

**GENERAL ACCIDENT
EXECUTOR AND TRUSTEE COMPANY LIMITED
FINANCIAL STATEMENTS
2006**



General Accident Executor and Trustee Company Limited

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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 and Wales 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 2006

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 2006

Principal activity

The principal activity of the Company is to act as an administrator of executor and trustee business

Business review

Basis of preparation

This business review is addressed to, and written for, the members of the Company with the aim of providing a fair review of the business development, performance and position at the current time, during the financial period and at the end of the financial period. In providing this review, the aim is to present a view that is both balanced and comprehensive and is consistent with the size and complexity of the business.

Objectives and future developments

High level strategies are determined by Aviva plc and these are shown in their financial statements. The directors consider that the principal activity will continue unchanged into the foreseeable future.

Financial key performance indicators

The directors consider that the Company's key performance indicators ("KPIs") that communicate the financial performance are as follows:

- growth in revenue
- operating profit / (loss) to revenue
- net investment income to average investment funds

A summary of the KPIs is set out below:

Measure	2006	2005
Growth in revenue	43.5%	(68.3%)
Operating loss to revenue	(12.0%)	(34.3%)
Net investment income to average investment funds	4.4%	5.1%

Financial position and performance

The financial position of the Company at 31 December 2006 is shown in the balance sheet on page 12, with the trading results shown in the income statement on page 11 and the cash flow on page 14.

Profit before tax decreased from £25 thousand in 2005 to £16 thousand in 2006. This is due to several factors as summarised by the KPIs and also detailed below:

The decrease in profit is mainly due to the decrease in net investment income from £37 thousand to £22 thousand, which was a result of disposal of investments.

General Accident Executor and Trustee Company Limited

Directors' report (continued)

Business review (continued)

Risk management

Description of the principal risks and uncertainties facing the Company and the Company's risk management policies are set out in note 14 to the financial statements

Risk factors beyond the Company's control, that could cause actual results to differ materially from those estimated include, but are not limited to

- UK domestic economic business conditions, and
- the impact of competition, inflation and deflation

Dividends

The directors recommend the payment of a preference share dividend for the year of £1,200 (2005 £1,200) but have not approved it and therefore it is not recognised in these financial statements. The directors do not recommend the payment of a dividend on the ordinary shares (2005 £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 Annual Report and Accounts of Aviva plc

Resolutions

On 11 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 14 to the financial statements

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 2006 had any beneficial interests in the Company's shares or the shares of any other company within the Aviva plc Group

General Accident Executor and Trustee Company Limited

Directors' report (continued)

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.

Directors' statement as to disclosure of information to auditors

The directors who were members of the Board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the Company's auditors, each of these directors confirms that

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware, and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

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 that 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 IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance, and
- state that the Company has complied with applicable IFRS, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping proper accounting records which are intended to 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

1 October 2007

General Accident Executor and Trustee Company Limited

Independent auditors' report

To the members of General Accident Executor and Trustee Company Limited

We have audited the Company's financial statements for the year ended 31 December 2006, 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 15. 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' responsibilities for preparing the financial statements in accordance with applicable United Kingdom law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

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 whether the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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)

To the members of General Accident Executor and Trustee Company Limited

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 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

4 October 2007

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 2006

In August 2005, the IASB issued IFRS 7, Financial Instruments Disclosures, and an amendment to IAS 1, Capital Disclosures Although their requirements are applicable for accounting periods beginning on or after 1 January 2007, the Company has decided to adopt IFRS 7 early and reflect its impact in these financial statements The amendment to IAS 1 brings the capital disclosures into line with those already required by FRS 27 and, although the Company is not adopting it early, this is not expected to result in any material additional disclosures

The financial statements are stated in British pounds, which is the Company's functional and presentation 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

(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

General Accident Executor and Trustee Company Limited

Accounting policies (continued)

(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

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 being held for 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

General Accident Executor and Trustee Company Limited

Accounting policies (continued)

(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.

(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.

General Accident Executor and Trustee Company Limited

Accounting policies (continued)

(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 2006

	Note	<u>2006</u> <u>£000</u>	<u>2005</u> <u>£000</u>
Revenue		50	35
Administrative expenses		<u>(56)</u>	<u>(47)</u>
Operating loss		(6)	(12)
Net investment income	1	<u>22</u>	<u>37</u>
Profit before tax		16	25
Tax expense	5	<u>(3)</u>	<u>(4)</u>
Profit for the year		<u><u>13</u></u>	<u><u>21</u></u>

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 7 to 10 and notes on pages 15 to 23 are an integral part of these financial statements

General Accident Executor and Trustee Company Limited

Balance sheet

As at 31 December 2006

	Note	2006 £000	2005 £000
ASSETS			
Non-current assets			
Financial investments	7	-	519
Current assets			
Financial investments	7	-	152
Trade and other receivables	8	1,217	563
Cash and cash equivalents		40	24
		<u>1,257</u>	<u>739</u>
LIABILITIES			
Current liabilities			
Trade and other payables	9	(42)	(37)
Liability for current tax		-	(18)
		<u>(42)</u>	<u>(55)</u>
Net current assets		1,215	684
Non-current liabilities			
Liability for current tax	10	(3)	(4)
Net assets		<u>1,212</u>	<u>1,199</u>
EQUITY			
Ordinary share capital	11	807	807
Preference share capital	12	20	20
Retained earnings		385	372
Total equity		<u>1,212</u>	<u>1,199</u>

