

Registered in England No: 1059606

MORLEY POOLED PENSIONS LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2001



Morley Pooled Pensions Limited

Registered in England No. 1059606

Registered Office: No. 1 Poultry, London EC2R 8EJ

Directors and Officers

Directors

P E A Beale
G Holtham
K Jones
M G Quirke
C J Sewell

Secretary

CGNU Company Secretarial Services Limited

Auditor

Ernst & Young LLP
Registered Auditor

Rolls House
7 Rolls Buildings
Fetter Lane
London
EC4A 1NH

Regulated by Financial Services Authority.

Contents

	Page
Directors' report	3
Auditors' report	8
Actuary's certificate	8
Profit and loss account: Technical account - long term business	9
Profit and loss account: Non-technical account	10
Reconciliation of movements in shareholders' funds	11
Balance sheet	12
Notes to the financial statements	13

Directors' report

The directors present their annual report and audited financial statements for Morley Pooled Pensions Limited ("the Company") for the year ended 31 December 2001.

Principal activity

The principal activity of the Company is the transaction of unit linked pension business, in the United Kingdom. The directors consider that this will continue unchanged into the foreseeable future.

Operations and new business

In August 2001, as part of a proposal to rationalise the long term business of the subsidiaries of CGNU plc, the Company petitioned the High Court to sanction a scheme of arrangement by which all of the long term business of General Accident Managed Pension Funds Limited ("GAMPF") and the group managed pension fund business of Norwich Union Linked Life Assurance Limited ("NULLA") would be transferred to the Company.

The Order was approved by the High Court on 7 November 2001, and the pension fund businesses of GAMPF and NULLA were duly transferred to the Company. Unit linked funds transferred, with values of £596m and £173m respectively, have been included under premiums in the technical account.

On 8 November 2001, the majority of the comparable funds in GAMPF and the Company were merged. The remaining funds of GAMPF and those of NULLA will be merged with comparable funds of the Company by the end of April 2002.

With effect from July 2001, the Company ceased writing direct annuity business, with members being advised to purchase their annuities directly from Norwich Union Annuity Limited ("NUA"). The annuity business existing prior to this date, written by the Company, continues to be fully reinsured to NUA. The Company accepted a limited amount of reinsurance during the year in the form of unit linked pension funds.

	2001 £m	2000 £m	1999 £m
New annual premiums	-	66.9	45.2
New single premiums	198.6	485.3	389.4
Balance on the long term business technical account	0.5	3.0	3.5

Further details of the results are given in the profit and loss accounts on pages 9 and 10.

The annual valuation of the assets and liabilities of the Company is made as at 31 December 2001 and further details of the valuation and distribution of profits will be provided in due course in the returns to the Financial Services Authority.

Major events

On 2 January 2001, Morley Investment Holdings Limited (formerly CGU Asset Management Limited) acquired a legal and beneficial holding of 6,000,000 ordinary shares in the issued share capital of the Company from Norwich Union Life & Pensions Limited. The consideration for this transfer was met by a payment of £6,000,000, equivalent to the net asset value of the Company on 2 January 2001.

Directors' report

Changes to Regulatory Framework

The new regulatory regime created under the Financial Services and Markets Act 2000, became effective in the United Kingdom in November 2001 (N2). The new regulator, the Financial Services Authority ("FSA"), absorbed the regulatory responsibilities of IMRO, HM Treasury, and PIA as well as for the Listing Rules. The FSA's objectives are to maintain confidence in the United Kingdom financial markets, to promote public awareness, to protect consumers and to reduce financial crime.

Dividends

A special dividend of £36m was paid on 2 January 2001. This represented the entire balance of the Profit and Loss account at that date. The directors recommend a final dividend for the year of £Nil (2000: £3.0m).

European Monetary Union

The Company is a member of the CGNU plc Group ("the Group"). The total costs to the Group, including systems preparation, incurred for the introduction of the euro into the CGNU European Union operation amount to £65m, of which £8m was incurred during 2001 (2000: £17m). On 1 January 2002, the Group's business 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 1.

M N Urmston resigned as a director of the Company on 28 February 2001.

