

**CGU BONUS LIMITED**  
**2000**

SC 7140

✓



SCT SQW595C9 1106  
COMPANIES HOUSE 30/10/01

# **CGU Bonus Limited**

## **Report and Accounts 2000**

### **Contents**

#### Page

2	Directors and Officer
3	Directors' Report
7	Statement of Directors' Responsibilities in respect of the Accounts
8	Auditors' Report
9	Statement of Accounting Policies
11	Profit and Loss Account: Technical Account
12	Profit and Loss Account: Non-technical Account
13	Balance Sheet
15	Notes to the Accounts

# **CGU Bonus Limited**

## **Directors and Officer**

### **Directors:**

Mr M Biggs (appointed 14 November 2000, resigned 31 March 2001)  
Mr P Found (resigned 14 November 2000)  
Mr M Hodges (appointed 31 March 2001)  
Mr D MacDonald (resigned 14 November 2000)  
Mr I Mayer (appointed 14 November 2000, resigned 31 March 2001)  
Mrs B McIntyre (appointed 31 March 2001)  
Mr R Newton (resigned 14 November 2000)  
Drs C Schrauwers (resigned 14 November 2000)  
Mr P Snowball (appointed 14 November 2000)

### **Secretary:**

CGNU Company Secretarial Services Limited

### **Auditors:**

PricewaterhouseCoopers  
Erskine House  
68-73 Queen Street  
Edinburgh  
EH2 4NH

### **Registered Office:**

Pitheavlis  
Perth  
Scotland  
PH2 0NH

Registered in Scotland No SC 8140

# **CGU Bonus Limited**

## **Directors' Report**

**For the year ended 31 December 2000**

The directors present their report and accounts for the Company for the year ended 31 December 2000.

### **Principal activity**

The principal activity of the Company during the year continued to be conducting general insurance business in the United Kingdom. The directors consider that the Company's activities will continue unchanged in the foreseeable future.

### **Profit and loss account - salient features**

	<b>2000</b>	1999
	<b>£000</b>	£000
Gross premiums written	<b>167,087</b>	164,175
Net earned premiums	<b>160,443</b>	155,880
Balance on the technical account	<b>(9,731)</b>	(18,186)
Net result before tax	<b>16,809</b>	(18,886)

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

### **Dividend**

The directors do not recommend the payment of a dividend for the year (1999 - £nil).

### **Payment policy**

It is the Company's policy to adhere to the Confederation of British Industry Prompt Payer Code of Good Practice, (the CBI code), for external parties providing goods and services to the Company. This policy excludes payments to policyholders and shareholders. Company policy is:

- a) to agree the payment terms with suppliers when agreeing each transaction and to provide suppliers with clear guidance on payment procedures;
- b) to have a clear consistent policy that bills are settled in accordance with contract and to not extend or alter these payment terms without prior agreement;
- c) to ensure there is a system for dealing quickly with complaints and disputes and advise suppliers without delay when invoices or parts of invoices are contested.

## CGU Bonus Limited

### Directors' Report (continued)

For the year ended 31 December 2000

#### Payment policy (continued)

When agreeing the terms of each transaction with its suppliers it is the Company's preferred payment policy to settle accounts within 45 days of the supply date. At 31 December 2000 the Company had 28 days purchases outstanding in creditors. This has been calculated by dividing the aggregate of amounts owed to creditors by the aggregate of amounts invoiced by suppliers.

The CBI code is available from the Confederation of British Industry or from Group Purchasing department at CGNU plc.

#### Employees

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

#### European economic and monetary union

The CGNU Group has significant operations within the European Union and considers that overall success of EMU presents a substantial opportunity for the Group. Costs incurred to date for the introduction of the euro amount to £57 million, of which £17 million has been included in CGNU plc's 2000 results (1999 - £16 million). The expected total cost of preparing the Group's systems for the euro is some £74 million, excluding the United Kingdom.

