GENERAL ACCIDENT
EXECUTOR AND TRUSTEE COMPANY LIMITED

FINANCIAL STATEMENTS

2005

General Accident Executor and Trustee Company Limited

Contents

General Accident Executor and Trustee Company Limited

Directors and officer

Directors:

Aviva Director Services Limited
Aviva Company Secretarial Services Limited

Officer:

Company Secretary:
Aviva Company Secretarial Services Limited

Auditors:

Ernst & Young LLP
Registered Auditor
1 More London Place
London
SE1 2AF

Registered office:

St Helen's
1 Undershaft
London
EC3P 3DQ

Registered in England: No. 6252

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

General Accident Executor and Trustee Company Limited

Directors' report

For the year ended 31 December 2005

The directors present their annual report and audited financial statements for General Accident Executor and Trustee Company Limited (the Company) for the year ended 31 December 2005.

Principal activity

The principal activity of the Company is to act as an administrator of executor and trustee business. The directors consider that this will continue unchanged in the foreseeable future.

Results for the year

The results for the year are set out on page 10.

Dividends

The directors recommend the payment of a preference share dividend for the year of £1,200 (2004 : £1,200). The directors do not recommend the payment of any dividend on the ordinary shares (2004 : £nil)

Employees

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

Resolutions

On 26 August 1999, 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.

Financial instruments

The business of the Company includes use of financial instruments. Details of the Company's risk management objectives and policies and exposures to risk are set out in note 15 to the financial statements.

General Accident Executor and Trustee Company Limited

Directors' report (continued)

Directors' interests

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

Aviva Director Services Limited and Aviva Company Secretarial Services Limited served as directors of the Company throughout the year.

Neither of the directors who held office at 31 December 2005 had any beneficial interests in the Company's shares or the shares of any other company within the Aviva plc Group.

Directors' liabilities

Aviva plc, the ultimate parent undertaking, has granted an indemnity to the directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985. This indemnity and the provisions in the Company's Articles of Association constitute "qualifying third party indemnities" for the purposes of sections 309A to 309C of the Companies Act 1985. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

Statement of directors' responsibilities

The directors are required to prepare financial statements for each accounting period that comply with the relevant provisions of the Companies Act 1985 and of the International Financial Reporting Standards (IFRS) as adopted by the European Union, and which present fairly the financial position, financial performance and cash flows of the Company at the end of the accounting period. A fair presentation of the financial statements in accordance with IFRS requires the directors to:

- select suitable accounting policies and verify they are applied consistently in preparing the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of partcular transactions, other events and conditions on the entity's financial position and financial performance; and
- state that the Company has complied with applicable IFRSs, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company. They are also ultimately responsible for the systems of internal control maintained by the Company for safeguarding the assets of the Company and for the prevention and detection of fraud and other irregularities.

By order of the Board

Authorised signatory,
Aviva Company Secretarial Services Limited
Secretary 16TH OCTOBER 2006

General Accident Executor and Trustee Company Limited

Independent auditors' report

To the shareholders of General Accident Executor and Trustee Company Limited

We have audited the Company's financial statements for the year ended 31 December 2005, which comprise the Accounting Policies, the Income Statement, the Balance Sheet, the Statement of Changes in Shareholder's Equity, the Cash Flow Statement and the related notes 1 to 16. These financial statements have been prepared on the basis of the accounting policies set out therein.

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

The directors are responsible for preparing the financial statements in accordance with applicable United Kingdom law and International Financial Reporting Standards (IFRSs) as adopted by the European Union as set out in the statement of directors' responsibilities in the Directors' Report.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 other transactions 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 International Standards on Auditing (UK and Ireland) 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.

General Accident Executor and Trustee Company Limited

Independent auditors' report (continued)

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Company's affairs as at 31 December 2005 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 October 2006

General Accident Executor and Trustee Company Limited

Accounting policies

The Company is a limited liability company incorporated and domiciled in the United Kingdom (UK). The principal activity of the Company is that of an administrator of executor and trustee business.

The principal accounting policies applied in the preparation of these financial statements are set out below.

(A) Basis of presentation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) as endorsed by the European Union, applicable at 31 December 2005.

The IASB issued amendments to IAS 19, Employee Benefits, and IAS 39, The Fair Value Option, in December 2004 and June 2005 respectively. Their requirements are applicable for accounting periods beginning on or after 1 January 2006, but the Company has decided to adopt them early and reflect their impact in these financial statements.

