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GENERAL ACCIDENT EXECUTOR & TRUSTEE COMPANY LIMITED

Company Number: 6252

REPORT AND ACCOUNTS

For Year Ended 31 December 1999



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GENERAL ACCIDENT EXECUTOR & TRUSTEE COMPANY LIMITED

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GENERAL ACCIDENT EXECUTOR & TRUSTEE COMPANY LIMITED

DIRECTORS' REPORT

The directors submit their report and accounts of the General Accident Executor & Trustee Company Limited for the year ended 31 December 1999.

Principal Activities

Following the Company's withdrawal from Unit Trust Trustee activities and the outsourcing by the General Accident Group of the back office and custody operations relating to its own Funds, the Company's principal activity has been the continuing operation of the Company's domestic trust unit. The directors consider that the Company's activities will continue unchanged in the foreseeable future.

Results and dividends

The results for the year are shown in the profit and loss account on page 6 and arise from continuing operations. The directors consider the results and the company's financial position to be satisfactory. The directors do not recommend the payment of any ordinary dividend for the year (1998: £nil). A preference dividend of £840 (1998 £840) was paid on 31 December 1999.

Directors

The directors in office during the year were as follows:

Mr P C Burke
Mr R A Whitaker

Directors' interests

The directors of the Company who held office at 31 December 1999 had the following interests in the shares of CGU plc:

	<u>Ordinary Shares of 25p each</u>					
	1 January 1999		Options granted during the year	Options exercised during the year	31 December 1999	
	Share Shares	Options			Share Shares	Options
P C Burke	988	3,534	-	-	534	3,534
R A Whitaker	34,365	66,864	20,484	3,125	40,443	84,223

One director exercised share options in relation to the shares in CGU plc during the year.

GENERAL ACCIDENT EXECUTOR & TRUSTEE COMPANY LIMITED

DIRECTORS' REPORT (continued)

Directors' interests (continued)

On 2 September 1998 R A Whitaker was granted a restricted award over 18,702 shares under the CGU plc Integration Incentive Plan. Awards under the Plan became capable of vesting in the year 2000 subject to the achievement of specified performance criteria.

On 8 July 1999, R A Whitaker was granted awards over 1,986 shares under the CGU plc Deferred Bonus Plan.

None of the directors who held office at 31 December 1999 had any beneficial interests in the Company's shares or the shares of any other company within the CGU Group.

Financial Reporting Standard 8 'Related Party Disclosures' (FRS8)

There have been no transactions in the normal course of business with directors and other officers during the year.

As consolidated financial statements of CGU plc are publicly available, the Company has taken advantage of the exemption from the requirement to disclose transactions with related parties the voting rights in which are controlled by companies within the CGU Group.

Year 2000 and euro

The CGU Group, of which the Company is a member, benefited from the substantial time and effort incurred in preparing for the impact of year 2000 issues and as a consequence suffered no significant problems in our own organisation. Total costs incurred by the CGU Group in preparing for year 2000 amounted to £135m of which £41m was included in the 1999 results.

Year 2000 claims from policyholders are expected to have an insignificant impact on the CGU Group's underwriting results. There is no impact on the Company's result.

The CGU Group's businesses in the euro zone are continuing to work actively for the final conversion. Costs incurred by the Group to date for the introduction of the euro amount to £35m, of which £15m has been included in the 1999 results.

Auditors

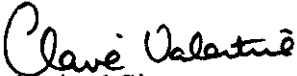
On 20 April 1999 PricewaterhouseCoopers were appointed auditors of the company, which was previously audited by KPMG Audit plc.

An elective resolution was passed by the shareholders of the company pursuant to Section 386 of the Companies Act 1985 to dispense with the obligation to appoint auditors annually. PricewaterhouseCoopers has signified their willingness to continue in office.

GENERAL ACCIDENT EXECUTOR & TRUSTEE COMPANY LIMITED

DIRECTORS' REPORT (continued)

Approved and signed on behalf of the Board on 27 APRIL 2000


Authorised Signatory
CGU Company Secretarial Services Limited
Secretary

Registered Office: St. Helen's, 1 Undershaft, London EC3P 3DQ

GENERAL ACCIDENT EXECUTOR & TRUSTEE COMPANY LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required to ensure that accounts are prepared for each accounting period which comply with the relevant provisions of the Companies Act 1985, 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 profit or loss of that period. Suitable accounting policies have to be used and applied consistently in preparing financial statements, using reasonable and prudent judgements and estimates, on the going concern basis unless it is inappropriate to presume that the Company will continue in business. Applicable accounting standards also have to be followed, with any material departures being disclosed and explained.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company. They are also responsible for safeguarding the assets of the Company and for ensuring controls are in place for the prevention and detection of fraud and other irregularities.