#### Directors' interests

The directors of the Company who held office at 31 December 2000 had the following interests in the shares of CGNU plc:

Ordinary Shares of 25p each						
	At 1 January 2000 (or at appointment if, later)			At 31 December 2000		
	Shares	Share Options	Options granted during the year	Options exercised during the year	Shares	Share Options
Mr M Biggs*	20,673	3,185	-	-	20,673	3,185
Mr I Mayer	9,826	44,083	-	-	9,826	44,083
Mr P Snowball*	9,275	3,185	-	-	2,275	3,185

\* The directors marked with an asterisk held shares in Norwich Union plc which were converted to shares in CGNU plc on 30 May 2000 in accordance with the terms of the merger Scheme of Arrangement at the rate of 48 CGNU plc shares for every 100 Norwich Union plc shares held. In order to show actual movement in shareholdings during the year, these shareholdings are stated as if the conversion had been applied at the start of the year, (or at appointment date, if later).

## **CGU Bonus Limited**

### **Directors' Report (continued)**

**For the year ended 31 December 2000**

#### **Directors' interests (continued)**

On 29 September 2000, Mr Biggs, Mr Mayer and Mr Snowball were granted restricted awards over 37,333, 17,998 and 28,282 CGNU plc shares respectively under the CGNU Integration Incentive Plan. Awards under the Plan become capable of vesting in the year 2002, subject to the achievement of specified performance criteria.

On 29 September 2000, Mr Biggs and Mr Snowball were granted restricted awards over 34,453 and 24,682 CGNU plc shares respectively under the CGNU Long Term Incentive Plan. Awards under the Plan become capable of vesting in the year 2003, subject to the achievement of specified performance criteria.

On 2 September 1998, Mr Mayer was granted restricted awards over 10,880 CGU plc shares under the CGU Integration Incentive Plan. Under the Plan awards vested on 27 February 2001, the performance criteria having been met.

Consequent upon the Scheme of Arrangement, which gave effect to the merger between CGU plc and Norwich Union plc, awards made under the Norwich Union Long-Term Incentive Plan vested in full, and awards granted under the Norwich Union Restricted Share Plan (which were subject to the attainment of conditions based on Norwich Union's performance) vested as to 45% in relation to awards granted in 1998 (but not otherwise). As a result, the former Norwich Union plc directors received Norwich Union plc shares (which, under the terms of the said Scheme, were exchanged for shares in CGNU plc at the rate of 48 CGNU plc shares for every 100 shares in Norwich Union plc) as follows:

Mr M Biggs	24,280
Mr P Snowball	24,150

On 8 July 1999, Mr Mayer was granted awards over 2,938 shares under the CGU plc Deferred Bonus Plan. On 14 May 2000, Mr Mayer was granted awards over 6,888 shares under the CGNU Deferred Bonus Plan (formerly CGU plc Deferred Bonus Plan).

None of the directors exercised share options in relation to shares in CGNU plc during the year.

Save as disclosed above, none of the directors who held office at 31 December 2000 had any beneficial interests in the Company's shares or the shares of any other company within the CGNU Group.

There has been no significant transactions between the directors and the Company during the year.

## **CGU Bonus Limited**

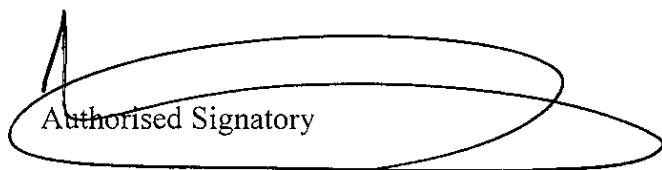
### **Directors' Report (continued)**

**For the year ended 31 December 2000**

#### **Auditors**

In accordance with section 384 of the Companies Act 1985, a resolution is to be proposed at the forthcoming Annual General Meeting for the appointment of Ernst & Young LLP as auditor of the Company. PricewaterhouseCoopers are not seeking reappointment as auditors of the Company.

Approved and signed on behalf of the Board on **22 OCT 2001** 2001

A large, stylized handwritten signature in black ink, consisting of several overlapping loops, is written over the text 'Authorised Signatory'.

Authorised Signatory

CGNU Company Secretarial Services Limited  
Secretary

## **CGU Bonus Limited**

### **Statement of Directors' Responsibilities in respect of the Accounts**

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 confirm that the accounts comply with the above requirements.

