

Registered in England No: 2387660

**GENERAL ACCIDENT DEVELOPMENTS LIMITED  
ANNUAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2000**



# **General Accident Developments Limited**

## **Report and Financial Statements 2000**

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# **General Accident Developments Limited**

## **Directors**

### **Directors:**

Mr D F M Robb (resigned 13 December 2000)  
Mr I D Mathieson (resigned 13 December 2000)  
Mr C J Laxton (appointed 13 December 2000)  
Mr I B Womack (appointed 13 December 2000)

### **Secretary:**

CGNU Company Secretarial Services Limited

### **Auditors:**

PricewaterhouseCoopers

### **Registered Office:**

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

Registered in England No: 2387660

# **General Accident Developments Limited**

## **Directors' Report**

**For the year ended 31 December 2000**

The directors present their report and financial statements for the Company for the year ended 31 December 2000.

### **Principal activity**

The principal activity of the Company has not changed during the year and continues to be the acquisition and developments of property. During the financial year the Company did not undertake any new projects. The directors consider that the Company's activities will continue unchanged in the foreseeable future.

### **Summary profit and loss account**

	<b>2000</b> <b>£'000</b>	<b>1999</b> <b>£'000</b>
Turnover	1,154	1,315
Other operating charges	(555)	(584)
Gross profit	599	731
Administrative expenses	(12)	(16)
Interest receivable	-	-
Profit on ordinary activities before taxation	587	715

Full details of the results are set out on pages 9 and 10.

### **Dividend**

The results for the year are shown on page 9 and arise from continuing operations. The directors do not recommend the payment of any dividend for the year (1999: nil).

### **Charitable donations and political contributions**

No charitable donations were made in the year (1999: nil). No political contributions were made (1999: nil).

# **General Accident Developments Limited**

## **Directors' Report (continued)**

**For the year ended 31 December 2000**

### **Creditors Payment Policy**

It is the Company's policy to adhere to the Confederation of British Industry Prompt Payer Code of Good Practice, (the CBI code), for external parties providing goods and services to the Company. This policy excludes payments to policyholders and shareholders. Company policy is:

- a) agree the payment terms with suppliers when agreeing each transaction and to provide suppliers with clear guidance on payment procedures;
- b) to have a clear consistent policy that bills are settled in accordance with contract and to not extend or alter these payment terms without prior agreement;
- c) to ensure there is a system for dealing quickly with complaints and disputes and advise suppliers without delay when invoices or parts of invoices are contested.

When agreeing the terms of each transaction with its suppliers it is the Company's preferred payment policy to settle accounts within 45 days of the supply date. At 31 December 2000 the Company had xxx days purchases outstanding in creditors. This has been calculated by dividing the aggregate of amounts owed to creditors by the aggregate of amounts invoiced by suppliers.

The CBI code is available from the Confederation of British Industry or from Group Purchasing department at CGNU plc.

### **Employees**

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

### **European Monetary Union**

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

# General Accident Developments Limited

## Directors' Report continued

For the year ended 31 December 2000

### Directors' Interests

The directors of the Company who held office at 31 December 2000 had the following interests in the shares of CGNU plc:

	Ordinary Shares of 25p each					
	1 January 2000 or date of appointment if later			31 December 2000		
	Shareholdings	Share Options	Options exercised during the year	Options granted during the year	Shareholdings	Share Options
C J Laxton	338	-	-	-	338	-
I B Womack*	7,112	3,185	-	-	7,112	3,185

\*The directors marked with an asterisk held shares in Norwich Union plc which were converted to shares in CGNU plc on 30 May 2000 in accordance with the terms of the merger Scheme of Arrangement at the rate of 48 CGNU plc shares for every 100 Norwich Union shares held. In order to show actual movement in shareholdings during the year, these shareholdings are stated as if the conversion had been applied at the start of the year.

Consequent upon the Scheme of Arrangement, which gave effect to the merger between CGU plc and Norwich Union plc, awards made under the Norwich Union Long-Term Incentive Plan vested in full, and awards granted under the Norwich Union Restricted Share Plan (which were subject to the attainment of conditions based on Norwich Union's performance) vested as to 45% in relation to awards granted in 1998 (but not otherwise). As a result, the former Norwich Union directors received Norwich Union shares (which, under the terms of the said Scheme, were exchanged for shares in CGNU plc at the rate of 48 CGNU shares for every 100 shares in Norwich Union plc) as follows:

I Womack	10,981
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None of the directors exercised share options in relation to shares in CGNU plc during the year.