In August 2005, the IASB issued IFRS 7, Financial Instruments: Disclosures, and amendments to IAS 1, Capital Disclosures. Their requirements are applicable for accounting periods beginning on or after 1 January 2007. The Company has decided not to adopt any of them early in these financial statements but the impact of adopting these standards is not expected to have a material effect on the results of the Company. IFRS 7 will result in amendments to the disclosure of financial assets and liabilities, whilst the amendments to IAS 1 bring the capital disclosures into line with IFRS 7. In addition, IFRS 6 and IFRIC Interpretations 5 and 6 have been issued during 2005 but are not relevant to the activities of the Company.

This is the Company's first set of full year results prepared in accordance with IFRS accounting policies and its previously reported 2004 financial statements have accordingly been restated to comply with IFRS, with the date of transition to IFRS being 1 January 2004. The principal effects of the adoption of IFRS have been reflected within note 1 on first time adoption of IFRS.

The financial statements are stated in British pounds, which is the Company's functional and presentational currency. Unless otherwise noted, the amounts shown in these financial statements are in thousands of British pounds (£000).

(B) Use of estimates

The preparation of financial statements requires the Company to make estimates and assumptions that affect items reported in the balance sheet and income statement and the disclosure of contingent assets and liabilities at the date of the financial statements. Although these estimates are based on management's best knowledge of current facts, circumstances and, to some extent, future events and actions, actual results ultimately may differ from those estimates, possibly significantly.

General Accident Executor and Trustee Company Limited

Accounting policies (continued)

(C) Revenue recognition

Revenue comprises the fair value derived from the sale of services to customers during the year, net of value added tax, rebates and discounts.

Revenue for sales of services are recognised in the accounting period in which the services are rendered, by reference to the completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(D) Net investment income

Investment income consists of interest receivable for the year, movements in amortised cost on debt securities, realised gains and losses, and unrealised gains and losses on FVPL investments (as defined in policy F). Interest income is recognised as it accrues, taking into account the effective yield on the investment.

The realised gain or loss on disposal of an investment is the difference between the proceeds received, net of transaction costs and its original cost or amortised cost, as appropriate. Unrealised gains and losses 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, less the reversal of previously recognised unrealised gains and losses in respect of disposals made during the year.

(E) Derecognition and offset of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

(i) the rights to receive cash flows from the asset have expired;

(ii) the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

(iii) the Company has transferred its rights to receive cash flows from the asset and either

(a) has transferred substantially all the risks and rewards of the asset; or

(b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

General Accident Executor and Trustee Company Limited

Accounting Policies (continued)

(E) Derecognition and offset of financial assets and financial liabilities (continued)

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(F) Financial investments

The Company classifies its investments as *financial assets at fair value through profit or loss (FVPL)*. The FVPL category is used as, in most cases, the Company's strategy is to manage its financial investments on a fair value basis.

The FVPL category has two sub-categories, those that meet the definition as being held for trading and those the Company chooses to designate as FVPL (referred to in this accounting policy as "other than trading"). Fixed maturities, which the Company buys with the intention to resell in the near term (typically between three and six months), are classified as trading. All other securities in the FVPL category are classified as other than trading.

Purchases and sales of investments are recognised on the trade date, which is the date that the Company commits to purchase or sell the assets, at their fair values less transaction costs. Debt securities are initially recorded at their fair value, which is taken to be amortised cost, with amortisation credited or charged to the income statement. Investments classified as trading and other than trading are subsequently carried at fair value. Changes in the fair value of trading and other than trading investments are included in the income statement in the period in which they arise.

The fair values of investments are based on quoted bid prices or amounts derived from cash flow models.

(G) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

General Accident Executor and Trustee Company Limited

Accounting policies (continued)

(H) Cash and cash equivalents

Cash and cash equivalents consist of cash at banks and in hand, deposits held at call with banks, treasury bills and other short-term highly liquid investments with less than 90 days' maturity from the date of acquisition.

(I) Income taxes

The current tax expense 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 before taxation 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 temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

The principal temporary differences arise from capital allowances. The rates enacted or substantively enacted at the balance sheet date are used to determine the deferred tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(J) Share capital and dividends

Equity instruments

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Accordingly, a financial instrument is treated as equity if:

(i) there is no contractual obligation to deliver cash or other financial assets or to exchange financial assets or liabilities on terms that may be unfavourable, and

(ii) the instrument will not be settled by delivery of a variable number of shares or is a derivative that can be settled other than for a fixed amount of cash, shares or other financial assets.

