

Company number : 2180195

Commercial Union Holdings (France) Limited

Report and accounts for the year ended 31 December 2003



Commercial Union Holdings (France) Limited

Report and accounts for the year ended 31 December 2003

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Commercial Union Holdings (France) Limited

Directors' report

The directors submit their report and accounts for the Company for the year ended 31 December 2003.

Principal activity

The principal activity of the Company is that of an intermediate holding company for the Group's international operations. The directors are reviewing the future of the Company.

Change in share capital and investments

At an Extraordinary General Meeting on 19 December 2003, the authorised share capital of the Company was increased to £876,000,000 by the creation of 20,000,000 ordinary shares of £1 each. On the same day, the Company allotted 20,000,000 fully paid ordinary shares of £1 each to its parent company, Scottish Insurance Corporation Limited.

On 19 December 2003, the Company subscribed for a further 20,000,000 Ordinary Shares of £1 each in its investment in Commercial Union International Holdings Limited.

Ultimate holding company

The ultimate holding company is Aviva plc.

Results and dividend

The result for the year is shown on page 6. The directors do not recommend the payment of any dividend for the year (2002: *£nil*).

Directors

M N Biggs (resigned 31 December 2003)

A B Wyand (resigned 31 July 2003)

Aviva Director Services Limited

Aviva Company Secretarial Services Limited (appointed 4 March 2004)

Directors' interests

Neither of the directors who held office at 31 December 2003 had any interest in the share capital of the Company.

Resolutions

On 24 September 1999, the members of the Company passed resolutions to dispense with the holding of Annual General Meetings, the laying of directors' reports and accounts before the members in general meeting and the obligation to appoint auditors annually.

Commercial Union Holdings (France) Limited

Directors' report (continued)

Auditors

Ernst & Young LLP will be re-appointed as the Company's auditors in accordance with the elective resolution passed by the Company under section 386 of the Companies Act 1985.

Approved and signed on behalf of the Board on 13 OCTOBER 2004



Authorised Signatory
Aviva Company Secretarial Services Limited
Secretary

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

AUTHORISED SIGNATORY
FOR AND ON BEHALF OF
AVIVA COMPANY
SECRETARIAL SERVICES LIMITED

Commercial Union Holdings (France) 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 for that period. Suitable accounting policies have to be used and applied consistently in preparing accounts, 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 and financial reporting 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 ultimately responsible for the systems of internal control maintained by the Company, for safeguarding the assets of the Company and for ensuring that controls are in place for the prevention and detection of fraud and other irregularities.

Commercial Union Holdings (France) Limited

Independent auditors' report to the members of Commercial Union Holdings (France) Limited

We have audited the Company's accounts for the year ended 31 December 2003 which comprise the Profit and loss account, Balance Sheet and the related notes 1 to 9. These accounts have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual report and the accounts in accordance with applicable United Kingdom law and accounting standards are set out in the Statement of directors' responsibilities on page 4.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts 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 accounts, 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 with the Company is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion, the accounts give a true and fair view of the state of affairs of the Company as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

18. October 2004

Commercial Union Holdings (France) Limited

Profit and loss account

For the year ended 31 December 2003

	Notes	2003 £'000	2002 £'000
Dividend income		38,100	-
Movement in provision against investment in group undertaking	1b & 5	80,719	16
Tax on profit on ordinary activities	1c & 4	-	-
Profit for the financial year		118,819	16
Retained loss at the beginning of the year		(681,846)	(681,862)
Retained loss at the end of the year		(563,027)	(681,846)

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

The notes on pages 8 to 10 are an integral part of these accounts. The auditors' report is on page 5.

Commercial Union Holdings (France) Limited

Balance Sheet

At 31 December 2003

	Notes	2003 £'000	2002 £'000
Fixed assets			
Investment in group undertaking	1b & 5	541,957	441,238
Current assets			
Amounts due from other group companies		20,000	20,335
Dividend receivable		38,100	-
		58,100	20,335
Creditors: Amounts falling due within one year			
Amounts due to other group companies		(11,965)	(12,300)
Net current assets		46,135	8,035
Net assets		588,092	449,273
Capital and reserves			
Called up share capital	6	876,000	856,000
Share premium account		275,119	275,119
Profit and loss account		(563,027)	(681,846)
Equity shareholders' funds	7	588,092	449,273

Approved by the Board on

13 OCTOBER

2004

Director

AUTHORISED SIGNATORY
FOR AND ON BEHALF OF
AVIVA
DIRECTOR SERVICES LIMITED

The notes on pages 8 to 10 are an integral part of these accounts. The auditors' report is on page 5.

