

GROUPAMA (UK) LTD

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001**

Registered Number: 2984081



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Directors' Report

The Directors present their Report and the Financial Statements of the Company for the year ended 31 December 2001.

Business Review

The principal activity of the Company during the year was that of a holding company. It owns the entire share capital of an intermediate holding company, Groupama Insurances Group Limited ("Groupama Insurances"). The underwriting activities of Groupama Insurances are carried out by Groupama Insurance Company Limited and Groupama General Insurance Company Limited. Both companies are authorised general insurance companies writing commercial and personal lines of business.

On 28 March 2002 Groupama Insurances sold its shareholdings in all its subsidiary undertakings as part of a reorganisation of the UK group structure. All of the shareholdings were acquired by GAN UK Holdings Limited ("GAN UK"), the Company's immediate parent.

The Directors do not foresee the Company undertaking any significant activities following the sale.

Loans to credit institutions

At the balance sheet date the Company had an outstanding loan of £19,000,000 with a credit institution. This is shown in Note 6 and was repayable in full on 15 January 2002. On 11 January 2002 the Company received a loan from GAN UK of £19,000,000 and repaid this loan.

Investment in subsidiary undertakings

At the year end the Directors valued the Company's holding in Groupama Insurances and its subsidiary undertakings. The Directors concluded that there has been a diminution in value of its holding. Consequently £112,344,000 (2000 : £110,316,000) has been charged to the Profit and Loss Account.

During 2001 the Company made two loans, each of £25,000,000 to Groupama Insurances. The loans remain outstanding at the Balance Sheet date and are shown in Note 5. These loans were financed by loans from GAN UK which remain outstanding at the Balance Sheet date. The aggregate of the two loans is shown within creditors in Note 6. These loans were repaid on 28 March 2002.

Results

The loss for the financial year was £113,939,000 (2000 : loss of £111,955,000).

Dividends

The Directors do not recommend the payment of a dividend (2000 : £nil), leaving a deficit of £113,939,000 (2000 : £111,955,000) to be transferred from reserves.

Payments to suppliers

In the United Kingdom the Company agrees payment terms with its suppliers when it enters into binding purchase contracts. The Company seeks to abide by the payment terms agreed with suppliers whenever it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. The Company does not have a standard or code which deals specifically with the payment of suppliers. Trade creditor days of the Company for the year ended 31 December 2001 were 3.2 days (2000: 7.5 days).

Directors' Report (continued)

Directors

The Directors currently holding office are:

P. Lefèvre (Chairman)
M. A. B. M. Beauchesne
J-P. Bouquin
A. Clyti
C. H. Lemaire
J. Rambatomanga

P. Lefèvre was appointed Chairman and Chief Executive on 5 March 2002. M. A. B. M. Beauchesne was appointed on 1 February 2001 and J-P. Bouquin was appointed on 13 February 2002.

A. P. D. Lancaster left the Board on 13 February 2002. L. K. Arnold resigned from the Board on 11 July 2002.

None of the Directors holding office at the balance sheet date have any interests in the share capital of the Company or in the loan notes issued by the Company.

None of the Directors received any remuneration for services to the Company during the year.

Employees

The Company does not have any employees. All contracts of employment of the Group's employees are with Groupama UK Services Limited, a subsidiary of Groupama Insurances.

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 profit or loss for that period. In preparing those financial statements, the Directors are required to:

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

The Directors confirm that the Financial Statements comply with the above requirements.

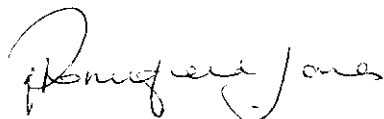
The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' Report (continued)

Auditors

PricewaterhouseCoopers have expressed their willingness to continue in office as auditors and accordingly a resolution to propose their reappointment will be submitted at the Annual General Meeting.

By Order of the Board



R. WHITFIELD-JONES
Secretary
25 October 2002

2 Minster Court,
Mincing Lane,
London EC3R 7FB

Independent Auditors' Report

Independent auditors' report to the members of Groupama (UK) Limited

We have audited the Financial Statements on pages 6 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of Directors and auditors

The Directors' responsibilities for preparing the annual report and the Financial Statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of Directors' responsibilities on page 3.

Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

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 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. The other information comprises only the Directors' report.

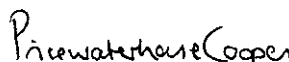
Basis of audit opinion

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 affairs of the Company as at 31 December 2001 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
25 October 2002

Southwark Towers,
32 London Bridge Street,
London SE1 9SY
United Kingdom

Profit and Loss Account

For the year ended 31 December 2001

	Notes	2001 £000	2000 £000
Turnover			
Other investment income		15	16
Administrative expenses		-	(3)
Diminution in value of subsidiary undertaking	4	(112,344)	(110,316)
Interest payable	2	<u>(1,610)</u>	<u>(1,652)</u>
Loss on ordinary activities before taxation		(113,939)	(111,955)
Retained loss for the period		(113,939)	(111,955)

All recognised gains and losses are accounted for in the Profit and Loss Account.

The Notes on pages 8 to 11 form an integral part of these Financial Statements.

Balance Sheet

As at 31 December 2001

	Notes	2001 £000	2000 £000
Fixed assets			
Investments in subsidiary undertakings	4	81,291	193,635
Current assets			
Debtors	5	50,000	-
Cash at Bank		<u>274</u>	<u>259</u>
		50,274	259
Creditors: Amounts falling due within one year	6	<u>(75,924)</u>	<u>(5,314)</u>
Net current liabilities		(25,650)	(5,055)
Creditors: Amounts falling due after one year	7	<u>-</u>	<u>(19,000)</u>
Net Assets		55,641	169,580
Capital and reserves			
Called up share capital	8	303,638	303,638
Profit and loss account	10	<u>(247,997)</u>	<u>(134,058)</u>
Total shareholders' funds		55,641	169,580

The Financial Statements were approved by the Board on 25 October 2002.

Directors:

P. Lefèvre

J.-P. Bouquin

The Notes on pages 8 to 11 form an integral part of these Financial Statements.

Notes to the Financial Statements

For the year ended 31 December 2001

1. ACCOUNTING POLICIES

Basis of Presentation

The Financial Statements have been prepared in accordance with the Companies Act 1985 and with applicable accounting standards.

The Company does not prepare Group Financial Statements in accordance with the provisions of Section 228 of the Companies Act 1985, as it is a wholly owned subsidiary of its ultimate parent company, Caisse Centrale Des Assurances Mutuelles Agricoles, which prepares group Financial Statements established under the Laws of an EU Member State.

Cash flow statement

The Company which is a wholly owned subsidiary, has elected to utilise the exemption provided in Financial Reporting Standard 1 and does not produce a cash flow statement.

Deferred taxation

Deferred taxation is provided on the liability method in respect of all timing differences in recognising results for taxation and accounting purposes at the expected rates of corporation tax applicable.

Foreign currency

Transactions in foreign currency are translated into sterling at the rates of exchange current at the dates of the transactions. Foreign currency monetary assets and liabilities in the balance sheet are translated into sterling at the rates of exchange ruling at the balance sheet date. Resulting exchange gains and losses are taken to the profit and loss account.

Investments

Investments in subsidiary undertakings

Investments are included at cost less amounts provided for any diminution in value. In the opinion of the Directors the value of investments in group undertakings is not less than the aggregate amount at which they are shown in the Company's balance sheet.

Investment Return

Investment return comprises dividends received from subsidiary undertakings, interest receivable and realised gains or losses on the sale of subsidiary undertakings. Where the Directors consider the value of any subsidiary undertaking is less than its cost, a provision is made for the diminution in value in the Profit and Loss Account. Appreciation in the value of any subsidiary undertaking is credited to the Profit and Loss Account only to the extent of provisions for diminutions in value accounted for in previous accounting periods.

Notes to the Financial Statements

For the year ended 31 December 2001

2. INTEREST PAYABLE

	2001 £000	2000 £000
The loan interest charge arises from the following loans:		
Loan notes	113	151
Loan from credit institutions	<u>1,497</u>	<u>1,501</u>
	1,610	1,652

3. AUDITORS' REMUNERATION

Auditors' remuneration is paid by a subsidiary undertaking. The amounts paid on behalf of the Company were £2,000 (2000 : £2,000).

