

100057/60

nlm.

Company Number FC 023732

Undershaft (No.2) B.V.

**Annual report & financial statements
for the year ended 31 December 2009**

FRIDAY



A31	*ABIWJNAF*	443
	10/09/2010	
	COMPANIES HOUSE	
A40	01/09/2010	359
	COMPANIES HOUSE	

UNDERSHAFT (NO.2) B.V.

**Annual report & financial statements
for the year ended 31 December 2009**

Contents

	Page
Directors and Officers	3
Directors' report	4
Balance Sheet	5
Income statement	6
Notes to the financial statements	7
Other information	12
Auditor's report	13

UNDERSHAFT (NO 2) B V.

Directors and Officers

Directors

Aviva Company Secretarial Services Limited
T W Harris
A J Moss

Ultimate parent company

The ultimate parent company is Aviva plc The Company is a member of the Aviva plc group of companies ("the Group")

Auditor

Ernst & Young Accountants LLP
Antonio Vivaldistraat 150
1083 HP Amsterdam
The Netherlands

Main business address

St Helen's
1 Undershaft
London
EC3P 3DQ

Company Number

Registered in the Netherlands
Amsterdam Chamber of Commerce 33 21 90 52
Registered in England and Wales as a foreign company number FC023732

UNDERSHAFT (NO.2) B.V.

Directors' report

The directors present their annual report and financial statements for the Company for the year ended 31 December 2009

Directors

The current directors, and those in office during the year, are as follows

Aviva Company Secretarial Services Limited
T W Harris
A J Moss

Principal activities

The Company previously carried on the business of an investment holding company but, following the transfer of all its trading subsidiaries to a fellow Aviva group subsidiary in 2002 and the liquidation of its only remaining subsidiary in 2003, it is no longer trading. The directors are considering the future of the Company.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in this report. In addition the financial statements include notes on its capital structure (note 6).

The Company and its ultimate holding company, Aviva plc, have considerable financial resources. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Financial position and performance

The financial position of the Company at 31 December 2009 is shown in the balance sheet on page 5 and the results shown in the income statement on page 6.

Dividend

The directors do not recommend the payment of any dividend for the year (2008 £Nil).


Employees

The Company has no employees.

Approved by the Board on 29 JULY 2010

Aviva Company Secretarial Services Limited

T W Harris



A J Moss



UNDERSHAFT (NO 2) B V

Balance Sheet

As at 31 December 2009

	Notes	2009 £	2008 £
Current assets			
Debtors	3	37,268,411	37,269,461
Total assets		37,268,411	37,269,461
Current liabilities			
Creditors	4	3,209,002	5,028,666
Total current liabilities		3,209,002	5,028,666
Shareholder's equity			
Called up share capital	6	40,973,989	44,586,895
Legal reserve	7	236,999	236,999
Translation reserve	8	(13,853,136)	(17,466,041)
Retained earnings	9	6,701,557	4,882,942
Total shareholder's equity		34,059,409	32,240,795
Total equity and liabilities		37,268,411	37,269,461

The notes on pages 7 to 11 form an integral part of these financial statements. The auditor's report is on page 13.

UNDERSHAFT (NO.2) B.V.

Income statement

For the year ended 31 December 2009

	Notes	2009 £	2008 £
Operating expenses			
Interest payable	5	-	17,549,133
Administrative expenses		<u>(1,050)</u>	<u>89,649</u>
(Loss) /profit before tax		(1,050)	17,638,782
Tax credit	2(e) & 10	1,819,665	11,259,422
Profit for the year	9	<u>1,818,615</u>	<u>28,898,204</u>

The notes on pages 7 to 11 form an integral part of these financial statements. The auditor's report is on page 13.

UNDERSHAFT (NO 2) B.V.

Notes to the financial statements

1. General

Undershaft (No 2) B V (formerly Norwich Union Overseas Holdings BV), (the "Company") was incorporated in Amsterdam, The Netherlands in April 1990. The Company is a wholly-owned subsidiary of Aviva Overseas Holdings Limited, whose ultimate parent undertaking is Aviva plc which is listed on the London Stock Exchange and the NYSE. The Company has acted as an intermediate holding company for other Aviva plc Group subsidiaries and associated undertakings in previous years, although it now has no such investments.

The functional currency of the Company is the Pound Sterling as the majority of transactions are conducted in this currency.

