

Registered Number: 06863305

RSA FINANCE

Annual Report and Accounts

For the year ended 31 December 2019



RSA FINANCE

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RSA FINANCE

Company Information

Directors

I A Craston

S de Baat

R Taylor Rea

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

RSA FINANCE

Strategic report for the year ended 31 December 2019

RSA Finance (the 'Company') is a 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 was incorporated as an unlimited company on 30 March 2009 to act as a vehicle for efficient management of the intercompany loan interest within the Group.

Business review

The results for the Company show a profit on ordinary activities before tax of £36,662,000 (2018: £35,242,000) for the year. The shareholders' funds of the Company as at 31 December 2019 were £562,963,000 (31 December 2018: £2,527,474,000).

During the year the Company undertook a capital reduction converting share capital and premium into distributable reserves. A dividend of £1,993,482,133 was declared to the Company's parent company, Royal & Sun Alliance Insurance plc, payment for which was offset against intercompany balances between the companies.

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 Group. The Company's 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 Risk management note of the 2020 Interim Condensed Financial Statements of the Group, which do not form part of this report.

The outbreak of the COVID-19 global pandemic during 2020 has caused significant and unprecedented global uncertainty and market volatility. The Directors continue to closely monitor the impact on the Company and at the date of this report expect there to be no impact.

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 the primary financial risk arises from balances with other companies with the Group and therefore the credit risk to the company is under the control of Group's management.

Future outlook

There are currently no changes expected to the business activities in the foreseeable future. The Company will continue to review the loans provided to Group companies in line with current policy.

The Strategic 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

4 August 2020

RSA FINANCE

Directors' report

For the year ended 31 December 2019

Directors

The names of the directors who held office 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

Interim dividends of £1,993,482,133 were declared and paid during the year. The directors do not recommend payment of a final dividend (2018: £nil).

Information included within the Strategic report

Information relating to the financial risk management and the likely future developments of the Company is contained within the Strategic report on page 2 and is incorporated into this report by reference.

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.

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.

Directors' Indemnity

Article 13 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.

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.

Going concern

In considering the appropriateness of the going concern basis, the Board of directors reviewed the Company's ongoing commitments for the next 12 months and has considered the ongoing impact of COVID-19 to the liquidity of the Company. The Board's review also included an assessment of the Group going concern statement as reported in the 2020 interim condensed financial statements.

Based on this review no material uncertainties that would require disclosure have been identified in relation to the ability of the Company to remain a going concern for at least the next 12 months, from both the date of the balance sheet and the approval of the financial statements.

It is therefore concluded that the going concern basis is appropriate for the preparation of the 2019 financial statements.

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

4 August 2020

Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements

The directors are responsible for preparing the strategic report, 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.

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 RSA Finance

Opinion

We have audited the financial statements of RSA Finance ("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.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and Directors' report

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

Our responsibility is to read the strategic report and 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 strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have 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; and
- we have not received all the information and explanations we require for our audit;

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 RSA Finance

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

04/08/2020

RSA FINANCE**Statement of total comprehensive income**

for the year ended 31 December 2019

	2019	2018
Notes	£000	£000
Other interest receivable and similar income	36,675	35,242
Interest payable	(13)	-
Profit on ordinary activities before tax	36,662	35,242
Taxation on profit on ordinary activities	5 (7,691)	(7,289)
Profit for the financial year	28,971	27,953

All figures relate to continuing operations.

There have been no recognised gains or losses during the reporting period other than those recorded in the statement of total comprehensive income. Accordingly, no statement of other comprehensive income is presented.

The attached notes on pages 10 to 11 form an integral part of these accounts.

RSA FINANCE**Statement of changes in equity**
for the year ended 31 December 2019

	Share capital	Share premium	Profit and loss account	Total shareholders' funds
	£000	£000	£000	£000
Balance at 1 January 2018	1,823,157	112,959	563,405	2,499,521
Profit for the financial year	-	-	27,953	27,953
Balance at 31 December 2018	1,823,157	112,959	591,358	2,527,474
Profit for the financial year	-	-	28,971	28,971
Capital reduction	(1,823,157)	(112,959)	1,936,116	-
Dividends declared and paid in current period	-	-	(1,993,482)	(1,993,482)
Balance at 31 December 2019	-	-	562,963	562,963

The attached notes on pages 10 to 11 form an integral part of these accounts.

RSA FINANCE**Balance sheet**
as at 31 December 2019

	Notes	2019 £000	2018 £000
Current assets			
Amounts owed by Group undertakings		570,654	2,534,745
Cash at bank and in hand		-	18
		570,654	2,534,763
Creditors: amounts falling due within one year			
	6	(7,691)	(7,289)
Net current assets			
		562,963	2,527,474
Capital and reserves			
Called up share capital	7	-	1,823,157
Share premium account		-	112,959
Profit and loss account		562,963	591,358
Shareholders' funds			
		562,963	2,527,474

The attached notes on pages 10 to 11 form an integral part of these financial statements.

The financial statements were approved on 4 August 2020 by the Board of Directors and are signed on its behalf by:

Ian Craston

Ian Craston
Director

1. Basis of preparation

The Company is a wholly owned subsidiary of Royal & Sun Alliance Insurance plc and is incorporated and domiciled in the UK. 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. The Group has prepared its consolidated financial statements under IFRS as adopted by the EU since its date of transition to IFRS at 1 January 2004.

These financial statements have been prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101) and in compliance with the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

These financial statements have been prepared on a going concern basis. In considering the appropriateness of the going concern basis, the Board of directors reviewed the Company's ongoing commitments for the next 12 months and has considered the ongoing impact of COVID-19 to the liquidity of the Company. The Board's review also included an assessment of the Group going concern statement as reported in the 2020 interim condensed financial statements.

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 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 capital management; 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*.

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

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) Amounts owed from group undertakings

Amounts owed from other group undertakings are measured at amortised cost using the effective interest rate method.

Where the credit risk on the amounts owed has not increased significantly since initial recognition, the expected credit loss (ECL) is determined by considering default events that are possible within 12 months after the reporting date. Where the credit risk has increased significantly since initial recognition the ECL is determined by considering all possible default events over the life of debt.

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 £1,000 (31 December 2018: £900) 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 the Group, 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 (2018: none). All administrative duties are performed by employees of Royal & Sun Alliance Insurance plc at no cost to the Company (2018: £nil).

RSA FINANCE**5. Taxation**

	2019	2018
	£000	£000
Current tax		
UK corporation tax	7,618	7,288
Adjustments in respect of prior periods	73	1
Total current tax	7,691	7,289

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

Reconciliation of the total tax credit / charge

The tax charge for the year is more than 19% (2018: more than 19%) due to the items set out in the reconciliation below.

	2019	2018
	£000	£000
Profit on ordinary activities before tax	36,662	35,242
Tax at the UK rate of 19.0% (2018: 19.0%)	6,966	6,696
<i>Factors affecting charge:</i>		
Fiscal adjustments	652	592
Adjustments to tax charge in respect of previous periods	73	1
Total tax charge	7,691	7,289

6. Creditors: amounts falling due within one year

	2019	2018
	£000	£000
Corporation tax	7,691	7,289
	7,691	7,289

7. Share capital

	2019	2018
	£000	£000
Allotted, issued and fully paid		
4,051,460,762 ordinary shares of £0.0000000025 each (2018: 4,051,460,762 ordinary shares of £0.45 each)	-	1,823,157
	-	1,823,157

In December 2019, a capital reduction was performed reducing the nominal value of each of the Company's ordinary shares by £0.44999999975 to £0.0000000025 per share (as rounded to the 11th decimal place).

8. 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 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.