GENERAL ACCIDENT EXECUTOR & TRUSTEE COMPANY LIMITED

AUDITORS REPORT TO THE MEMBERS OF GENERAL ACCIDENT EXECUTOR & TRUSTEE COMPANY LIMITED

We have audited the financial statements on pages 6 to 14 which have been prepared under the historical cost convention as modified by the revaluation of fixed asset investments and the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 4, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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 transactions is not disclosed.

Basis of audit 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 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 of the state of the Company's affairs at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

Edinburgh

27 April 2000

GENERAL ACCIDENT EXECUTOR & TRUSTEE COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 1999

	Note	1999	1998
		£'000	£'000
Turnover		125	338
Administration costs		(164)	(1,711)
Operating loss	1	(39)	(1,373)
Income from other fixed asset investments		91	69
Other interest receivable		-	23
Net realised (loss) on sale of investments		(2)	
Investment expenses and charges		(1)	-
Profit / (Loss) on ordinary activities before taxation comprising		49	(1,281)
Tax on Profit / (Loss) on ordinary activities	2	25	318
Profit/(Loss) on ordinary activities after taxation and for the financial year		74	(963)
Dividend - Preference	3	(1)	(1)
Retained Profit / (Loss)		73	(964)

All the above relate to continuing operations.

On an unmodified historical cost basis the profit on ordinary activities before tax is £88,000, the difference to the profit on ordinary activities reported above being prior year unrealised gains of £37,000 on investments sold during the year. Retained profit for the year on an historical cost basis is £112,000.

GENERAL ACCIDENT EXECUTOR & TRUSTEE COMPANY LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES **FOR THE YEAR ENDED 31 DECEMBER 1999**

	Note	1999 £'000	1998 £'000
Profit / (loss) for the year		73	(964)
(Decrease) / Increase in revaluation reserve	8	(57)	85
Total gains / (losses) relating to the year		<u>16</u>	<u>(879)</u>

GENERAL ACCIDENT EXECUTOR & TRUSTEE COMPANY LIMITED

BALANCE SHEET

at 31 December 1999	Note	1999 £'000	1998 £'000
Fixed assets			
Investments	4	<u>807</u>	<u>957</u>
		807	957
Current assets			
Debtors	5	5,715	5,471
Cash at bank and in hand		<u>2</u>	<u>2</u>
		5,717	5,473
Creditors: amounts falling due within one year			
Trade creditors	6	<u>3,297</u>	<u>3,219</u>
Net current assets		<u>2,420</u>	<u>2,254</u>
Total assets less current liabilities		<u>3,227</u>	<u>3,211</u>
Represented by:			
Capital and reserves			
Called up share capital	7	827	827
Revaluation Reserve	8	7	103
Other Reserves	8	144	144
Profit and loss account	8	<u>2,249</u>	<u>2,137</u>
Shareholders' funds (including non-equity)			
At 31 December 1999		<u>3,227</u>	<u>3,211</u>
 Equity Shareholders' funds		 3,207	 3,191
Non Equity Shareholders' funds		<u>20</u>	<u>20</u>
		<u>3,227</u>	<u>3,211</u>

Approved by the Board on 27 APRIL 2000



Director

GENERAL ACCIDENT EXECUTOR & TRUSTEE COMPANY LIMITED

ACCOUNTING POLICIES

(a) Basis of preparation

The accounts have been prepared under the historical cost convention as modified by the revaluation of fixed asset investments. The accounting policies adopted reflect United Kingdom Financial Reporting Standards and Statements of Standard Accounting Practice.

(b) Investment Income

Investment income comprises interest receivable for the year, after adding back any related tax credit, together with realised investment gains and losses. Realised investment gains and losses represent the difference between the net sales proceeds and the carrying value. Unrealised investment gains and losses represent the difference between the carrying value at the year end and the carrying value at the previous year end or purchase value during the year.

Unrealised gains and losses arising on other financial investments are dealt with in the revaluation reserve.

(c) Trusteeship business fees

Fee income, predominantly based on a percentage of fund valuation, is recognised on an accruals basis.

(d) Investments

All investments are stated at their current value at the end of the year. Current values, for this purpose, comprise stock exchange mid-market values for listed securities.

