

**GENERAL ACCIDENT EXECUTOR
AND TRUSTEE COMPANY LIMITED
2000**



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GENERAL ACCIDENT EXECUTOR AND TRUSTEE COMPANY LIMITED

Report and Accounts 2000

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GENERAL ACCIDENT EXECUTOR AND TRUSTEE COMPANY LIMITED

Directors

Directors:

Mr P C Burke
Mr R A Whitaker

Secretary:

CGNU Company Secretarial Services Limited

Auditors:

PricewaterhouseCoopers
Erskine House
68-73 Queen Street
Edinburgh
EH2 4NH

Registered Office:

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

Registered in England No 6252

GENERAL ACCIDENT EXECUTOR AND TRUSTEE COMPANY LIMITED

Directors' Report

For the year ended 31 December 2000

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

Principal activity

Following the Company's withdrawal from Unit Trust Trustee activities and the outsourcing by the General Accident Group (now part of the CGNU Group) of back office and custody operations relating to its own Funds in 1999, the Company's principal activity has been the continuing operation of the Company's domestic trust unit. The directors consider that the Company's activities will continue unchanged in the foreseeable future.

Profit and loss account - salient features

	2000	1999
	£000	£000
Turnover	105	125
Operating Profit	22	(39)
Net result before tax	88	49

Full details of the results are set out on pages 10 and 11.

Dividend

The directors consider the results and the company's financial position to be satisfactory. The directors do not recommend the payment of any ordinary dividend for the year (1999: £nil). A preference dividend of £840 (1999 £840) was paid on 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:

	<u>Ordinary Shares of 25p each</u>					
	1 January 2000		Options	Options	31 December 2000	
			granted	exercised		
	Share		during	during	Share	Share
	Shares	Options	the year	the year	Shares	Options
P C Burke	5,348	3,534	754	2,068	2,213	2,220
R A Whitaker	40,443	82,237	21,118	-	42,715	103,355

GENERAL ACCIDENT EXECUTOR AND TRUSTEE COMPANY LIMITED

Directors' report (continued)

For the year ended 31 December 2000

Directors' interests (continued)

On 29 September 2000, R A Whitaker was granted restricted awards over 20,106 CGNU shares under the CGNU plc Integration Incentive Plan. Under the plan awards become capable of vesting in the year 2003 depending upon the achievement of specified performance criteria.

On 2 September 1998, R A Whitaker was granted restricted awards over 18,072 CGU shares under the CGU plc Integration Incentive Plan. Under the plan awards become capable of vesting on 27 February 2001 depending upon the achievement of specified performance criteria.

One of the directors exercised share options in relation to shares in CGNU plc during the year.

On 8 July 1999, R A Whitaker was granted awards over 1,986 shares under the CGU plc Deferred Bonus Plan.

On 31 March 2000, R A Whitaker was granted awards over 2,137 shares under the CGU plc Deferred Bonus Plan.

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.

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 28 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.

At the 31st December 2000 there were no trade creditors.

The CBI code is available from the Confederation of British Industry or from CGNU plc, at the address on page 3.

GENERAL ACCIDENT EXECUTOR AND TRUSTEE COMPANY LIMITED

Directors' report (continued)

For the year ended 31 December 2000

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 economic and monetary union

CGNU has significant operations within the European Union and considers that overall success of 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: £16million). The expected total cost of preparing the Group's systems for the euro is some £74 million, excluding the UK.

FRS 8 disclosures

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 26 APRIL 2001.

Authorised Signatory



CGNU Company Secretarial Services Limited
Secretary

GENERAL ACCIDENT EXECUTOR AND TRUSTEE COMPANY LIMITED

Statement of Directors' Responsibilities in respect of the Accounts

Company law requires the directors to prepare accounts for each financial year which give a true and fair value of the state of affairs of the Company and of the result of the Company for that period. In preparing those accounts, 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 accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that the accounts comply with the above requirements

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the accounts 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 EXECUTOR AND TRUSTEE COMPANY LIMITED

Auditors' Report to the members of General Accident Executor and Trustee Limited

We have audited the financial statements on pages 10 to 15 which have been prepared in accordance with the accounting policies set out on page 9.