Save as disclosed above, 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.

# **General Accident Developments Limited**

## **Directors' Report continued**


**For the year ended 31 December 2000**

### **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.

Approved and signed on behalf of the Board on *23 OCTOBER* 2001.



Authorised Signatory  
CGNU Company Secretarial Services Limited  
Secretary

# **General Accident Developments Limited**

## **Statement of Directors' Responsibilities in respect of the Financial Statements**

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 profit or loss of the company 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; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



# General Accident Developments Limited

## Auditors' Report

To the members of General Accident Developments Limited

We have audited the financial statements on pages 9 to 15 which have been prepared in accordance with the accounting policies set out on page 11.

### Respective responsibilities of directors and auditors

The directors are responsible for preparing the annual report. As described on page 7, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. 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 financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. 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 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 financial statements.

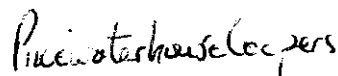
### Basis of audit opinion

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 financial statements. 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 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 the Company's affairs at 31 December 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
London

24 October 2001

# General Accident Developments Limited

## Profit and Loss Account

For the year ended 31 December 2000

	Notes	2000 £000	1999 £000
Turnover	2	1,154	1,315
Other operating charges		(555)	(584)
Gross profit		599	731
Administrative expenses	3	(12)	(16)
Operating profit		587	715
Profit on ordinary activities before taxation		588	715
Tax on profit of ordinary activities	6	(1,037)	(276)
(Loss) / profit on ordinary activities after taxation		(449)	439
Dividend		-	-
Retained (loss) / profit for the financial year		(449)	439
Retained loss at 1 January		(452)	(891)
Retained loss at 31 December		(901)	(452)

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

## Statement of Total Recognised Gains and Losses

For the year ended 31 December 2000

	2000 £'000	1999 £'000
(Loss) / profit for the financial year	(449)	439
Unrealised surplus on revaluation	105	200
Total recognised gains and losses	(344)	639

The notes on pages 11 to 14 are an integral part of these accounts.  
The Auditors' Report is on page 8.

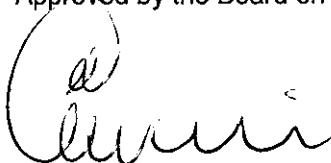
# General Accident Developments Limited

## Balance Sheet

As at 31 December 2000

	Notes	2000 £'000	1999 £'000
<b>Fixed Assets</b>			
Tangible fixed assets	7	8,016	8,464
<b>Current Assets</b>			
Debtors	8	215	-
Cash at bank and in hand		3	3
		<u>218</u>	<u>3</u>
<b>Creditors: amounts falling due within one year</b>	9	<u>(6,048)</u>	<u>(6,719)</u>
<b>Net current liabilities</b>		(5,830)	(6,716)
<b>Creditors: amounts falling due after one year</b>	10	<u>(782)</u>	<u>-</u>
<b>Net assets</b>		<u>1,404</u>	<u>1,748</u>
<b>Represented by:</b>			
Called up share capital	11	2,000	2,000
Revaluation reserve	12	305	200
Profit and loss account	12	(901)	(452)
<b>Equity shareholders' funds</b>	13	<u>1,404</u>	<u>1,748</u>

Approved by the Board on 23 OCTOBER 2001

  
Director

The notes on pages 11 to 14 are an integral part of these accounts.  
The Auditors' Report is on page 8.

# 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 - depreciation

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

In accordance with Financial Reporting Standard 15, no provision is made for depreciation or amortisation of freehold properties, as it is company practice to ensure all properties, including those occupied by the group are maintained in a sound state of repair and, accordingly, the directors consider that the lives of these assets are so long and residual values, based on the latest valuation, are so high that the depreciation is immaterial and none is provided.

Any permanent diminution in the value of properties is charged to the appropriate profit and loss account.

#### c) Investments

Properties are revalued annually at open market value in accordance with the guidance notes on the valuation of assets issued by the Royal Institution of Chartered Surveyors as determined by the group's professionally qualified external valuers.

Profits and losses on the realisation of investments, after adjusting for tax, are dealt with in the Profit and loss account.

