

# CGNU Life Assurance Limited

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## Directors and Officers

### Directors

S A Hampson  
J J Wilman

### Officer – Company Secretary

J J Wilman  
Wellington Row  
York  
YO90 1WR

### Independent Auditors

PricewaterhouseCoopers LLP  
Benson House  
33 Wellington Street  
Leeds  
LS1 4JP

### 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")

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# **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 audited financial statements for CGNU Life Assurance Limited (the Company) for the year ended 31 December 2012

### **Directors**

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

D B Barral and J R Lister resigned as directors of the Company on 24 September 2012. S A Hampson and J J Wilman were appointed as directors of the Company on the same date.

### **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 2012 is shown in the statement of financial position on page 9 and the statement of cash flows on page 11.

### **Dividend**

During the year the Company paid a dividend of £nil (2011 £249,000).

### **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 the 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.

### **Disclosure of information to the auditors**

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 auditors in connection with preparing their report, of which the auditors are unaware and
- 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 auditors are aware of that information.

### **Independent auditors**

Following a competitive tender process by the Company's ultimate parent company, Aviva plc, PricewaterhouseCoopers LLP were appointed as auditors to the Company for the year ended 31 December 2012 in accordance with the provisions of the Companies Act 2006.

It is the intention of the directors to reappoint the auditors under the deemed appointment rules of Section 487 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 1985, which continue to apply in relation to any provision made before 1 October 2007

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 by virtue of paragraph 15, Schedule 3 of The Companies Act 2006 (Commencement No 3, Consequential Amendments, Transitional Provisions and Savings) Order 2007

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

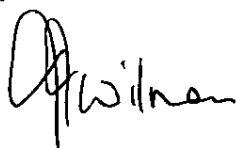
The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

By order of the Board



**J J Wilman**  
*Company Secretary*

*16 July 2013*

# **CGNU Life Assurance Limited**

## **Independent auditors' report**

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### **Independent auditors' 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 2012, which comprise the Accounting Policies, the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes. 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.

### **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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **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 2012 and of its result and cash flows for the year then ended,
- 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.

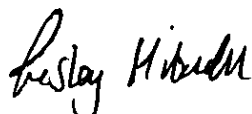
### **Opinion on other matters prescribed by the Companies Act 2006**

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.



*Lesley Mitchell (Senior Statutory Auditor)*  
*For and on behalf of PricewaterhouseCoopers LLP*  
*Chartered Accountants and Statutory Auditors*  
*Leeds*

*17 July 2013*

# **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. These policies have been consistently applied to all years presented, unless otherwise stated

### **(A) Basis of presentation**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as endorsed by the European Union (EU). In addition to fulfilling their legal obligation to comply with IFRS as adopted by the EU, the Company has also complied with IFRS as issued by the IASB and applicable at 31 December 2012.

The Company transferred its trade, assets and liabilities to fellow subsidiary, Aviva Life & Pensions UK Limited (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. The financial statements have been prepared in accordance with the Companies Act 2006.

The Company has adopted the following new amendments to standards which became effective for financial years beginning on or after 1 January 2012. Neither of these amendments has a material impact on these financial statements:

- (i) Amendment to IFRS 7, Financial Instruments – Disclosures, relating to the transfer of financial assets
- (ii) Amendment to IAS 12, Income Taxes, relating to deferred tax

The IASB has issued a number of standards and amendments which are applicable for accounting periods beginning on or after 1 January 2013 and are therefore not applicable for the current accounting period, namely IFRS 10, Consolidated Financial Statements, IFRS 11, Joint Arrangements, IFRS 12 Disclosure Of Interest In Other Entities, IFRS 13, Fair Value Measurement, reissues of IAS 27, Separate Financial Statements and IAS 28, Investments in Associates and Joint Ventures and amendments to IFRS 7, Financial Instruments – Disclosures. These have all been endorsed by the EU and are not expected to have an impact on the Company.

IFRS 9, Financial Instruments, will replace IAS 39, Financial Instruments – Recognition and Measurement. IFRS 9 is applicable prospectively for accounting periods beginning on or after 1 January 2015 and is 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. We do not expect IFRS 9 to have an impact on the Company.

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.

### **(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 within payables and other financial liabilities on the statement of financial position.