M A Hall resigned as a director of the Company on 31 August 2001.

P C F Haynes resigned as a director of the Company on 19 November 2001.

C J Sewell was appointed as a director of the Company on 28 February 2001.

M G Quirke was appointed as a director of the Company on 3 September 2001.

P E A Beale, G Holtham and K Jones 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 on page 5. All the disclosed interests are beneficial.

	At 1 January 2001 (or appointment if later)	At 31 December 2001
P E A Beale	-	624
G Holtham	641	641
K Jones	760	760
M G Quirke	-	-
C J Sewell	5,462	7,212

Directors' report

Incentive plans

Details of the directors who held office at the end of the financial year, and 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.

(i) Share options

	At 1 January 2001 (or appointment if later)	Options granted during year	Options exercised or lapsed during year	At 31 December 2001
	Number	Number	Number	Number
P E A Beale				
Savings related options	1,082	-	-	1,082
G Holtham				
Savings related options	2,244	-	-	2,244
K Jones				
Savings related options	-	-	-	-
M G Quirke				
Savings related options	-	1,430	-	1,430
C J Sewell				
Savings related options	3,185	-	-	3,185

"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 months period following either the third, fifth or seventh anniversary of the relevant savings contract.

Directors' report

(ii) Share awards

	At 1 January 2001 (or appointment if later)	Awards granted during year	Awards vested during year	Awards lapsed during year	At 31 December 2001
	Number	Number	Number	Number	Number
P E A Beale					
CGNU Integration Incentive Plan	-	-	-	-	-
CGNU Long Term Incentive Plan	-	-	-	-	-
CGNU Deferred Bonus Plan	-	-	-	-	-
G Holtham					
CGNU Integration Incentive Plan	-	-	-	-	-
CGNU Long Term Incentive Plan	-	-	-	-	-
CGNU Deferred Bonus Plan	-	-	-	-	-
K Jones					
CGNU Integration Incentive Plan	-	-	-	-	-
CGNU Long Term Incentive Plan	-	-	-	-	-
CGNU Deferred Bonus Plan	-	-	-	-	-
M G Quirke					
CGNU Integration Incentive Plan	-	-	-	-	-
CGNU Long Term Incentive Plan	-	-	-	-	-
CGNU Deferred Bonus Plan	-	-	-	-	-
C J Sewell					
CGNU Integration Incentive Plan	14,912	-	-	-	14,912
CGNU Long Term Incentive Plan	2,262	7,522	-	-	9,784
CGNU Deferred Bonus Plan	-	9,062	-	-	9,062

- (1) *The CGNU Integration Incentive Plan*, which related to the merger of CGU plc and Norwich Union plc, was approved by CGNU plc shareholders at last year's Annual General Meeting. Awards were granted to directors in September 2000 subject to the condition that shareholders' approval was obtained. The performance conditions under the Plan have been met and the awards will vest in March 2002. The Plan will then close.
- (2) *The CGNU Long Term Incentive Plan* was approved by CGNU plc shareholders at last year's Annual General Meeting and awards were granted to directors in September 2000. Awards are subject to the attainment of performance conditions over a three year period.
- (3) *The CGNU Deferred Bonus Plan* was approved by CGNU plc shareholders at last year's Annual General Meeting and replaced the CGU Deferred Bonus Plan. The awards disclosed include those made in lieu of some or all of the cash bonus earned and deferred under CGNU plc's Annual Bonus in 2001 and also the matching awards granted on a one for one basis. The awards are not subject to performance conditions and vest on the third anniversary of their grant.

Other than as disclosed above, none of the directors who held office at 31 December 2001 had any beneficial interest in the Company's shares or of any other company within the CGNU plc Group.

Directors' report

Creditor payment policy and practice

Under a management agreement, Morley Fund Management Limited, the parent undertaking, supplies and makes a charge for the provision of all goods and services to the Company. Accordingly, the relevant disclosures in relation to creditor payment policy and practice are included in the directors' report of Morley Fund Management Limited.

Resolutions

On 14 June 2001, 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.

