

REPORT AND ACCOUNTSDIRECTORS' 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 and the Company continues to be the holding company for the Commercial Union Properties Group. The directors consider that the Company's activities will continue unchanged in the foreseeable future.

RESULTS AND DIVIDEND

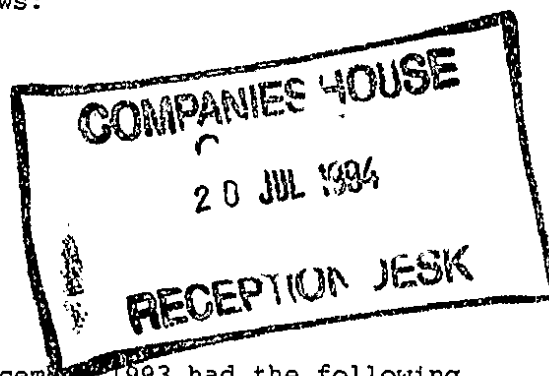
The results for the year are shown on page 3 and arise from continuing operations. The directors consider the results and the Company's financial position to be satisfactory. The directors, having declared an interim dividend of £12,000,000 (1992 £Nil), do not recommend the payment of any further dividend for the year.

DIRECTORS

The directors in office during the year were as follows:

MR B A BENTLEY
MR A H CLIFTON
MR G B FORBES
MR J C KIRK
MR I D MATHIESON
MR M E PERKINS
MR A B WYAND

(resigned 31 October 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 plcOrdinary Shares of 25p each

	31 December 1993			1 January 1993	
	Shareholdings	Share Options	Options exercised during the year	Shareholdings	Share Options
B A Bentley	5,579	20,945	658	3,882	21,603
A H Clifton	-	119,190	-	-	119,190
G B Forbes	3,332	5,323	487	5,079	5,534
I D Mathieson	12,405	79,889	-	9,796	79,889
M E Perkins	5,474	43,757	1,096	3,424	44,230

During the year Mr Forbes was granted 276 options and Mr Perkins was granted 623 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.



RECEIPT DATE: 20/07/94

Pa.J.

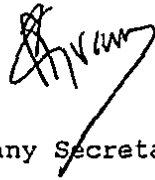
COMMERCIAL UNION PROPERTIES LIMITEDDIRECTORS' INTERESTS (continued)

Mr Wyand 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.

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.

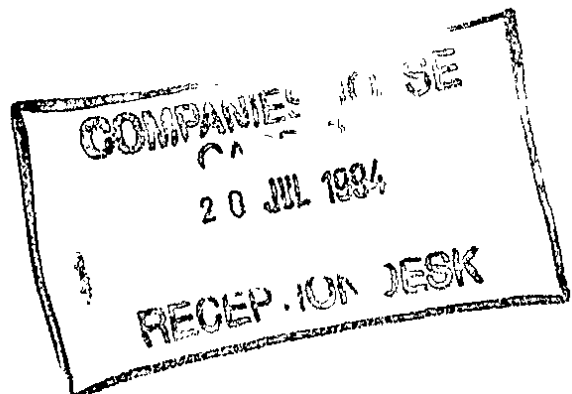
Approved and signed on
behalf of the Board



Commercial Union Company Secretarial Services Limited
Secretary

13 July 1994

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



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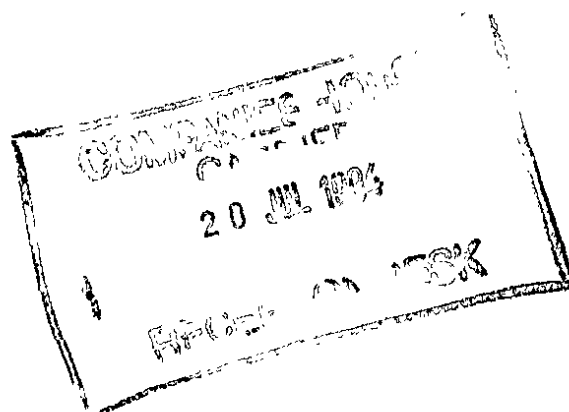
COMMERCIAL UNION PROPERTIES LIMITED

3.

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1993

	1993 £	1992 £
Dividends received from subsidiary undertakings	750,000	27,000,000
Movement in provision against investments in subsidiary undertakings (notes 1 (b) and 4 (a))	9,563,547	(25,273,552)
Profit on ordinary activities before taxation	10,313,547	1,726,448
Tax on profit on ordinary activities	-	-
Profit on ordinary activities after taxation	10,313,547	1,726,448
Dividend	(12,000,000)	-
(Loss)/profit for the financial year	(1,686,453)	1,726,448
Retained profits brought forward	1,770,112	43,664
Retained profits carried forward	83,659	1,770,112

The Company has no recognised gains and losses other than those included in the profit above and therefore no separate statement of total recognised gains and losses has been presented.



The notes on pages 5 to 7 are an integral part of these accounts.
Auditors' report - page 2.

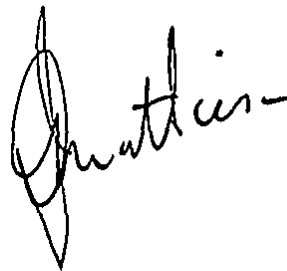
COMMERCIAL UNION PROPERTIES LIMITED

4.

