

COMMERCIAL UNION TRUSTEES LIMITED

Registered in England and Wales: No. 02045961

ANNUAL REPORT AND FINANCIAL STATEMENTS 2015

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Commercial Union Trustees Limited

Registered in England and Wales: No. 02045961

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Commercial Union Trustees Limited

Registered in England and Wales: No. 02045961

Directors and officer

Directors

Aviva Company Secretarial Services Limited
Aviva Director Services Limited
J P Sorrell

Officer - Company Secretary

Aviva Company Secretarial Services Limited
St Helen's
1 Undershaft
London, United Kingdom
EC3P 3DQ

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London, United Kingdom
SE1 2RT

Registered office

St Helen's
1 Undershaft
London, United Kingdom
EC3P 3DQ

Company number

Registered in England and Wales: No. 02045961

Other information

Commercial Union Trustees Limited ("the Company") is a member of the Aviva plc group of companies ("the Group").

Commercial Union Trustees Limited

Registered in England and Wales: No. 02045961

Strategic report

For the year ended 31 December 2015

The directors present their strategic report for the Company for the year ended 31 December 2015.

Review of the Company's business

The Company is a subsidiary of Undershaft Ltd, and acts as an administrator of executor and trustee business. The Company no longer accepts new business.

Financial position and performance

The financial position of the Company at 31 December 2015 is shown in the statement of financial position on page 13, with the results shown in the income statement on page 11 and the statement of cash flows on page 14.

The Company had no trading activity throughout 2015.

Future outlook

The Company no longer accepts new business and the directors intend to cease operations and liquidate the Company when its existing executor and trustee responsibilities expire or are novated to another party. However, due to the long term nature of certain trustee and executive roles, this process may take several years.

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 9 to the financial statements.

Key performance indicators

The directors do not consider that the Company has any key performance indicators since the Company had no trading activity in the year.

On behalf of the Board on 4 August 2016



J P Sorrell
St Helen's
1 Undershaft
London
EC3P 3DQ

Commercial Union Trustees Limited

Registered in England and Wales: No. 02045961

Directors' report

For the year ended 31 December 2015

The directors present their annual report and audited financial statements for the Company for the year ended 31 December 2015.

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements appear on page 1.

Dividend

The directors do not recommend the payment of a dividend for the financial year ended 31 December 2015 (2014: £nil).

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report.

As explained in the strategic report, the Company no longer accepts new business and the directors intend to cease operations and liquidate the Company when its existing responsibilities expire or are novated to another party, albeit this process could be ongoing for several years. For this reason, the financial statements have been prepared on a basis other than going concern. There are no material changes to the financial statements as a result of the preparation on an other than going concern basis.

Financial instruments and financial risk management

Details of the Company's risk management objectives and policies and exposures to risk relating to financial instruments are set out in note 9 to the financial statements.

Future outlook

Likely future developments in the business of the Company are discussed in the strategic report on page 2.

Employees

All staff 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 financial statements of Aviva Employment Services Limited.

Commercial Union Trustees Limited

Registered in England and Wales: No. 02045961

Directors' report (continued)

For the year ended 31 December 2015

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:

- (a) 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
- (b) 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.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Independent auditors

It is the intention of the directors to reappoint the auditors, PricewaterhouseCoopers LLP, under the deemed appointment rules of section 487 of the Companies Act 2006.

Qualifying indemnity provisions

Aviva plc, the Company's ultimate parent, granted in 2004 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 is a "qualifying third party indemnity" 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.

The directors also have the benefit of the indemnity provision contained in the Company's articles of association, subject to the conditions set out in the Companies Act 2006. This is a "qualifying third party indemnity" provision as defined by section 234 of the Companies Act 2006.

Commercial Union Trustees Limited

Registered in England and Wales: No. 02045961

Directors' report (continued)

For the year ended 31 December 2015

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, 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 ("EU"). 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.

