

Company number : 2180195

Commercial Union Holdings (France) Limited

Report and accounts for the year ended 31 December 2002



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Commercial Union Holdings (France) Limited

Report and accounts for the year ended 31 December 2002

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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 2002.

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.

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 (2001: £nil).

Directors

M N Biggs	
A B Wyand	(resigned 31 July 2003)
Aviva Director Services Limited	

Directors' interests

M N Biggs and A B Wyand are directors of the Company's ultimate parent undertaking, Aviva plc, and details of their interests are given in that company's accounts.

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)

Auditor

Ernst & Young LLP will be re-appointed as the Company's auditor 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 22 OCTOBER 2003

A handwritten signature in black ink, consisting of a stylized 'A' followed by a long horizontal stroke.

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.

Commercial Union Holdings (France) Limited

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 2002 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 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 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 2002 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

23 October 2003

Commercial Union Holdings (France) Limited

Profit and loss account

For the year ended 31 December 2002

	Notes	2002 £'000	2001 £'000
Movement in provision against investment in group undertaking	1b & 5	16	(681,878)
Tax on profit/(loss) on ordinary activities	1c & 4	-	-
Profit/(loss) for the financial year		16	(681,878)
Retained (loss)/profit at the beginning of the year		(681,862)	16
Retained (loss) at the end of the year		(681,846)	(681,862)

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 and 10 are an integral part of these accounts. The auditor's report is on page 5.

Commercial Union Holdings (France) Limited

Balance Sheet

At 31 December 2002

	Notes	2002 £'000	2001 £'000
Fixed assets			
Investment in group undertaking	1b & 5	<u>441,238</u>	<u>441,222</u>
Current assets			
Amounts due from other group companies		20,335	20,335
Creditors: Amounts falling due within one year			
Amounts due to other group companies		<u>(12,300)</u>	<u>(12,300)</u>
Net current assets		<u>8,035</u>	<u>8,035</u>
Net assets		<u>449,273</u>	<u>449,257</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		<u>(681,846)</u>	<u>(681,862)</u>
Equity shareholders' funds	7	<u>449,273</u>	<u>449,257</u>

Approved by the Board on 22 OCTOBER 2003


M N Biggs
Director

The notes on pages 8 and 10 are an integral part of these accounts. The auditor's 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 applicable at 31 December 2002.

(b) Investments

Investments in group 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) Taxation

The tax charge 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. Provision is made for deferred tax liabilities, using the liability method, on all material timing differences. Deferred taxation is calculated at the rates at which it is expected that the tax will arise and discounted to take in to account the likely timing of payments and pattern of expected realisation of investments.

The discount rates used are the post-tax yields to maturity that could be obtained at the balance sheet date on government bonds with maturity dates and in currencies similar to those of the deferred tax assets or liabilities. This is a change in accounting policy to reflect the requirements of FRS 19 but there is no effect on the tax charge of the Company.

2. Directors' emoluments

None of the directors received any emoluments in respect of his services as a director of the Company during the year (2001: *£nil*).

3. Expenses

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

4. 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 outside the Aviva Group in the foreseeable future.

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:

	2002 £'000	2001 £'000
Cost at 1 January and 31 December	<u>1,123,100</u>	<u>1,123,100</u>
Provision for permanent impairment		
At 1 January	(681,878)	-
Credit/(charge) to profit and loss account	<u>16</u>	(681,878)
At 31 December	<u>(681,862)</u>	<u>(681,878)</u>
Carrying value at 31 December	<u>441,238</u>	<u>441,222</u>

(b) At 31 December 2002, the Company held shares in the undermentioned group 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

6. Called up share capital

The Company has an authorised share capital of 856,000,000 (2001: 856,000,000) ordinary shares of £1 each, all of which have been allotted, called up and fully paid.

7. Equity shareholders' funds

Movements in equity shareholders' funds comprise:

	2002 £'000	2001 £'000
Balance at 1 January	449,257	1,131,135
Profit/ (loss) for the year	<u>16</u>	(681,878)
Balance at 31 December	<u>449,273</u>	<u>449,257</u>

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

Commercial Union Holdings (France) Limited

Notes to the accounts (continued)

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.