6252

GENERAL ACCIDENT
EXECUTOR AND TRUSTEE COMPANY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

2008

General Accident Executor and Trustee Company Limited

Contents

General Accident Executor and Trustee Company Limited

Directors and officer

Directors:

Aviva Company Secretarial Services Limited
Aviva Director Services Limited

Officer - Company Secretary:

Aviva Company Secretarial Services Limited

Auditor:

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

Registered office:

St Helen's
1 Undershaft
London
EC3P 3DQ

Company number:

Registered in England and Wales: No. 6252

Other information:

General Accident Executor and Trustee Company Limited ("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 2008

The directors present their annual report and financial statements for the Company for the year ended 31 December 2008.

Directors

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

Both directors have served throughout the period since 1 January 2008.

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 during the financial period and position both at the end of the financial period and at the current time. 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 its financial statements. The directors consider that the Company's 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:

- (decline)/growth in revenue; and
- profit before tax as a proportion of revenue.

A summary of the KPIs is set out below:

Measure	2008	2007
(Decline)/growth in revenue	(19.6)%	12.0%
Loss before tax as a proportion of revenue	(37.8)%	(16.1)%

General Accident Executor and Trustee Company Limited

Directors' report (continued)

Business review (continued)

Financial position and performance

The financial position of the Company at 31 December 2008 is shown in the balance sheet on page 11, with the trading results shown in the income statement on page 10 and the cash flow statement on page 13.

Loss before tax increased from a loss of £9 thousand in 2007 to £17 thousand in 2008. This is mainly due to a decline in turnover only partially offset by a reduction in administrative expenses, as summarised by the KPIs.

Principal risks and uncertainties.

A description of the principal risks and uncertainties facing the Company and the Company's risk management policies are set out in note 13 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:

- United Kingdom ("UK") domestic economic business conditions; and
- the impact of competition, inflation and deflation.

Going concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

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 relating to financial instruments are set out in note 13 to the financial statements.

Dividends

The directors approved a preference share dividend in respect of the year ended 31 December 2008 of £1,200, which was paid in December 2008 (2007: £3,600, including arrears for 2005 and 2006). The directors do not recommend the payment of a dividend on the ordinary shares (2007: £nil).

Employees

All employees are employed by a fellow subsidiary company of Aviva plc, Aviva Employment Services Limited. Disclosures relating to employees may be found in the Annual Report and Accounts of Aviva plc.

Auditor

It is the intention of the directors to reappoint the auditor under the deemed appointment rules of section 487 of the Companies Act 2006.

General Accident Executor and Trustee Company Limited

Directors' report (continued)

Directors' liabilities

Aviva plc, the Company's ultimate parent company, 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 was granted in 2004 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. These qualifying third party indemnity provisions remain in force as at the date of approving the directors' report.

Disclosure of information to the auditor

Each person who was a director of the Company on the date that this report was approved confirms that, so far as the director is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing his report, of which the auditor is unaware. Each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the auditor is 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 International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"), 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 maintaining 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 for safeguarding the assets of the Company and for the prevention and detection of fraud and other irregularities.

By order of the Board

N. J. Bell

Authorised signatory
For and on behalf of Aviva Company Secretarial Services Limited
Company Secretary

7 OCTOBER 2009

General Accident Executor and Trustee Company Limited

Independent auditor's 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 2008, 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 under 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 auditor's 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 the 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 auditor's 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 2008 and of its result 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

9 October 2009

General Accident Executor and Trustee Company Limited

Accounting policies

The Company is a limited liability company incorporated and domiciled in Great Britain. Its principal activity is to act as an administrator of executor and trustee business.

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

(A) Basis of presentation

The financial statements have been prepared in accordance with IFRS and International Accounting Standards ("IAS") as endorsed by the EU, applicable at 31 December 2008.