Auditors

At the Annual General meeting on 14 June 2001, Ernst & Young was reappointed as auditor to the Company.

On 28 June 2001, Ernst & Young, the Company's auditor, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001.

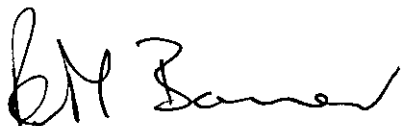
Statement of directors' responsibilities

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 period. 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;
- prepare the financial statements on the going concern basis unless it is inappropriate 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

By order of the Board



CGNU Company Secretarial Services Limited *Secretary*

25 April 2002

Auditors' report

Independent auditors' report to the members of Morley Pooled Pensions Limited

We have audited the Company's financial statements for the year ended 31 December 2001 which comprise the profit and loss account, balance sheet, reconciliation of movements in shareholders' funds, and the related notes 1 to 20. 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 directors' responsibilities the Company's 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

Ernst & Young LLP
Registered Auditor
London

25 April 2002

Actuary's Certificate

I certify that in my opinion the aggregate amount of the actuarial liabilities of the Company in relation to its long term business at 31 December 2001, being the amount of the technical provisions for linked liabilities, are as shown in the balance sheet.


C J Sewell Actuary

25 April 2002

Profit and loss account

for the year ended 31 December 2001

Technical account - long term business

	Note	2001 £m	2000 £m
Earned premiums, net of reinsurance			
Gross premiums written	2	967.3	578.0
Investment income	3	12.6	732.2
Other technical income	4	0.7	2.0
Claims incurred, net of reinsurance			
Claims Paid			
Gross amount		(223.2)	(2,791.3)
Reinsurers' share		0.5	0.4
		<u>(222.7)</u>	<u>(2,790.9)</u>
Change in other technical provisions, net of reinsurance			
Other technical provisions, net of reinsurance		(521.4)	(2,097.1)
Net operating expenses	5	(1.8)	(10.1)
Investment expenses and charges	6	(7.9)	(9.6)
Unrealised losses on investments		(225.0)	(593.1)
Tax attributable to long term business	9	(1.3)	(2.6)
Balance on the technical account for long term business		<u>0.5</u>	<u>3.0</u>

The notes on pages 13 to 19 are an integral part of these financial statements.

Profit and loss account
for the year ended 31 December 2001

Non-technical account

	Note	2001 £m	2000 £m
Balance on the long term business technical account		0.5	3.0
Tax credit attributable to balance on the long term business technical account	9	<u>0.2</u> 0.7	<u>1.3</u> 4.3
Investment income	3	0.4	0.7
Other non-technical income	4	0.2	-
Unrealised losses on investments		-	(2.5)
Operating profit on ordinary activities before tax	7	<u>1.3</u>	<u>2.5</u>
Tax on profit on ordinary activities	9	<u>(0.4)</u>	<u>(7.4)</u>
Profit/(loss) for the financial year after tax		0.9	(4.9)
Dividends	10	(36.0)	(3.0)
Retained loss for the financial year	14	<u>(35.1)</u>	<u>(7.9)</u>

The Company has no recognised gains and losses other than those included in the results above. Accordingly, a statement of total recognised gains and losses is not given.

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.

A statement of movement in reserves can be found in note 14.

The notes on pages 13 to 19 are an integral part of these financial statements.

Reconciliation of movements in shareholders' funds
for the year ended 31 December 2001

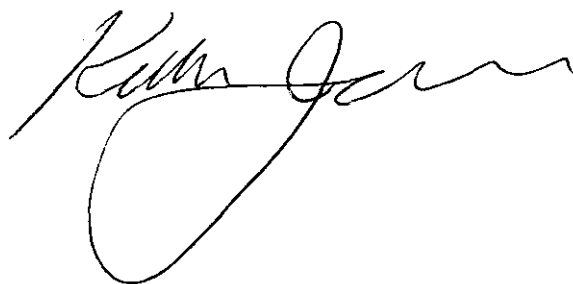
	2001 £m	2000 £m
Profit/(loss) for the financial year	0.9	(4.9)
Dividends	<u>(36.0)</u>	<u>(3.0)</u>
Net reduction in shareholders' funds	(35.1)	(7.9)
Opening shareholders' funds	42.0	49.9
Closing shareholders' funds	<u>6.9</u>	<u>42.0</u>

