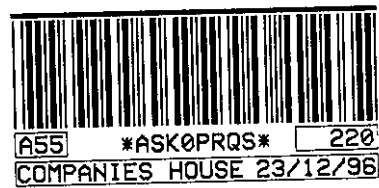


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NORWICH UNION  
HOLDINGS plc  
INTERIM ACCOUNTS  
20 DECEMBER 1996



# NORWICH UNION HOLDINGS plc

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# NORWICH UNION HOLDINGS plc

## INTERIM PROFIT AND LOSS ACCOUNT FOR THE PERIOD 1 JANUARY 1996 TO 20 DECEMBER 1996

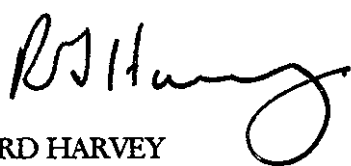
	Notes	£m	£m	1995 £m
Income from listed investments		5		1
Income from shares in group undertakings		<u>97</u>		<u>53</u>
			102	<u>54</u>
Interest receivable from group undertakings		-		1
Profit on disposal of investments		<u>3</u>		<u>85</u>
			3	<u>86</u>
Profit on ordinary activities before interest payable			105	140
Interest payable to group undertakings			9	13
Profit on ordinary activities before taxation			<u>96</u>	<u>127</u>
Taxation on profit on ordinary activities	2		<u>(2)</u>	<u>-</u>
<b>PROFIT FOR THE PERIOD</b>			98	127
Profit at the beginning of the year			90	3
			<u>188</u>	<u>130</u>
Dividend			88	40
Profit at the end of the period			<u>100</u>	<u>90</u>

NORWICH UNION HOLDINGS plc

INTERIM BALANCE SHEET  
AT 20 DECEMBER 1996

	Notes	£m	£m	1995 £m
<b>FIXED ASSETS</b>				
Investments	1(b),3,4&5		728	<u>939</u>
<b>CURRENT ASSETS</b>				
Debtors	6	98		12
<b>CREDITORS :</b>				
Amounts falling due within one year		-		<u>6</u>
<b>NET CURRENT ASSETS</b>			<u>98</u>	<u>6</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			826	945
<b>CREDITORS :</b>				
Amounts falling due after more than one year	7		156	<u>180</u>
			<u>670</u>	<u>765</u>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	8		97	76
Revaluation reserve	1(d)&9		473	599
Profit and loss account			100	<u>90</u>
Equity shareholders funds	10		<u>670</u>	<u>765</u>

The notes on pages 4 to 8 form an integral part of these accounts



RICHARD HARVEY  
Director

20 December 1996

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

(a) **Basis of accounting**

The accounts have been prepared under the historical cost convention modified by the revaluation of investments, and in accordance with applicable accounting standards.

(b) **Valuation of investments**

Shares in subsidiary and associated undertakings have been valued at cost of acquisition or directors' valuation of the undertaking's net asset value. In the opinion of the directors the aggregate value of the assets consisting of shares in the subsidiary and associated undertakings is not less than the aggregate of the amounts at which those assets are included in the balance sheet.

Listed investments have been included at middle market value.

(c) **Deferred taxation**

Deferred taxation is calculated on the liability basis, but is provided only where the amount is likely to become payable in the foreseeable future.

(d) **Revaluation reserve**

The revaluation reserve represents the difference between cost and valuation of investments.

2. TAXATION

- (i) Provision for taxation on the result for the year has been made as shown below. Group relief relates to inter-company payments for losses transferred.

	£m	1995 £m
Advance corporation tax payable	-	6
Tax on franked investment income	1	4
Group relief	(3)	(10)
Charge to profit and loss account	<u>(2)</u>	<u>-</u>

(ii) **Deferred taxation**

Details of the full potential liability for deferred taxation are given below :

	£m	1995 £m
Provided in the accounts	<u>-</u>	<u>-</u>
Not provided in the accounts		
Unrealised appreciation of investments	<u>30</u>	<u>20</u>

# NORWICH UNION HOLDINGS plc

## NOTES TO THE ACCOUNTS

### 3. INVESTMENTS

#### (a) Listed Investments

	£m	1995 £m
Value at 1 January 1996	118	-
Acquisitions	-	167
Disposals	(109)	(143)
	<u>9</u>	<u>24</u>
Profit on disposals relating to current year	3	85
Revaluation reserve transfer	(12)	9
Market value at 20 December 1996	<u>-</u>	<u>118</u>
Cost	<u>-</u>	<u>109</u>

#### (b) Investments in subsidiary and associated undertakings

	Subsidiaries £m	Associates £m	£m	1995 £m
Value at 1 January 1996	804	17	821	601
Acquisitions	21	-	21	39
Disposals	-	-	-	(4)
	<u>825</u>	<u>17</u>	<u>842</u>	<u>636</u>
Loss on disposals relating to current year	-	-	-	(1)
Revaluation reserve transfer	(114)	-	(114)	186
Value at 20 December 1996	<u>711</u>	<u>17</u>	<u>728</u>	<u>821</u>
Cost	<u>233</u>	<u>22</u>	<u>255</u>	<u>231</u>

# NORWICH UNION HOLDINGS plc

## NOTES TO THE ACCOUNTS

### 4. SUBSIDIARY UNDERTAKINGS

Principal subsidiary undertakings at 20 December 1996 are stated below. Those undertakings which have been omitted do not materially affect the amount of the result or assets of the company. Unless otherwise stated they have share capital comprising shares of one class only.

