



SUN ALLIANCE FUND MANAGEMENT LIMITED

Report and Accounts

for the year ended 31 December 2005



Sun Alliance Fund Management Limited

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Sun Alliance Fund Management Limited
Company Information

Directors

Non-Destructive Testers Limited

Roysun Limited

Secretary

Roysun Limited

Registered office

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

Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Southwark Towers
32 London Bridge Street
London
SE1 9SY

Sun Alliance Fund Management Limited

Directors' report for the year ended 31 December 2005

Principal activity

The principal activity of the Company is to act as trustee to the Sun Alliance Master Pension Plan, for which it receives no income.

Review of the year and future developments

The company will continue to act as trustee to the Sun Alliance Master Pension Plan for the foreseeable future.

Results and dividend

The result for the year is shown in the profit and loss account on page 6. The directors do not recommend the payment of a dividend (2004: £Nil).

Directors and their interests

The names of the current directors, who served throughout the year, are listed on page 2.

Non-Destructive Testers Limited and Roysun Limited do not have any interests in the shares of the Company or in the shares of Royal & Sun Alliance Insurance Group plc, the ultimate holding company.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office. The Company has in place an elective resolution under which it is not necessary to reappoint the auditors at each Annual General Meeting.

Disclosure of information to auditors

As far as the directors are aware there is no relevant audit information of which the Company's auditors are unaware. The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Financial instrument risk management

The Company is a subsidiary of Royal & Sun Alliance Insurance Group plc and its management of risk is set at Group level.

The only 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.

By order of the directors


Roysun Limited
Secretary

5 September 2006



Sun Alliance Fund Management Limited

Statement of directors' responsibilities

Statement of directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 2005. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors have responsibility for ensuring that the Company keeps proper accounting records that 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 1985. The directors 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.

Sun Alliance Fund Management Limited
Independent Auditors' Report

Independent auditors' report to the members of Sun Alliance Fund Management Limited

We have audited the financial statements of Sun Alliance Fund Management Limited for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only of the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

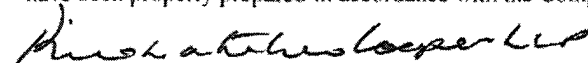
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 misstatement, 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its loss for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

London

 2006

Sun Alliance Fund Management Limited

Profit and loss account for the year ended 31 December 2005

	Notes	2005 £000	2004 £000
Other interest receivable and similar income		-	50
Profit on ordinary activities before taxation		-	50
Taxation on profit on ordinary activities	6	(14)	(15)
Profit/(loss) on ordinary activities after taxation		(14)	35

All figures relate to continuing operations.

The notes on pages 8 to 10 form an integral part of these accounts.

There have been no recognised gains and losses in either reporting year 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 described in the profit and loss account 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.

Reconciliation of movements in shareholders' funds for the year ended 31 December 2005

	Share Capital £000	Profit & loss account £000	2005 £000	2004 £000
Shareholders' funds at 1 January	625	552	1,177	1,142
Shareholders' recognised profits	-	(14)	(14)	35
Shareholders' funds at 31 December	625	538	1,163	1,177

Sun Alliance Fund Management Limited

Balance sheet
as at 31 December 2005

	Notes	2005 £000	2004 £000
Current assets			
Debtors	7	1,391	1,403
		<u>1,391</u>	<u>1,403</u>
Creditors: amounts falling due within one year	8	(228)	(226)
Net current assets		<u>1,163</u>	<u>1,177</u>
Capital and reserves			
Called up share capital	9	625	625
Profit and loss account	10	538	552
Equity shareholders' funds		<u>1,163</u>	<u>1,177</u>

The notes on pages 8 to 10 form an integral part of these accounts.