The accounting policies on pages 7 to 10 and notes on pages 15 to 23 are an integral part of these financial statements

Approved by the Board on 1 October 2007

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 2006

	Note	Ordinary share capital £000	Preference shares £000	Retained earnings £000	Total equity £000
Balance at 1 January 2005		<u>807</u>	<u>20</u>	<u>352</u>	<u>1,179</u>
Total recognised income and expense for the year		-	-	21	21
Dividends	6	-	-	(1)	(1)
Total movements in the year		<u>-</u>	<u>-</u>	<u>20</u>	<u>20</u>
Balance at 31 December 2005		<u>807</u>	<u>20</u>	<u>372</u>	<u>1,199</u>
Total recognised income and expense for the year		-	-	13	13
Dividends	6	-	-	-	-
Total movements in the year		<u>-</u>	<u>-</u>	<u>13</u>	<u>13</u>
Balance at 31 December 2006		<u>807</u>	<u>20</u>	<u>385</u>	<u>1,212</u>

The accounting policies on pages 7 to 10 and notes on pages 15 to 23 are an integral part of these financial statements

General Accident Executor and Trustee Company Limited

Cash flow statement

For the year ended 31 December 2006

	Note	2006 £000	2005 £000
Net cash outflow from operating activities	13(a)	(656)	(97)
<i>Net cash used in operating activities</i>		<u>(656)</u>	<u>(97)</u>
Cash flows from investing activities			
Purchases of other financial investments		(444)	(2,558)
Sales of other financial investments		1,116	2,620
<i>Net cash from investing activities</i>		<u>672</u>	<u>62</u>
Net increase / (decrease) in cash and cash equivalents		16	(35)
Cash and cash equivalents at 1 January		24	59
Cash and cash equivalents at 31 December	13(b)	<u>40</u>	<u>24</u>

The accounting policies on pages 7 to 10 and notes on pages 15 to 23 are an integral part of these financial statements

General Accident Executor and Trustee Company Limited

Notes to the financial statements

1. Net investment income

	2006 £000	2005 £000
Net investment income		
Bank interest receivable	4	3
Interest receivable on investments	17	33
Realised gains on investments	-	8
Unrealised losses on investments	(3)	(1)
Movement in amortised cost on debt securities	4	(6)
Gains on investments	1	1
Net investment income	22	37

2. Employee information

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 Annual Report and Accounts of Aviva plc.

3. Directors

All directors of the Company are remunerated as employees by Aviva Employment Services Limited. This remuneration is recharged to all operating divisions of the Aviva Group under management service agreements. However, no cost is borne by the Company for the services of the directors in their capacity as directors.

4. Auditors' remuneration

The total remuneration payable by the Company, excluding VAT, to its auditors, Ernst & Young LLP, in respect of the audit of these financial statements is shown below. The Company is exempt from disclosing other fees payable, to its auditors, in respect of other work by virtue of regulation 5(2) of The Companies Regulations 2005, as it is disclosed within the Annual Report and Accounts of Aviva plc, the Company's ultimate controlling entity (note 15(c)).

	2006 £000	2005 £000
Audit services		
Statutory audit of the Company's financial statements	2	4

General Accident Executor and Trustee Company Limited

Notes to the financial statements (continued)

5. Tax

(a) Tax charged to the income statement

	<u>2006</u>	<u>2005</u>
	<u>£000</u>	<u>£000</u>
Current tax:		
For this year	<u>3</u>	<u>4</u>

(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

	<u>2006</u>	<u>2005</u>
	<u>£000</u>	<u>£000</u>
Profit before tax	<u>16</u>	<u>25</u>
Tax calculated at standard UK corporation tax rate of 30% (2005 30%)	5	8
Deferred tax assets not recognised	(2)	(3)
Other	-	(1)
Total tax charged to income statement (note 5a)	<u>3</u>	<u>4</u>

General Accident Executor and Trustee Company Limited

Notes to the financial statements (continued)

6. Dividends

	2006	2005
	£000	£000
Preference dividends declared and charged to equity in the year		
2004 - 6% paid on preference shares, declared on 5 October 2005	-	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
	2006
	£000
Debt securities - listed	671

Of the above totals, £nil thousand (2005 £519 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:

	2006			
	Cost/amortised cost	Unrealised gains	Unrealised losses	Fair value
	£000	£000	£000	£000
Debt securities	-	-	-	-

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

General Accident Executor and Trustee Company Limited

Notes to the financial statements (continued)

8. Trade and other receivables

	<u>2006</u>	<u>2005</u>
	<u>£000</u>	<u>£000</u>
Receivables from related parties (note 15)	1,215	559
Other debtors	2	4
	<u>1,217</u>	<u>563</u>
Expected to be recovered in less than one year	<u>1,217</u>	<u>563</u>