4. FIXED ASSETS

Investments in subsidiary undertakings

	Market Value £000	Cost £000
At 1 January 2001	193,635	327,812
Diminution in value	<u>(112,344)</u>	<u>-</u>
At 31 December 2001	81,291	327,812

The Company's only directly owned subsidiary is Groupama Insurances Group Limited. The principal subsidiaries of Groupama Insurances Group Limited are as follows:

	Nature of Business	Nominal Value of shares held
Groupama Insurance Company Limited	General insurance company	182,600,000
Groupama General Insurance Company Limited	General insurance company	96,326,355
Groupama UK Services Limited	Management services company	6,050,000

All subsidiary undertakings are wholly owned and registered in England. The issued share capital of each company is exclusively in the form of ordinary shares.

5. DEBTORS

	2001 £000	2000 £000
Amounts owed by subsidiary undertakings	<u>50,000</u>	<u>-</u>
	50,000	-

Notes to the Financial Statements

For the year ended 31 December 2001

6. CREDITORS: Amounts falling due within one year

	2001 £000	2000 £000
Amounts due to fellow subsidiary undertakings	54,805	3,014
Loans from credit institutions	19,000	-
Loan notes	2,095	2,274
Taxation payable	11	13
Other creditors	13	13
	<u>75,924</u>	<u>5,314</u>

The bank loan was repaid in full on 15 January 2002 and had an annual interest rate of 7.88%. Interest was payable quarterly in arrears.

Loan Notes

The payment of the principal and interest is guaranteed by the Company's ultimate holding company. The Loan Notes carry interest for each six monthly interest period at the rate of the six monthly London Inter-Bank Offer Rate ("LIBOR") as determined on the first business date of each interest period, less 0.5% per annum. Interest is payable in arrears on 30 June and 31 December each year.

The Loan Notes are transferable and are redeemable at the option of the holder in whole or in part for cash at par on each succeeding 30 June or 31 December. All outstanding Loan Notes will be repaid at par on 30 June 2005.

7. CREDITORS: Amounts falling due after one year

	2001 £000	2000 £000
Loans from credit institutions	-	19,000

The bank loan was repaid in full on 15 January 2002 (see Note 6).

8. CALLED UP SHARE CAPITAL

	2001 £000	2000 £000
Authorised:		
400,000,000 (2000 : 400,000,000) ordinary shares of £1 each	400,000	400,000
Allotted and fully paid:		
303,638,000 (2000 : 303,638,000) ordinary shares of £1 each	303,638	303,638

Notes to the Financial Statements

For the year ended 31 December 2001

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001 £000	2000 £000
Movement in retained profits and reserves	(113,939)	(111,955)
New capital issued	-	243,206
Shareholders' funds at beginning of year	169,580	38,329
Shareholders' funds at end of year	<u>55,641</u>	<u>169,580</u>

10. PROFIT AND LOSS ACCOUNT

	£000
At 1 January 2001	(134,058)
Movement during the year	<u>(113,939)</u>
Balance at end of year	<u>(247,997)</u>

11. POST BALANCE SHEET EVENTS

During 2001 the Company made loans totalling £50,000,000 to Groupama Insurances Company Limited. These loans were financed by loans from GAN UK Holdings Limited. All these loans were repaid on 28 March 2002.

On 28 March 2002 Groupama Insurances Group Limited sold its shareholdings in all its subsidiary undertakings as part of a reorganisation of the UK group. All of the shareholdings were acquired by GAN UK Holdings Limited.

12. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption available under FRS 8 – Related Party Disclosures, that no disclosure is required in the Financial Statements of related party transactions in relation to subsidiary undertakings, 90% or more of whose voting rights are controlled within the Group.

13. ULTIMATE PARENT UNDERTAKING

The Company's parent undertaking is GAN UK Holdings Limited, which is registered in England, and its ultimate holding company is Caisse Centrale Des Assurances Mutuelles Agricoles, which is incorporated in France. Copies of these financial statements can be obtained from the Company Secretary, Groupama Insurances, 2 Minster Court, Mincing Lane, London EC3R 7FB.