## **CGNU Life Assurance Limited**

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

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#### **(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 2012**

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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

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 2012

	Note	2012 £'000	2011 £ 000
<b>Assets</b>			
Receivables	4	1	7
<b>Total assets</b>		<u>1</u>	<u>7</u>
<b>Equity</b>			
Ordinary share capital	E & 5	1	1
Retained earnings	6	-	-
<b>Total equity</b>		<u>1</u>	<u>1</u>
<b>Liabilities</b>			
Current tax liabilities	D & 7	-	6
<b>Total liabilities</b>		<u>-</u>	<u>6</u>
<b>Total equity and liabilities</b>		<u>1</u>	<u>7</u>

Approved by the Board on 16 July 2013



**S A Hampson** *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 2012**

	Note	Ordinary share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2011		250	-	250
Share capital reduction	5	(249)	249	-
Dividend	6	-	(249)	(249)
Balance at 31 December 2011		1	-	1
Balance at 31 December 2012		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 2012

	Note	2012 £'000	2011 £ 000
<b>Cash flows from operating activities</b>			
Cash generated from operations	8	-	249
<b>Net cash generated 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 at 1 January		-	-
<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 2012

### 1. Directors' emoluments

All directors were remunerated by Aviva Employment Services Limited, a fellow subsidiary of the ultimate parent company, Aviva plc. The emoluments are recharged, as part of a head office management charge under management service agreements, to all operating divisions of the Aviva Group. No direct recharge has been made to the Company in respect of these emoluments as these directors were not primarily remunerated for their services to the Company. Accordingly, no emoluments are disclosed in respect of these directors.

### 2. Auditor's remuneration

The total remuneration payable by the Company, excluding VAT, to its auditor, PricewaterhouseCoopers LLP and its associates (2011: Ernst & Young LLP), in respect of the audit of these financial statements, is shown below:

	2012 £'000	2011 £'000
Fees payable to the Company's auditor for the audit of the Company's financial statements	-	5

Fees paid to PricewaterhouseCoopers LLP and its associates for services other than the statutory audit of the Company are not disclosed in these financial statements since the consolidated financial statements of the Company's ultimate parent company, Aviva plc (see note 10), are required to disclose other (non-audit) services on a consolidated basis.

Audit fees are payable by Aviva Central Services UK Limited, a fellow Group company, and recharged as appropriate to the Company and fellow Group companies. Audit fees for the Company 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

	2012 £'000	2011 £'000
Amounts due from parent	1	1
Amounts due from fellow subsidiaries	-	6
	1	7

Of the above amounts £1,000 (2011: £1,000) 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:

	2012 £	2011 £
The allotted, called up and partly paid (£25 per share) share capital of the Company was		
40 (2011: 40) ordinary shares of £100 each, £25 paid	1,000	1,000

**CGNU Life Assurance Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2012 (continued)**

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.

	Issued shares	2012 Issued share capital £	Issued shares	2011 Issued share capital £
At 1 January	40	1,000	10,000	250,000
Share capital reduction	-	-	(9,960)	(249,000)
At 31 December	40	1,000	40	1,000

**6. Retained earnings**

	2012 £'000	2011 £'000
At 1 January	-	-
Share capital reduction	-	249
Dividend paid of £nil per share (2011 £6,225 per share)	-	(249)
At 31 December	-	-

**7. Tax liabilities**

Tax liability payable in less than one year is £nil (2011 £6,000)

**8. Statement of cash flows**

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

	2012 £'000	2011 £'000
Profit before tax	-	-
Changes in working capital		
Decrease in receivables	6	250
Decrease in tax liability	(6)	(1)
Cash generated from operations	-	249

There were no cash and cash equivalents held at 31 December 2012 (2011 £nil)

**9. Capital**

The Company manages IFRS shareholders' equity of £1,000 (2011 £1,000) as capital.

The Company is not subject to any externally imposed capital requirements.

**CGNU Life Assurance Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2012 (continued)**

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**10. Related party transactions**

(a) 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 (2011 £nil)

**(b) 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.

**(c) Ultimate parent undertaking and controlling party**

The immediate parent undertaking is Aviva Life Holdings UK Limited, a company incorporated in England.

The ultimate parent undertaking and controlling party is Aviva plc, a company incorporated in England.

Aviva plc is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 31 December 2012. The consolidated financial statements of Aviva plc 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.