SC8140

CGU BONUS LIMITED
2001

CGU Bonus Limited

Report and Accounts 2001

Contents

CGU Bonus Limited

Directors and Officer

Directors:

P Snowball
M Hodges - appointed 31 March 2001
B McIntyre - appointed 31 March 2001
M Biggs - resigned 31 March 2001
Mayer - resigned 31 March 2001

Secretary:

Aviva Company Secretarial Services Limited

Auditors:

Ernst & Young LLP
Registered Auditor
olls House
Rolls Buildings
etter Lane
ondon
C4A 1NH

gistered Office:

heavlis
rth
otland
2 ONH

gistered in Scotland No SC 8140

nbers of the General Insurance Standards Council, the Association of British Insurers and the Financial budsman Services

CGU Bonus Limited

Directors' Report
For the year ended 31 December 2001

The directors present their annual report and audited financial statements for CGU Bonus Limited (the Company) for the year ended 31 December 2001.

Principal activity

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

Profit and loss account - salient features

	2001 £'000	2000 £'000
Gross written premiums	183,884	167,087
Net earned premiums	163,282	160,443
Balance on the technical account	8,860	(9,731)
Net result before tax	24,318	16,809
Balance sheet total assets	500,330	467,985
Shareholder's funds	97,699	80,452

ull details of the results are set out on pages 11 and 12.

hanges to the regulatory framework

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

ost balance sheet event - ultimate parent undertaking

1 July 2002, the ultimate parent undertaking, CGNU plc, changed its name to Aviva plc. However, the ferences within these accounts are to CGNU plc and the CGNU Group as they existed at 31 December 01.

idends

e directors do not recommend the payment of a dividend (2000 - £nil).

[illegible]

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

GU Bonus Limited

irectors' Report
or the year ended 31 December 2001

uropean monetary union

he total costs, including systems preparation, incurred for the introduction of the euro into the CGNU uropean Union operation amount to £65 million, of which £8 million was incurred during 2001 (2000: £17 illion). On 1 January 2002, the Group's businesses in those countries within the European Union introducing e euro successfully applied the currency transition within their businesses.

ayment policy

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

he amounts due to trade creditors at 31 December 2001 represented approximately 19 days of average daily urchases through the year (2000: 39 days).

irectors' interests

he table below shows the interests and options held by each person who was a director at the end of the ancial year in the ordinary shares of 25 pence each in CGNU plc. Details of any awards held through GNU plc's share schemes and incentive plans are shown on pages 5 and 6, All the disclosed interests are eficial.

Ordinary Shares of 25p each

	At 1 January 2001 (or at appointment if, later)				At 31 December 2001	
	Shares	Share Options	Options granted during the year	Options exercised during the year	Shares	Share Options
Hodges	6,982	-	2,492	-	5,992	2,492
cIntyre	13,192	2,052	2,707	2,052	9,165	2,707

nowball is a director of the Company's ultimate parent undertaking, CGNU plc, and details of his interests given in that company's accounts.

"Savings related options" are options granted under the Inland Revenue-approved CGNU SAYE Share ion Scheme. Options granted from 1994 to 2001 are normally exerciseable during the six months period wing either the third, fifth or seventh anniversary of the relevant savings contract.

uring the year no directors exercised any share options and therefore no gains on such were made.

;GU Bonus Limited

irectors' Report (continued)
'or the year ended 31 December 2001

irector's interests (continued)

ıcentive plans

etails of the directors who held office at the end of the financial year and hold or held awards over shares in GNU plc, pursuant to CGNU plc's share based incentive plans are set out below.

) Share awards

	At 1 January 2001 (or appointment if later) Number	Awards granted during the year Number	Awards vested during year Number	Awards lapsed during year Number	At 31 Decenber 2001 Number
1 Hodges					
'GNU Integration Incentive Plan	12,855	-	-	-	12,855
'GNU Long Term Incentive Plan	4,319	7,552	-	-	11,871
GNU Deferred Bonus Plan	-	7,552	-	-	7,552
McIntyre					
GNU Integration Incentive Plan	17,483	-	-	-	17,483
GNU Long Term Incentive Plan	15,426	17,708	-	-	33,134
GNU Deferred Bonus Plan	-	13,280	-	-	13,280
U Restricted Share Plan	10,174	-	-	-	10,174

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.