On behalf of the Board on 4 August 2016



J P Sorrell
St Helen's
1 Undershaft
London
EC3P 3DQ

Commercial Union Trustees Limited

Registered in England and Wales: No. 02045961

Independent auditors' report to the members of Commercial Union Trustees Limited

Report on the financial statements

Our opinion

In our opinion, Commercial Union Trustees Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its result and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter - Basis of preparation

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made on page 8 of the financial statements concerning the basis of preparation. The Company no longer accepts new business and the directors intend to cease operations and liquidate the Company when its existing responsibilities expire or are novated to another party, albeit this process could be ongoing for several years. Accordingly, the going concern basis of preparation is no longer appropriate and the financial statements have been prepared on a basis other than going concern as described on page 8 of the financial statements. No adjustments were necessary in these financial statements to reduce assets to their realisable values, to provide for liabilities arising from the decision or to reclassify fixed assets and long-term liabilities as current assets and liabilities.

What we have audited

Commercial Union Trustees Limited's financial statements comprise:

- the statement of financial position as at 31 December 2015;
- the income statement for the year then ended;
- the statement of cash flows for the year then ended;
- the statement of changes in equity for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Commercial Union Trustees Limited

Registered in England and Wales: No. 02045961

Independent auditors' report to the members of Commercial Union Trustees Limited (continued)

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the statement of directors' responsibilities set out on page 5, 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) ("ISAs (UK & 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.

What an audit of financial statements involves

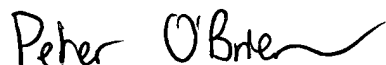
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Peter O'Brien (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
4 August 2016

Commercial Union Trustees Limited

Registered in England and Wales: No. 02045961

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 Company no longer accepts new business.

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 preparation

The financial statements of the Company have been prepared and approved by the directors in accordance with IFRSs as endorsed by the EU and in accordance with the Companies Act 2006 as applicable to companies using IFRS. The financial statements have been prepared under the historical cost convention.

The Company no longer accepts new business and the directors intend to cease operations and liquidate the Company when its existing responsibilities expire or are novated to another party, albeit this process could be ongoing for several years. As such, the annual financial statements of the Company have been prepared on a basis other than a going concern. There has been no impact on the current year financial statements of the Company. The principal accounting policies reflect the impact of presentation of the financial statements on a non-going concern basis.

New standards, interpretations and amendments to published standards that have been adopted by the Company

The Company has adopted the following new standards or amendments to standards which became effective for financial years beginning on or after 1 January 2015.

(i) Annual Improvements to IFRSs 2011-2013

These improvements to IFRSs consist of amendments to four IFRSs including IFRS 3 Business Combinations and IFRS 13 Fair Value Measurement. The amendments clarify existing guidance and there is no impact on the Company's financial statements.

Standards, interpretations and amendments to published standards that are not yet effective and have not been adopted early by the Company

The following new standards, amendments to existing standards and interpretations have been issued, but are not yet effective, and have not been adopted early by the Company.

(i) Amendments to IAS 1 – Disclosure Initiative

These amendments clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. The amendments form part of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. The adoption of these amendments will have no impact on the Company's profit or loss or equity. The amendments are effective for annual reporting periods beginning on or after 1 January 2016 and have been endorsed by the EU.

(ii) Annual Improvements to IFRSs 2011-2013

These improvements to IFRSs consist of amendments to four IFRSs including IFRS 3 Business Combinations and IFRS 13 Fair Value Measurement. The amendments clarify existing guidance. The Company has not yet completed the impact assessment of the adoption of these amendments. The amendments are effective for annual periods beginning on or after 30 June 2015 and have not yet been endorsed by the EU.

Commercial Union Trustees Limited

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Accounting policies (continued)

Standards, interpretations and amendments to published standards that are not yet effective and have not been adopted early by the Company (continued)

(iii) Annual Improvements to IFRSs 2012-2014

These improvements consist of amendments to five IFRSs including IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, IFRS 7 Financial Instruments: Disclosure, and IAS 19 Employee Benefits. The amendments clarify existing guidance. The adoption of these amendments is not expected to have a significant impact on the Company's financial Statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2016 and have been endorsed by the EU.

(iv) IFRS 15, Revenue from Contracts with Customers

IFRS 15 will replace IAS 18 Revenue and establishes a principle-based five-step model to be applied to all contracts with customers, except for insurance contracts, financial instruments and lease contracts. IFRS 15 also includes enhanced disclosure requirements. The impact of the adoption of the new standard has yet to be fully assessed by the Company. This standard applies to an annual reporting period beginning on or after 1 January 2018 and has not yet been endorsed by the EU.