Name of Subsidiary	Nature of business	Percentage of allotted share capital held
Norwich Union Fire Insurance Society Limited	General insurance	100
Fidelity Life Assurance Limited	Life insurance	100
Norwich Union Pensions Management Limited	Life insurance	100
Norwich Union Portfolio Services Limited	PEP management	100
Norwich Union Trust Managers Limited	Unit trust management	100
Maritime Insurance Company Limited	General insurance	100
Life and Pensions Administration Services Limited	Information technology	100
Norwich Union Investment Management Limited	Securities & property fund management	100
Norwich Union Technology Supplies Limited	Information technology	100
<b>Subsidiaries of</b>		
<b>Norwich Union Fire Insurance Society Limited :</b>		
Scottish Union and National Insurance Company	Unregistered	General Insurance
'A' Shares of £5 each (50p paid)		100
Ordinary shares of £1 each		100
Haven Insurance Policies Limited	General insurance	100
Hill House Hammond Limited	Insurance intermediaries	100 (voting)
Norwich Union Healthcare Limited	Marketing and administration company	100
Security Insurance Group Limited	Holding company	100 *
SPIG Limited (Holding company)	Holding company	100

\* held through a wholly owned intermediate group undertaking.

NOTES TO THE ACCOUNTS

5. ASSOCIATED AND OTHER UNDERTAKINGS

At 20 December 1996 the company or subsidiaries of the company held shares of one-tenth or more in nominal value of the allotted shares of at least one class of equity share capital of a number of undertakings. Those holdings, all of which are ordinary holdings, which principally affect the amount of the result of assets of the company are as follows:

Name of Subsidiary	Nature of business	Percentage of allotted share capital held
Norwich Winterthur Holdings Limited	Investment holding	48.5
NW Reinsurance Corporation Limited	General reinsurance	46.5
Aviation and General Insurance Company Limited	Aviation insurance	12.1

The company holds 100% of the 'A' ordinary shares in Norwich Winterthur Holdings Limited, which in turn holds 77.5% and the company 8.9% of the ordinary shares in NW Reinsurance Corporation Limited. The company's overall direct and indirect holding in the Corporation amounts to 46.5%.

NW Reinsurance Corporation Limited ceased underwriting on 4 March 1993. The relevant proportion of the net assets of NW Reinsurance Corporation Limited incorporated within these accounts is based upon unaudited accounts which have been prepared using the latest available information. Whilst the management of NW Reinsurance Corporation Limited consider that the gross provision for claims, related reinsurance recoveries and associated claims handling costs are fairly stated on the basis of the information currently available to them, the ultimate liability will vary as a result of subsequent information and events and may result in significant adjustments to the amount provided within that company's accounts. Adjustments to the amounts of provisions will be reflected in the financial statements for the period in which the adjustments are made. The methods used, and the estimates made, are reviewed regularly.

6. DEBTORS

	£m	1995 £m
Amount owed by parent undertaking	-	2
Amount owed by subsidiary undertakings	95	10
Other debtors	3	-
	<u>98</u>	<u>12</u>

NOTES TO THE ACCOUNTS

7. CREDITORS : Amounts Falling Due After More Than One Year

The loans totalling £155,679,150 (1995 - £179,800,000) were used to purchase ordinary shares from the parent undertaking and to acquire subsidiary and associated undertakings and are repayable to the parent undertaking in between two and five years.

8. SHARE CAPITAL

	£m	1995 £m
Authorised :		
200,000,000 shares of £1 each	<u>200</u>	<u>200</u>
Allotted and fully paid :		
96,611,918 (1995 - 75,801,380) shares of £1 each	<u>97</u>	<u>76</u>

On 12 December 1996 20,810,538 shares were allotted to and subscribed by The Norwich Union Life Insurance Society at par. The shares were allotted in order to strengthen the company's capital base.

9. REVALUATION RESERVE

	£m	1995 £m
Balance at 1 January 1996	599	404
Movement for the year	(126)	195
Balance at 20 December 1996	<u>473</u>	<u>599</u>

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	£m	1995 £m
Profit for the financial year	98	127
Dividend	88	40
	<u>10</u>	<u>87</u>
Increase/(decrease) in value of investments	(126)	195
Net addition to shareholders' funds	<u>(116)</u>	<u>282</u>
Opening shareholders' funds	765	483
Increase in share capital	21	-
Closing shareholders' funds	<u>670</u>	<u>765</u>

NOTES TO THE ACCOUNTS

11. SEGMENTAL INFORMATION

All business transacted arises wholly from within the United Kingdom. Segmental reporting is therefore not applicable.

12. CONTINGENT LIABILITY

Maritime Insurance Company Limited and Norwich Union Fire Insurance Society Limited, both subsidiary undertakings, have entered into a reinsurance agreement whereby Maritime Insurance Company Limited has accepted all Marine and Aviation liabilities in respect of business written prior to 31 December 1992. Norwich Union Holdings plc has agreed to guarantee Maritime Insurance Company Limited from losses on this business in excess of the first £2m each year or £5m in aggregate for all years.