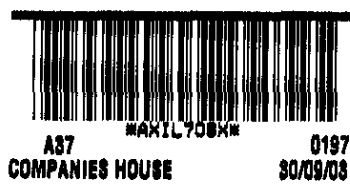


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**CGU BONUS
LIMITED
2002**



CGU Bonus Limited

Report and Accounts 2002

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CGU Bonus Limited

Directors and Officer

Directors:

MS Hodges
BF McIntyre
PJR Snowball

Officer:

Company Secretary:
Aviva Company Secretarial Services Limited

Auditor:

Ernst & Young LLP
Registered Auditor
Rolls House
7 Rolls Buildings
Fetter Lane
London
EC4A 1NH

Registered Office:

Pitheavlis
Perth
Scotland
PH2 0NH

Registered in Scotland No SC 8140

Members of the General Insurance Standards Council, the Association of British Insurers and the Financial Ombudsman Service.

CGU Bonus Limited

Directors' Report

for the year ended 31 December 2002

The directors present their annual report and accounts for CGU Bonus Limited (the Company) for the year ended 31 December 2002.

Principal activity

The principal activity of the Company is the transaction of general insurance business in the United Kingdom. The directors consider that this will continue unchanged into the foreseeable future.

Salient features

	2002 £000	2001 £000
Gross premiums written	254,731	183,884
Net earned premiums	204,495	163,282
Balance on technical account	11,204	8,860
Net profit before tax	38,025	24,318
Tax on profit on ordinary activities	(11,278)	(7,071)
Profit for the financial year	26,747	17,247
Balance sheet total assets	512,717	500,330
Shareholder's funds	124,446	97,699

Full details are set out on pages 9 to 12.

Dividends

No interim dividend was paid during the year (2001: nil). The directors do not recommend the payment of a final dividend (2001: nil).

Payment policy

It is the Group's policy to pay creditors when they fall due for payment. Terms of payment are agreed with suppliers when negotiating each transaction and the policy is to abide by those terms, provided that the suppliers also comply with all the relevant terms and conditions.

The amounts due to trade creditors as 31 December 2002 represented approximately 29 days of average daily purchases through the year (2001: 19 days).

Ultimate parent undertaking

On 1 July 2002, the ultimate parent undertaking CGNU plc, changed its name to Aviva plc.

CGU Bonus Limited

Directors' Report - continued

Resolutions

On 24 May 2002, the members of the Company passed resolutions to dispense with the holding of Annual General Meetings, the laying of director's reports, accounts and auditors' reports before the members in general meeting and the obligation to appoint auditors annually.

Employees

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

Directors' interests

The names of the present directors of the Company appear on page 1.

MS Hodges, BF McIntyre and PJR Snowball served as directors of the Company throughout the year.

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 Aviva plc. Details of any options and awards held through Aviva plc's share schemes and incentive plans are shown on pages 3 and 4. All the disclosed interests are beneficial.

	At 1 January 2002	At 31 December 2002
MS Hodges	5,992	14,295
BF McIntyre	9,165	1,028

PJR Snowball is a director of the Company's ultimate parent undertaking, Aviva plc, and details of his interests are given in that company's accounts.

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 Aviva plc or hold or held awards over shares in Aviva plc, pursuant to Aviva plc's share based incentive plans, are set out below.

(i) Share options

	At 1 January 2002	Options Granted during year	Options exercised or cancelled during the year	At 31 December 2002
	Number	Number	Number	Number
MS Hodges				
Savings related options	2,492	2,356	2,492	2,356
BF McIntyre				
Savings related options	2,707	2,356	2,707	2,356

(1) "Savings related options" are options granted under the Inland Revenue - approved SAYE Share Option Scheme. Options granted from 1994 to 2002 are normally exercisable during the six months period following either the third, fifth or seventh anniversary of the relevant savings contract.

(2) During the year no directors exercised any share options and therefore no gains on such were made.