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



# **CGU Bonus Limited**

## **Auditors' Report to the members of CGU Bonus Limited**

We have audited the financial statements on pages 9 to 21 which have been prepared in accordance with the accounting policies set out on pages 9 and 10.

### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the Annual Report. As described on page 7, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. *Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.*

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 United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

### **Basis of audit opinion**

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

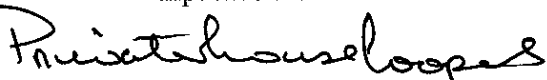
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

### **Equalisation reserves**

Our evaluation of the presentation of information in the financial statements has had regard to the statutory requirement for insurance companies to maintain equalisation reserves. The nature of equalisation reserves, the amount set aside at 31 December 2000, and the effect of the movement in those reserves during the year *on the general business technical result and profit before tax, are disclosed in the accounting policy on page 10 and Note 16.*

### **Opinion**

In our opinion, the financial statements give a true and fair view of the state of the Company's affairs at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers**  
**Chartered Accountants and Registered Auditors**  
**Edinburgh**

*22 October 2001*

# **CGU Bonus Limited**

## **Statement of Accounting Policies**

### **Basis of preparation**

These accounts have been prepared in accordance with section 255 of, and the special provisions relating to insurance companies of Schedule 9A to, the Companies Act 1985, and the Statement of Recommended Practice (SORP) issued by the Association of British Insurers in December 1998.

The accounting policies adopted reflect United Kingdom financial reporting standards and statements of standard accounting practice applicable at 31 December 2000 as considered appropriate for an insurance company.

### **Premiums**

Premiums written, which are stated gross of commission and are exclusive of taxes and duties levied therewith, are accounted for in the year in which the risk commences or, if earlier, the date on which the premium is due.

The provisions for unearned premiums have been calculated on a monthly pro-rata fraction.

### **Claims**

Provisions for notified claims as at 31 December each year are based on case estimates after taking into account handling costs, salvage and subrogation recoveries, anticipated inflation and trends in settlements. Provision is also made in respect of claims incurred but not reported at 31 December based on statistical methods.

Provisions for claims are based upon information available at the balance sheet date. Subsequent information and events may show that the ultimate liability is less than, or in excess of, the amount provided. The methods used and estimates made are continually reviewed and resulting adjustments are reflected in the underwriting result in the financial year in which they are made.

### **Deferred acquisition costs**

Acquisition costs comprise all direct and indirect costs arising from the conclusion of insurance contracts. Deferred acquisition costs comprise the costs of acquiring insurance policies which are incurred during a financial year but which relate to a subsequent financial year. This deferral is commensurate with the unearned premium provision.

### **Provision for unexpired risks**

Provision is made for unexpired risks where the cost of claims arising after the end of the financial year from contracts concluded before that date is expected to exceed the unearned premiums. Investment income is taken into account in calculating this provision. Provisions are made on the basis of claims notified and other information available at 31 December and any resulting surpluses or deficits arising on products which are considered to be managed together are offset.

# **CGU Bonus Limited**

## **Statement of Accounting Policies (continued)**

### **Equalisation provision**

Equalisation provisions are established in accordance with the requirements of the Insurance Companies (Reserves) Regulations 1996. 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.

### **Investment return**

Investment return comprises interest receivable for the year, together with realised and unrealised investment gains and losses. Realised investment gains and losses represent the difference between the net sale proceeds and the cost of acquisition. Unrealised investment gains or losses represent the difference between the carrying value and cost at the year end and the carrying value and cost at the previous year end.

### **Taxation**

The taxation charge or credit in the non-technical account is based on the taxable profits for the year. Taxation, including tax relief for losses if applicable, is allocated over profits on ordinary activities and amounts charged or credited to reserves. Provision is only made for deferred taxation where it is expected that a liability will crystallise in the foreseeable future.

### **Investments**

Investments are stated at their current value at the end of the year. Current values, for this purpose, comprise stock exchange mid-market values for listed securities.

### **Tangible assets**

Expenditure on office equipment, office furniture, capital improvement and computers is capitalised and depreciated on a straight line basis over the estimated useful lives of the assets, which range from three to five years, and after taking into account residual values.

