

# CGNU Life Assurance Limited

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## Directors and Officers

### Directors

D B Barral  
J R Lister

### Secretary

J J Wilman  
2 Rougier Street  
York  
YO90 1UU

### Auditor

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

### Registered Office

2 Rougier Street  
York  
YO90 1UU

### Company Number

Registered in England and Wales No 226742

### Other Information

CGNU Life Assurance Limited ("the Company") is a member of the Aviva plc group of companies ("the Group")



# CGNU Life Assurance Limited

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**CGNU Life Assurance Limited**  
**Registered in England No. 226742**  
**Directors' report**

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**Directors' report**

The directors present their annual report and financial statements for CGNU Life Assurance Limited (the Company) for the year ended 31 December 2011

**Directors**

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

T E Strauss resigned as a director of the Company on 23 May 2011

**Business review, principal activities and future outlook**

The principal activity of the Company, prior to 1 October 2009, was the transaction of long-term insurance business, primarily with-profit bonds and pensions

On 1 October 2009, the trade, assets and liabilities of the Company were transferred to Aviva Life & Pensions UK Limited (UKLAP) and the Company ceased to trade

**Financial position and performance**

The financial position of the Company at 31 December 2011 is shown in the statement of financial position on page 9 and the statement of cash flows on page 11

**Key performance indicators ("KPI")**

Profit after tax for the period is £nil (2010 £nil)

**Dividend**

During the year the Company paid a dividend of £249,000 (2010 £nil)

**Going concern**

On 1 October 2009, the trade, assets and liabilities were transferred to UKLAP and the Company ceased to trade. The financial statements have been prepared on basis that the entity is no longer considered a going concern. Accordingly the non current assets and liabilities have been classed as current and the assets and liabilities valued at their net realisable value

**Major events**

On 7 December 2011, the share capital of the Company was reduced from £250,000 to £1,000 by cancelling and extinguishing in full 9,960 ordinary shares of £100 (£25 paid)

**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 their 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

**Auditor**

Following a competitive tender process by the Company's ultimate parent company, Aviva plc, PricewaterhouseCoopers LLP are to be appointed as auditor to the Company. Ernst & Young LLP will resign as auditor with effect from the signing of the Company's annual report and financial statements for the year ended 31 December 2011, and the directors will appoint PricewaterhouseCoopers LLP as auditor to the Company in accordance with the provisions of the Companies Act 2006

## **CGNU Life Assurance Limited**

### **Directors' report (continued)**

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#### **Directors' liabilities**

Aviva plc, the Company's ultimate parent, 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 2006. These indemnities were granted at different times, according to the law in place at the time, and where relevant are qualifying third party indemnity provisions as defined by section 234 of the Companies Act 2006. These indemnity provisions were in force throughout the year and are currently in force.

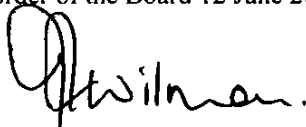
#### **Statement of directors' responsibilities**

The directors are required to prepare financial statements for each accounting period that comply with the relevant provisions of the Companies Act 2006 and 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 a 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 adequate accounting records which are intended to disclose with reasonable accuracy, the financial position of the Company at that time. 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 12 June 2012



**J J Wilman**  
*Company Secretary*

# **CGNU Life Assurance Limited**

## **Independent auditor's report**

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### **Independent auditor's report to the members of CGNU Life Assurance Limited**

We have audited the financial statements of CGNU Life Assurance Limited for the year ended 31 December 2011 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows, the Accounting Policies and the related notes 1 to 11. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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**

As explained more fully in the Statement of Directors' Responsibilities (set out on page 4), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2011,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



*Stuart Wilson (senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London*

**15** June 2012

## **CGNU Life Assurance Limited**

### **Accounting policies**

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The Company, a limited company incorporated and domiciled in the United Kingdom (UK), transacted long-term insurance business until 30 September 2009

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 International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) applicable at 31 December 2011. The Company transferred its trade, assets and liabilities to fellow subsidiary, UKLAP, on 1 October 2009, when it effectively ceased to trade. As required by IAS 1, *Presentation of Financial Statements*, management have prepared the financial statements on the basis that the entity is no longer considered a going concern. No material adjustments arose as a result of ceasing to apply the going concern basis. All assets and liabilities were transferred to the fellow subsidiary at their book value.

