

Commercial Union Holdings (France) Limited

Report and accounts for the year ended 31 December 2000



Commercial Union Holdings (France) Limited

Report and accounts for the year ended 31 December 2000

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Commercial Union Holdings (France) Limited

Directors and officers

Directors

M N Biggs	(appointed 31 March 2001)
CGNU Director Services Limited	(appointed 15 June 2000)
P J Foster	(resigned 31 March 2001)
P G Ward	(resigned 15 June 2000)
A B Wyand	(appointed 12 October 2000)

Secretary

CGNU Company Secretarial Services Limited

Auditors

PricewaterhouseCoopers

Registered office

St. Helen's
1 Undershaft
London EC3P 3DQ

Registered in England No. 2180195

Commercial Union Holdings (France) Limited

Directors' Report

The directors submit their Report and Accounts for the Company for the year ended 31 December 2000.

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 30 May 2000, the ultimate holding company, CGU plc, merged with Norwich Union plc and was renamed CGNU 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 (1999: £12,300,000).

Directors' interests

At 31 December 2000, Messrs Foster 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 2000 had any beneficial interests in the Company's shares or the shares of any other company within the CGNU Group.

European Monetary Union

The CGNU Group has significant operations within the European Union and considers that overall success of EMU presents a substantial opportunity for the CGNU Group. Costs incurred to date for the introduction of the euro amount to £57 million, of which £17 million (1999: £16 million) has been included in CGNU plc's 2000 results. The expected total cost of preparing the CGNU Group systems for the euro is some £74 million, excluding the UK.

Financial Reporting Standard 8 'Related Party Disclosures' (FRS8)

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

As consolidated financial statements of CGNU plc are publicly available, the Company has taken advantage of the exemption from the requirement to disclose transactions with related parties the voting rights in which are controlled by companies within the CGNU Group.

Commercial Union Holdings (France) Limited

Directors' report (continued)

Auditors

In accordance with section 384 of the Companies Act 1985, a resolution is to be proposed at the forthcoming Extraordinary General Meeting for the appointment of Ernst & Young LLP as auditor of the Company. PricewaterhouseCoopers are not seeking reappointment as auditors of the Company.

Approved and signed on behalf of the Board on 17 SEPTEMBER 2001.



Authorised Signatory
CGNU Company Secretarial Services Limited
Secretary

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 6 to 9, which have been prepared in accordance with the accounting policies set out on page 8.

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 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 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 2000 and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

London

20 September 2001

Commercial Union Holdings (France) Limited

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2000

	Notes	2000 £'000	1999 £'000
Dividend receivable from associated undertaking		-	12,303
Profit on ordinary activities before taxation		-	12,303
Taxation	1(d) & 2	-	-
Profit for the financial year		-	12,303
Dividends		-	(12,300)
Retained profit transferred to reserves		-	3

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 2000

	2000 £'000	1999 £'000
Balance at 1 January	1,131,135	1,131,132
Profit for the financial year	-	12,303
Dividends	-	(12,300)
Balance at 31 December	1,131,135	1,131,135

The notes on pages 8 and 9 are an integral part of these accounts. The auditors' report is on page 5.

Commercial Union Holdings (France) Limited

BALANCE SHEET AT 31 DECEMBER 2000

	Notes	2000 £'000	1999 £'000
Fixed assets			
Investment in associated undertaking	1(b) & 5	1,123,100	1,123,100
Current assets			
Amounts due from other group companies		8,035	8,035
Net assets		<u>1,131,135</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		16	16
Equity shareholders' funds		<u>1,131,135</u>	<u>1,131,135</u>

Approved by the Board
on 17 SEPTEMBER 2001


Director

The notes on pages 8 and 9 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

(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.

(b) Investments

Investments in associated undertakings are stated at cost.

(c) Consolidated accounts

The Company has taken advantage of the exemption under section 228 of the Companies Act 1985 not to prepare consolidated accounts, as it is a wholly-owned subsidiary of CGNU plc.

(d) Taxation

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 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. Auditors' remuneration

Auditors' remuneration has been borne by CGU International Insurance plc.

4. Directors' emoluments

None of the directors received any emoluments in respect of his services as director of the Company (1999: *£nil*).

5. Investment in associated undertaking

At 31 December 2000, 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

Commercial Union Holdings (France) Limited

Notes to the accounts

6. Called up share capital

The Company has an authorised share capital of 856,000,000 (1999: 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 CGNU plc. Its group accounts are available on application to the Group Company Secretary, CGNU plc, St. Helen's, 1 Undershaft, London EC3P 3DQ.