CGU Bonus Limited

Directors' Report - continued

Directors' interests - continued

(ii) Share awards

	At 1 January 2002	Awards granted during year	Awards vested during year	Awards lapsed during year	At 31 December 2002
	Number	Number	Number	Number	Number
MS Hodges					
CGNU Intergration Incentive Plan	12,855	-	12,855	-	-
Aviva Long Term Incentive Plan	11,871	23,498	-	-	35,369
Aviva Deferred Bonus Plan	7,552	19,126	-	-	26,678

BF McIntyre

CGNU Intergration Incentive Plan	17,483	-	17,483	-	-
Aviva Long Term Incentive Plan	33,134	23,612	-	-	56,746
Aviva Deferred Bonus Plan	13,280	18,748	-	-	32,028
CGNU Restricted Share Plan	10,174	-	4,323	5,851	-

- (1) CGNU Integration Incentive Plan - 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 vested in March 2002. The plan then closed.
- (2) Aviva Long Term Incentive Plan - Awards under the Plan are made on an annual basis and the 2002 award was made in March. Awards are subject to the attainment of performance conditions over a three year period.
- (3) Aviva Deferred Bonus Plan - Awards disclosed include those made in lieu of some or all of the cash bonus earned and deferred under Aviva plc's Annual Bonus in 2002 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.
- (4) CGNU Restricted Share Plan was a deferred bonus arrangement in which a small number of former Norwich Union senior managers participated. Awards were granted which vested in March 2002. The Plan then closed.

CGU Bonus Limited

Directors' Report - continued

Statement of directors' responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view 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 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 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



Authorised Signatory
Aviva Company Secretarial Services Limited
Secretary

8th SEPTEMBER 2003

CGU Bonus Limited

Independent Auditors' Report

To the members of CGU Bonus Limited

We have audited the Company's accounts for the year ended 31 December 2002 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 23. These accounts have been prepared on the basis of the accounting policies set out on pages 7 and 8.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities in the Directors' Report, the Company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts 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 accounts, 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 accounts. 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 accounts 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 accounts.

Equalisation Reserve

Our evaluation of the presentation of information in the accounts had regard to the statutory requirement for insurance companies to maintain equalisation reserves. The nature of the equalisation reserves, the amount set aside at 31 December 2002 and the effect of the movement in those reserves during the year on the technical result and profit before tax are disclosed in note 16.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company as at 31 December 2002 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

23 September 2003

CGU Bonus Limited

Statement of Accounting Policies

(a) Basis of accounts

The accounts have been prepared on the basis of the accounting policies set out below. They have been prepared in accordance with section 255 of, and schedule 9A to, the Companies Act 1985 and with the Statement of Recommended Practice on Accounting for Insurance Business issued by the Association of British Insurers (the ABI SORP). The accounting policies adopted reflect United Kingdom financial reporting standards and statements of standard accounting practice applicable at 31 December 2002, as considered appropriate for an insurance company.

The technical result is principally determined on an annual basis.

FRS 19 Deferred Taxation became effective for the year ended 31 December 2002. Accordingly, the Company's accounting policy for taxation has been amended to comply with FRS 19.

(b) Premiums

Premiums are accounted for in the year in which the risk commences. Written premiums include an estimate of pipeline premiums less a provision for anticipated losses.

(c) Claims

Claims incurred include all losses occurring during the year, whether reported or not, related handling costs and any adjustments to claims outstanding from previous years. Significant delays are experienced in the notification and settlement of certain claims, particularly in respect of liability business, the ultimate cost of which cannot be known with certainty at the balance sheet date.

(d) Technical provisions

- (i) Unearned premiums are those proportions of the premiums written in the year that relate to the periods of risk subsequent to balance sheet date. They are computed principally on a daily pro-rata basis.
- (ii) Outstanding claims provisions are based on the estimated ultimate cost of all claims incurred but not settled at the balance sheet date, whether reported or not, together with the related claims handling costs. Any estimate represents a point within a range of possible outcomes. Further details of estimating techniques are given in note 15.
- (iii) Provision is made for unexpired risks when, after taking account of an element of attributable investment income, it is anticipated that the unearned premiums will be insufficient to cover future claims and expenses on existing contracts. The expected claims are calculated having regard to events which have occurred prior to the balance sheet date. Unexpired risk surpluses and deficits are offset where business classes are managed together and a provision is made if an aggregate deficit arises.