(B) Use of estimates

The preparation of financial statements requires the Company to make estimates and assumptions that affect items reported in the statement of financial position 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, representing fee income for provision of trustee services, is recognised on an accruals basis 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) 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 movement in the amount of the provision is recognised in the income statement.

(E) 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 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.

Commercial Union Trustees Limited

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Accounting policies (continued)

(F) 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 statement of financial position 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.

(G) Administrative expenses

Administrative expenses are recognised on an accruals basis.

(H) 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 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.

(I) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(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.

Commercial Union Trustees Limited

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Income statement

For the year ended 31 December 2015

	Note	<u>2015</u> <u>£000</u>	<u>2014</u> <u>£000</u>
		Discontinued operations*	Discontinued operations*
Revenue		-	-
Administrative expenses		-	-
		<hr/>	<hr/>
Operating result		-	-
		<hr/>	<hr/>
Result before tax		-	-
Tax expense	4	-	-
		<hr/>	<hr/>
Result for the year		<hr/> <hr/>	<hr/> <hr/>

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

The accounting policies on pages 8 to 10 and notes on pages 15 to 21 form an integral part of these financial statements.

* Since the Company no longer accepts new business, all the Company's results have been treated as discontinued.

Commercial Union Trustees Limited

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Statement of changes in equity

For the year ended 31 December 2015

	Ordinary share capital £000	Retained earnings £000	Total equity £000
Balance at 1 January 2014	1,000	662	1,662
Result for the year and total comprehensive income	-	-	-
Total movements in the year	-	-	-
Balance at 31 December 2014	1,000	662	1,662
Result for the year and total comprehensive income	-	-	-
Total movements in the year	-	-	-
Balance at 31 December 2015	1,000	662	1,662

The accounting policies on pages 8 to 10 and notes on pages 15 to 21 form an integral part of these financial statements.

Commercial Union Trustees Limited

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Statement of financial position

As at 31 December 2015

	Note	<u>2015</u> £000	<u>2014</u> £000
ASSETS			
Current assets			
Receivables	5	1,662	1,653
Cash and cash equivalents	8(b)	-	9
		<u>1,662</u>	<u>1,662</u>
Net assets		<u>1,662</u>	<u>1,662</u>
EQUITY			
Ordinary share capital	7	1,000	1,000
Retained earnings		<u>662</u>	<u>662</u>
Total equity		<u>1,662</u>	<u>1,662</u>

The accounting policies on pages 8 to 10 and notes on pages 15 to 21 form an integral part of these financial statements.

The financial statements on pages 8 to 21 were approved by the Board of Directors on 4 August 2016 and signed on its behalf by:



J P Sorrell
Director

Commercial Union Trustees Limited

Registered in England and Wales: No. 02045961

Statement of cash flows

For the year ended 31 December 2015

	Note	<u>2015</u> <u>£000</u>	<u>2014</u> <u>£000</u>
Net cash (outflow)/inflow from operating activities			
Net cash (outflow)/inflow from operating activities	8(a)	(9)	8
<i>Net cash (outflow)/inflow from operating activities</i>		<u>(9)</u>	<u>8</u>
Net (decrease)/increase in cash and cash equivalents		(9)	8
Cash and cash equivalents at 1 January		<u>9</u>	<u>1</u>
Cash and cash equivalents at 31 December	8(b)	<u><u>-</u></u>	<u><u>9</u></u>

The accounting policies on pages 8 to 10 and notes on pages 15 to 21 form an integral part of these financial statements.

Commercial Union Trustees Limited

Registered in England and Wales: No. 02045961

Notes to the financial statements

1. Employee information

All staff 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 financial statements of Aviva Employment Services Limited.

2. Directors' remuneration

All unincorporated directors are remunerated for their roles as employees across the Group. They are not remunerated directly for their services as directors of this Company and the amount of time spent performing their duties is incidental to their roles across the Group. No cost is borne by the Company for these services (2014: £nil). The Company incurred no fees from the incorporated directors (2014: £nil).