During 2007 and 2008, the IASB issued IFRIC interpretation 14, *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* and made amendment to IFRS 7, *Financial instruments: Disclosures,* and IAS 39, *Financial instruments: Recognition and measurement* in respect of reclassification of financial instruments. Where relevant the accounting policies have been updated for each of the changes although none has had any material impact on the Company's financial reporting.

During 2007, 2008 and 2009, the IASB has also issued IAS 1, *Presentation of Financial Statements: A Revised Presentation,* a revised version of IFRS 3, *Business Combinations,* and amendments to IFRS 1, *First Time Adoption of IFRS,* IFRS 2, *Share-based Payment,* IAS 1, IAS 23, *Borrowing Costs,* IAS 27, *Consolidated and Separate Financial Statements,* IAS 32, *Financial Instruments: Presentation,* and the results of its annual improvements project. It also issued a revised version of IFRS 1, as well as further amendments to IFRS 7 and IAS 39, none of which has yet been endorsed by the EU. These are not applicable for the current accounting period and, on adoption, they are not expected to have any material impact on the Company's financial reporting.

IFRIC interpretation 13, *Customer Loyalty Programmes,* interpretation 15, *Agreements for the Construction of Real Estate,* and interpretation 16, *Hedges of a Net Investment in a Foreign Operation* were issued during 2007 and 2008 but are not applicable for the current accounting period. In addition, IFRIC interpretation 17, *Distributions of Non-cash Assets to Owners,* and interpretation 18, *Transfers of Assets from Customers,* as well as an amendment to interpretation 9, *Reassessment of Embedded Derivatives,* were issued during 2008 and 2009. They have not yet been endorsed by the EU but none of them is applicable for the current accounting period. On adoption, none of these interpretations is expected to have any material impact on the Company's financial reporting.

The financial statements are stated in pounds sterling, which is the Company's functional and presentation currency. Unless otherwise noted, the amounts shown in these financial statements are in thousands of pounds sterling ("£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 is recognised as follows:

(i) Sales of services

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.

(ii) Interest income

Interest income is recognised using the effective interest method.

(D) 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.

(E) 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)

(F) 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 that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Such investments are normally those with less than three months' maturity from the date of acquisition, and include certificates of deposit.

(G) 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.

(H) 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.

General Accident Executor and Trustee Company Limited

Income statement

For the year ended 31 December 2008

	Note	2008 £000	2007 £000
Revenue		45	56
Administrative expenses		(66)	(71)
Operating loss		(21)	(15)
Interest receivable	1	4	6
Loss before tax		(17)	(9)
Tax credit	5	5	7
Loss for the year		(12)	(2)

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 9 and notes on pages 14 to 22 are an integral part of these financial statements.

General Accident Executor and Trustee Company Limited

Balance sheet

As at 31 December 2008

	Note	2008 £000	2007 £000
ASSETS			
Non-current assets			
Asset for current tax	9	5	4
Current assets			
Trade and other receivables	7	1,264	1,201
Cash and cash equivalents	12(b)	27	43
		1,291	1,244
LIABILITIES			
Current liabilities			
Trade and other payables	8	(103)	(42)
		(103)	(42)
Net current assets		1,188	1,202
Net assets		1,193	1,206
EQUITY			
Ordinary share capital	10	807	807
Preference share capital	11	20	20
Retained earnings		366	379
Total equity		1,193	1,206

The accounting policies on pages 7 to 9 and notes on pages 14 to 22 are an integral part of these financial statements.

Approved by the Board on 7 OCTOBER 2009

Richard H. Spinks

Director

General Accident Executor and Trustee Company Limited

Statement of changes in shareholder's equity

For the year ended 31 December 2008

	Note	Ordinary share capital	Preference share capital	Retained earnings	Total equity
		£000	£000	£000	£000
Balance at 1 January 2007		807	20	385	1,212
Dividends	6	-	-	(4)	(4)
Total recognised income and expense for the year		-	-	(2)	(2)
Total movements in the year		-	-	(6)	(6)
Balance at 31 December 2007		807	20	379	1,206
Dividends	6	-	-	(1)	(1)
Total recognised income and expense for the year		-	-	(12)	(12)
Total movements in the year		-	-	(13)	(13)
Balance at 31 December 2008		807	20	366	1,193

The accounting policies on pages 7 to 9 and notes on pages 14 to 22 are an integral part of these financial statements.