The CGNU Long Term Incentive Plan, 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. Awards under the Plan are made on an annual basis and the 2001 award was made in May. Awards are subject to the attainment of performance conditions over a three year period.

The CGNU Deferred Bonus Plan, was approved by CGNU plc shareholders at last year's Annual General Meeting and replaced the CGU Deferres 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.

GU Bonus Limited

. ectors' Report (continued)
the year ended 31 December 2001

) *NU Restricted Share Plan,* was a deferred bonus arrangement in which a small number of former Norwich Union senior managers participated. Awards were granted which vest after three years, subject to the attainment of a performance measure based on Total Shareholder Return (TSR).

solutions

24 May 2002, the members of the Company passed resolutions to dispense with the holding of Annual ieral Meetings, the laying of directors' reports, financial statements and auditors' reports before the mbers in general meeting and the obligation to appoint auditors annually.

ditors

the Annual General meeting on 31 October 2001, Ernst & Young LLP were appointed as auditor to the npany. PricewaterhouseCoopers, which had previously been auditor to the Company, did not seek ppointment at the meeting.

ement of directors' responsibilities

npany law requires the directors to prepare financial statements for each financial year which give a true fair view of the state of affairs of the Company and of the result for that period. In preparing those ounts, 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.

directors confirm that the accounts comply with the above requirements.

directors are responsible for keeping proper accounting records which disclose with reasonable accuracy y time the financial position of the Company and enable them to ensure that the accounts comply with the npanies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to uard the assets of the Company and to prevent and detect fraud and other irregularities.

der of the Board

M Bowen

rised signatory
a Company Secretarial Services Limited

AUGUST 2002

:GU Bonus Limited

ndependent Auditors' Report

'o the members of CGU Bonus Limited

Ve have audited the Company's financial statements for the year ended 31 December 2001 which comprise ie Profit and Loss Account, Balance Sheet, and Statement of Total Tecognised Gains and Losses, and the elated notes 1 to 20. These financial statements have been prepared on the basis of the accounting policies set ut on pages 8 and 9.

.espective responsibilities of directors and auditors

.s described in the statement of directors' responsibilities in the Directors' Report the Company's directors e responsible for the preparation of the financial statements in accordance with applicable United Kingdom w and accounting standards.

ur responsibility is to audit the financial statements in accordance with the relevant legal and regulatory quirements and United Kingdom Auditing Standards.

'e report to you our opinion as to whether the financial statements give a true and fair view and are properly epared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' eport is not consistent with the financial statements, if the Company has not kept proper accounting records, we have not received all the information and explanations we require for our audit, or if information ecified by law regarding directors' remuneration and transactions with the Company is not disclosed.

'e read the Directors' Report and consider the implications for our report if we become aware of any parent misstatements within it.

is of opinion

conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An it includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the ounts. It also includes an assessment of the significant estimates and judgements made by the directors in preparation of the accounts, and of whether the accounting policies are appropriate to the Company's umstances, consistently applied and adequately disclosed.

planned and performed our audit so as to obtain all the information and explanations which we considered ssary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion lso evaluated the overall adequacy of the presentation of information in the accounts.

alisation provision

evaluation of the presentation of information in the financial statements has had regard to the statutory rement for insurance companies to maintain equalisation reserves. The nature of equalisation reserves, ount set aside at 31 December 2001 and the effect of the movement in those reserves during the year on chnical result and profit before tax are disclosed in note 16

:GU Bonus Limited

uditors Report (continued)

)pinion

1 our opinion the accounts give a true and fair view of the state of affairs of the Company at 31 December 001 and of its profit for the year then ended and have been properly prepared in accordance with the :ompanies Act 1985.

Ernst & Young LLP

:rnst & Young LLP
:egistered Auditor
.ondon
8 September 2002

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 (SORP) issued by the Association of British Insurers. The accounting policies adopted reflect United Kingdom financial reporting standards and statements of standard accounting practice applicable at 31 December 2001, as considered appropriate for an insurance company.

The results of the business are principally determined on an annual basis.