### **Leases**

Assets acquired under finance leases are capitalised in the balance sheet and are depreciated over their useful lives or over the lease term, whichever is shorter. The interest element of the rental obligation is charged against profits.

# CGU Bonus Limited

## Profit and Loss Account: Technical Account

For the year ended 31 December 2000

		2000		1999	
	Note	£'000	£'000	£'000	£'000
<b>Earned premiums, net of reinsurance</b>					
Gross premiums written	1		167,087		164,175
Outward reinsurance premiums			(8,188)		(7,529)
			<u>158,899</u>		<u>156,646</u>
Change in the gross provision for unearned premiums		1,448		(801)	
Change in the provision for unearned premiums, reinsurers' share		<u>96</u>		<u>35</u>	
			1,544		(766)
			<u>160,443</u>		<u>155,880</u>
<b>Claims incurred, net of reinsurance</b>					
Claims paid					
- Gross amount		(121,965)		(107,063)	
- Reinsurers' share		<u>1,565</u>		<u>1,398</u>	
		(120,400)		(105,665)	
Change in the provision for claims					
- Gross amount		15,696		(4,441)	
- Reinsurers' share		<u>1,431</u>		<u>1,138</u>	
		17,127		(3,303)	
			(103,273)		(108,968)
Change in other technical provisions, net of reinsurance			189		-
Change in the equalisation provision			(881)		(2,656)
Net operating expenses	2		(66,209)		(62,442)
<b>Balance on the technical account for general business</b>			<u>(9,731)</u>		<u>(18,186)</u>

# CGU Bonus Limited

## Profit and Loss Account: Non-technical Account

For the year ended 31 December 2000

		2000		1999	
	Note	£'000	£'000	£'000	£'000
<b>Balance on the technical account for general business</b>			(9,731)		(18,186)
Investment income	3	21,146		24,309	
Unrealised gains/(losses) on investments	3	6,586		(14,257)	
Investment expenses and charges	3	(1,192)		(10,752)	
			26,540		(700)
<b>Profit/(loss) on ordinary activities before taxation</b>	4		16,809		(18,886)
Taxation (charge)/credit on profit/(loss) on ordinary activities	6		(5,129)		4,831
<b>Retained profit/(loss) on ordinary activities after taxation for the financial year</b>			11,680		(14,055)

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 9 and 10 and the notes on pages 15 to 21 form an integral part of these accounts.

# CGU Bonus Limited

## Balance Sheet As at 31 December 2000

		2000		1999	
ASSETS	Note	£'000	£'000	£'000	£'000
<b>Investments</b>					
Other financial investments	7		294,494		316,411
<b>Reinsurers' share of technical provisions</b>					
Provision for unearned premiums		1,310		1,214	
Claims outstanding		4,881		3,450	
			6,191		4,664
<b>Debtors</b>					
Debtors arising out of direct insurance operations - intermediaries		61,281		64,338	
Debtors arising out of reinsurance operations	8	2,255		676	
Other debtors	9	83,456		40,392	
			146,992		105,406
<b>Other assets</b>					
Tangible assets	10		678		661
<b>Prepayments and accrued income</b>					
Accrued interest and rent		3,704		3,648	
Deferred acquisition costs		15,771		15,678	
Other prepayments and accrued income		155		79	
			19,630		19,405
<b>Total assets</b>			467,985		446,547

# CGU Bonus Limited

## Balance Sheet (continued) As at 31 December 2000

LIABILITIES	Note	2000		1999	
		£'000	£'000	£'000	£'000
<b>Capital and reserves</b>					
Called up share capital	11		77,000		77,000
Profit and loss account			3,452		(8,228)
Equity shareholders' funds	12		<u>80,452</u>		<u>68,772</u>
<b>Technical provisions</b>					
Provision for unearned premiums			79,757		81,205
Claims outstanding			225,238		240,934
Claims equalisation provision	16		10,969		10,088
Other technical provisions			<u>-</u>		<u>189</u>
			315,964		332,416
<b>Creditors</b>					
Creditors arising out of direct insurance operations			5,398		6,828
Creditors arising out of reinsurance operations	13		682		128
Amounts owed to credit institutions			3,023		3,391
Other creditors including taxation and social security	14		<u>62,369</u>		<u>34,587</u>
			71,472		44,934
<b>Accruals and deferred income</b>			<u>97</u>		<u>425</u>
<b>Total liabilities</b>			<u>467,985</u>		<u>446,547</u>

The accounting policies on pages 9 and 10 and the notes on pages 15 to 21 form an integral part of the accounts.