The accounts on pages 6 to 10 were approved by the Board of Directors and are signed on its behalf by:

Helen M Macmillan

Director (For and on behalf of Non-Destructive Testers Limited)
5 September 2006

M. H.

Denise

1. Accounting and disclosure requirements

The financial statements of the Company have been prepared in accordance with applicable UK Accounting Standards and the provisions of Section 226A of, and Schedule 4 to, the Companies Act 1985. The financial statements have been prepared under the historical cost convention on a going concern basis.

2. Accounting policies

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

Taxation

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

Deferred taxation is provided in full and consists of the estimated taxation or relief from taxation which is expected to arise from material timing differences using rates based on tax rates and laws that have been substantively enacted by the balance sheet date. Credit is taken for relief for trading and other losses only to the extent that the directors anticipate that suitable profits will absorb such losses in the foreseeable future.

Deferred tax balances are not discounted (previously, deferred tax balances were discounted at rates reflecting post-tax yields to maturity that could be obtained at the balance sheet date on government bonds with maturity dates and in currencies similar to those of the deferred tax assets and liabilities; the rates used were within the range of 1% to 4%).

3. Auditors' remuneration

The cost of auditing the Company's accounts is borne by a parent company.

4. Directors' emoluments

None of the directors received any emoluments from the Company during the year (2004: nil).

5. Employees and staff costs

The Company did not employ anyone during the year. All administrative duties are performed by employees of another group company. All staff in the UK are employed by Royal & Sun Alliance Insurance plc and are members of either one of the defined benefit pension schemes or a defined contribution pension scheme, details of which are disclosed in the accounts of that company. Contributions are based on pension costs across the UK group as a whole.

Sun Alliance Fund Management Limited

Notes to the accounts (continued)

6. Taxation

The charge for taxation in the profit and loss comprises

	2005 £000	2004 £000
Current tax		
UK corporation tax	17	15
Adjustment in respect of prior periods	(3)	-
Total current tax	14	15
Tax charge	14	15

The UK corporation tax for the current year is based on a rate of 30% (2004:30%).

Factors affecting the current tax charge

The current tax charge for the year is more than (2004 equal to) 30% due to the items set out in the reconciliation below

	2005 £000	2004 £000
Profit on ordinary activities before tax	-	50
Tax at 30%	-	15
<i>Factors affecting charge</i>		
Fiscal adjustment	17	-
Adjustment to prior year provision	(3)	-
Current tax charge for the period	14	15

7. Debtors

Amounts falling due within one year:

	2005 £000	2004 £000
Amounts owed by group undertakings.	1,391	1,403

8. Creditors: amounts falling due within one year

	2005 £000	2004 £000
Amounts owed to group undertakings	211	211
Other creditors	3	-
Taxation and social security	14	15
	228	226

Amounts owed to group undertakings are unsecured, non-interest bearing and have no fixed date of repayment.

Sun Alliance Fund Management Limited

Notes to the accounts (continued)

9. Share capital

	2005 £000	2004 £000
Authorised 1,500,000 ordinary shares of £1 each	1,500	1,500
Allotted, issued and fully paid up 625,000 ordinary shares of £1 each	625	625

10. Reserves

Reserves and reserve movements are as follows:

	Profit and Loss Account	
	2005 £000	2004 £000
Balance at 1 January	552	517
Retained profit/(loss) for the year	(14)	35
Balance at 31 December	538	552

11. Capital commitments

The Company had no capital commitments at 31 December 2005 (2004: £Nil).

12. Contingent liabilities

The Company had no material contingent liabilities at 31 December 2005 (2004: £Nil).

13. Cash flow statement

The Company is a wholly-owned subsidiary of Royal & Sun Alliance Insurance Group plc and the cash flows of the Company are included in the consolidated cash flow statement of Royal & Sun Alliance 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 Part Disclosures' from disclosing details of transactions with Royal & Sun Alliance Insurance Group plc and its subsidiaries.

15. Parent company

The Company's ultimate parent company and controlling party is Royal & Sun Alliance 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 9th Floor, One Plantation Place, 30 Fenchurch Street, London EC3M 3BD.