Dividends

Interim dividends on ordinary shares are recognised in equity in the period in which they are paid. Final dividends on these shares are recognised when they have been approved by shareholders.

Dividends on preference shares are recognised in the period in which they are declared and appropriately approved.

General Accident Executor and Trustee Company Limited

Income statement

For the year ended 31 December 2005

	Note	2005 £000	2004 £000
Revenue		35	111
Administrative expenses		(47)	(95)
Operating (loss)/profit		(12)	16
Net investment income	2	37	39
Profit before tax		25	55
Tax expense	5	(4)	(13)
Profit for the year		21	42

The Company has no recognised income and expenses other than those included in the results above and therefore a statement of recognised income and expense has not been presented.

The accounting policies on pages 6 to 9 and notes on pages 14 to 24 are an integral part of these financial statements.

General Accident Executor and Trustee Company Limited

Balance sheet

As at 31 December 2005

	Note	2005 £000	2004 £000
ASSETS			
Non-current assets			
Financial investments	7	519	118
Current assets			
Financial investments	7	152	614
Trade and other receivables	8	563	439
Cash and cash equivalents		24	59
		739	1,112
LIABILITIES			
Current liabilities			
Trade and other payables	9	(37)	(38)
Liability for current tax		(18)	-
		(55)	(38)
Net current assets		684	1,074
Non-current liabilities			
Liability for current tax	10	(4)	(13)
Net assets		1,199	1,179
Shareholder's equity			
Ordinary shares	11	807	807
Preference shares	12	20	20
Retained earnings	13	372	352
Total equity		1,199	1,179

The accounting policies on pages 6 to 9 and notes on pages 14 to 24 are an integral part of these financial statements.

Approved by the Board on 16TH OCTOBER 2006

Director

Authorised signatory
For and on behalf of Aviva Director Services Limited

General Accident Executor and Trustee Company Limited

Statement of changes in shareholder's equity

For the year ended 31 December 2005

	Note	Ordinary share capital £000	Preference shares £000	Retained earnings £000	Total equity £000
Balance at 1 January 2004		807	20	311	1,138
Total recognised income and expense for the year		-	-	42	42
Dividends	6	-	-	(1)	(1)
Total movements in the year		-	-	41	41
Balance at 31 December 2004		807	20	352	1,179
Total recognised income and expense for the year		-	-	21	21
Dividends	6	-	-	(1)	(1)
Total movements in the year		-	-	20	20
Balance at 31 December 2005		807	20	372	1,199

The accounting policies on pages 6 to 9 and notes on pages 14 to 24 are an integral part of these financial statements.

General Accident Executor and Trustee Company Limited

Cash flow statement

For the year ended 31 December 2005

	Note	2005 £000	2004 £000
Net cash outflow from operating activities	14a	(97)	(6)
Net cash used in operating activities		(97)	(6)
Cash flows from investing activities			
Purchases of other financial investments		(2,558)	(1,013)
Sales of other financial investments		2,620	1,018
Net cash from investing activities		62	5
Net decrease in cash and cash equivalents		(35)	(1)
Cash and cash equivalents at 1 January		59	60
Cash and cash equivalents at 31 December	14b	24	59

The accounting policies on pages 6 to 9 and notes on pages 14 to 24 are an integral part of these financial statements.

General Accident Executor and Trustee Company Limited

Notes to the financial statements

1. First time adoption of International Financial Reporting Standards

The Company has adopted International Financial Reporting Standards (IFRS) for these financial statements for the year ended 31 December 2005. In order to show comparative balances, the year ended 31 December 2004 is also shown under IFRS. The date of transition to IFRS is 1 January 2004.

In general, a company is required to determine its IFRS accounting policies and apply these retrospectively to determine its opening balance sheet under IFRS. However, International Financial Reporting Standard 1, First time adoption of International Financial Reporting Standards, (IFRS 1) allows a number of exemptions to this general principle upon adoption of IFRS. The Company has taken advantage of the following transitional arrangements.

Estimates

Where estimates had previously been made under the former basis, consistent estimates (after adjustments to reflect any difference in accounting policies) have been made for the same date on transition to IFRS (i.e. judgements affecting the Company's opening balance sheet have not been revisited for the benefit of hindsight).

Transitional provision

The Company has not taken advantage of the exemption within IFRS 1 that allows comparative information presented in the first year of adoption of IFRS not to comply with IAS 32, IAS 39 and IFRS 4.