9. Trade and other payables

	<u>2006</u>	<u>2005</u>
	<u>£000</u>	<u>£000</u>
Amounts due to related parties (note 15)	40	37
Other creditors	2	-
	<u>42</u>	<u>37</u>
Expected to be settled within one year	<u>42</u>	<u>37</u>

10. Tax assets and liabilities

Liabilities for current tax of £3 thousand (2005 £4 thousand) are payable in more than one year

The Company has unrecognised temporary timing differences of £6 thousand (2005 £7 thousand) to carry forward indefinitely 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

	<u>2006</u> £000	<u>2005</u> £000
Authorised		
350,000 ordinary shares of £4 each	<u>1,400</u>	<u>1,400</u>
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
	<u>807</u>	<u>807</u>

There 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 2006 was

	<u>2006</u> £000	<u>2005</u> £000
Authorised		
20,000 6% cumulative irredeemable preference shares of £5 each	<u>100</u>	<u>100</u>
Issued and partly paid up		
20,000 6% cumulative irredeemable preference shares of £5 each (£1 per share paid)	<u>20</u>	<u>20</u>

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 2006, cumulative preference dividends of £2,400 (2005: £1,200) were not recognised in the financial statements.

There 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. Cash flow statement

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

	<u>2006</u>	<u>2005</u>
	<u>£000</u>	<u>£000</u>
Profit before tax	16	25
Adjustments for		
Gains on investments (note 1)	(1)	(1)
Changes in working capital		
(Increase)/ decrease in trade and other receivables	(672)	(120)
Increase/ (decrease) in trade and other payables	1	(1)
Net cash outflow from operating activities	<u>(656)</u>	<u>(97)</u>

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

	<u>2006</u>	<u>2005</u>
	<u>£000</u>	<u>£000</u>
Cash at bank and in hand	<u>40</u>	<u>24</u>

General Accident Executor and Trustee Company Limited

Notes to the financial statements (continued)

14. Risk management policies

The Company has established a risk management framework with the primary objective of protecting the Company from events that hinder the sustainable achievement of the Company's performance objectives, including failing to exploit opportunities. This framework is operated by a group of companies, "the NUI Group" (including the UK general insurance business carried out within Aviva Insurance Limited and Aviva International Insurance Limited), within the Aviva plc group ("the Group"), that are engaged in writing general insurance business and in various non-insurance activities in the United Kingdom. Risk is categorised as follows:

- credit
- liquidity
- operational

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 which has three elements:

- defined 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, 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.

The NUI Group monitors risk 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 also developed a framework, using Individual Capital Assessment ("ICA") principles, for quantifying the impact of risks on economic capital. The ICA combines the results of financial and operating stress tests.

General Accident Executor and Trustee Company Limited

Notes to the financial statements (continued)

14. Risk management policies (continued)

(i) 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 credit risk policy, which includes setting exposure limits and monitoring exposures in accordance with ratings set by credit ratings agencies such as Standard & Poor's

At 31 December 2006, trade and other receivables are £1,217 thousand (2005 £563 thousand) Of this amount £1,215 thousand (2005 £559 thousand) is due from related parties, details of which are set out in note 15

(ii) Liquidity risk

The Company's liquidity position is strong and is further supported through membership of the NUI Group

(iii) Operational risk

Operational risk arises as a result of inadequately controlled internal processes or systems, human error, or from external events Operational risks include information technology, information security, human resources, project management, outsourcing, tax, legal, fraud and compliance risks In accordance with Group policies, business unit management has primary responsibility for the effective identification, management, monitoring and reporting of risks to the business unit executive management team and to Group The NUI Group risk management and governance function is responsible for implementing the Group risk management methodologies and frameworks to assist line management in this work They also provide support and independent challenge on the completeness, accuracy and consistency of risk assessments, and the adequacy of mitigating action plans As a result, the business unit executive management team satisfies itself that material risks are being mitigated and reported to an acceptable level

Operational 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

General Accident Executor and Trustee Company Limited

Notes to the financial statements (continued)

15. Related party transactions

(a) The Company had the following related party transactions in 2006 and 2005.

(i) Services provided to related parties

	2006		2005	
	Income earned in year	Receivable at year end	Income earned in year	Receivable at year end
	£000	£000	£000	£000
Parents	-	1,215	-	559

On 4 September 2006, the Company transferred its investments as at 31 July 2006 amounting to £678 thousand to a parent undertaking, Aviva International Insurance Limited in consideration for an intercompany balance

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

	2006		2005	
	Expense incurred in year	Payable at year end	Expense incurred in year	Payable at year end
	£000	£000	£000	£000
Fellow subsidiaries	-	40	-	37

(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, registered in Scotland.

(c) Ultimate controlling entity

The ultimate controlling entity is Aviva plc. Its Annual Report and Accounts are available on application to the Group Company Secretary, Aviva plc, St Helen's, 1 Undershaft, London EC3P 3DQ.