During the year, 1 of the directors exercised share options (2014: none) and 1 of the directors received shares under employee long term incentive schemes (2014: none) in relation to shares of the Company's ultimate parent, Aviva plc.

3. Auditors' remuneration

The total remuneration payable by the Company, excluding VAT, to its auditors, PricewaterhouseCoopers LLP and its associates, in respect of the audit of these financial statements, is shown below.

	<u>2015</u>	<u>2014</u>
	<u>£000</u>	<u>£000</u>
Fees payable to the Company's auditors for the audit of the Company's financial statements	<u>2</u>	<u>2</u>

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, are required to disclose other (non-audit) services on a consolidated basis.

Audit fees have been borne on the Company's behalf by Aviva Insurance Limited, a fellow Group company.

Commercial Union Trustees Limited

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Notes to the financial statements (continued)

4. Tax expense

(a) Tax charged to the income statement

The total tax charged comprises:

	2015	2014
	£000	£000
Current tax:		
For this year	-	-
Total current tax	-	-
Total tax charged to income statement	-	-

(b) Tax reconciliation

The tax on the Company's result before tax is equal to the amount that would be expected to arise using the tax rate in the UK as follows:

	2015	2014
	£000	£000
Result before tax	-	-
Tax calculated at standard UK corporation tax rate of 20.25% (2014: 21.5%)	-	-
Total tax charged to the income statement	-	-

UK legislation was substantively enacted in July 2013 to reduce the UK corporation tax rate from 21% to 20% from 1 April 2015, resulting in an effective rate for the year ended 31 December 2015 of 20.25%.

UK legislation was substantively enacted on 26 October 2015 to reduce the UK corporate rate further to 19% from 1 April 2017 and to 18% from 1 April 2020. There is no impact on the Company's net assets from the reductions in the rates. Changes to the UK corporation tax rates were announced in the Chancellor's Budget on 16 March 2016. These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. As the changes had not been substantively enacted at the statement of financial position date, their effects are not included in these financial statements. If the changes had applied at the statement of financial position date, there would be no material impact on the Company's net assets.

5. Receivables

	2015	2014
	£000	£000
Amounts due from related parties (note 11(a)(i))	1,662	1,653
	1,662	1,653
Expected to be recovered within one year	1,662	1,653
	1,662	1,653

Receivables are carried at amortised cost, which approximates to fair value.

Commercial Union Trustees Limited

Registered in England and Wales: No. 02045961

Notes to the financial statements (continued)

6. Tax assets and liabilities

Liabilities for prior years' tax to be settled by Group Relief of £nil (2014: £9 thousand liability) are included within receivables (note 5) of which all are recoverable in less than one year.

7. Ordinary share capital

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

	<u>2015</u>	<u>2014</u>
	<u>£000</u>	<u>£000</u>
Allotted, called up and fully paid		
1,000,000 (2014: 1,000,000) Ordinary shares of £1 each	1,000	1,000

The Companies Act 2006 abolished the requirement for a company to have an authorised share capital and the articles of association adopted by the Company reflect this. Directors will still be limited as to the number of shares they can at any time allot as the allotment authority continues to be required under the Act, save in respect of employee share schemes. All the ordinary shares in issue carry the same right to receive all dividends and other distributions declared, made or paid by the Company.

Commercial Union Trustees Limited

Registered in England and Wales: No. 02045961

Notes to the financial statements (continued)

8. Statement of cash flows

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

	<u>2015</u> <u>£000</u>	<u>2014</u> <u>£000</u>
Result before tax	-	-
Adjustment for:		
Changes in working capital:		
(Increase)/decrease in receivables	(9)	8
	<u> </u>	<u> </u>
Net cash (outflow)/inflow from operating activities	(9)	8
	<u> </u>	<u> </u>

"(Increase)/decrease in receivables" is stated after eliminating £nil payable (2014: £9 thousand payable) of corporation tax settled or to be settled by group relief.