The following tables show the effect of adopting IFRS on the statements that have previously been reported under the former basis for the year ended 31 December 2004.

(i) Reconciliation of equity previously reported to equity reported under IRFS

	As at 1 January 2004 £000	As at 31 December 2004 £000
Equity as previously reported	1,137	1,178
Dividend recognition (note 1)	1	1
Equity as reported under IFRS	1,138	1,179

(ii) Reconciliation of profit and loss previously reported to profit and loss reported under IFRS

There is no difference between profit for the year ended 31 December 2004 as previously reported and as reported under IFRS.

Adjustments between reporting bases

The adjustments between reporting bases are as follows:

(1) Dividend recognition

Under the previous reporting basis, dividends were accrued in the period to which they relate, regardless of when they were declared and approved. Under IAS 10, Events after the Balance Sheet Date, shareholder's dividends are accrued only when declared and appropriately approved. This has increased shareholder's funds at 31 December 2004 by £1 thousand (1 January 2004: £1 thousand).

Notes to the financial statements (continued)

2. Net investment income

	2005	2004
	£000	£000
Net investment income		
Bank interest receivable	3	7
Interest receivable on investments	33	45
Realised gains/(losses) on investments	8	(56)
Unrealised (losses)/gains on investments	(1)	54
Movement in amortised cost on debt securities	(6)	(11)
Gains/(losses) on investments	1	(13)
Net investment income	37	39

3. Analysis of investment return

Effective interest rates

The table below summarises the average effective interest rate by major currency for monetary financial instruments:

	2005	2004
	%	%
Monetary assets in British pounds		
Debt securities	4.9	4.2
Cash and cash equivalents	3.7	3.4

4. Employee information, directors' emoluments and auditors' remuneration

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

The emoluments of the directors and the remuneration of the auditors have been borne by the parent undertaking, Aviva Insurance Limited (formerly CGU Insurance plc), in both 2004 and 2005.

Notes to the financial statements (continued)

5. Tax

(a) Tax charged to the income statement

	2005	2004
	£000	£000
Current tax:		
For this year	4	13

(b) Tax reconciliation

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the tax rate in the United Kingdom as follows:

	2005	2004
	£000	£000
Profit before tax	25	55
Tax calculated at standard UK corporation tax rate of 30% (2004: 30%)	8	17
Deferred tax assets not recognised	(3)	(4)
Other	(1)	-
Total tax charged to income statement (note 5a)	4	13

General Accident Executor and Trustee Company Limited

Notes to the financial statements (continued)

6. Dividends

	2005	2004
	£000	£000
Preference dividends declared and charged to equity in the year		
2003 - 6% on paid preference shares, declared on 13 October 2004	-	1
2004 - 6% on paid preference shares, declared on 5 October 2005	1	-
	1	1

Dividends were settled by set-off against an inter-company balance with the Company's parent undertaking.

7. Financial investments

(a) Financial investments comprised:

	Other than trading at fair value through profit or loss	
	2005	2004
	£000	£000
Debt securities - listed	671	732

Of the above totals, £519 thousand (2004: £118 thousand) is expected to be recovered in more than one year after the balance sheet date.

(b) The following is a summary of the cost/amortised cost, gross unrealised gains and losses and fair value of financial investments:

				2005
	Cost/amortised cost	Unrealised gains	Unrealised losses	Fair value
	£000	£000	£000	£000
Debt securities	668	3	-	671

				2004
	Cost/amortised cost	Unrealised gains	Unrealised losses	Fair value
	£000	£000	£000	£000
Debt securities	728	4	-	732

General Accident Executor and Trustee Company Limited

Notes to the financial statements (continued)

8. Trade and other receivables

	2005	2004
	£000	£000
Receivables from related parties (note 16)	559	431
Other debtors	4	8
	563	439
Expected to be recovered within one year	563	439

9. Trade and other payables

	2005	2004
	£000	£000
Amounts due to related parties (note 16)	37	38
Expected to be settled within one year	37	38

10. Tax assets and liabilities

Liabilities for current tax of £4 thousand (2004: £13 thousand) are payable in more than one year.

The Company has unrecognised temporary timing differences of £7 thousand (2004: £10 thousand) to carry forward against future taxable income.

