,207
Taxation on profit on ordinary activities	5	(2,002)	(876)
(Loss) / profit for the financial year		(1,838)	100,331

All figures relate to continuing operations

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

The notes on pages 10 to 13 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 2018

	Share capital £000	Share premium £000	Retained earnings £000	Shareholder funds £000
Balance at 1 January 2017	201,848	270,300	73,770	545,918
Profit for the financial year	-	-	100,331	100,331
Balance at 31 December 2017	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

The attached notes on pages 10 to 13 form an integral part of these financial statements.

Registered Number: 00638918
SUN ALLIANCE AND LONDON INSURANCE LIMITED

Balance Sheet
as at 31 December 2018

	Notes	2018 £000	2017 £000
Fixed assets			
Investments	6	1,250	401,250
Current Assets			
Amounts owed by group undertakings		920,271	920,983
Cash at bank and in hand		6	6
		<u>920,277</u>	<u>920,989</u>
Creditors: amounts falling due less than one year	7	<u>(277,116)</u>	<u>(675,990)</u>
Net current assets		<u>643,161</u>	<u>244,999</u>
Total assets less current liabilities		<u>644,411</u>	<u>646,249</u>
Capital and reserves			
Called up share capital	8	201,848	201,848
Share premium account		270,300	270,300
Retained earnings		172,263	174,101
Shareholder's funds		<u>644,411</u>	<u>646,249</u>

The attached notes on pages 10 to 13 form an integral part of these financial statements.

The financial statements were approved on 7 August 2019 by the Board of Directors and are signed on its behalf by:



SIMON DE BAAT
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 (FRS 101) *Reduced Disclosure Framework* and in compliance with the Companies Act 2006.

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

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ('IFRS'), but makes amendments where necessary in order to comply with the Companies Act 2014. The Company has set out below where advantage of FRS 101 exemptions has been taken.

The disclosure exemptions applied by the Company are as follows:-

- A cash flow statement and related notes;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs, and
- The disclosure of any related party transactions with other wholly owned subsidiaries within the RSA group of companies

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 disclosures:-

- Certain disclosures required by IFRS13 *Fair Value Measurement*; and
- 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.

In previous years, the financial statements have been prepared on a going concern basis. However, following limited activity 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.

Significant Accounting Policies

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements:-

(a) 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.

(b) 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.

(c) Other loans and receivables

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.

Adoption of new and revised standards

IFRS 9 'Financial Instruments'

IFRS 9 'Financial Instruments' which replaces IAS 39 'Financial Instruments: Recognition and Measurement' became effective from 1 January 2018.

This standard primarily changes the classification and measurement of financial assets depending on the business model under which they are held, as well as recognising expected credit losses and changes to hedge accounting requirements.

SUN ALLIANCE AND LONDON INSURANCE LIMITED

Notes to the accounts

1. Basis of preparation (continued)

IFRS 9 'Financial Instruments' (continued)

In terms of the new financial asset classification:

- Amounts owed from other group undertakings, which are held to collect contractual cash flows and are not designated at fair value through profit or loss continue to be measured at amortised cost using the effective interest rate method, consistent with their treatment as loans and receivables under IAS 39.

The above classification under IFRS 9 has not resulted in a change to the carrying value of the financial assets from it would have been under IAS 39.

IFRS 9 also replaces the 'incurred loss' model under IAS 39 with an "expected credit loss" (ECL) model as considered below.

This is applicable to the amounts owed from other group undertakings, which are repayable on 24 hours written notice.

As at the reporting date the credit risk on the amounts owed has not increased significantly since initial recognition and so the ECL was determined by considering the ECL that would occur from those default events that are possible within 12 months based on the probability of default and the expected loss given default. Specifically the probability of default was considered together with the expected subsequent loss. It was concluded that the value of the ECL would be insignificant and so no ECL has been recognised at the reporting date.

As set out above, adoption of IFRS 9 did not result in any change in the carrying value of financial assets or recognition of an ECL and so consequently no restatement of comparatives or changes in retained earnings or reserves were necessary.

IFRS 15 'Revenue Recognition'

IFRS 15 'Revenue Recognition' became effective from 1 January 2018.

The Company's principal activity of receiving dividend income from its investment in subsidiaries is outside the scope of this standard and so consequently implementing this standard has not had a significant impact on the Company's result for the year or its financial position.

2. Auditor's remuneration

Fees payable to KPMG LLP for the audit of the Company's annual accounts were £3,000 (2017: £3,000) which were borne by a Group company, Royal & Sun Alliance Insurance plc.

3. Directors' remuneration

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.

4. Employees and staff costs

The Company did not employ anyone during the period (2017: nil). All administrative duties are performed by employees of Royal & Sun Alliance Insurance plc at no cost to the Company (2017: nil).

5. Taxation

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

	2018 £000	2017 £000
Current tax		
UK corporation tax	2,002	1,733
Adjustment in respect of prior periods	-	(857)
Total current tax	2,002	876
Total tax charge	2,002	876

The UK corporation tax for the current year is based on a rate of 19.0% (2017: 19.2%).

SUN ALLIANCE AND LONDON INSURANCE LIMITED

Notes to the accounts

5. Taxation (continued)

Reconciliation of the total tax charge

The tax charge for the year is more than 19.0% (2017: less than 19.2%) due to the items set out in the reconciliation below:

	2018 £000	2017 £000
Profit on ordinary activities before tax	164	101,207
Tax at the UK rate of 19.0% (2017: 19.2%)	31	19,479
<i>Factors affecting the tax charge:</i>		
Tax exempt income and investment gains/(losses)	-	(19,456)
Fiscal adjustments	1,971	1,710
Adjustment to tax charge in respect of previous periods	-	(857)
Total tax charge for the year	2,002	876

The Company had no deferred tax assets or liabilities at 31 December 2018 or 31 December 2017.

6. Investments

Subsidiaries

	2018 £000	2017 £000
At 1 January	401,250	400,000
Additions	-	1,250
Impairment	(400,000)	-
At 31 December	1,250	401,250
Comprising		
Original cost	942,995	942,995
Accumulated impairments	(941,745)	(541,745)
	1,250	401,250

The value of the Company's investments in Sun Alliance Insurance International Ltd and Sun Alliance Management Services Ltd were fully impaired in 2018.

The Company's subsidiaries as at 31 December 2018 were as follows:

Name and country of incorporation	Registered office addresses	Class of shares held	Percentage of normal value and voting rights held by the Company
United Kingdom			
National Vulcan Engineering Insurance Group Limited	St Mark's Court, Chart Way, Horsham, West Sussex, RH12 1XL, United Kingdom	Ordinary	100.00

SUN ALLIANCE AND LONDON INSURANCE LIMITED

Notes to the accounts

7. Creditors: amounts falling due within one year

	2018	2017
	£000	£000
Amounts owed to Group undertakings	274,914	674,914
Current tax payable	2,202	1,076
	277,166	675,990

8. Share Capital

	2018	2017
	£000	£000
Allotted, issued and fully paid		
807,390,126 ordinary shares of 0.25p each (2017: 807,390,126 ordinary shares of 0.25p each)	201,848	201,848
	201,848	201,848

9. Parent companies

The Company's immediate parent company and controlling party is Royal & Sun Alliance Insurance plc which is registered in England and Wales. Royal & Sun Alliance Insurance plc's registered office 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.