Balance sheet
 as at 31 December 2001

		2001 £m	2000 £m
Assets	Note		
Investments			
Other financial investments	11	4.9	53.6
Assets held to cover linked liabilities	12	3,294.1	2,772.7
Debtors			
Other debtors		0.6	-
Other assets			
Cash at bank and in hand		5.4	2.6
Total assets		<u>3,305.0</u>	<u>2,828.9</u>
Liabilities			
Capital and reserves			
Share capital	13	6.0	6.0
Profit and loss account	14	0.9	36.0
Shareholders' funds attributable to equity interests		<u>6.9</u>	<u>42.0</u>
Technical provisions for linked liabilities		<u>3,294.1</u>	<u>2,772.7</u>
Provisions for other risks and charges	15	-	6.1
Creditors			
Creditors arising out of direct insurance operations		1.9	0.6
Other creditors including taxation and social security	16	2.1	7.5
		<u>4.0</u>	<u>8.1</u>
Total liabilities		<u>3,305.0</u>	<u>2,828.9</u>

The notes on pages 13 to 19 form an integral part of these financial statements.

Director



25 April 2002

Notes to the financial statements

1 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with the provisions of section 255 of, and Schedule 9A to, the Companies Act 1985. The financial statements have also been prepared in accordance with applicable accounting standards and comply with the Statement of Recommended Practice ('SORP') on Accounting for Insurance Business issued by the Association of British Insurers in December 1998.

The Company has adopted the modified statutory solvency basis of accounting for long term insurance business.

Premiums

Premiums in respect of investment linked policies are accounted for in the period in which the liability is established.

Claims

Claims arising from death or maturity are included in the technical account for long term business when the insured event is notified or becomes due. Surrenders are charged in the period when payment is made.

Claims payable are stated gross of any related internal and external claims handling costs.

Investment return

Investment return comprises investment income, including realised investment gains and losses, and movements in unrealised investment gains and losses, net of investment expenses and charges. Investment return on investments attributable to the long term business is reported in the technical account for long term business. Investment return on assets not directly attributable to the long term business is included in the non-technical account.

Investment income is recognised on an accruals basis. Dividend income is recognised when the related investment is declared ex-dividend.

Net realised gains and losses represent the difference between the net sale proceeds of an investment and the purchase price. Net realised gains and losses are included within the technical account for long term business if these are attributable to assets in the long term business fund. All other net realised gains and losses are included in the non-technical account.

The movement in net unrealised gains and losses represents the difference between the valuation of investments at the balance sheet date and the valuation at the last balance sheet date, or purchase price if purchased during the year, after adjustment for any previously recognised unrealised gains and losses on investments disposed of in the year.

Taxation and deferred taxation

The taxation charge in the technical account is based on the method of assessing taxation for long term funds applicable in the relevant country of operation. Any part of the balance on the technical account that is computed on an after tax basis is grossed up at the effective rate of taxation in the non-technical account.

The taxation charge in the non-technical account is based on the taxable profits for the year.

Provision is only made for deferred taxation where it is expected that a liability will crystallise in the foreseeable future.

Notes to the financial statements

1 Accounting policies (continued)

Investments

Investments are stated at their current values at the end of the year. Current values, for this purpose, are: stock exchange mid-market values for listed securities; bid price for unit trusts and OEICS; average trading prices for unlisted securities where a market exists; and directors' valuations for other unlisted securities, mortgages and loans.

Properties are revalued annually at open market value in accordance with the guidance note on the valuation of assets issued by the Royal Institution of Chartered Surveyors, as determined by the Group's professionally qualified internal valuers and by external valuers for a proportion of these properties. No depreciation is provided on investment properties as the directors consider that, as these properties are held for investment, to depreciate them would not give a true and fair view.

Technical provisions

The provisions held for linked business represent the unit liabilities, together with certain non-unit provisions.