General Accident Executor and Trustee Company Limited

Notes to the financial statements (continued)

11. Ordinary share capital

Details of the Company's ordinary share capital are as follows:

	2005	2004
	£000	£000
Authorised		
350,000 ordinary shares of £4 each	1,400	1,400
Allotted, called up and fully paid		
194,500 ordinary shares of £4 each	778	778
Allotted, called up and partly paid (£2.20)		
13,000 ordinary shares of £4 each	29	29
	807	807

Thre is no undertaking by the shareholder to pay cash to the Company for the unpaid share capital. Accordingly, the directors are of the opinion that no value should be attributed to this until such time as there is such an undertaking.

12. Preference share capital

The preference share capital of the Company at 31 December 2005 was:

	2005	2004
	£000	£000
Authorised		
20,000 cumulative irredeemable preference shares of £5 each	100	100
Issued and partly paid up		
20,000 6% cumulative irredeemable of £5 each (£1 per share paid)	20	20

The preference shares are non-voting except where their dividends are in arrears, on a winding up or where their rights are altered. On a winding up, they carry a preferential right of return of capital ahead of the ordinary shares.

At the 31 December 2005, cumulative preference dividends of £1,200 (2004: £1,200) were not recognised in the financial statements.

Thre is no undertaking by the shareholder to pay cash to the Company for the unpaid preference share capital. Accordingly, the directors are of the opinion that no value should be attributed to this until such time as there is such an undertaking.

General Accident Executor and Trustee Company Limited

Notes to the financial statements (continued)

13. Retained earnings

	2005	2004
	£000	£000
Balance at 1 January	352	311
Profit for the year	21	42
Dividends	(1)	(1)
Balance at 31 December	372	352

14. Cash flow statement

(a) The reconciliation of profit before tax to the net cash flow from operating activities is:

	2005	2004
	£000	£000
Profit before tax	25	55
Adjustments for:		
(Gains)/ losses on investments (note 2)	(1)	13
Changes in working capital:		
(Increase)/ decrease in trade and other receivables	(120)	3,150
Increase/ (decrease) in trade and other payables	(1)	(3,224)
Net cash flow from operating activities	(97)	(6)

(b) Cash and cash equivalents in the cash flow statement at 31 December comprised:

	2005	2004
	£000	£000
Cash at bank and in hand	24	59

General Accident Executor and Trustee Company Limited

Notes to the financial statements (continued)

15. Risk management policies

(a) The Company's approach to financial risk and capital management

The Company manages financial risk and capital within an overall risk and financial management framework operated by a group of companies (the NUI Group), within the Aviva plc Group, that are engaged in writing general insurance business and non-insurance activities in the United Kingdom.

The primary objective of the NUI Group's risk and financial management framework is to protect against events that hinder the sustainable achievement of the Company's performance objectives, including failing to exploit opportunities. The NUI Group recognises the critical importance of having efficient and effective risk management systems in place. To this end, the NUI Group has an established governance framework, including:-

- clear terms of reference for the legal entity Boards and the associated executive management and other committees within the NUI Group;
- a clear organisational structure with documented delegated authorities and responsibilities from the legal entity Boards to executive management committees and senior management within the NUI Group; and
- adoption of the Group policy framework which sets out risk appetite, risk management, control and business conduct standards for the Group's worldwide operations. Each policy has a member of senior management who is charged with overseeing compliance with the policy throughout the NUI Group.

This governance structure and policy set is regularly reviewed to reflect the changing commercial and regulatory requirement. For example, following the regulatory changes brought about by the FSA's Prudential Sourcebook, which came into effect on 1 January 2004, the NUI Group has placed a greater emphasis on assessment and documentation of risks and controls, including the development of an articulation of risk appetite. As a result, the NUI Group has clearly articulated its risk appetite for financial risks (insurance, market, credit and liquidity risks) and, where appropriate, non-financial risks (operational, group and strategic risks).

The NUI Group has adopted Aviva plc Group established policies focusing on the management of financial and non-financial risks. The NUI Group also monitors risks on an ongoing basis and prepares quarterly reports identifying all material risks, along with information on likelihood, severity and mitigating actions taken or planned.

The NUI Group has developed a framework using the Internal Capital Assessment (ICA) principles for identifying the risks to which it is exposed, quantifying their impact on economic capital. The ICA estimates how much capital is needed to mitigate the risk of insolvency to a selected remote level of risk applied to a number of tests (both financial and non-financial) on the capital position of the business. The ICA works to a 99.5% confidence level of economic solvency over one year, in line with UK FSA regulatory requirements. The ICA combines the results of financial and operating experience tests. Although the ICA is an internal process, from 2005 the FSA can use ICA information in discussing the target capital levels it believes the Company must have available.