2. Significant accounting policies

(a) Basis of preparation

The financial statements have been prepared in accordance with accounting principles generally accepted in the Netherlands and the financial reporting requirements included in Part 9, Book 2 of the Netherlands Civil Code.

(b) Revenue recognition

Income is recognised in the accounting year to which it relates.

(c) Exchange gains or losses

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the balance sheet date. Income and expenses denominated in foreign currencies are translated at the actual rates prevailing on the date of the transaction. Exchange gains or losses are taken to the income statement. Translation differences on non-monetary items are reported as part of the currency translation reserve.

(d) Expenses

Costs and expenses are allocated to the year to which they relate. Losses are recognised in the year in which they are identified.

(e) Tax

The Company is subject to UK corporate income tax at the rate of 28 % (2008 28.5%) on its taxable profit, calculated in accordance with UK legislation.

3. Debtors

	2009	2008
	<u>£</u>	<u>£</u>
Amounts due from fellow Group companies	37,268,411	35,553,963
Group relief receivable	-	1,715,498
	<u>37,268,411</u>	<u>37,269,461</u>

Amounts due from related parties are interest-free

UNDERSHAFT (NO 2) B V

Notes to the financial statements (continued)

4. Creditors

	2009 £	2008 £
Current tax liability	-	5,028,666
Group relief liability	3,209,002	-
	<u>3,209,002</u>	<u>5,028,666</u>

Amounts due to related parties are interest-free

5. Interest payable

In 2005, the Company received a tax assessment from the Australian Tax Office in respect of the reorganisation of the Aviva Group's Australian businesses in 2000. Although the Company disputed this assessment, full provision for the tax liability and for the interest charges due to late submission of the tax return has been made in the financial statements. In February 2009, the tax court case was settled in the Company's favour resulting in the release of accumulated interest provisions of £17,549,133 to the income statement in 2008.

6. Share capital

	2009 £	2008 £
Authorised		
2,000,000 (2008 2,000,000) ordinary shares of EUR45 each	79,964,460	87,015,373
100,000 (2008 100,000) Australian convertible redeemable preference shares of EUR45 each	3,998,223	4,350,769
200,000 (2008 200,000) New Zealand convertible redeemable preference shares of EUR45 each	7,996,446	8,701,537
	<u>91,959,129</u>	<u>100,067,679</u>
Allotted and fully paid		
926,992 (2008 926,992) ordinary shares of EUR45 each	37,063,207	40,331,277
52,015 (2008 52,015) Australian convertible redeemable preference shares of EUR45 each	2,079,676	2,263,053
45,798 (2008 45,798) New Zealand convertible redeemable preference shares of EUR45 each	1,831,106	1,992,565
Closing ordinary shares allotted and fully paid	<u>40,973,989</u>	<u>44,586,895</u>
	€	€
Closing ordinary shares allotted and fully paid (EUR)	<u>46,116,225</u>	<u>46,116,225</u>

UNDERSHAFT (NO.2) B.V

Notes to the financial statements (continued)

6. Share capital (continued)

The Australian and New Zealand convertible redeemable preference shares can be redeemed based upon a proposal from the Board of Directors, which should be approved by the shareholders in General Meeting. The amounts which are then repayable to the holders of those shares have preference over any liabilities due to holders of ordinary shares. The convertible redeemable preference shares can, under certain conditions, be converted into ordinary shares, following approval by the shareholders in General Meeting.

The movement in paid up capital can be summarised as follows

	2009 £	2008 £
Opening balance	44,586,895	33,871,631
Foreign exchange rate movements (see below)	(3,612,906)	10,715,264
Closing balance	<u>40,973,989</u>	<u>44,586,895</u>

The paid up capital balance has been retranslated at the balance sheet date using the euro/sterling exchange rate at that date of 1.1255 (2008 1.0343). The favorable movement in the year of £3,612,905 (2008 £10,715,264) has been taken to the translation reserve (see note 8).

7. Legal reserve

In 2001, the Company changed the nominal value of the shares from 100 Dutch guilders (euro 45.37802) to euro 45. The difference arising is treated as a non-distributable component of shareholders' equity.