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.

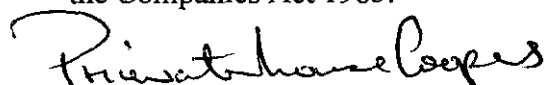
Basis of audit opinion

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 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 the Company's affairs at 31 December 2000 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

Edinburgh

26 April 2001

GENERAL ACCIDENT EXECUTOR AND TRUSTEE COMPANY LIMITED

Accounting policies

Basis of preparation

The accounts have been prepared under the historical cost convention as modified by the revaluation of investments at current value. The accounting policies adopted reflect United Kingdom Financial Reporting Standards and Statements of Standard Accounting Practice.

Turnover

Turnover comprises fee income and an allocation share of bank interest earned in respect of acting as an administrator of executor and trustee domestic trust unit business.

Taxation

The taxation charge or credit in the profit and loss account is based on the taxable profits and losses for the year. Taxation, including tax relief for losses if applicable, is allocated over profits on ordinary activities and amounts charged or credited to reserves. Provision is only made for deferred taxation where it is expected that a liability will crystallise in the foreseeable future.

GENERAL ACCIDENT EXECUTOR AND TRUSTEE COMPANY LIMITED

Profit and loss account

For the year ended 31 December 2000

	Note	2000 £'000	1999 £'000
Turnover		105	125
Administration costs		(83)	(164)
Operating profit/(loss)	1	<u>22</u>	<u>(39)</u>
Income from other fixed asset investments		67	91
Net realised gain on sale of investments		-	(2)
Investment expenses and charges		<u>(1)</u>	<u>(1)</u>
Profit on ordinary activities before taxation comprising		<u>88</u>	<u>49</u>
Tax (charge)/credit on profit/(loss) on ordinary activities	2	<u>(26)</u>	<u>25</u>
Profit on ordinary activities after taxation and for the financial year		<u>62</u>	<u>74</u>
Dividend - Preference Shares	3	<u>(1)</u>	<u>(1)</u>
Retained profit for the financial year		<u>61</u>	<u>73</u>

All the above relate to continuing operations.

The notes on pages 13 to 15 form an integral part of the accounts.

GENERAL ACCIDENT EXECUTOR AND TRUSTEE COMPANY LIMITED

Statement of Total Recognised Gains and losses
For the year ended 31 December 2000

		2000	1999
		£'000	£'000
Profit for the year		61	73
Increase / (decrease) in revaluation reserve	9	(12)	(57)
Total gains relating to the year		<u>49</u>	<u>16</u>

GENERAL ACCIDENT EXECUTOR AND TRUSTEE COMPANY LIMITED

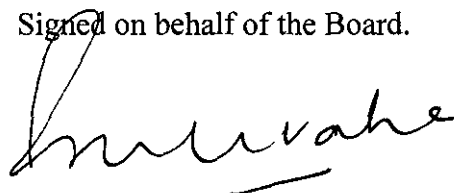
Balance sheet

As at 31 December 2000

		2000 £'000	1999 £'000
Fixed assets			
Investments	4	814	807
		<u>814</u>	<u>807</u>
Current assets			
Debtors	5	5,736	5,715
Cash at bank and in hand		101	2
		<u>5,837</u>	<u>5,717</u>
Creditors: amounts falling due within one year			
Other creditors	6	3,375	3,297
		<u>3,375</u>	<u>3,297</u>
Net current assets		<u>2,462</u>	<u>2,420</u>
Total assets less current liabilities		<u><u>3,276</u></u>	<u><u>3,227</u></u>
Represented by:			
Capital and reserves			
Called up share capital	7	827	827
Revaluation Reserve	8	(5)	7
Other Reserves	8	144	144
Profit and loss account	8	2,310	2,249
Shareholders' funds		<u><u>3,276</u></u>	<u><u>3,227</u></u>
Equity Shareholders' funds		3,256	3,207
Non Equity Shareholdres' funds		20	20
		<u><u>3,276</u></u>	<u><u>3,227</u></u>

These financial statements on pages 10 to 12 were approved by the Board of directors on 26 APRIL 2001.
The notes on pages 13 to 15 form an integral part of these accounts.