(b) Future United Kingdom financial reporting developments

In December 2000, the Accounting Standards Board issued two new Financial Reporting Standards ("FRS"). These were FRS 18 Accounting Policies and FRS 19 Deferred Tax. FRS 18 is effective for the year ended 31 December 2001 and has not had a material impact on the Company. FRS 19 will be effective for the year ended 31 December 2002 and the full impact will be disclosed in that year's accounts.

(c) Premiums

Premiums are accounted for in the year in which the risk commences. An adjustment has been made for the overall effect of new business premiums, mid term adjustments and lapses of renewal premiums not accounted for in the year of risk inception.

(d) 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.

(e) Technical provisions

i) Unearned premiums are those proportions of the premiums written in the year that relate to the periods of risk subsequent to the 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.

iii) Provision is made for unexpired risks when, after taking account of an element of attributable investment, 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.

CGU Bonus Limited

Statement of Accounting Policies (continued)

(f) Equalisation provision

Equalisation provisions are established in accordance with the requirements of the Financial Sevices 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 to 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.

(g) 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 are amortised over the period in which the related premiums are earned.

(h) 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.

(i) 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.

(j) Taxation

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 the liability will crystallise in the foreseeable future.

(k) Valuation of investments

Investments are shown in the balance sheet as follows:

Listed securities at middle market value less accrued interest where applicable.

Unlisted securities at market value estimated by the directors.

CGU Bonus Limited

Profit and Loss Account: Technical Account

For the year ended 31 December 2001

	Note	2001 £'000	2001 £'000	2000 £'000	2000 £'000
Earned premiums, net of reinsurance					
Gross premiums written	1		183,884		167,087
Outward reinsurance premiums			(10,641)		(8,188)
			173,243		158,899
Change in the gross provision for unearned premiums		(10,191)		1,448	
Change in the provision for unearned premiums, reinsurers' share		230		96	
			(9,961)		1,544
			163,282		160,443
Claims incurred, net of reinsurance					
Claims paid					
- Gross amount		(121,709)		(121,965)	
- Reinsurers' share		1,008		1,565	
		(120,700)		(120,400)	
Change in the provision for claims					
- Gross amount		27,165		15,696	
- Reinsurers' share		(4,642)		1,431	
		22,522		17,127	
			(98,178)		(103,273)
Change in other technical provisions, net of reinsurance			-		189
Change in the equalisation provision			(2,744)		(881)
Net operating expenses	2		(53,500)		(66,209)
Balance on the technical account for general business			8,860		(9,731)

CGU Bonus Limited

Profit and Loss Account: Non-technical Account

For the year ended 31 December 2001

	Note	2001 £'000	2001 £'000	2000 £'000	2000 £'000
Balance on the technical account for general business			8,860		(9,731)
Investment income	3	23,476		21,146	
Unrealised (losses)/gains on investments	3	(7,573)		6,586	
Investment expenses and charges	3	(515)		(1,192)	
Other income		70		-	
			15,458		26,540
Profit on ordinary activities before taxation	4		24,318		16,809
Taxation charge on profit on ordinary activities	6		(7,071)		(5,129)
Retained profit on ordinary activities after taxation for the financial year			17,247		11,680

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 8 and 9 and the notes on pages 14 to 21 form an integral part of these accounts.

CGU Bonus Limited

Balance Sheet
As at 31 December 2001

		2001		2000	
ASSETS	**Note**	**£'000**	**£'000**	**£'000**	**£'000**
Investments					
Other financial investments	7		340,625		294,494
Reinsurers' share of technical provisions					
Provision for unearned premiums		1,540		1,310	
Claims outstanding		239		4,881	
			1,779		6,191
Debtors					
Debtors arising out of direct insurance operations - intermediaries		72,823		61,281	
Debtors arising out of reinsurance operations	8	877		2,255	
Other debtors	9	56,474		83,456	
			130,174		146,992
Other assets					
Tangible assets	10	-		678	
Cash at bank and in hand		549		-	
			549		678
Prepayments and accrued income					
Accrued interest and rent		4,290		3,704	
Deferred acquisition costs		22,913		15,771	
Other prepayments and accrued income		-		155	
			27,203		19,630
Total assets			500,330		467,985

