

Registered in England No: 2387660

GENERAL ACCIDENT DEVELOPMENTS LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2001



General Accident Developments Limited

Report and Financial Statements 2001

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General Accident Developments Limited

Directors, Advisers and Other Information

Directors:

C J W Laxton
I B Womack

Secretary:

Aviva Company Secretarial Services Limited

Auditors:

Ernst & Young LLP
Rolls House
7 Rolls Buildings
Fetter Lane
London
EC4A 1NH

Registered Office:

St Helen's
1 Undershaft
London
EC3P 3DQ

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General Accident Developments Limited

Directors' Report

For the year ended 31 December 2001

The directors present their annual report and audited financial statements for General Accident Developments Limited (the Company) for the year ended 31 December 2001.

Principal activity

The principal activity of the Company is the acquisition and development of properties. During the financial year the Company did not undertake any new projects. The directors consider that the Company's activities will continue unchanged into the foreseeable future.

Dividends

The directors do not recommend the payment of a dividend for the year (2000: nil).

European Monetary Union

The Company is a member of the CGNU plc Group. The total costs to the CGNU plc Group, including systems preparation, incurred for the introduction of the euro into the CGNU European 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.

Directors

The names of the present directors of the Company appear on page 2.

C J W Laxton and I B Womack served as directors of the Company throughout the year.

Directors' interests

The table below shows the interests held by each person who was a director at the end of the financial year in the ordinary shares of 25 pence each in CGNU plc. Details of any options and awards held through CGNU plc's share schemes and incentive plans are shown below. All the disclosed interests are beneficial.

	At 1 January 2001 (or appointment if later)	At 31 December 2001
C J Laxton	606	625
I B Womack	7,130	2,652

General Accident Developments Limited

Directors' Report (continued)

For the year ended 31 December 2001

Incentive plans

Details of the directors who held office at the end of the financial year, or hold or held options to subscribe for ordinary shares of CGNU plc or hold or held awards over shares in CGNU plc, pursuant to CGNU plc's share based incentive plans, are set out below. All the disclosed interests are beneficial.

Share options

	At 1 January 2001 (or appointment if later) Number	Options granted during the year Number	Options lapsed during the year Number	At 31 December 2001 Number
C J W Laxton				
Savings related options	2,987	-	-	2,987
Executive options	-	797	-	797
I B Womack				
Savings related options	3,185	-	-	3,185
Executive options	-	3,352	-	3,352

- (1) "*Savings related options*" are options granted under the Inland Revenue-approved CGNU SAYE Share Option Scheme. Options granted from 1994 to 2001 are normally exercisable during the six month period following either the third, fifth or seventh anniversary of the relevant savings contract.
- (2) "*Executive options*" are those granted to the former CGU directors under what was the CGU Executive Share Option Scheme, or predecessor schemes. Options, which have been granted on various dates from 1993 to 2001, are normally exercisable between the third and tenth anniversaries of their date of grant. Options granted after 1997 are only exercisable if certain performance conditions are met.

Creditors payment policy and practice

It is the Company's policy to pay creditors when they fall due for payment. Terms of payment are agreed with suppliers when negotiating each transaction and the policy is to abide by those terms, provided that the suppliers also comply with all relevant terms and conditions. The Company has no trade creditors.

Employees

All employees are employed by a fellow subsidiary undertaking, MFM Employment Services Limited. Disclosures relating to employees may be found in the Group consolidated accounts of CGNU plc.

Resolutions

On 5 November 1999 the members of the Company passed resolutions to dispense with the holding of Annual General Meetings, the laying of directors' reports, financial statements and auditors' reports before the members in general meeting and the obligation to appoint auditors annually.

General Accident Developments Limited

Directors' Report (continued)

For the year ended 31 December 2001

Auditors

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

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.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the result for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board



Aviva Company Secretarial Services Limited
Secretary
29 October 2002

General Accident Developments Limited

Independent Auditors' Report

To the members of General Accident Developments Limited

We have audited the Company's financial statements for the year ended 31 December 2001 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 16. These financial statements have been prepared on the basis of the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Director's Responsibilities the directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

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

We report to you our opinion as to whether the financial statements 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 financial statements, 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.