These financial statements were approved by the Board of Directors on 22 OCTOBER 2001.  
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.

	2000	1999
	£'000	£'000
Gross premiums written - United Kingdom	167,087	164,175

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.

	2000	2000	2000	2000	2000
	Gross premiums written	Gross premiums earned	Gross claims incurred	Gross operating expenses	Reinsurance balance
	£'000	£'000	£'000	£'000	£'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)

	1999	1999	1999	1999	1999
	Gross premiums written	Gross premiums earned	Gross claims incurred	Gross operating expenses	Reinsurance balance
	£'000	£'000	£'000	£'000	£'000
Direct insurance:					
Fire and other damage to property	85,435	87,274	56,102	34,305	(4,118)
Third party liability	20,596	20,446	11,654	8,210	(844)
Workers compensation	18,203	18,178	17,618	7,094	(264)
Motor other	27,447	24,603	21,208	8,183	(161)
Miscellaneous	12,494	12,873	7,578	4,923	702
	164,175	163,374	114,160	62,715	(4,685)



# CGU Bonus Limited

## Notes to the Accounts (continued)

### 2) Net operating expenses

Technical account	2000 £'000	1999 £'000
Acquisition costs	49,344	49,484
Change in deferred acquisition costs	(93)	(141)
Administrative expenses	17,215	13,372
Reinsurance commissions and profit participation	(257)	(273)
	<u>66,209</u>	<u>62,442</u>

Total commissions for direct insurance accounted for by the Company during the year amounted to £12.6m (1999 - £14.4m).

### 3) Investment return

	2000 £'000	1999 £'000
<b>Investment income</b>		
Income from listed investments	<u>21,146</u>	<u>24,309</u>
<b>Investment expenses and changes</b>		
Investment management expenses	(335)	(431)
Losses on the realisation of investment	<u>(857)</u>	<u>(10,321)</u>
	<u>(1,192)</u>	<u>(10,752)</u>
Unrealised gains/(losses) on investment	6,586	(14,257)
Total investment return	<u>26,540</u>	<u>(700)</u>

# CGU Bonus Limited

## Notes to the Accounts (continued)

### 4) Profit/(loss) on ordinary activities before taxation

	2000	1999
	£'000	£'000
Profit/(loss) on ordinary activities before taxation is stated after:		
Depreciation charge for the year on tangible fixed assets	367	639
Auditors' remuneration for audit services	25	25

There were no fees relating to non-audit services in the year (1999 - nil).

### 5) Staff costs and directors' remuneration

The Company had no direct employees during the year (1999 - nil).

None of the directors received emoluments from the Company during 2000 (1999 - £nil).

### 6) Taxation

#### (a) Profit and loss account

Provision for taxation on the profit/(loss) for the period has been made as shown below:-

	2000	1999
	£'000	£'000
UK corporation tax charge/(credit) at 30% (1999 - 30.25%)	5,031	(5,863)
Adjustments in respect of prior years including deferred taxation	98	1,032
Charge/(credit) to the non-technical accounts	<u>5,129</u>	<u>(4,831)</u>

#### (b) Balance sheet

Details of the full potential asset for deferred taxation are given below:-

	2000	1999
	£'000	£'000
Not provided:		
Accelerated capital allowances	533	423
Other short term timing differences	<u>3,601</u>	<u>3,513</u>
Total	<u>4,134</u>	<u>3,936</u>

# CGU Bonus Limited

## Notes to the Accounts (continued)

### 7) Investments

#### At market value

	2000	1999
	£'000	£'000
<b>Other financial investments</b>		
Debt and other fixed income securities	294,494	316,411

The cost price of other financial investments is £294 million (1999 - £322 million)

All investments are listed.