15. Risk management policies (continued)

In addition, the NUI Group has developed a risk-based capital model for its businesses which provides a more detailed assessment of the economic capital needs of the business.

The NUI Group also provides a Financial Condition Report (FCR) to inform decisions on capital management issues. The FCR is a medium term projection of the overall financial position of the business under a variety of economic and operating scenarios, allowing for new business. The FCR considers a number of key performance indicators in addition to solvency and capital requirements. The FCR enables the NUI Group to assess the range of risks to which the business is exposed, their evolution over time, and the impact of mitigating actions which might be taken.

(b) Management of financial and non-financial risks

Liquidity risk

The Company's liquidity position is supported through membership of the NUI Group of companies.

The following table provides an analysis of financial assets into their relevant maturity groups based on the remaining period at the balance sheet date to their contractual maturities.

	Total	Within 1 year	1 to 5 years	5 to 15 years	Over 15 years
	£'000	£'000	£'000	£'000	£'000
31 December 2005					
Debt securities	671	152	401	118	-
Trade and other receivables	563	563	-	-	-
Cash and cash equivalents	24	24	-	-	-
31 December 2004					
Debt securities	732	614	90	28	-
Trade and other receivables	439	439	-	-	-
Cash and cash equivalents	59	59	-	-	-

The following table shows the financial liabilities analysed by duration.

	Total	Within 1 Year	1 to 5 years	5 to 15 years	Over 15 years
	£'000	£'000	£'000	£'000	£'000
31 December 2005					
Trade and other payables	37	37	-	-	-
Liability for current tax	22	18	4	-	-
31 December 2004					
Trade and other payables	38	38	-	-	-
Liability for current tax	13	-	13	-	-

General Accident Executor and Trustee Company Limited

Notes to the financial statements (continued)

15. Risk management policies (continued)

Credit risk

Credit risk is the risk of loss in the value of financial assets due to counterparties failing to meet all or part of their obligations.

The Company's management of credit risk is carried out in accordance with the NUI Group's Credit Risk Policy, which includes the monitoring of exposure levels and setting exposure limits in accordance with rating categories devised by credit rating agencies such as Standard & Poor's.

Financial assets are graded according to current credit ratings issued. AAA is the highest possible rating. Investment grade financial assets are classified within the range of AAA to BBB ratings. Financial assets which fall outside this range are classified as speculative grade. Credit limits for each counterparty are set based on default probabilities that are in turn based on the rating of the counterparty concerned.

At 31 December 2005, all debt securities were AAA rated.

At 31 December 2005, receivables are £563 thousand, of which £559 thousand is due from the parent undertaking, Aviva Insurance Limited (formerly CGU Insurance plc).

Operational risk

Operational risk arises as a result of inadequate or failed internal processes, people or systems, or from external events. Operational risks include, for example, IT infrastructure and systems, business interruption, information security, project, outsourcing, legal, fraud and compliance risks. As with other risk categories, line management of business areas has primary responsibility for how risks are assessed according to the potential impact and probability of the event concerned. These impact assessments are made against financial, operational and reputational criteria. Operational risks are reported, as with other risks, on a quarterly basis to Group.

Notes to the financial statements (continued)

16. Related party transactions

(a) During 2005 and 2004 the Company had the following related party transactions

(i) Services provided to related parties	2005		2004	
	Income earned in year	Receivable at year end	Income earned in year	Receivable at year end
	£000	£000	£000	£000
Parent	-	559	-	431

The related parties' receivables were not secured and no guarantees were received in respect thereof. The receivables will be settled in accordance with normal credit terms.

(ii) Services provided by related parties

	2005		2004	
	Expense incurred in year	Payable at year end	Expense incurred in year	Payable at year end
	£000	£000	£000	£000
Fellow subsidiaries	-	37	-	38

(iii) Key management compensation

The key management of the Company are considered to be the same as for Norwich Union Insurance Limited. Information on key management compensation may be found in note 30 - Related party transactions of the Norwich Union Insurance Limited financial statements.

(b) Immediate parent undertaking
The Company's immediate parent undertaking is Aviva Insurance Limited (formerly CGU Insurance plc), registered in Scotland.

(c) Ultimate controlling entity
The ultimate controlling entity is Aviva plc. Its Group financial statements are available on application to the Group Company Secretary, Aviva plc, St Helen's, 1 Undershaft, London EC3P 3DQ.