Any difference between the provisions at the balance sheet date and settlements and provisions in the following year are included in the technical account for that year.

(e) Equalisation provision

Equalisation provisions are established in accordance with the requirements of the Financial Services and Markets Act 2000. These provisions, which are in addition to the provisions required to meet the anticipated ultimate cost of settlement of outstanding claims at the balance sheet date, are required by Schedule 9A of the Companies Act 1985 to be included within technical provisions in the balance sheet, notwithstanding that they do not represent liabilities at the balance sheet date.

CGU Bonus Limited

Statement of Accounting Policies - continued

(f) Deferred acquisition costs

Deferred acquisition costs represent a proportion of commission and other acquisition costs that relate to policies that are in force at the year end. Deferred acquisition costs are amortised over the period in which the related premiums are earned.

(g) Investment income and unrealised investment gains and losses

Investment income consists of interest receivable for the year together with realised investment gains. Income is credited to the profit and loss account at the amount receivable, with no associated tax credit for income from the United Kingdom. Interest receivable is accounted for on an accruals basis.

Net realised gains on investments are calculated as the difference between net sales proceeds and the cost of acquisition.

Unrealised gains and losses on investments represent the difference between the carrying value at the year end and the carrying value at the previous year end or purchase value during the year. Net movements in the year are taken to the profit and loss account and disclosed either as net unrealised gains or net unrealised losses.

(h) Investment expenses and charges

Investment expenses and charges include net realised losses on the disposal of investments. These are calculated as the difference between net sales proceeds and the cost of acquisition.

(i) Taxation

The tax charge is based on the taxable profits for the year, after any adjustments in respect of prior years. Tax, including tax relief for losses if applicable, is allocated over profits on ordinary activities and amounts charged or credited to reserves as appropriate.

Provision is made for deferred tax liabilities, or credit taken for deferred tax assets, using the liability method, on all material timing differences, including revaluation gains and losses on investments recognised in the profit and loss account. Deferred taxation is calculated at the rates at which it is expected that the tax will arise and discounted to take into account the likely timing of payments and pattern of expected realisation of investments.

The discount rates used are the post-tax yields to maturity that could be obtained at the balance sheet date on Government bonds with maturity dates and in currencies similar to those of the deferred tax assets or liabilities. This is a change in accounting policy to reflect the requirements of FRS19. In previous years, deferred tax was provided for on a partial provision basis. There is no effect of this change on these accounts.

(j) Valuation of investments

Investments are shown in the balance sheet as follows:

- (i) Listed securities at middle market value less accrued interest where applicable.
- (ii) Unlisted securities at market value estimated by the directors.
- (iii) Deposits at cost.

CGU Bonus Limited

Profit and Loss Account: Technical Account for the year ended 31 December 2002

	Notes	2002 £000	2001 £000
Net premiums written			
Gross premiums written	1	254,731	183,884
Outward reinsurance premiums		(14,628)	(10,641)
		<u>240,103</u>	<u>173,243</u>
Change in the provision for unearned premiums:			
- gross amount		(35,331)	(10,191)
- reinsurers' share		(277)	230
		<u>(35,608)</u>	<u>(9,961)</u>
Earned premiums, net of reinsurance		204,495	163,282
Claims paid:			
- gross amount		(110,791)	(121,709)
- reinsurers' share		(974)	1,008
Net claims paid		(111,765)	(120,701)
Change in the provision for claims:			
- gross amount	2	(11,557)	27,165
- reinsurers' share		837	(4,642)
		<u>(10,720)</u>	<u>22,523</u>
Claims incurred, net of reinsurance		(122,485)	(98,178)
Change in the equalisation provision	16	(4,105)	(2,744)
Net operating expenses	3	(66,701)	(53,500)
Balance on the technical account *		<u>11,204</u>	<u>8,860</u>

* The balance on the technical account is otherwise referred to as the underwriting result.

The accounting policies on pages 7 and 8 and the notes on pages 13 to 18 form an integral part of these accounts.