CGU Bonus Limited

Balance Sheet (continued)
As at 31 December 2001

LIABILITIES	Note	2001 £'000	2001 £'000	2000 £'000	2000 £'000
Capital and reserves					
Called up share capital	11		77,000		77,000
Profit and loss account			20,699		3,452
Equity shareholder's funds	12		97,699		80,452
Technical provisions					
Provision for unearned premiums		89,948		79,757	
Claims outstanding		198,073		225,238	
Claims equalisation provision	16	13,713		10,969	
Other technical provisions		-		-	
			301,734		315,964
Creditors					
Creditors arising out of direct insurance operations		2,510		5,398	
Creditors arising out of reinsurance operations	13	1,135		682	
Amounts owed to credit institutions		1,508		3,023	
Other creditors including taxation and social security	14	94,244		62,369	
			99,397		71,472
Accruals and deferred income			1,500		97
Total liabilities			500,330		467,985

The accounting policies on pages 8 and 9 and the notes on pages 14 to 20 form an integral part of the accounts.

These financial statements were approved by the Board of Directors on 19 August 2002.
Signed on behalf of the Board by:

Director

CGU Bonus Limited

Notes to the Accounts

1) Segmental analysis

Analysis of direct insurance by geographical segment.

	2001 £'000	2000 £'000
Gross premiums written - United Kingdom	183,884	167,087

Analysis of gross premiums written, gross premiums earned, gross claims incurred (including movement in claims equalisation provision and other technical provisions), gross operating expenses and the reinsurance balance, by class.

	2001 Gross premiums written £'000	2001 Gross premiums earned £'000	2001 Gross claims incurred £'000	2001 Gross operating expenses £'000	2001 Reinsurance balance £'000
Direct insurance:					
Fire and other damage to property	96,257	90,462	60,771	30,259	(5,312)
Third party liability	22,759	21,784	2,912	8,687	(571)
Workers compensation	18,877	18,698	7,473	7,317	(474)
Motor other	38,748	35,743	23,211	6,215	(343)
Miscellaneous	7,243	7,006	2,921	1,622	(6,745)
	183,884	173,693	97,288	54,100	(13,445)

	2000 Gross premiums written £'000	2000 Gross premiums earned £'000	2000 Gross claims incurred £'000	2000 Gross operating expenses £'000	2000 Reinsurance balance £'000
Direct insurance:					
Fire and other damage to property	85,103	86,710	53,247	34,722	(5,127)
Third party liability	21,430	21,336	6,208	8,972	(940)
Workers compensation	17,775	18,313	15,931	7,556	303
Motor other	30,971	29,852	16,959	10,407	(238)
Miscellaneous	11,808	12,324	13,924	4,809	1,163
	167,087	168,535	106,269	66,466	(4,839)

Notes to the Accounts (continued)

2) Net operating expenses

Technical account	**2001**	**2000**
	£'000	**£'000**
Acquisition costs	49,119	49,344
Change in deferred acquisition costs	(7,142)	(93)
Administrative expenses	12,123	17,215
Reinsurance commissions and profit participation	(600)	(257)
	53,500	66,209

Total commissions for direct insurance accounted for by the Company during the year amounted to £15.1m (2000 - £12.6m).

3) Investment return

	2001	**2000**
	£'000	**£'000**
Investment income		
Income from listed investments	20,683	21,146
Gains on the realisation of investments	2,793	-
Investment expenses and changes	23,476	21,146
Investment management expenses	(515)	(335)
Losses on the realisation of investment	-	(857)
	(515)	(1,192)
Unrealised gains/(losses) on investment	(7,573)	6,586
Total investment return	15,388	26,540

Notes to the Accounts (continued)

4) Profit on ordinary activities before taxation

	2001	2000
	£'000	£'000
Profit on ordinary activities before taxation is stated after:		
Depreciation charge for the year on tangible fixed assets	360	367
Auditors' remuneration for audit services	-	25

The remuneration of the auditors has been borne in 2001 by the immediate parent undertaking.

5) Staff costs and directors' remuneration

The Company had no direct employees during the year (2000 - nil).

None of the directors received emoluments from the Company during 2001 (2000 - £nil).

