

Company number : 2180195

Commercial Union Holdings (France) Limited

Report and accounts for the year ended 31 December 2001



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Report and accounts for the year ended 31 December 2001

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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 2001.

Principal activity

The principal activity of the Company is that of an intermediate holding company for the Group's international operations. The directors consider that the Company's activities will continue unchanged in the foreseeable future.

Ultimate holding company

On 1 July 2002, the ultimate holding company, CGNU plc, changed its name to Aviva plc. However, the references within these accounts are to CGNU plc and the CGNU Group as they existed at 31 December 2001.

Results and dividend

The result for the year is shown on page 5. The directors do not recommend the payment of any dividend for the year (2000: £nil).

Directors

M N Biggs	(appointed 31 March 2001)
Aviva Director Services Limited	
(formerly CGNU Director Services Limited)	
P J Foster	(resigned 31 March 2001)
A B Wyand	

Directors' interests

At 31 December 2001, Messrs Biggs and Wyand were directors of the Company's ultimate holding company, CGNU plc, and under the Companies (Disclosure of Directors' Interests) (Exceptions) Regulations 1985 (SI 1985/802) are not required to disclose their share interests in CGNU plc in the Company's accounts. Their interests can be found in the Report and accounts of CGNU plc.

None of the directors who held office at 31 December 2001 had any beneficial interests in the Company's shares or the shares of any other company within the CGNU Group.

European Monetary Union

The total costs, including systems preparation, incurred for the introduction of the euro into CGNU's European Union operation amount to £65 million, of which £8 million was incurred during 2001 (2000: £17 million). On 1 January 2002, the Group's businesses in those countries within the European Union introducing the euro successfully applied the currency transition within their businesses.

Commercial Union Holdings (France) Limited

Directors' report (continued)

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.

Auditors

At an Extraordinary General Meeting on 31 October 2001, Ernst & Young LLP was appointed as auditor to the Company. PricewaterhouseCoopers, which had previously been auditor to the Company, did not seek reappointment at that meeting.

Approved and signed on behalf of the Board on 15 October 2002



Authorised Signatory
Aviva Company Secretarial Services Limited
Secretary

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

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 responsible 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.

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

We have audited the Company's accounts for the year ended 31 December 2001 which comprise the Profit and loss account, Balance Sheet and the related notes 1 to 7. These accounts have been prepared on the basis of the accounting policies set out therein.

Respective responsibilities of directors and auditor

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 above.

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 2001 and of its loss 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 2002

Commercial Union Holdings (France) Limited

Profit and loss account

For the year ended 31 December 2001

	Notes	2001 £'000	2000 £'000
Provision for diminution in value of investment in associated undertaking	1b & 5	(681,878)	-
Tax on loss on ordinary activities		-	-
Loss for the financial year		(681,878)	-
Retained profit at the beginning of the year		16	16
Retained (loss)/profit at the end of the year		(681,862)	16

The notes on pages 7 and 8 are an integral part of these accounts. The auditor's report is on page 4.

Commercial Union Holdings (France) Limited

Balance Sheet

At 31 December 2001

	Notes	2001 £'000	2000 £'000
Fixed assets			
Investment in associated undertaking	1b & 5	441,222	1,123,100
Current assets			
Amounts due from other group companies		8,035	8,035
Net assets		<u>449,257</u>	<u>1,131,135</u>
Represented by:			
Capital and reserves			
Called up share capital	6	856,000	856,000
Share premium account		275,119	275,119
Profit and loss account		(681,862)	16
Equity shareholders' funds		<u>449,257</u>	<u>1,131,135</u>

Approved by the Board on 15 OCTOBER 2002


 M N Biggs
 Director

The notes on pages 7 and 8 are an integral part of these accounts. The auditor's report is on page 4.

Commercial Union Holdings (France) Limited

Notes to the accounts

1. Accounting policies

(a) Basis of accounts

These accounts have been prepared under the historical cost convention. The accounting policies adopted reflect United Kingdom financial reporting standards and statements of standard accounting practice applicable at 31 December 2001.

(b) Investments

Investments in associated undertakings are stated at cost except where the directors consider any shortfall against current value to be a permanent impairment. Provisions for impairment, and any changes thereto, are taken to the profit and loss account.

(c) Consolidated accounts

The Company has taken advantage of the exemption under section 228 of the Companies Act not to prepare consolidated accounts, as it is a wholly-owned subsidiary of Aviva plc.

2. Taxation

The Company disposed of its investments in its French subsidiaries and acquired shares in Commercial Union International Holdings Limited during 1998. The former transactions gave rise to a realised gain. However, no provision for current or deferred tax has been made in these or prior years' accounts as there was no taxable disposal and there is no intention to sell the shares in Commercial Union International Holdings Limited in the foreseeable future.

3. Directors' emoluments

None of the directors received any emoluments in respect of his services as a director of the Company (2000: *£nil*).

4. Expenses

All expenses, including auditor's remuneration, have been borne by CGNU plc (2000: *borne by CGU International Insurance plc*).

5. Investment in associated undertaking

(a) The Company's investment in its associated undertaking comprises:

	2001 £'000	2000 £'000
Cost at 1 January and 31 December	1,123,100	1,123,100
Provision for permanent impairment		
At 1 January	-	-
Charge to profit and loss account	(681,878)	-
At 31 December	(681,878)	-
Carrying value at 31 December	441,222	1,123,100

Commercial Union Holdings (France) Limited

Notes to the accounts (continued)

5. Investment in associated undertaking (continued)

- (b) At 31 December 2001, the Company held shares in the undermentioned associated undertaking, which is incorporated in England:

<u>Name</u>	<u>Class of share</u>	<u>Percentage owned</u>	<u>Nature of business</u>
Commercial Union International Holdings Limited ('CUIH')	Ordinary £1 shares fully paid	9.14%	Insurance holding company

Following an increase in the share capital of CUIH on 8 November 2001 and all the new shares being taken up by the other shareholder, the percentage owned by the Company decreased from 27.2% to 9.14%.

6. Called up share capital

The Company has an authorised share capital of 856,000,000 (2000: 856,000,000) ordinary shares of £1 each, all of which have been allotted, called up and fully paid.

7. Holding companies' details

The immediate holding company is Scottish Insurance Corporation Ltd.

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 (formerly CGNU plc). Its group accounts are available on application to the Group Company Secretary, Aviva plc, St. Helen's, 1 Undershaft, London EC3P 3DQ.