CGU Bonus Limited

Profit and Loss Account: Non-technical Account for the year ended 31 December 2002

	Notes	2002 £000	2001 £000
Balance on the technical account		11,204	8,860
Investment income (including net realised gains on investments)	4	23,512	23,546
Unrealised gains / (losses) on investments		7,033	(7,573)
Investment expenses and charges	5	(3,724)	(515)
		<u>26,821</u>	<u>15,458</u>
Profit on ordinary activities before tax		38,025	24,318
Tax on profit on ordinary activities	8	(11,278)	(7,071)
		<u>26,747</u>	<u>17,247</u>
Retained profit for the financial year	14	26,747	17,247

All activities of the Company are continuing.

The Company has no recognised gains and losses other than those included in the results above and therefore no separate statement of total recognised gains and losses has been presented.

The accounting policies on pages 7 and 8 and the notes on pages 13 to 18 form an integral part of these accounts.

CGU Bonus Limited

Balance Sheet

at 31 December 2002

	Notes	2002 £000	2001 £000
ASSETS			
Investments	9	346,962	340,625
Reinsurers' share of technical provisions			
Provision for unearned premiums		1,263	1,540
Claims outstanding		<u>1,076</u>	<u>239</u>
		2,339	1,779
Debtors			
Debtors arising out of direct insurance operations	10	101,710	72,823
Debtors arising out of reinsurance operations	11	3,741	877
Other debtors	12	<u>23,112</u>	<u>56,474</u>
		128,563	130,174
Other assets			
Cash at bank and in hand		1,848	549
Prepayments and accrued income			
Accrued interest		2,749	4,290
Deferred acquisition costs		<u>30,256</u>	<u>22,913</u>
		33,005	27,203
Total assets		<u>512,717</u>	<u>500,330</u>

The accounting policies on pages 7 and 8 and the notes on pages 13 to 18 form an integral part of these accounts.

CGU Bonus Limited

Balance Sheet - continued

at 31 December 2002

	Notes	2002 £000	2001 £000
LIABILITIES			
Capital and reserves			
Called up share capital	13	77,000	77,000
Profit and loss account	14	47,446	20,699
Shareholder's funds attributable to equity interests		124,446	97,699
Technical provisions			
Provision for unearned premiums - gross amount		125,279	89,948
Claims outstanding - gross amount	15	209,630	198,073
Equalisation provision	16	17,818	13,713
		352,727	301,734
Creditors			
Creditors arising out of direct insurance operations	17	2,057	2,510
Creditors arising out of reinsurance operations	18	998	1,135
Amounts owed to credit institutions		-	1,508
Other creditors including taxation and social security	19	32,489	94,244
		35,544	99,397
Accruals and deferred income		-	1,500
Total liabilities		512,717	500,330

The accounting policies on pages 7 and 8 and the notes on pages 13 to 18 form an integral part of these accounts.

Approved by the Board and signed on its behalf by:



Director

Date 8th SEPTEMBER 2003

CGU Bonus Limited

Notes to the Accounts

1 Segmental information

(i) For the purposes of Statement of Standard Accounting Practice 25 "Segmental Reporting", the directors consider that the Company operates in only one geographical segment, that of the United Kingdom.

(ii) The directors consider that turnover on the destination basis is not materially different from turnover on an origin basis.

(iii)	2002	Fire and other damage to property	Motor - other classes	Third party liability	Miscellan- eous	Total
		£000	£000	£000	£000	£000
	Gross premiums written	168,811	45,048	32,202	8,670	254,731
	Gross premiums earned	142,583	42,589	26,502	7,726	219,400
	Gross claims incurred, including claims equalisation	82,400	26,467	10,195	7,391	126,453
	Gross operating expenses	46,657	8,761	9,274	2,479	67,171
	Gross underwriting result	13,526	7,361	7,033	(2,144)	25,776
	Reinsurance balance	(11,269)	(446)	(1,783)	(1,074)	(14,572)
	Net underwriting result	2,257	6,915	5,250	(3,218)	11,204
	Net technical provisions	197,457	53,925	91,010	7,996	350,388
	2001	Fire and other damage to property	Motor - other classes	Third party liability	Miscellan- eous	Total
		£000	£000	£000	£000	£000
	Gross premiums written	115,134	38,748	22,759	7,243	183,884
	Gross premiums earned	109,160	35,743	21,784	7,006	173,693
	Gross claims incurred, including claims equalisation	68,244	23,211	2,912	2,921	97,288
	Gross operating expenses	37,576	6,215	8,687	1,622	54,100
	Gross underwriting result	71,584	29,528	13,097	5,384	119,593
	Reinsurance balance	(5,786)	(343)	(571)	(6,745)	(13,445)
	Net underwriting result	65,798	29,185	12,526	(1,361)	106,148
	Net technical provisions	167,556	46,371	83,531	2,497	299,955