6) Taxation on profit on ordinary activities

(a) Profit and loss account

Taxation charged to the Non Technical Account is as follows:

	2001	2000
	£'000	£'000
UK corporation tax	7,022	5,031
Adjustments in respect of prior years including deferred taxation	49	98
Charge/(credit) to the non-technical accounts	7,071	5,129

(b) Balance sheet

Deferred taxation
No deferred taxation has been provided in these accounts.
Details of the full potential deferred taxation are given below.

Not provided:

	2001	2000
	£'000	£'000
Not provided:		
Insurance funds		
Accelerated capital allowances	442	533
Short term timing differences	3,492	3,601
Total	3,934	4,134

Notes to the Accounts (continued)

7) Investments

At market value

	2001	2000
	£'000	£'000
Other financial investments		
Debt and other fixed income securities	340,625	294,494

The cost price of other financial investments is £347,182,000 (2000 - £293,773,000)

All investments are listed.

8) Debtors arising out of reinsurance operations

	2001	2000
	£'000	£'000
Amounts due from fellow Group undertakings	877	2,255

9) Other debtors

	2001	2000
	£'000	£'000
Amounts due from fellow Group undertakings	56,356	80,121
Other	118	3,335
	56,474	83,456

Notes to the Accounts (continued)

10) Tangible assets

The net book value on office equipment, office furniture, capital improvement and computers is made up as follows:

	Computer Equipment	Fixture & Fittings	Total
	£'000	£'000	£'000
Cost			
At 1 January 2001	7,986	301	8,287
Disposals	(7,986)	(301)	(8,287)
At 31 December 2001	-	-	-
Depreciation			
At 1 January 2001	7,326	283	7,609
Charge for the year	342	18	360
Disposal	(7,668)	(311)	(7,979)
At 31 December 2001	-	-	-
Net book value			
At 31 December 2001	-	-	-
At 31 December 2000	660	18	678

All fixed assets were transferred to a fellow Group undertaking in 2001.

11) Share capital

	2001	2000
	£'000	£'000
Authorised:		
77,000,000 (2000 - 77,000,000) ordinary shares of £1 each	77,000	77,000
Allotted, issued and fully paid:		
77,000,000 (2000 - 77,000,000) ordinary shares of £1 each	77,000	77,000

Notes to the Accounts (continued)

12) Reconciliation of movements in shareholder's funds

	2001	2000
	£'000	£'000
Net addition to shareholder's funds		
Profit for the financial year after taxation	17,247	11,680
Opening shareholder's funds	80,452	68,772
Closing shareholder's funds	97,699	80,452

The profit for the financial year has been credited to the Profit and Loss Account taking the balance from accumulated profits of £3,452,000 (2000) to accumulated profits of £20,699,000 (2001).

13) Creditors arising out of reinsurance operations

	2001	2000
	£'000	£'000
Amounts due to fellow Group undertakings	-	521
Other amounts due under reinsurance arrangements	1,135	161
	1,135	682

14) Other creditors including taxation and social security

	2001	2000
	£'000	£'000
UK Corporation tax	5,761	-
Taxation on income from investments	-	31
Insurance premium taxation	4,644	1,965
Amounts due to fellow Group undertakings	82,473	60,242
Sundry creditors	1,366	131
	94,244	62,369

Notes to the Accounts (continued)

15) Commitments

	2001	2000
	£'000	£'000
Obligations under finance leases	-	57
Finance leases are repayable by instalments as follows:		
Within one year	-	52
One to two years	-	5
Two to five years	-	-

The obligations under finance leases were transferred over to a fellow Group undertaking in 2001.

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 the technical provisions in the balance sheet notwithstanding that they do not represent liabilities at the year end. This has had the effect of reducing net assets at 31 December 2001 by £13,713,000 (2000 - £10,969,000). The movement in the equalisation provision during the year resulted in a decrease in the general business technical account result and the profit before taxation of £2,744,000 (2000 - decrease in profit of £881,000).

17) 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 2001, it was 100% owned within the CGNU plc Group. The consolidated cash flow statement, which includes the Company, can be found in the Group consolidated accounts of CGNU plc.

18) Financial Reporting Standard 8 "Related Party Disclosures" (FRS 8)

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

19) Mutual guarantee

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

Notes to the Accounts (continued)

20) Parent undertaking

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

The ultimate parent undertaking is CGNU plc which is 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 England.