### 8) Debtors arising out of reinsurance operations

	2000	1999
	£'000	£'000
Amounts due from Group undertakings	2,255	676

### 9) Other debtors

	2000	1999
	£'000	£'000
Amounts due from Group undertakings		
- UK Corporation tax credit	2,616	6,571
- Other	77,505	27,143
Other	3,335	6,678
	83,456	40,392

# CGU Bonus Limited

## 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 £'000	Fixture & Fittings £'000	Total £'000
<b>Cost</b>			
At 1 January 2000	7,602	301	7,903
Additions	384	-	384
At 31 December 2000	7,986	301	8,287
<b>Depreciation</b>			
At 1 January 2000	6,978	264	7,242
Charge for the year	348	19	367
At 31 December 2000	7,326	283	7,609
<b>Net book value</b>			
At 31 December 2000	660	18	678
At 31 December 1999	624	37	661

The net book value of leased assets is £37,000 (1999 - £62,000)

### 11) Share capital

	2000 £'000	1999 £'000
Authorised:		
77,000,000 (1999 - 77,000,000) ordinary shares of £1 each	77,000	77,000
Allotted, issued and fully paid:		
77,000,000 (1999 - 77,000,000) ordinary shares of £1 each	77,000	77,000

# CGU Bonus Limited

## Notes to the Accounts (continued)

### 12) Reconciliation of movements in shareholders' funds

	2000	1999
	£'000	£'000
Net addition/(reduction) to shareholders' funds		
Profit/(loss) for the financial year after taxation	11,680	(14,055)
Opening shareholders' funds	<u>68,772</u>	<u>82,827</u>
<b>Closing shareholders' funds</b>	<u><u>80,452</u></u>	<u><u>68,772</u></u>

The profit for the financial year has been credited to the Profit and Loss Account taking the balance from retained losses of £8,288,000 (1999) to accumulated profits of £3,452,000 (2000).

### 13) Creditors arising out of reinsurance operations

	2000	1999
	£'000	£'000
Amounts due to Group undertakings under internal arrangements	521	128
Other amounts due under reinsurance arrangements	<u>161</u>	<u>-</u>
	<u>682</u>	<u>128</u>

### 14) Other creditors including taxation and social security

	2000	1999
	£'000	£'000
Taxation on income from investments	31	31
Insurance premium taxation	1,965	2,099
Amounts due to Group undertakings	60,242	32,298
Sundry creditors	<u>131</u>	<u>159</u>
	<u>62,369</u>	<u>34,587</u>

# CGU Bonus Limited

## Notes to the Accounts (continued)

### 15) Commitments

	2000	1999
	£'000	£'000
Obligations under finance leases	57	114
Finance leases are repayable by instalments as follows:		
Within one year	52	48
One to two years	5	33
Two to five years	-	33

The obligations under finance leases are included in Sundry creditors in Note 14.

### 16) Equalisation provision

As explained in the accounting policies on page 10 an equalisation provision is established in the Company's financial statements. This has had the effect of reducing shareholders' funds by £7.7 million net of taxation (1999 - £7.1 million). The movement in equalisation provision during the year resulted in a decrease in the general business technical account result and the profit before taxation of £0.9 million (1999 - increase in loss of £2.7 million).

### 17) Cash flow statement

As the Company is wholly owned within the CGNU Group, the cash flows of the Company are included in the consolidated group cash flow statement of CGNU plc. Consequently, the Company is exempt under the terms of Financial Reporting Standard 1 (Revised 1996) from publishing a cash flow statement.

### 18) Ultimate parent undertaking

The immediate parent undertaking is CGU Insurance plc. The ultimate parent undertaking is CGNU plc. CGNU plc Group accounts are available on application to the Group Secretary, CGNU plc, St. Helen's, 1 Undershaft, London EC3P 3DQ.

The Company has taken advantage of the exemption from the requirement to disclose transactions with related parties, the voting rights in which are controlled by companies within the CGNU Group.

### 19) Mutual guarantee

With the approval of the Department of Trade and Industry, now HM Treasury Insurance Directorate, 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.