8. Translation reserve

	2009 £	2008 £
Opening balance	(17,466,041)	(6,750,777)
Foreign exchange movement on paid up capital (see note 6)	3,612,905	(10,715,264)
Closing balance	<u>(13,853,136)</u>	<u>(17,466,041)</u>

The translation reserve was established at 31 December 2001, when the Company became UK-resident and its functional and presentation currency changed from Euros to Sterling. The balance on the reserve comprises all translation movements in share capital since then, offsetting the movements shown in note 6, together with a debit of £1,092,358 arising on the December 2001 retranslation of the opening comparative retained earnings at 1 January 2001.

The debit of £1,092,358 is considered to be a realised loss and is offset against the retained earnings balance when considering the Company's distributable reserves position. The balance of £12,760,778 as at 31 December 2009 is offset by equivalent cumulative movements in the sterling equivalent of the share capital. This balance is a distributable component of shareholders' equity under Dutch GAAP.

UNDERSHAFT (NO 2) B.V.

Notes to the financial statements (continued)

9. Retained earnings

	2009 £	2008 £
At 1 January	4,882,942	(24,015,262)
Profit for the year	<u>1,818,615</u>	<u>28,898,204</u>
At 31 December	<u>6,701,557</u>	<u>4,882,942</u>

10. Tax

(a) Tax credited to the income statement

The total tax credited to the income statement comprises

	2009 £	2008 £
UK corporation tax charge	-	(5,028,666)
Prior year adjustment	<u>1,819,665</u>	<u>16,288,088</u>
Total tax credited to the income statement	<u>1,819,665</u>	<u>11,259,422</u>

(b) Tax reconciliation

The tax on the Company's (loss)/profit before tax differs from the theoretical amount that would arise using the tax rate of the home country of the Company as follows

	2009 £	2008 £
(Loss) / profit before tax	<u>(1,050)</u>	<u>17,638,782</u>
Tax calculated at standard UK corporation tax rate of 28% (2008 28.5%)	294	(5,027,053)
Adjustment to tax charge in respect of prior years	1,819,665	16,288,088
Disallowable expenses	(294)	(2,095)
Other items	-	482
Total tax credited to the income statement	<u>1,819,665</u>	<u>11,259,422</u>

A tax credit of £1,820,147 has been recognised within the adjustment to tax charge in respect of prior years under s171A of the Taxation of Chargeable Gains Act 1992 which allows losses in the company to be set against the chargeable gains in another other group company for capital gains purposes

11. Employee information

The Company does not have any employees

12. Auditor's remuneration

Fees for the audit of the financial statements of the Company were Euro 6,000 (2008 Euro 5,500) which have been borne by Aviva plc

UNDERSHAFT (NO.2) B.V.

Notes to the financial statements (continued)

13. Parent undertakings

The Company is a wholly-owned subsidiary of Aviva Overseas Holdings Limited, which is registered in England

The ultimate parent undertaking is Aviva plc, which is registered in England. Its group accounts are available on application to the Group Company Secretary, Aviva plc, St Helen's, 1 Undershaft, London, EC3P 3DQ, England

14. Directors' remuneration


The members of the Board of Directors did not receive any payment from the Company in respect of their management services in the current or prior year

15. Related party transactions

There are no other related party transactions other than the amounts due to and from fellow group companies. All inter-company balances (see notes 3 & 4) are with the Company's parent, Aviva Overseas Holdings Limited

Approved by the Board on 29 JULY 2010

The Board of Directors,



Aviva Company Secretarial Services Limited

T W Harris



A J Moss

ABROAI

UNDERSHAFT (NO.2) B V

Other information

1. Statutory arrangements in respect of profit distribution

In accordance with Article 25 of the Company's articles of association, the profit for the year is at the disposition of the shareholders in a General Meeting

2. Appropriation of the result for the year

The profit for the financial year of £1,818,615 has been taken to retained earnings

UNDERSHAFT (NO.2) B.V

Auditor's report

Report on the financial statements

We have audited the accompanying financial statements 2009 of Undershaft (No 2) B V , Amsterdam , which comprise the balance sheet as at December 31, 2009, the income statement and related notes 1 to 15 for the year then ended

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

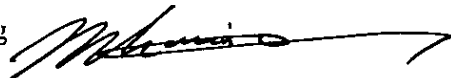
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Undershaft (No 2) B V as at December 31, 2009, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Ernst & Young Accountants LLP

Signed by Maarten Koning



Amsterdam,

29 July

2010

For Ernst & Young Accountants LLP