During 2009 and 2010, the IASB issued amendments to IFRS 1, *First Time Adoption of IFRS*, IAS 24, *Related Party Disclosures*, and IAS 32, *Financial Instruments – Presentation*, and the results of its annual improvements project, all of which have been endorsed by the EU. In addition, IFRIC interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*, and an amendment to interpretation 14, IAS 19 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*, issued in 2008 and 2009, have now been endorsed by the EU. These are all applicable for the first time in the current accounting period and have had no impact on the Company's financial reporting.

Further amendments to IFRS 1, IFRS 7, *Financial Instruments – Disclosures*, IAS 12, *Income Taxes*, and IAS 32 have been issued but have not yet been endorsed. These are applicable prospectively for accounting periods commencing 1 July 2011 or later, and are therefore not applicable for the current accounting period. On adoption, they will not have any impact on the Company's financial reporting.

In 2009, the IASB issued IFRS 9, *Financial Instruments – Classification and Measurement*, followed by additional requirements on accounting for financial liabilities in 2010. These are the first two parts of a replacement standard for IAS 39. They are applicable prospectively for accounting periods commencing 1 January 2015 or later, and are therefore not applicable for the current accounting period. IFRS 9 has not yet been endorsed by the EU but, on adoption, will require us to review the classification of certain financial instruments while allowing us to retain fair value measurement as we deem necessary. On adoption they will not have any impact on the Company's financial reporting.

During 2011, the IASB issued IFRS 10, *Consolidated Financial Statements*, IFRS 11, *Joint Arrangements*, IFRS 12 *Disclosure of Interests in Other Entities*, IFRS 13, *Fair Value Measurement*, and reissued IAS 27, *Separate Financial Statements*, and IAS 28, *Investments in Associates and Joint Ventures*. It also issued amendments to IAS 1, *Presentation of Financial Statements*, and IAS 19, *Employee Benefits*. They are applicable for accounting periods commencing 1 July 2012 or later, and are therefore not applicable for the current accounting period. None of these has yet been endorsed by the EU but, on adoption, IFRS 10 will require us to review the entities we classify as subsidiaries, and we are currently assessing its impact. The other new and amended standards deal mainly with disclosures. On adoption they will not have any impact on the Company's financial reporting.

Unless otherwise noted, the amounts shown in these financial statements are in thousands of pounds sterling (£'000).

#### **(B) Critical accounting policies and the use of estimates**

The preparation of financial statements requires the Company to select accounting policies and make estimates and assumptions that affect items reported in the income statement, statement of financial position, other primary statements and notes to the financial statements. All estimates are based on management's knowledge of current facts and circumstances, assumptions based on that knowledge and their predictions of future events and actions. Actual results can always differ from those estimates, possibly significantly.

## **CGNU Life Assurance Limited**

### **Accounting policies (continued)**

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#### **(C) Statement of cash flows**

##### *Cash and cash equivalents*

Cash and cash equivalents consist of cash at banks and in hand, deposits held on 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 those with less than three months' maturity from the date of acquisition, or which are redeemable on demand with only an insignificant change in their fair values. For the purposes of the statement of cash flows, cash and cash equivalents also include bank overdrafts, which are included within payables and other financial liabilities on the statement of financial position.

#### **(D) 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 rates enacted or substantively enacted at the statement of financial position 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.

#### **(E) Share capital**

##### *Equity instruments*

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all 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.