Commercial Union Holdings (France) Limited

Notes to the accounts

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's accounts.

(a) Basis of accounts

These accounts have been prepared under the historical cost convention, except for the investment in a group undertaking, which is shown at current value. The accounting policies adopted reflect United Kingdom financial reporting standards and statements of standard accounting practice applicable at 31 December 2003.

(b) Investment in group undertaking

The investment in group undertaking is stated at current value which, for this purpose, is its net asset value. The resulting gain/loss over book value is taken to the revaluation reserve, except where the directors consider any shortfall to be a permanent impairment. Provisions for impairment, and any changes thereto, are taken to the profit and loss account.

(c) Taxation

The tax charge or credit in the profit and loss account and the provision for corporation tax in the balance sheet are based on the taxable profits for the year, after any adjustments in respect of prior years.

2. Directors' emoluments

None of the directors received any emoluments in respect of his services as a director of the Company during the year (2002 *£nil*).

3. Expenses

All expenses, including auditors' remuneration, have been borne by Aviva plc in the current and prior year.

4. Taxation

There was no tax charge for the current or previous year. The factors affecting the tax charge were:

	2003 £'000	2002 £'000
Profit on ordinary activities before tax:	118,819	16
Current tax charge at standard UK Corporation tax rate of 30% (2002: 30%)	35,646	5
Non-assessable dividends	(11,430)	-
Other items	(24,216)	(5)
Current tax charge for the year	-	-

Commercial Union Holdings (France) Limited

Notes to the accounts (continued)

5. Investment in group undertaking

(a) The Company's investment in a fellow group undertaking comprises:

	2003 £'000	2002 £'000
Cost		
At 1 January	1,123,100	1,123,100
Addition during the year	20,000	-
At 31 December	1,143,100	1,123,100
Provision for permanent impairment		
At 1 January	(681,862)	(681,878)
Credit/(charge) to profit and loss account	80,719	16
At 31 December	(601,143)	(681,862)
Current value at 31 December	541,957	441,238

On 19 December 2003, the Company subscribed for an additional 20,000,000 Ordinary Shares of £1 each in Commercial Union International Holdings Limited.

(b) At 31 December 2003, the Company held shares in the following group undertaking, which is incorporated in the United Kingdom:

<u>Name</u>	<u>Class of share</u>	<u>Percentage owned</u>	<u>Nature of business</u>
Commercial Union International Holdings Limited	Ordinary £1 shares fully paid	9.13%	Insurance Holding company

6. Called up share capital

	2003 £'000	2002 £'000
Authorised share capital		
876,000,000 (2002: 856,000,000) ordinary shares of £1 each	876,000	856,000
Allotted, called up and fully paid share capital		
876,000,000 (2002: 856,000,000) ordinary shares of £1 each	876,000	856,000

At an Extraordinary General Meeting on 19 December 2003, the authorised share capital of the Company was increased to £876,000,000 by the creation of 20,000,000 ordinary shares of £1 each. On the same day, the Company allotted 20,000,000 fully paid ordinary shares of £1 each to its parent company, Scottish Insurance Corporation Limited.

Commercial Union Holdings (France) Limited

Notes to the accounts (continued)

7. Equity shareholders' funds

Movements in equity shareholders' funds comprise:

	2003 £'000	2002 £'000
Balance at 1 January	449,273	449,257
Increase in share capital	20,000	-
Profit for the financial year	118,819	16
Balance at 31 December	588,092	449,273

8. Holding companies' details

The immediate holding company is Scottish Insurance Corporation Limited.

The smallest group of undertakings, of which the Company is a member, that prepares group accounts is headed by CGU Insurance plc. 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.

The ultimate holding company is Aviva plc. Its group accounts are available on application to the Group Company Secretary, Aviva plc, St. Helen's, 1 Undershaft, London EC3P 3DQ.

9. Related party transactions

As consolidated accounts for Aviva plc 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.