Foreign currencies

Transactions denominated in currencies other than sterling are translated at the exchange rate at the date of transaction. Assets and liabilities in currencies other than sterling are translated at the year end rate of exchange. The resulting exchange gains and losses are dealt with in the profit and loss account.

Notes to the financial statements

2 Premiums

Gross premiums written

	2001 £m	2000 £m
Premiums under group contracts - direct	198.6	290.5
Premiums from GAMPF transfer	595.6	-
Premiums from NULLA transfer	173.1	-
	<u>967.3</u>	<u>290.5</u>
Single premiums - direct	<u>967.3</u>	<u>290.5</u>
Premiums from investment linked contracts - direct	967.3	290.5
Gross premiums written which relate to reinsurances accepted	-	287.5
	<u>967.3</u>	<u>578.0</u>

Gross premiums relate to unit linked pension business and are derived principally from contracts written in the United Kingdom.

As shown above, included in Gross premiums is an amount of £768.7m, which relates to the unit linked pension businesses transferred from GAMPF and NULLA in November 2001.

Annualised new business premiums

	Annualised periodic premiums		Single premiums	
	2001 £m	2000 £m	2001 £m	2000 £m
Gross and net	<u>-</u>	<u>66.9</u>	<u>198.6</u>	<u>485.3</u>

In classifying new business premiums, the following basis of recognition has been adopted:

New recurring single premium contracts are classified as periodic where they are deemed likely to renew at or above the amount of the initial premium. Incremental increases on existing policies are classified as new business premiums. Rebates from the Department of Work and Pension are classified as new single premiums.

Funds at retirement under individual pension contracts left with the Company and transfers from group to individual contracts are classified as new business single premiums. These are included in the financial statements both in claims incurred and as single premiums within gross premiums written.

Where periodic premiums are received other than annually, such premiums are included on an annualised basis.

Gross premiums written by destination are not materially different from gross premiums written by source.

Notes to the financial statements

3 Investment income

	Technical account		Non-technical account	
	2001	2000	2001	2000
	£m	£m	£m	£m
Income from land and buildings	25.0	22.0	-	-
Income from other investments	83.3	98.8	0.5	0.7
Net (losses)/gains on the realisation of investments	(95.7)	611.4	(0.1)	-
	<u>12.6</u>	<u>732.2</u>	<u>0.4</u>	<u>0.7</u>

4 Other income

	Technical account		Non-technical account	
	2001	2000	2001	2000
	£m	£m	£m	£m
Administration fees	-	0.7	-	-
Sundry income	0.7	1.3	0.2	-
	<u>0.7</u>	<u>2.0</u>	<u>0.2</u>	<u>-</u>

5 Net operating expenses

	2001	2000
	£m	£m
Administrative expenses	<u>1.8</u>	<u>10.1</u>

With effect from 2 January 2001, a management charge in respect of administrative services has been made by Morley Fund Management Limited, the parent undertaking. This is as a consequence of the transfer of the share capital of the Company to Morley Investment Holdings Limited on that date.

6 Investment expenses and charges

	2001	2000
	£m	£m
Investment management expenses, including interest	<u>7.9</u>	<u>9.6</u>

7 Operating profit on ordinary activities before tax

	2001	2000
	£'000	£'000
Operating profit on ordinary activities before tax is stated after charging:		
Remuneration of auditors:		
Audit	20.0	8.9
Other services	<u>15.0</u>	<u>0.7</u>

Notes to the financial statements

8 Directors and employees

Directors' emoluments

As detailed in note 5, a management charge in respect of administration services has been made by Morley Fund Management Limited, which includes an element in respect of directors' time spent in managing the Company. Aggregate fees and emoluments of directors in respect of qualifying services to the Company for the year were £nil. Eligible directors also participate in CGNU group share option schemes and group retirement benefit schemes.

Emoluments, share options exercised and retirement benefits accruing in respect of the directors, who are also directors of Morley Fund Management Limited, are provided in the financial statements of that company.

Employees

Details of UK employees who provide services to the Company are included in the financial statements of Morley Fund Management Ltd.