General Accident Executor and Trustee Company Limited

Cash flow statement

For the year ended 31 December 2008

	Note	2008	Restated 2007
		£000	£000
Cash flows from operating activities			
Net cash outflow to operating activities	12(a)	(20)	(3)
Net cash used in operating activities		(20)	(3)
Cash flows from investing activities			
Interest received		4	6
Net cash from investing activities		4	6
Net (decrease)/increase in cash and cash equivalents		(16)	3
Cash and cash equivalents at 1 January		43	40
Cash and cash equivalents at 31 December	12(b)	27	43

The accounting policies on pages 7 to 9 and notes on pages 14 to 22 are an integral part of these financial statements.

Cash flows from operating activities for 2007 have been restated to reclassify interest received and receivable of £6 thousand to cash flows from investing activities.

General Accident Executor and Trustee Company Limited

Notes to the financial statements

1. Interest receivable

	2008	2007
	£000	£000
Bank interest receivable	4	6

2. Employee information

All employees are employed by a fellow Group company 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. Auditor's remuneration

The total remuneration payable by the Company, excluding VAT, to its auditor, 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 auditor, in respect of other work, by virtue of regulation 4(1)(b) of The Companies (Disclosure of Auditor Remuneration) Regulations 2005, as it is disclosed within the Annual Report and Accounts of Aviva plc, the Company's ultimate controlling entity (see note 15(c)).

	2008	2007
	£000	£000
Audit services		
Statutory audit of the Company's financial statements	2	2

Notes to the financial statements (continued)

5. Tax

(a) Tax credited to the income statement

	2008	2007
	£000	£000
Current tax:		
For this year	5	4
Prior year adjustments	-	3
Total tax credited to income statement	5	7

(b) Tax reconciliation

The tax credit on the Company's loss before tax differs from the theoretical amount that would arise using the tax rate in the UK as follows:

	2008	2007
	£000	£000
Loss before tax	17	9
Tax credit calculated at standard UK corporation tax rate of 28.5% (2007: 30%)	5	3
Adjustment to tax charge in respect of prior years	-	3
Deferred tax assets not recognised	-	2
Other	-	(1)
Total tax credited to the income statement (note 5(a))	5	7

6. Dividends

	2008	2007
	£000	£000
Preference dividends declared and charged to equity in the year:		
6% on preference shares for the years ended 31 December 2005, 2006 and 2007 paid on 14 December 2007.	-	4
6% on preference shares for the year ended 31 December 2008, paid on 22 December 2008.	1	-
	1	4

The dividends were settled by set-off against an intercompany balance with the Company's parent company

General Accident Executor and Trustee Company Limited

Notes to the financial statements (continued)

7. Trade and other receivables

	2008	2007
	£000	£000
Receivables from related parties (note 15(a)(i))	1,262	1,197
Other receivables and accrued income	2	4
	1,264	1,201
Expected to be recovered within one year	1,264	1,201

8. Trade and other payables

	2008	2007
	£000	£000
Amounts due to related parties (note 15(a)(ii))	103	42
Expected to be settled within one year	103	42

9. Tax assets and liabilities

Assets for current year tax of £5 thousand (2007: £4 thousand) are recoverable in more than one year.

Assets and liabilities for prior years tax settled by group relief of £4 thousand and £nil respectively (2007: £nil and £3 thousand respectively) are included within trade and other receivables (note 7) and trade and other payables (note 8) and within related party transactions (note 15), and are recoverable or payable in less than one year.