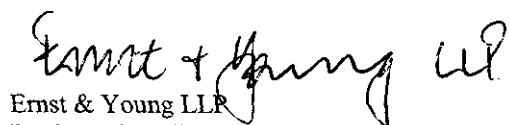
Basis of audit opinion

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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
London

20 October 2002

General Accident Developments Limited

Profit and Loss Account

For the year ended 31 December 2001

	Notes	2001 £'000	2000 £'000
Turnover	2	1,383	1,154
Other operating charges		<u>(521)</u>	<u>(554)</u>
Gross profit		862	600
Administrative expenses	3	<u>(11)</u>	<u>(12)</u>
Profit on ordinary activities before taxation		851	588
Taxation	6a	<u>(255)</u>	<u>(1,037)</u>
Profit / (loss) on ordinary activities after taxation		596	(449)
Dividend		-	-
Retained profit / (loss) for the financial year		<u>596</u>	<u>(449)</u>
Retained loss at 1 January		(901)	(452)
Retained loss at 31 December		<u>(305)</u>	<u>(901)</u>

There are no discontinued operations or acquisitions that require disclosure under the terms of FRS3.

There is no difference between the results as described in the profit and loss account and the results on an unmodified historical cost basis. Accordingly a note of historical cost profit and loss for the year is not given.

The notes on pages 10 to 14 are an integral part of these financial statements.

General Accident Developments Limited

Statement of Total Recognised Gains and Losses

For the year ended 31 December 2001

	2001 £'000	2000 £'000
Profit / (loss) for the financial year	596	(449)
Unrealised (deficit) / surplus on revaluation	<u>(25)</u>	<u>105</u>
Total recognised gains and losses	<u>571</u>	<u>(344)</u>

The notes on pages 10 to 14 are an integral part of these financial statements.

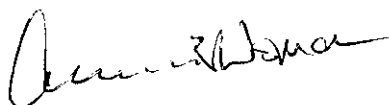
General Accident Developments Limited

Balance Sheet

As at 31 December 2001

	Notes	2001 £'000	2000 £'000
Fixed Assets			
Tangible fixed assets	7	<u>7,470</u>	<u>8,016</u>
Current Assets			
Debtors	8	-	215
Cash at bank and in hand		<u>3</u>	<u>3</u>
		3	218
Creditors: amounts falling due within one year	9	<u>(4,808)</u>	<u>(6,048)</u>
Net current liabilities		(4,805)	(5,830)
Total assets less current liabilities		<u>2,665</u>	<u>2,186</u>
Creditors: amounts falling due after one year	6b	<u>(690)</u>	<u>(782)</u>
Net assets		<u>1,975</u>	<u>1,404</u>
Capital and Reserves			
Share capital	10	2,000	2,000
Revaluation reserve	11	280	305
Profit and loss account	11	<u>(305)</u>	<u>(901)</u>
Equity shareholders' funds	12	<u>1,975</u>	<u>1,404</u>

Approved by the Board on 29 October 2002



Director

The notes on pages 10 to 14 are an integral part of these financial statements.

General Accident Developments Limited

Notes to the Financial Statements

1. Accounting policies

a) Basis of preparation

The financial statements have been prepared under the historical cost convention modified for the revaluation of certain fixed asset investments and in accordance with the Companies Act 1985 and applicable accounting standards.

b) Tangible fixed assets – tenant specifications

Tenants' specifications are depreciated at a rate which matches the leasing agreement. No depreciation is charged on buildings under construction.

c) Tangible fixed assets - investment properties

The Company holds properties for long-term investment. Investment properties are accounted for in accordance with SSAP 19, as follows:

- (i) investment properties are revalued annually. The surplus or deficit on revaluation is transferred to the revaluation reserve unless a deficit below original cost, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year; and
- (ii) no depreciation is provided in respect of leasehold investment properties where the lease has over 20 years to run.

Although the Companies Act would normally require the systematic annual depreciation of fixed assets, the directors believe that the policy of not providing depreciation is necessary in order for the financial statements to give a true and fair view, since the current value of investment properties, and changes to that current value, are of prime importance rather than a calculation of systematic annual depreciation. Depreciation is only one of the many factors reflected in the annual valuation, and the amount which might otherwise have been included cannot be separately identified or quantified.

d) Deferred taxation

Deferred taxation is provided at the rates expected to apply when the liabilities crystallise on all timing differences, other than those considered likely to continue in the foreseeable future.

e) Cash flow statement

Under Financial Reporting Standard 1 (revised 1996), the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking and a parent undertaking includes the Company in its own published consolidated financial statements.

f) Leases and rents receivable

Rents received and receivable from properties and other operating leases are recognised when they fall due for payment. Provision is made for any rents due but not considered to be recoverable.

General Accident Developments Limited

Notes to the Financial Statements (continued)

2. Turnover

Turnover is analysed as follows:

	2001 £'000	2000 £'000
Income received from properties	862	602
Leasing of tenants specifications	521	552
	<u>1,383</u>	<u>1,154</u>

In the year to 31 December 2001, income from operating leases including rents receivable from properties amounted to £1,383,341 (2000: £1,154,102). All income is derived from operations within the United Kingdom.