9 Taxation

	Technical account		Non-technical account	
	2001	2000	2001	2000
	£m	£m	£m	£m
UK Corporation tax	0.2	1.3	1.0	-
Overseas taxation	1.1	1.3	-	-
	<u>1.3</u>	<u>2.6</u>	<u>1.0</u>	<u>-</u>
Taxation attributable to shareholders' profits on long term business	-	-	0.2	1.3
Deferred taxation	-	-	(0.8)	6.1
	<u>1.3</u>	<u>2.6</u>	<u>0.4</u>	<u>7.4</u>

Corporation tax in the technical account has been calculated at rates between 20% and 30% (2000: between 20% and 30%) in accordance with the rates applicable to life insurance companies.

10 Dividends

	2001	2000
	£m	£m
Special dividend	36.0	-
Final dividend proposed of £Nil (2000: £0.50) per share	-	3.0
	<u>36.0</u>	<u>3.0</u>

A special dividend of £36m was paid on 2 January 2001. This represented the entire balance of the Profit and loss account at that date.

Notes to the financial statements

11 Other financial investments

	Carrying value		Cost	
	2001	2000	2001	2000
	£m	£m	£m	£m
Shares and other variable-yield securities and units in unit trusts	-	46.6	-	20.6
Debt securities and other fixed income securities	4.9	7.0	4.9	7.0
Listed investments	<u>4.9</u>	<u>53.6</u>	<u>4.9</u>	<u>27.6</u>

12 Assets held to cover linked liabilities

	2001	2000
	£m	£m
Carrying value	<u>3,294.1</u>	<u>2,772.7</u>
Purchase price	<u>3,234.8</u>	<u>2,479.4</u>

13 Share capital

	2001	2000
	£m	£m
Authorised:		
6,000,000 ordinary shares of £1 each	<u>6.0</u>	<u>6.0</u>
Allotted, called up and fully paid:		
6,000,000 ordinary shares of £1 each	<u>6.0</u>	<u>6.0</u>

14 Reserves – profit and loss account

	2001	2000
	£m	£m
At 1 January	36.0	43.9
Retained loss for the financial year	<u>(35.1)</u>	<u>(7.9)</u>
At 31 December	<u>0.9</u>	<u>36.0</u>

The amounts available for distribution are restricted by the Financial Services and Markets Act 2000 in respect of long term business. In addition, unrealised gains and losses reported in the non-technical account are not considered to be distributable. Of the profit and loss account balance, £Nil (2000: £19.9m) is not regarded as realised profit available to pay dividends as at 31 December 2001.

Notes to the financial statements

15 Provisions for other risks and charges

Deferred taxation	2001 £m	2000 £m
Balance at 1 January	6.1	-
Released during the year	(6.1)	6.1
Balance at 31 December	-	6.1

The amounts provided and unprovided for deferred taxation are analysed below.

	2001		2000	
	Provided £m	Unprovided £m	Provided £m	Unprovided £m
On revaluation of investments	-	-	6.1	-

16 Other creditors including taxation and social security

	2001 £m	2000 £m
Other creditors	0.1	-
Taxation	1.8	4.1
Amounts owed to group undertakings	0.2	3.4
	2.1	7.5

17 Contingent liabilities and commitments

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

18 Cash flow statement

The Company is exempt from the requirement to prepare a cash flow statement, as it is a wholly owned subsidiary undertaking of CGNU plc whose consolidated financial statements are publicly available.

19 Related party transactions

Advantage has been taken of the exemption available not to disclose intra-group related party transactions in respect of 90% subsidiaries.

There were no material related party transactions with directors.

20 Parent undertaking and ultimate parent undertaking

The immediate parent undertaking is Morley Investment Holdings Limited, a Company registered in England. On 2 January 2001, Morley Investment Holdings Limited acquired 100% of the equity share capital from the former immediate parent Company, Norwich Union Life & Pensions Limited for a consideration of £6 million.

The ultimate parent undertaking is CGNU plc, a Company registered in England. Its group financial statements are available on application to the Group Company Secretary, CGNU plc, St. Helen's, 1 Undershaft, London EC3P 3DQ. No other group financial statements include the results of the Company.