Signed on behalf of the Board.



Director

GENERAL ACCIDENT EXECUTOR AND TRUSTEE COMPANY LIMITED

Notes to the Accounts

1. Operating Profit

For 2000, the auditors remuneration has been charged in the accounts of CGU Insurance plc and has not been recharged to the company. In 1999 there was a recharge to the company of £1,000 for audit services.

No directors' emoluments are payable in respect of 2000 by the company (1999: NIL). These costs are borne by fellow Group undertakings.

2. Taxation

The charges in respect of UK corporation tax, income taxes and overseas taxes, and based on the results of the year are made up as follows:

	2000	1999
	£'000	£'000
UK corporation tax at 30% (1999: 30.25%)	26	19
Adjustments with respect to prior years	-	(44)
	<u>26</u>	<u>(25)</u>

3. Dividends

	2000	1999
	£'000	£'000
Preference	1	1

4. Other Financial Investments

	Market Value 2000	Cost	Market Value 1999	Cost
	£'000	£'000	£'000	£'000
These financial investments comprise:				
Debt securities and other fixed income securities	814	822	807	822

All the investments above are listed

GENERAL ACCIDENT EXECUTOR AND TRUSTEE COMPANY LIMITED

Notes to the Accounts(continued)

5. Debtors due within one year

	2000	1999
	£'000	£'000
Amount owed by affiliated undertakings :-		
Due by affiliated undertakings	5,723	5,652
Corporation tax receivable	-	50
Prepayments and accrued income	13	13
	<u>5,736</u>	<u>5,715</u>

6. Creditors - amounts falling due within one year

	2000	1999
	£'000	£'000
Amounts owed to affiliated undertakings:-		
Parent company interest free subordinated loan repayable on demand	3,200	3,200
Corporation tax payable	9	-
Other amounts due to affiliated undertakings	166	97
	<u>3,375</u>	<u>3,297</u>

7. Called up share capital

	2000	1999
	£'000	£'000
<u>Authorised:</u>		
350,000 Ordinary shares of £4 each (1999: 350,000)	1,400	1,400
20,000 Preference shares of £5 each (1999: 20,000)	100	100

Allotted, issued and fully paid

Equity

194,500 Ordinary shares of £4 each (1999: 194,500)	778	778
13,000 Ordinary shares of £2.20 each (1999: 13,000)	29	29

Non Equity

20,000 6% (now 4.2% plus tax credit) Preference shares of £5 each (£1 per share paid) (1999: 20,000)	20	20
	<u>827</u>	<u>827</u>

Notes to the Accounts(continued)

8. Reserves

	Other Reserves £'000	Revaluation Reserve £'000	Profit & Loss a/c £'000	Total £'000
At 1 January 2000	144	7	2,249	2,400
Revaluations and realisations	-	7	-	7
Tax on unrealised losses	-	(19)	-	(19)
Profit for the year	-	-	61	61
	<u>144</u>	<u>(5)</u>	<u>2,310</u>	<u>2,449</u>

9. Reconciliation of movements in shareholders' funds

	2000 £'000	1999 £'000
Profit/(loss) for the year before dividends	62	74
Dividends - preference shares	(1)	(1)
Increase/(decrease) in revaluation reserve	(12)	(57)
Net increase/(decrease) in shareholders' funds	<u>49</u>	<u>16</u>
Opening shareholders' funds	3,227	3,211
Closing shareholders' funds	<u>3,276</u>	<u>3,227</u>

10. Ultimate parent undertaking

The immediate parent undertaking is Commercial Union Financial Services Limited. The ultimate parent undertaking is CGNU plc. Its group accounts are available on application to the Group Secretary, CGNU plc, St. Helen's, 1 Undershaft, London EC3P 3DQ.

11. Cash Flow Statement

As the Company is wholly owned within the CGNU Group, the cash flows of the Company are included in the consolidated group cash flow statement of CGNU plc. Consequently, the Company is exempt under the terms of Financial Reporting Standard 1 (Revised 1996) from publishing a cash flow statement.