

THE WELSH INSURANCE CORPORATION LIMITED

REPORT AND ACCOUNTS

DIRECTORS' REPORT

The directors present their Report and Accounts of the Company for the year ended 31 December 1993.

PRINCIPAL ACTIVITIES

The principal activity of the Company has not changed during the year. The Company is authorised to write general insurance business. Any business is wholly reinsured with its parent company, Commercial Union Assurance Company plc. As the Company has made neither profits nor losses, no revenue account or profit and loss account has been prepared. The directors consider that the Company's activities will continue unchanged in the foreseeable future.

DIRECTORS

The directors in office during the year were as follows:-

MR J G T CARTER (resigned 31 December 1993)
MR K N GRANT
MR J H WEBB (resigned 31 December 1993)

DIRECTORS' INTERESTS

The directors of the Company who held office at 31 December 1993 had the following interests in the shares of Commercial Union Group companies:

Commercial Union plc

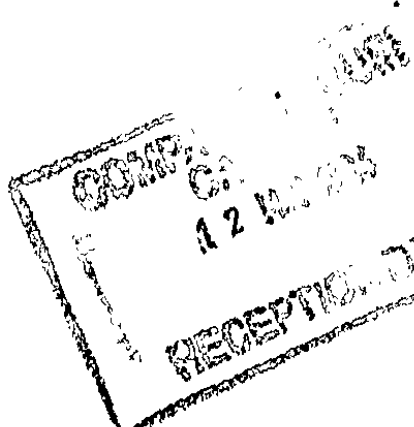
Ordinary Shares of 25p each

	31 December 1993		Options exercised during the year	1 January 1993	
	Shareholdings	Share Options		Shareholdings	Share Options
K N Grant	1,063	33,659	3,297	1,544	33,043
J H Webb	21,310	63,773	3,297	17,250	67,070

During the year Mr Grant was granted 3,913 options.

The number of shares held under option by each director on 1 January 1993 was adjusted following a Rights Issue announced by Commercial Union plc on 10 February 1993.

Mr Carter is a director of the Company's ultimate holding company and under the Companies (Disclosure of Directors' Interests) (Exceptions) Regulations 1985 (SI 1985/802) is not required to disclose his interests in the Company's accounts. His interests can be found in the Report and Accounts of Commercial Union plc.



COOPERS & LYBRAND
INITIALLED FOR
IDENTIFICATION PURPOSES
ONLY

DATE 26/4/94

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THE WELSH INSURANCE CORPORATION LIMITED

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

During the financial year, the Commercial Union Group effected insurance cover for the officers of the Company as permitted by Section 310 of the Companies Act 1985.

Approved and signed on
behalf of the Board



Commercial Union Company Secretarial Services Limited
Secretary

29 April 1994

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



THE WELSH INSURANCE CORPORATION LIMITED

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BALANCE SHEET
AT 31 DECEMBER 1993

	1993 £	1992 £
CURRENT ASSETS		
Debtors		
Amounts due from holding company	<u>50,000</u>	<u>50,000</u>
 CAPITAL AND RESERVES		
Share capital authorised: 50,000 shares of £1 each	<u>50,000</u>	<u>50,000</u>
 Share capital issued: 50,000 shares of £1 each, fully paid	<u>50,000</u>	<u>50,000</u>

Approved by the Board
on 29 April 1994


Director

London

The notes on page 4 are an integral part of these accounts.
Auditors' report - page 5.

NOTES ON THE ACCOUNTS - 31 DECEMBER 1993

1. These accounts have been prepared in accordance with section 255 of, and the special provisions relating to insurance companies of schedule 9A to, the Companies Act 1985. The accounting policies adopted reflect United Kingdom financial reporting standards and statements of standard accounting practice as considered appropriate for an insurance company.
2. Any business is wholly reinsured with the parent company. As the Company has made neither profits nor losses, no revenue account or profit and loss account has been prepared.
3. All expenses, including auditors' remuneration, have been borne by the parent company.
4. Directors' emoluments amounted to £Nil (1992 £Nil).
5. The ultimate holding company is Commercial Union plc, which is incorporated in England. Its group accounts are available on application to the Group Company Secretary, Commercial Union plc, St.Helen's, 1 Undershaft, London EC3P 3DQ.

The smallest group of undertakings, of which the Company is a member, that prepares group accounts is headed by Commercial Union Assurance Company plc, which is incorporated in England. Its group accounts are available to the public, on payment of the appropriate fee, from Companies Registration Office, Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

Directors' responsibility for the Accounts

The directors are required to ensure that financial statements are prepared for each accounting period which comply with the relevant provisions of the Companies Act 1985, in respect of the state of affairs of the Company as at the end of the accounting period and of the profit or loss for 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 also 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.

Auditors' Report

To the members of The Welsh Insurance Corporation Limited

We have audited the financial statements on pages 3 and 4.

Respective responsibilities of directors and auditors

As described above, the Company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you

Basis of 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 accounts have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to insurance companies.

Coopers & Lybrand
COOPERS & LYBRAND
Chartered Accountants and Registered Auditors
London

12 April 1994