2 Prior years' claims provisions

Material (under)/over provision, in respect of prior years' claims, are as follows:

	2002 £000	2001 £000
Motor - other classes	(3,101)	(2,569)
Fire and other damage to property	(1,077)	(7,027)
Third party liability	(24,859)	17,339
Miscellaneous	5,295	(991)
	<u>(23,742)</u>	<u>6,752</u>

CGU Bonus Limited

Notes to the Accounts - continued

3 Net operating expenses

	2002 £000	2001 £000
Gross written commission	49,199	34,057
Other acquisition costs	14,662	15,062
Change in deferred acquisition costs	(7,343)	(7,142)
Administrative expenses	10,653	12,123
Reinsurance commission and profit participation	(470)	(600)
	<u>66,701</u>	<u>53,500</u>

4 Investment income

	2002 £000	2001 £000
Income from listed investments	23,512	20,753
Net realised gains on investments	-	2,793
	<u>23,512</u>	<u>23,546</u>

5 Investment expenses and charges

	2002 £000	2001 £000
Investment management expenses, including interest	526	515
Net realised losses on investments	3,198	-
	<u>3,724</u>	<u>515</u>

6 Auditors' remuneration

The remuneration of the auditors has been borne in both 2001 and 2002 by Norwich Union Insurance Limited.

CGU Bonus Limited

Notes to the Accounts - continued

7 Directors' emoluments

The emoluments of the directors have been borne both in 2001 and 2002 by Norwich Union Insurance Limited.

8 Taxation

(a) Profit and loss account

Taxation charge in the profit and loss account comprises:

	2002 £000	2001 £000
Current tax:		
UK corporation tax	11,278	7,022
Prior year adjustments	-	49
Total current tax charge for the year	<u>11,278</u>	<u>7,071</u>

(b) Factors affecting current tax charge for the year:

The tax charged in the profit and loss account is lower than if the standard UK corporation tax were used, because of the following factors:

	2002 £000	2001 £000
Profit on ordinary activities before tax	<u>38,025</u>	<u>24,247</u>
Current tax charge at standard UK corporation tax rate of 30% (2001: 30%)	11,407	7,274
Adjustment to tax charge in respect of prior years	-	49
Other disallowable expenses	1	1
Deferred tax assets/ (liabilities) not recognised	(130)	(253)
Current tax charge for the year (see note 8(a))	<u>11,278</u>	<u>7,071</u>

(c) Factors that may affect future tax charges

The deferred tax assets, which have not been recognised due to the uncertainty of their recoverability in the foreseeable future, comprise:

	2002 £000	2001 £000
Accelerated capital allowances	(390)	(442)
Provisions and other timing differences	(278)	(3,492)
	<u>(668)</u>	<u>(3,934)</u>

CGU Bonus Limited

Notes to the Accounts - continued

9 Investments

	2002 £000	2001 £000
Other financial investments		
At market value		
Debt securities and other fixed income securities listed in the United Kingdom	<u>346,962</u>	<u>340,625</u>

The cost of other financial investments is £345,468,000 (2001 - £347,182,000).