**CGNU Life Assurance Limited**  
**Income statement**  
**For the year ended 31 December 2011**

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The Company did not trade during the current or previous year and has made neither profit nor loss  
Consequently no income statement has been prepared

**Statement of comprehensive income**  
**For the year ended 31 December 2011**

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The Company has no other comprehensive income

The accounting policies (identified alphabetically) on pages 6 and 7 and notes (identified numerically) on pages 12 to 14 are an integral part of these financial statements



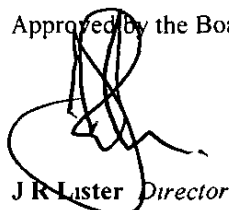
# CGNU Life Assurance Limited

## Statement of financial position

As at 31 December 2011

	Note	2011 £'000	2010 £'000
<b>Assets</b>			
Receivables	4	7	257
<b>Total assets</b>		<b>7</b>	<b>257</b>
<b>Equity</b>			
Ordinary share capital	E & 5	1	250
Retained earnings	6	-	-
<b>Total equity</b>		<b>1</b>	<b>250</b>
<b>Liabilities</b>			
Current tax liabilities	D & 7	6	7
<b>Total liabilities</b>		<b>6</b>	<b>7</b>
<b>Total equity and liabilities</b>		<b>7</b>	<b>257</b>

Approved by the Board on 12 June 2012



J R Lister Director

The accounting policies (identified alphabetically) on pages 6 and 7 and notes (identified numerically) on pages 12 to 14 are an integral part of these financial statements

**CGNU Life Assurance Limited**  
**Statement of changes in equity**  
**For the year ended 31 December 2011**

	Note	Ordinary share capital £'000	Retained earnings £'000	Total equity £'000
<b>Balance at 1 January 2010</b>		250	4,447	4,697
Profit for the year	6	-	-	-
Transfer to group undertakings	11	-	(4,447)	(4,447)
<b>Balance at 31 December 2010</b>		250	-	250
Share capital reduction	5	(249)	249	-
Dividend	6	-	(249)	(249)
<b>Balance at 31 December 2011</b>		1	-	1

The accounting policies (identified alphabetically) on pages 6 and 7 and notes (identified numerically) on pages 12 to 14 are an integral part of these financial statements

**CGNU Life Assurance Limited****Statement of cash flows****For the year ended 31 December 2011**

	Note	2011 £'000	2010 £'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	8	249	-
<b>Net cash from operating activities</b>		249	-
<b>Cash flows from financing activities</b>			
Dividend paid		(249)	-
<b>Net cash used in financing activities</b>		(249)	-
<b>Net increase in cash and cash equivalents</b>		-	-
Cash and cash equivalents transferred to fellow group undertakings	11	-	(4,904)
Cash and cash equivalents at 1 January		-	4,904
<b>Cash and cash equivalents at 31 December</b>	8	-	-

The accounting policies (identified alphabetically) on pages 6 and 7 and notes (identified numerically) on pages 12 to 14 are an integral part of these financial statements

**CGNU Life Assurance Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2011**

**1. Directors' emoluments**

None of the directors received any emoluments during the current or previous year in respect of services as directors of the Company

**2. Auditor's remuneration**

Fees for the audit of the Company were £5,000 (2010 £5,000) Auditor's remuneration for the current and prior year have been invoiced to UKLS Audit fees are borne by a fellow group undertaking

**3. Tax**

There has been no charge to tax in either the current or previous year

**4. Receivables**

	2011 £'000	2010 £'000
Amounts due from parent	1	250
Amounts due from fellow subsidiaries	6	7
	<u>7</u>	<u>257</u>

Of the above amounts £1,000 (2010 £nil) is expected to be recovered more than one year after the statement of financial position date

**5. Ordinary share capital**

**a) Details of the Company's ordinary share capital at 31 December are as follows**

	2011 £	2010 £
The allotted, called up and partly paid (£25 per share) share capital of the Company was		
40 ordinary shares of £100 each, £25 paid (2010 10,000 ordinary shares of £100 each, £25 paid)	<u>1,000</u>	<u>250,000</u>