3. Administrative expenses

Morley Fund Management Limited makes a charge to the Company in respect of management fees.

4. Directors' emoluments

All directors are remunerated by MFM Employment Services Limited in respect of their services to the CGNU Group as a whole. Their emoluments are recharged to the Company as part of a management charge, which also includes a charge for administration costs, and it is not possible to identify separately the amounts of their emoluments.

5. Auditors' remuneration

Auditors' remuneration for the year was charged in the accounts of Morley Fund Management Limited (2000: £315).

6. Taxation

(a) Profit and loss account

Tax charged to the profit and loss account is as follows:

	2001 £'000	2000 £'000
UK corporation tax	346	255
Deferred taxation	(91)	782
	<u>255</u>	<u>1,037</u>

General Accident Developments Limited

Notes to the Financial Statements (continued)

6. Taxation (continued)

(b) Balance sheet

Details of the full potential liability for deferred taxation are given below:

	2001 £'000	2000 £'000
Provided		
Accelerated capital allowances	<u>690</u>	<u>782</u>

7. Fixed assets

	Freehold land & buildings £'000	Tenants' specifications £'000	Total £'000
Cost or valuation			
At 1 January 2001	4,540	8,323	12,863
Revaluation	(25)	-	(25)
At 31 December 2001	<u>4,515</u>	<u>8,323</u>	<u>12,838</u>
Depreciation			
At 1 January 2001	-	4,847	4,847
Charge for the year	-	521	521
At 31 December 2001	<u>-</u>	<u>5,368</u>	<u>5,368</u>
Net Book Value			
At 31 December 2001	<u>4,515</u>	<u>2,955</u>	<u>7,470</u>
At 31 December 2000	<u>4,540</u>	<u>3,476</u>	<u>8,016</u>
Historical Cost			
At 31 December 2001	7,466	8,323	15,789
Accumulated historic depreciation	-	(5,368)	(5,368)
Net historical cost at 31 December 2001	<u>7,466</u>	<u>2,955</u>	<u>10,421</u>

8. Debtors

	2001 £'000	2000 £'000
Trade debtors	<u>-</u>	<u>215</u>

General Accident Developments Limited

Notes to the Financial Statements (continued)

9. Creditors: amounts falling due within one year

	2001 £'000	2000 £'000
Amounts due to affiliated undertakings	3,308	5,100
UK corporation tax payable	346	774
Amounts owed to group companies in respect of group relief	776	-
Other creditors	378	174
	<u>4,808</u>	<u>6,048</u>

10. Share capital

	2001 £'000	2000 £'000
Authorised, issued, called up and fully paid: 2,000 ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>

11. Reserves

	Profit and Loss Account £'000	Revaluation Reserve £'000	Total Reserves £'000
Balance at 1 January 2001	(901)	305	(596)
Retained profit for the year	596	-	596
Revaluation in the year	-	(25)	(25)
Balance at 31 December 2001	<u>(305)</u>	<u>280</u>	<u>(25)</u>

12. Reconciliation of movements in equity shareholders' funds

	2001 £'000	2000 £'000
Profit / (loss) for the financial year	596	(449)
(Deficit) / surplus on revaluation of investment properties	(25)	105
Movement in shareholders' funds	<u>571</u>	<u>(344)</u>
Balance at 1 January	1,404	1,748
Balance at 31 December	<u>1,975</u>	<u>1,404</u>

General Accident Developments Limited

Notes to the Financial Statements (continued)

13. Parent undertaking and ultimate parent undertaking

The immediate holding company is CGU Insurance plc.

The smallest group of undertakings, of which the Company is a member, that prepares group financial statements is headed by CGU International Insurance plc. The ultimate holding company is CGNU plc. Its group financial statements are available on application to the Group Company Secretary, CGNU plc, St Helen's, 1 Undershaft, London, EC3P 3DQ.

14. Cash flow statement

As the Company is a wholly owned subsidiary of CGNU plc, the cash flows of the Company were included in the consolidated group cash flow statement of CGNU plc. Consequently, the Company is exempt under the terms of Financial Standard 1 from publishing a cash flow statement.

15. Related party transactions

As consolidated financial statements are publicly available, the Company has taken advantage of the exemption from the requirement to disclose transactions with related parties who are 90% or more owned within the same group.

16. Contingent liabilities and commitments

There were no contingent liabilities or commitments at the balance sheet date.