10 Debtors arising out of direct insurance operations

	2002 £000	2001 £000
Amounts due from intermediaries - third parties	<u>101,710</u>	<u>72,823</u>

11 Debtors arising out of reinsurance operations

	2002 £000	2001 £000
Amounts due from third parties	<u>3,741</u>	<u>877</u>

12 Other debtors

	2002 £000	2001 £000
Due within one year:		
Amounts due from fellow Group undertakings	23,050	56,356
Other debtors	62	118
	<u>23,112</u>	<u>56,474</u>

CGU Bonus Limited

Notes to the Accounts - continued

13 Share capital

	2002 £000	2001 £000
Authorised:		
Ordinary shares of £1 each	77,000	77,000
Allotted, called up and fully paid :		
Ordinary shares of £1 each	77,000	77,000

14 Reconciliation of movements in shareholder's funds

	Share capital	Profit and loss account	Total shareholder's funds	
	£000	£000	2002 £000	2001 £000
At 1 January 2002	77,000	20,699	97,699	80,452
Retained profit for the year	-	26,747	26,747	17,247
At 31 December 2002	77,000	47,446	124,446	97,699

15 Provision for outstanding claims

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as the Chain Ladder and Bornhuetter - Ferguson methods. Such methods extrapolate the developments of the paid and incurred claims, average costs per claim and ultimate claim numbers for each accident year, based upon the observed development of earlier years and expected loss ratios. The main assumption underlying these techniques is that past claims development experience can be used to project ultimate claims costs.

Judgement is used to assess the extent to which past trends may not apply in the future, for example to reflect public attitudes to claiming or varying levels of claims inflation. The approach adopted takes into account, inter alia, the nature and materiality of the business and the type of data available. Case estimates are generally set by skilled claims technicians applying their experience and knowledge to the circumstances of individual claims. Additional qualitative input, such as allowance for one - off occurrences or changes in legislation, policy conditions or portfolio mix, is used in arriving at the estimated ultimate cost of claims, in order that it represents the most likely outcome, from a range of possible outcomes, taking account of all the uncertainties involved.

Provisions are calculated allowing for reinsurance recoveries and a separate asset is recorded for the reinsurers' share, having regard to collectability.

16 Equalisation provision

An equalisation provision, which is in addition to the provision required to meet the anticipated ultimate cost of settlement of outstanding claims at the balance sheet date, is required by Schedule 9A to the Companies Act 1985 to be included within technical provisions in the balance sheet notwithstanding that it does not represent liabilities at the year end. This has had the effect of reducing net assets at 31 December 2002 by £17,818,000 (2001 - £13,713,000). The movement in the provision during the year resulted in a reduction in the underwriting profit and profit before tax of £4,105,000 (2001 - £2,744,000).

CGU Bonus Limited

Notes to the Accounts - continued

17 Creditors arising out of direct insurance operations

	2002 £000	2001 £000
Amounts due to third parties	<u>2,057</u>	<u>2,510</u>

18 Creditors arising out of reinsurance operations

	2002 £000	2001 £000
Amounts due to third parties	<u>998</u>	<u>1,135</u>

19 Other creditors including taxation and social security

	2002 £000	2001 £000
Due within one year:		
UK Corporation tax	14,393	5,761
Insurance premium taxation	3,627	4,644
Amounts due to fellow Group undertakings	14,286	82,473
Other creditors	184	1,366
	<u>32,489</u>	<u>94,244</u>

20 Contingent Liabilities

With the approval of the Financial Services Authority, CGU International Insurance plc. and each of its United Kingdom insurance subsidiaries transacting general insurance business, of which CGU Bonus Limited is one, have mutually guaranteed to discharge all liabilities attaching to their respective policies.

21 Related party transactions

As permitted under Financial Reporting Standard 8, Related Party Disclosure, transactions with entities which are part of the Aviva plc group of companies have not been disclosed.

22 Cash flow statement

The Company is exempt under Financial Reporting Standard 1 (Revised) from the requirement to prepare a cash flow statement as, at 31 December 2002, it is 100% owned within the Aviva plc Group. The consolidated cash flow statement which includes the Company, can be found in the Group consolidated accounts of Aviva plc.

23 Parent undertaking

The Company is a member of the Aviva plc group of companies (the Group).

The ultimate parent undertaking is Aviva plc, registered in England. The accounts of the ultimate parent undertaking are available from the Registered Office, St Helen's, 1 Undershaft, London EC3P 3DQ.

The Company's immediate parent undertaking is CGU Insurance plc, registered in Scotland.