The Company has unrecognised temporary differences of £15 thousand (2007: £15 thousand) to carry forward indefinitely against future taxable income.

General Accident Executor and Trustee Company Limited

Notes to the financial statements (continued)

10. Ordinary share capital

Details of the Company's ordinary share capital are as follows:	2008	2007
	£000	£000
Authorised		
350,000 (2007: 350,000) Ordinary shares of £4 each	1,400	1,400
Allotted, called up and fully paid		
194,500 (2007: 194,500) Ordinary shares of £4 each	778	778
Allotted, called up and partly paid (£2.20)		
13,000 (2007: 13,000) Ordinary shares of £4 each	29	29
	807	807

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.

11. Preference share capital

The preference share capital of the Company at 31 December is as follows:	2008	2007
	£000	£000
Authorised		
20,000 (2007: 20,000) 6% cumulative irredeemable preference shares of £5 each	100	100
Issued and partly paid up		
20,000 (2007: 20,000) 6% cumulative irredeemable preference shares 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.

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)

12. Cash flow statement

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

	2008	2007
	£000	£000
Loss before tax	(17)	(9)
Adjustment for:		
Interest receivable	(4)	(6)
Changes in working capital:		
(Increase)/decrease in trade and other receivables	(60)	12
Increase/(decrease) in trade and other payables	61	-
Net cash outflow to operating activities	(20)	(3)

"Increase/(decrease) in trade and other receivables" is stated after eliminating £4 thousand (2007: £3 thousand) of corporation tax asset settled or to be settled by group relief.

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

	2008	2007
	£000	£000
Cash at bank and in hand	27	43

13. Risk management policies

The Company has established a risk management framework to protect 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, "UKGI" (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 UK. The risks faced by the Company can be categorised as follows:

- financial risks, which cover credit and liquidity risks;
- strategic risks, which include issues such as customer, products and markets as well as any risks to the Company's business model arising from changes in the market, and risks arising from mergers and acquisitions; and
- operational risks, which arise from inadequately controlled internal processes or systems, human error or non-compliance as well as from external events. Operational risks include taxation, reputation and regulatory risks, such as compliance.

The risk management framework provides the means to identify, assess, measure, manage and monitor all of the different types of risk faced by UKGI to provide a single picture of the threats and uncertainties faced and opportunities that exist.

UKGI sets limits to manage material risks to ensure the risks stay within risk appetite (the amount of risk UKGI is willing to accept). UKGI assesses the size and scale of a risk by considering how likely it is that the risk will materialise and the potential impact the risk could have on its business and its stakeholders. Where risks are outside appetite, actions are agreed to mitigate the exposure.

UKGI's risk management framework is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can provide only reasonable assurance against material financial misstatement or loss. New risks, which have not been identified as emerging risks, or risks currently deemed as immaterial may also impair the future achievement of business objectives.

UKGI recognises the critical importance of maintaining an efficient and effective risk management framework. To this end, UKGI has an established governance framework, which has the following key elements:

- defined terms of reference for the legal entity Boards and the associated executive management and other committees within UKGI;

- 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 that defines risk appetite measures and sets out risk management and control standards for the Group's worldwide operations. The policies also set out the roles and responsibilities of businesses, regions, policy owners, and the risk oversight committees.

UKGI has developed economic capital models that support the measurement, comparison and further understanding of its risks. The results of the modelling are incorporated into key decision-making processes. These models show the relative impact to economic capital from the risks faced. In turn this supports the assessment of appropriate and effective mitigating strategies where risks are outside of appetite.

13. Risk management policies (continued)

(a) Financial risk management

(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.

At 31 December 2008, trade and other receivables are £1,264 thousand (2007: £1,201 thousand). Of this amount £1,262 thousand (2007: £1,197 thousand) is due from related parties, details of which are set out in note 15.

(ii) Liquidity risk

The Company is supported through its participation in UKGI.