Ordinary shares in issue in the Company rank pari passu All the ordinary shares in issue carry the same right to receive all dividends and other distributions declared, made or paid by the Company

**b) Details of share movements are as follows.**

On 7 December 2011, 9,960 ordinary shares of £100 each (£25 paid per share) were cancelled and extinguished in full

	2011 Issued shares Issued share capital £	2010 Issued shares Issued share capital £
At 1 January	10,000 250,000	10,000 250,000
Share capital reduction	(9,960) (249,000)	- -
<b>At 31 December</b>	<b>40 1,000</b>	<b>10,000 250,000</b>

**CGNU Life Assurance Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2011 (continued)**

**6. Retained earnings**

	2011 £'000	2010 £'000
At 1 January	-	4,447
Transferred to fellow group undertakings (see note 11)	-	(4,447)
Share capital reduction	249	-
Dividend paid of £6,225 per share (2010 £nil per share)	(249)	-
At 31 December	-	-

**7. Tax liabilities**

Tax liability payable in less than one year is £6,000 (2010 £7,000)

**8. Statement of cash flows**

The reconciliation of profit before tax to the net cash inflow from operating activities is

	2011 £'000	2010 £'000
Profit before tax	-	-
Changes in working capital		
Decrease in receivables	250	-
Decrease in tax liability	(1)	-
Cash generated from operations	249	-

There were no cash and cash equivalents held at 31 December 2011 (2010 £nil)

**9. Capital**

In managing its capital, the Company seeks to retain financial flexibility by maintaining liquidity

The Company manages IFRS shareholders' equity of £1,000 (2010 £250,000) as capital

The Company is not subject to any externally imposed capital requirements

**10. Related party transactions**

The members of the Board of Directors are listed on page 1 of these financial statements

Amounts receivable from related parties are disclosed in note 4. The related parties' receivables are not secured, and no guarantees were received or issued in respect thereof. No provisions or expense has been recognised during the year in respect of bad and doubtful debts (2010 £nil)

**(a) Key management compensation**

No charge is borne by the Company for key management personnel due to the insignificant amount of time spent in managing the Company's affairs

There are no amounts receivable from, or payments due to, key management

Details of director's emoluments are given in note 1

**CGNU Life Assurance Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2011 (continued)**

**(b) Parent entity**

The immediate holding company is Aviva Life Holdings UK Limited, a company registered in England

**(c) Ultimate controlling entity**

The ultimate controlling entity is Aviva plc, a company registered in England. Its Group financial statements are available on [www.aviva.com](http://www.aviva.com) or by application to the Group Company Secretary, Aviva plc, St Helen's, 1 Undershaft, London EC3P 3DQ

**11. Fund transfer**

Following de-authorisation, the remaining assets in excess of the share capital of the Company were transferred to UKLAP. The impact of the transfer on the Company's statement of financial position was as follows:

	31 Dec 2009 £'000	Effect of transfer £'000	31 Dec 2010 £'000
<b>Assets</b>			
Receivables and other financial assets		257	257
Cash and cash equivalents	4,904	(4,904)	-
<b>Total assets</b>	<b>4,904</b>	<b>(4,647)</b>	<b>257</b>
<b>Equity</b>			
Ordinary share capital	250	-	250
Retained earnings	4,447	(4,447)	-
<b>Total equity</b>	<b>4,697</b>	<b>(4,447)</b>	<b>250</b>
<b>Liabilities</b>			
Current tax liabilities/(asset)	207	(200)	7
<b>Total liabilities</b>	<b>207</b>	<b>(200)</b>	<b>7</b>
<b>Total equity and liabilities</b>	<b>4,904</b>	<b>(4,647)</b>	<b>257</b>

Financial assets and liabilities were transferred at fair value. The transfer was for nil consideration in accordance with the Scheme of Transfer.