#### 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:

	2000 £'000	1999 £'000
Income received from properties	602	731
Leasing of tenants specifications	552	584
	<u>1,154</u>	<u>1,315</u>

In the year to 31 December 2000, income from operating leases including rents receivable from properties amounted to £1,154,000 (1999: £1,315,000). All income is derived from operations within the United Kingdom.

### 3. Administrative expenses

CGNU plc makes an allocation of total United Kingdom expenses to the Company in respect of management, accommodation and other services.

### 4. Directors' emoluments

All directors are remunerated by CGNU 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 £315 for audit work (1999: Auditors' remuneration charged in the accounts of CGNU plc).

### 6. Tax on profit on ordinary activities

The taxation charge in the profit and loss account comprises:

	2000 £'000	1999 £'000
United Kingdom corporation tax	255	276
Deferred taxation – accelerated capital allowances	782	-
	<u>1,037</u>	<u>276</u>

# General Accident Developments Limited

## Notes to the Financial Statements (continued)

### 7. Fixed Assets – tangible assets

	Freehold land & buildings £'000	Tenants' specifications £'000	Total £'000
<b>Cost or valuation</b>			
At 1 January 2000	4,435	8,323	12,758
Revaluation	105	-	105
At 31 December 2000	<u>4,540</u>	<u>8,323</u>	<u>12,863</u>
<b>Depreciation</b>			
At 1 January 2000	-	4,294	4,294
Charge for the year	-	553	553
At 31 December 2000	<u>-</u>	<u>4,847</u>	<u>4,847</u>
<b>Net Book Value</b>			
At 31 December 2000	<u>4,540</u>	<u>3,476</u>	<u>8,016</u>
At 31 December 1999	<u>4,435</u>	<u>4,029</u>	<u>8,464</u>
<b>Historical Cost</b>			
At 31 December 2000	7,466	8,323	15,789
Accumulated historic depreciation	-	(4,847)	(4,847)
Net historical cost at 31 December 2000	<u>7,466</u>	<u>3,476</u>	<u>10,942</u>

The net historical cost included a sum for capitalised interest of £464,000 (1999 - £464,000)

### 8. Debtors

	2000 £'000	1999 £'000
Trade debtors	<u>215</u>	<u>-</u>

### 9. Creditors: amounts falling due within one year

	2000 £'000	1999 £'000
Amounts due to affiliated undertakings	5,100	6,123
UK corporation tax payable	774	522
Other creditors	<u>174</u>	<u>74</u>
	<u>6,048</u>	<u>6,719</u>

# General Accident Developments Limited

## Notes to the Financial Statements (continued)

### 10. Creditors: amounts falling due after one year

	2000 £'000	1999 £'000
Deferred taxation	<u>782</u>	<u>-</u>

The movement on deferred taxation is as follows:

	£'000
At 1 January 2000	-
Accelerated capital allowances	<u>782</u>
At 31 December 2000	<u>782</u>

### 11. Share capital

	2000 £'000	1999 £'000
Authorised, issued and fully paid: 2,000,000 Ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>

### 12. Reserves

	P&L Account £'000	Revaluation Reserve £'000	Total Reserves £'000
Balance at 1 January 2000	(452)	200	(252)
Retained loss for year	(449)	-	(449)
Revaluation in year	<u>-</u>	<u>105</u>	<u>105</u>
Balance at 31 December 2000	<u>(901)</u>	<u>305</u>	<u>(596)</u>

### 13. Reconciliation of movements in equity shareholders' funds

	2000 £'000	1999 £'000
Profit / (loss) for the financial year	(449)	439
Surplus / (deficit) on revaluation of investment properties	<u>105</u>	<u>200</u>
Movement in shareholders' funds	<u>(344)</u>	<u>639</u>
Balance at 1 January	<u>1,748</u>	<u>1,109</u>
Balance at 31 December	<u>1,404</u>	<u>1,748</u>

# **General Accident Developments Limited**

## **Notes to the Financial Statements (continued)**

### **14. Holding companies' details**

*The immediate holding company is CGU Insurance plc.*

The smallest group of undertakings, of which the Company is a member, that prepares group accounts 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.

### **15. 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.

### **16. Related party transactions**

As consolidated accounts 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.

### **17. Employees**

All employees were remunerated by CGNU Employment Services Limited in respect of their services to the Group as a whole. These costs were recharged to the Company and are included in Administrative expenses. Disclosures relating to employees may be found in the Group consolidated financial statements of CGNU plc.