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

	<u>2015</u> <u>£000</u>	<u>2014</u> <u>£000</u>
Cash at bank	-	9
	<u> </u>	<u> </u>

Commercial Union Trustees Limited

Registered in England and Wales: No. 02045961

Notes to the financial statements (continued)

9. Risk management

The Company operates a risk management framework that forms an integral part of the management and Board processes and decision making framework. This risk management framework is aligned to the Aviva Group's risk policies. The key elements of the risk management framework comprise risk appetite; risk governance, including risk policies and business standards, risk oversight committees and roles and responsibilities; and the processes used to identify, measure, manage, monitor and report ("IMMMR") risks, including the use of risk models and stress and scenario testing. The risk management framework has been adopted in the Aviva businesses collectively referred to as "UK&I GI" (including this Company and the UK and Ireland General Insurance businesses carried out primarily within Aviva Insurance Limited).

For the purposes of risk identification and measurement, risks are usually grouped by risk type: credit, liquidity and operational risk. Risks falling within these types may affect a number of metrics including those relating to strength within the statement of financial position, liquidity and profit. They may also affect the performance of the products or services the Company delivers, which can be categorised as risks to brand and reputation.

The Board has overall responsibility for determining risk appetite, which is an expression of the risk the business is willing to take. The oversight of risk and risk management in UK&I GI is supported by the Asset and Liability Committee ("ALCO"), which focuses on insurance and financial risks, and the Operational Risk Committee ("ORC") which focuses on operational and reputational risks.

Roles and responsibilities for risk management in the Company are based around the 'three lines of defence model' where ownership for risk is taken at all levels. Line management in the business is accountable for risk management, including the implementation of the risk management framework and embedding of the risk culture. The Risk function is accountable for quantitative and qualitative oversight and challenge of the IMMMR processes and for developing the risk management framework. Internal Audit provides an independent assessment of the risk framework and internal control processes.

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Notes to the financial statements (continued)

9. Risk management (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.

Cash and cash equivalents are held with highly rated banking institutions of "A" grade or above.

At 31 December 2015, receivables are £1,662 thousand (2014: £1,653 thousand) and are due from related parties, details of which are set out in note 11.

At 31 December 2015 and 2014, no financial assets are impaired or overdue.

The management of credit risk is overseen by the ALCO.

(ii) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations as they fall due.

The Company has no financial liabilities and therefore no exposure to liquidity risk.

The management of liquidity risk is overseen by the ALCO.

(b) Operational risk management

Operational risk is the risk of direct or indirect loss arising from inadequate or failed internal processes, people and systems, or external events including changes in the regulatory environment. We have limited appetite for operational risk and aim to reduce these risks as far as is commercially sensible.

Management is responsible for identifying and managing operational risks of the business, within the Aviva group-wide operational risk framework including the risk and control self-assessment process. Management must be satisfied that all material risks falling outside risk tolerance are being mitigated, monitored and reported to an appropriate level. Management uses key indicator data to help monitor the status of the risk and control environment, and identifies and captures loss events, taking appropriate action to address actual control breakdowns and promote internal learning.

The management of operational risk is overseen by the ORC.

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Notes to the financial statements (continued)

10. 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.

	IFRS net assets 2015 £000	IFRS net assets 2014 £000
Administrator of executor and trustee business	1,662	1,662
Total capital employed	1,662	1,662
Financed by:		
Total equity	1,662	1,662

11. Related party transactions

(a) The Company had the following related party transactions in 2015 and 2014:

(i) Services provided to related parties

	2015		2014	
	Income earned in year £000	Receivable at year end £000	Income earned in year £000	Receivable at year end £000
Fellow Group companies	-	1,662	-	1,653

Receivables from related parties are not secured and no guarantees have been received in respect thereof.

(ii) Services provided by related parties

Transactions with Group companies for settlement of corporation tax assets and liabilities by group relief are described in note 6.

(iii) Key management compensation

The key management of the Company is considered to comprise the statutory directors of the Company. Note 2, Directors' remuneration, gives information of their compensation as directors of the Company.

(b) Immediate parent company

The Company's immediate parent company is Undershaft Limited, a company registered in England and Wales.

(c) Ultimate controlling entity

The ultimate controlling entity, and parent of the largest and smallest groups which consolidate the results of the Company, is Aviva plc. Its Group financial statements are available on application to the Group Company Secretary, Aviva plc, St Helen's, 1 Undershaft, London EC3P 3DQ, and on the Aviva plc website at www.aviva.com.