GENERAL ACCIDENT EXECUTOR & TRUSTEE COMPANY LIMITED

NOTES TO THE ACCOUNT

1. Operating Profit

This is stated after charging:-

	1999	1998
	£'000	£'000
Directors' Remuneration	Nil	Nil
Audit Fees	1	1
Depreciation	Nil	41

2. Taxation

	1999	1998
	£'000	£'000
The charges in respect of UK corporation tax, income taxes and overseas taxes, and based on the results of the year are made up as follows:		
UK corporation tax at 30.25% (1998: 31%)	19	(318)
Adjustments with respect to prior years	(44)	-
	<u>(25)</u>	<u>(318)</u>

GENERAL ACCIDENT EXECUTOR & TRUSTEE COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

3. Dividends

	1999	1998
	£'000	£'000
Preference	<u>1</u>	<u>1</u>

4. Other Financial Investments

	Market Value 1999	Cost 1999	Market Value 1998	Cost 1998
	£'000	£'000	£'000	£'000
These financial investments comprise:				
Debt securities and other fixed income securities	<u>807</u>	<u>822</u>	<u>957</u>	<u>850</u>

All the investments above are listed

5. Debtors

	1999	1998
	£'000	£'000
Amount owed by affiliated undertakings :-		
Due by parent company	5,652	5,118
Corporation tax receivable	50	338
Prepayments and accrued income	13	15
	<u>5,715</u>	<u>5,471</u>

GENERAL ACCIDENT EXECUTOR & TRUSTEE COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

6. Other creditors including taxation

	1999	1998
	£'000	£'000
Amounts owed to affiliated undertakings:-		
Parent company interest free subordinated loan	3,200	3,200
Other creditors including taxation and social security:		
Accruals	97	19
	<u>3,297</u>	<u>3,219</u>

7. Called up share capital

	1999	1998
	£'000	£'000
<u>Authorised:</u>		
350,000 Ordinary shares of £4 each	<u>1,400</u>	<u>1,400</u>
(1998: 350,000)		
20,000 Preference shares of £5 each	<u>100</u>	<u>100</u>
(1998: 20,000)		
<u>Allotted and issued:</u>		
194,500 Ordinary shares of £4 each, fully paid	778	778
(1998: 194,500)		
13,000 Ordinary shares of £4 per share (£2.20 per share paid), (1998: 13,000, £2.20 per share paid)	29	29
	<u>807</u>	<u>807</u>
20,000 6% Preference shares of £5 each (£1 per share paid), (1998: 20,000, £1 per share paid)	20	20
	<u>827</u>	<u>827</u>

GENERAL ACCIDENT EXECUTOR & TRUSTEE COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

8. Reserves

	Other Reserves	Revaluation Reserve	Profit & Loss A/c	Total
	£'000	£'000	£'000	£'000
At 1 January 1999	144	103	2,137	2,384
Previous revaluation of investments	-	(83)	-	(83)
Revaluation realised during year	-	(39)	39	-
Tax on unrealised gains	-	26		26
Profit for the year	-	-	73	73
	<u>144</u>	<u>7</u>	<u>2,249</u>	<u>2,400</u>

9. Reconciliation of movements in shareholders' funds

	1999	1998
	£'000	£'000
Profit/(loss) for the year	74	(963)
Dividends - preference shares	1	1
(Decrease) / increase in revaluation reserve	<u>(57)</u>	<u>85</u>
Net increase/(decrease) in shareholders' funds	16	(879)
Opening shareholders' funds	<u>3,211</u>	<u>4,090</u>
Closing shareholders' funds	<u>3,227</u>	<u>3,211</u>

10. Holding Companies Details:

The immediate holding company is Commercial Union Financial Services Limited.
The ultimate holding company is CGU plc. Its group accounts are available on application to the Group Secretary, CGU plc, St. Helen's, 1 Undershaft, London EC3P 3DQ.

GENERAL ACCIDENT EXECUTOR & TRUSTEE COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

11. Cash Flow Statement

As the Company is wholly owned within the CGU Group, the cash flows of the Company are included in the consolidated group cash flow statement of CGU plc. Consequently, the Company is exempt under the terms of Financial Reporting Standard 1 (Revised 1996) from publishing a cash flow statement.

12. Related Party Transactions

As consolidated accounts are publicly available, the Company has taken advantage of the exemption in Financial Reporting Standard 8 from the requirement to disclose transactions with related parties who are 90% or more owned within the same group.

13. Post Balance Sheet Event

On 21 February 2000 the Board of CGU plc announced the terms of a merger with Norwich Union plc to create CGNU plc, subject to shareholder and regulatory approvals.