

Company Number: 2180195

**COMMERCIAL UNION HOLDINGS (FRANCE) LIMITED**

**Accounts for the year  
ended 31 December 1999**



**COMMERCIAL UNION HOLDINGS (FRANCE) LIMITED**

**REPORT AND ACCOUNTS**

**DIRECTORS' REPORT**

The directors present their Report and Accounts for the Company for the year ended 31 December 1999.

**PRINCIPAL ACTIVITIES**

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 30 May 2000, the ultimate holding company, CGU plc, merged with Norwich Union plc and was renamed CGNU plc. However, the references within these accounts refer to CGU plc and the CGU Group as it existed at 31 December 1999.

**RESULTS AND DIVIDEND**

The results for the year are shown on page 3. The directors recommend the payment of a dividend of £12,300,000 for the year (1998 nil).

**DIRECTORS**

The directors in office during the year were:

Mr P J Foster

Mr P G Ward (resigned 15 June 2000)

Mr R A Whitaker (resigned 7 December 1999)

CGU Director Services Limited (since renamed CGNU Director Services Limited) was appointed as a director on 15 June 2000, and Mr A B Wyand was appointed as a director on 12 October 2000.

**DIRECTORS' INTERESTS**

Mr Foster and Mr Ward are directors of the ultimate holding company, CGU plc, and under the Companies (Disclosure of Directors' Interest) (Exceptions) Regulations 1985 (SI 1985/802) are not required to disclose their share interests in CGU plc in the Company's accounts. Their interests can be found in the Report and Accounts of CGU plc.

None of the directors who held office at 31 December 1999 had any beneficial interests in the Company's shares or the shares of any other company except CGU plc within the CGU Group.

**COMMERCIAL UNION HOLDINGS (FRANCE) LIMITED**

**REPORT AND ACCOUNTS**

**DIRECTORS' REPORT (continued)**

**FRS 8 DISCLOSURES**

There have been no significant transactions between the directors and the Company during the year.

**YEAR 2000 AND EURO**

The CGU Group, of which the Company is a member, benefited from the substantial time and effort incurred in preparing for the impact of year 2000 issues and as a consequence suffered no significant problems. Total costs incurred by the CGU Group in preparing for year 2000 amounted to £135m of which £41m was included in the 1999 results.

Year 2000 claims from policyholders are expected to have an insignificant impact on the CGU Group's underwriting results. There is no impact on the Company's result.

The CGU Group's businesses in the euro zone are continuing to work actively for the final conversion. Costs incurred by the Group to date for the introduction of the euro amount to £35m, of which £15m has been included in the 1999 results.

Approved and signed on behalf of the Board on 25 OCTOBER 2000



Authorised Signatory  
CGNU Company Secretarial Services Limited  
Secretary

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

**COMMERCIAL UNION HOLDINGS (FRANCE) LIMITED**

**Profit and loss account**

**For the year ended 31 December 1999**

	<u>Notes</u>	<u>1999</u> <u>£</u>	<u>1998</u> <u>£</u>
Other income			
Dividend receivable from associated undertaking		12,303,000	-
Net gain arising from sale of subsidiary undertakings	2	-	13,137
Profit on ordinary activities before taxation		12,303,000	13,137
Taxation	1d & 2	-	-
Profit for the financial year		12,303,000	13,137
Dividends		(12,300,000)	-
Retained profit transferred to reserves		3,000	13,137

The Company has no recognised gains and losses other than those included in the results above and therefore a statement of total recognised gains and losses has not been presented.

**Reconciliation of movements in equity shareholders' funds**

**For the year ended 31 December 1999**

	<u>1999</u> <u>£</u>	<u>1998</u> <u>£</u>
Balance at 1 January	1,131,132,199	981,743,457
Profit for the financial year	12,303,000	13,137
Increase in capital	-	149,375,605
Dividends	(12,300,000)	-
Balance at 31 December	1,131,135,199	1,131,132,199

The notes on pages 5 to 6 are an integral part of these accounts. The auditors' report is on page 7.


**COMMERCIAL UNION HOLDINGS (FRANCE) LIMITED**

**Balance sheet**  
**At 31 December 1999**

	<u>Notes</u>	<u>1999</u> <u>£</u>	<u>1998</u> <u>£</u>
<b>Fixed assets</b>			
Investment in associated undertaking	1b & 5	1,123,099,698	1,123,099,698
<b>Current assets</b>			
Debtors			
Amounts due from other group companies		8,035,501	8,032,501
<b>Net assets</b>		<u>1,131,135,199</u>	<u>1,131,132,199</u>
Represented by:			
<b>Capital and reserves</b>			
Called up share capital	6	856,000,000	856,000,000
Share premium account		275,119,062	275,119,062
Profit and loss account		16,137	13,137
<b>Equity shareholders' funds</b>		<u>1,131,135,199</u>	<u>1,131,132,199</u>

Approved by the Board  
on 25 OCTOBER 2000

Director

  
**AUTHORISED SIGNATORY  
FOR AND ON BEHALF OF  
CGNU  
DIRECTOR SERVICES LIMITED**

The notes on pages 5 to 6 are an integral part of these accounts. The auditors' report is on page 7.

**COMMERCIAL UNION HOLDINGS (FRANCE) LIMITED**

**NOTES TO THE ACCOUNTS**

**1. Accounting policies**

- (a) 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.
- (b) Investments in associated undertakings are stated at cost.
- (c) The Company has taken advantage of the exemption under section 228 of the Companies Act 1985 not to prepare consolidated accounts.
- (d) The taxation charge or credit in the profit and loss account is based on the taxable profits for the year. Provision is only made for deferred taxation where it is expected that a liability will crystallise in the foreseeable future.

**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 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. Auditors' remuneration**

Auditors' remuneration has been borne by CGU International Insurance plc (formerly named Commercial Union Assurance Company plc).

**4. Directors' emoluments**

None of the directors received any emoluments in respect of his services as director of the Company (1998 nil).

**5. Investment in associated undertaking**

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

	1999 £	1998 £
Cost at 1 January	1,123,099,698	-
Additions	-	1,123,099,698
Cost at 31 December	1,123,099,698	1,123,099,698

- (b) At 31 December 1999, 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	Ordinary £1 shares fully paid	27.2%	Insurance holding company

**NOTES TO THE ACCOUNTS**

**6. Called up share capital**

The Company has an authorised share capital of 856,000,000 (1998 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 (formerly named General Accident Fire and Life Assurance Corporation p.l.c.). 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 CGNU plc (formerly CGU plc) (see note 10). Its group accounts are available on application to the Group Company Secretary, CGNU plc, St. Helen's, 1 Undershaft, London EC3P 3DQ.

**8. Cash flow statement**

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

**9. Related party transactions**

As consolidated accounts 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.

**10. Post balance sheet event**

On 30 May 2000, CGU plc, the ultimate holding company, merged with Norwich Union plc and was renamed CGNU plc.

## COMMERCIAL UNION HOLDINGS (FRANCE) LIMITED

### **Directors' responsibility for the accounts**

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 controls are in place for the prevention and detection of fraud and other irregularities.

### **Auditors' report**

To the members of Commercial Union Holdings (France) Limited.

We have audited the accounts on pages 3 to 6.

### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the Annual Report including, as described above, the accounts. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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. 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts.

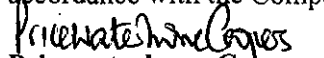
### **Basis of audit opinion**

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 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 the Company's affairs at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
PricewaterhouseCoopers

Chartered Accountants and Registered Auditors  
London

27 October 2000