BALANCE SHEET
AT 31 DECEMBER 1993

	1993 £	1992 £
FIXED ASSETS		
Investments		
Subsidiary undertakings (notes 1(b) & 4)	39,475,449	29,911,902
CURRENT ASSETS		
Amounts owed by subsidiary undertakings	46,046,860	116,579,329
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Amounts owed to group companies (note 5)	(45,421,842)	(116,704,311)
Dividend payable	(12,000,000)	-
	(57,421,842)	(116,704,311)
NET CURRENT LIABILITIES	(11,374,982)	(124,982)
NET ASSETS	28,100,467	29,786,920
Represented by:		
CAPITAL AND RESERVES		
Share capital (note 6)	28,000,000	28,000,000
Share premium account	16,808	16,808
Profit and loss account	83,659	1,770,112
SHAREHOLDERS' FUNDS (note 7)	28,100,467	29,786,920

Approved by the Board
on 13 July 1994



Director

NOTES ON THE ACCOUNTS - 31 DECEMBER 1993

1. Accounting policies

- (a) These accounts have been prepared under the historical cost convention and in accordance with applicable Accounting Standards in the United Kingdom.
- (b) Subsidiary undertakings are shown at cost less any provision considered necessary by the directors.
- (c) Group accounts have not been submitted as the Company is a wholly owned subsidiary of Commercial Union Assurance Company plc.

2. Directors' emoluments

All directors are remunerated by Commercial Union Employment Services Limited in respect of their services to the Group as a whole. Commercial Union Employment Services Limited makes a charge to the Company for the services of five directors and this is reflected in the information stated below. In respect of the remaining two directors, no charge is made to the Company.

(a) Total emoluments were:

	1993 £	1992 £
In respect of services as directors	-	1,500
Other emoluments (including pension contributions)	583,146	499,243
	<u>583,146</u>	<u>500,743</u>

(b) The emoluments of the individual directors (including the Chairman and highest paid director) fall within the following ranges:

	1993 Number	1992 Number
£0 - £5,000	2	4
£75,001 - £80,000	1	1
£85,001 - £90,000	1	1
£90,001 - £95,000	-	1
£95,001 - £100,000	1	1
£120,001 - £125,000	-	1
£125,001 - £130,000	1	-
£145,001 - £150,000	1	-

	1993 £	1992 £
(c) Chairman's emoluments	-	1,500
Highest paid director	147,160	123,984

NOTES ON THE ACCOUNTS - 31 DECEMBER 1993 (continued)

3. Auditors' remuneration

Auditors' remuneration is charged in the accounts of Commercial Union Assurance Company plc.

4. Subsidiary undertakings

a) The Company's investments comprise:

	1993 £	1992 £
Cost at 1 January and 31 December	<u>55,185,454</u>	<u>55,185,454</u>
Provision At 1 January	25,273,552	-
(Decrease)/increase in provision	<u>(9,563,547)</u>	<u>25,273,552</u>
At 31 December	<u>15,710,005</u>	<u>25,273,552</u>
Net book value at 31 December	<u>39,475,449</u>	<u>29,911,902</u>

In the opinion of the directors, the value of the Company's investments in its subsidiaries is, in aggregate, not less than the amount at which it is stated in the balance sheet.

(b) The Company had the following wholly owned property subsidiaries at 31 December 1993, all of which are registered in England:

<u>Name</u>	<u>Fully paid shares</u>	<u>Nominal Value</u>	<u>Nature of business</u>
Commercial Union Properties (Estate Services) Limited	£20	£1	Property management and estate services
Commercial Union Properties (Investments) Limited	£200	£1	Non-trading
Commercial Union Properties (U.K.) Limited	£500,000	10 pence	Property development
Holloways' Properties Limited	£1,350,669	25 pence	Property investment

5. Amounts owed to group companies

These amounts include £219 (1992 £210,259) owed to the Company's subsidiaries.

COMMERCIAL UNION PROPERTIES LIMITED

7.

NOTES ON THE ACCOUNTS - 31 DECEMBER 1993 (continued)

6. Share capital:

The ordinary share capital of the Company at 31 December was:

	1993 £	1992 £
Authorised: 112,000,000 ordinary shares of 25p each	28,000,000	28,000,000
Allotted, called up and fully paid: 112,000,000 ordinary shares of 25p each	28,000,000	28,000,000

7. Reconciliation of movements in shareholders' funds

	1993 £	1992 £
Balance at 1 January	29,786,920	28,060,472
Profit after taxation	10,313,547	1,726,448
Dividend	(12,000,000)	-
Balance at 31 December	28,100,467	29,786,920

8. Ultimate holding company

The ultimate holding company is Commercial Union plc, which is registered 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 registered 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.

9. Cash flow

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

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 Commercial Union Properties Limited

We have audited the financial statements on pages 3 to 7.

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 financial statements give a true and fair view of the state of the Company's affairs at 31 December 1993 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand

COOPERS & LYBRAND
Chartered Accountants and Registered Auditors
London

COOPERS & LYBRAND
INITIALED FOR
IDENTIFICATION PURPOSES
ONLY

13 July 1994

CSL DATE *17/11/94*