(b) Strategic risks

(i) Types of strategic risk

UKGI is exposed to a number of strategic risks. UKGI's strategy needs to support its vision, purpose and objectives and be responsive to both the external and internal environment, for example changes in the competitive landscape arising from economic conditions, customer demands and competitor activity, regulatory changes, merger and acquisition opportunities and emerging trends (such as climate change, pandemic events and improving longevity).

(ii) Management of strategic risks

Strategic risk is explicitly considered throughout UKGI's strategic review and planning process. Developments are assessed during the quarterly performance management process where all aspects of the risk profile are considered.

UKGI actively engages with external bodies to share the benefit of its expertise in responding to emerging risks as well as challenging developments that could be damaging to the business and the industry as a whole.

(c) Operational risk management

Operational risk is the risk of loss, resulting from inadequate or failed internal processes, people and systems or from external events. Operational risks include taxation, reputation and regulatory risks, such as compliance. Only financial instrument risk requires quantification under IFRS and consequently no quantification of this risk is provided.
UKGI is responsible for identifying and managing operational risks in line with minimum standards of control set out in Group policies. Each operational risk is assessed by considering the potential impact and the probability of the event occurring. Impact assessments are considered against financial, operational and reputational criteria.

Business management teams must be satisfied that all material risks falling outside the Group's risk appetite are being mitigated, monitored and reported to an appropriate level. Any risks with a high potential impact level are monitored locally.

13. Risk management policies (continued)

(c) Operational risk management (continued)

The UKGI risk management and governance function is responsible for implementing the Group risk management methodologies and frameworks to assist line management in this work. It also provides 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.

14. Capital structure

The Company maintains an efficient capital structure from equity shareholder's funds, consistent with the Company's overall risk profile and the regulatory and market requirements of the business. This note describes the way the Company manages capital and shows where this is employed.

(a) General

IFRS underpins the Company's capital structure and, accordingly, the capital structure is analysed on this basis. UKGI uses risk management tools to assess its internal economic capital requirements.

(b) Capital management

In managing its capital, the Company seeks to:

(i) maintain financial strength;
(ii) retain financial flexibility by maintaining strong liquidity; and
(iii) allocate capital efficiently and repatriate excess capital where appropriate.

The Company considers not only the traditional sources of capital funding but the alternative sources, as appropriate, when assessing its deployment and usage of capital.

(c) Measure of capital

The Company is required to report its results on an IFRS basis.

(d) Capital structure

	IFRS net assets 2008 £000	IFRS net assets 2007 £000
Administrator of executor and trustee business	1,193	1,206
Total capital employed	1,193	1,206
Financed by		
Equity shareholder's funds	1,193	1,206

15. Related party transactions

(a) The Company had the following related party transactions in 2008 and 2007:

(i) Services provided to related parties

	2008		2007	
	Income earned in year	**Receivable at year end**	**Income earned in year**	**Receivable at year end**
	£000	**£000**	**£000**	**£000**
Parent companies	-	1,262	-	1,197

The receivables from related parties are not secured and no guarantees were received in respect thereof.

Transactions within Group companies for settlement of corporation tax assets and liabilities by group relief are described in note 9.

(ii) Services provided by related parties

	2008		2007	
	Expense incurred in year	**Payable at year end**	**Expense incurred in year**	**Payable at year end**
	£000	**£000**	**£000**	**£000**
Other Group companies	66	103	71	42

Expenses incurred relate to recharges of administrative expenses from Aviva Insurance UK Limited and Aviva Central Services Limited, fellow Group companies.

(iii) Key management compensation

The directors and key management of the Company are considered to be the same as for Aviva Insurance UK Limited, a fellow Group company. Information on key management compensation may be found in note 32 - Related party transactions, in the financial statements of Aviva Insurance UK Limited (formerly Norwich Union Insurance Limited).

(b) Immediate parent company

The Company's immediate parent company 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.