

# **Undershaft (No.1) Limited**

## **Annual Report and Accounts 2007**

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# **Undershaft (No.1) Limited**

## **Report and accounts for the year ended 31 December 2007**

<b>Content</b>	<b>Page</b>
Directors' report	2
Statement of directors' responsibilities	4
Independent auditor's report	5
Income statement	6
Statement of recognised income and expense	6
Reconciliation of movements in shareholders' equity	6
Balance sheet	7
Cash flow statement	8
Notes to the Financial Statements	9

# **Undershaft (No.1) Limited**

## **Directors' report**

The directors present their report and accounts for the Company for the year ended 31 December 2007

### **Business review and principal activities**

The Company is a wholly-owned subsidiary of Aviva International Holdings Limited. The principal activity of the Company during the year continued to be that of a holding company for the Aviva Group's long-term business operations in Australia. During 2007, the income of the Company continued to consist of dividends and interest from loans to group companies. The directors expect the activities of the Company to continue unchanged, for the foreseeable future.

### **Principal risks and uncertainties**

The risks and uncertainties are set out in note 12 of these financial statements but, in the opinion of the directors, the principal risks and uncertainties are

- a) Managing its investment in its subsidiary operation, which is stated at fair value. The fair value is exposed to potential fluctuations in equity prices as it is estimated using applicable valuation models underpinned by the Aviva Group market capitalisation.
- b) Currency risk arising from current tax liabilities denominated in Australian (\$) . The effect of a 1% strengthening of the AU\$ compared to £ would be to increase the liability and charge the income statement with £414,000 (2006 £378,000). The effect of a 1% weakening of the AU\$ compared to £ would be to decrease the liability and credit the income statement with £405,000 (2006 £370,000).
- c) Currency risk arising from inter-company loan and interest receivable balance denominated in Australian (\$) . The effect of a 1% change in the AU\$ / £ rate would be to charge or credit the income statement with £23,000 (2006 £20,000).

### **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.

### **Holding companies**

The Company is a wholly-owned subsidiary of Aviva International Holdings Limited and the ultimate parent company continues to be Aviva plc.

### **Results and dividend**

The Company's results for the year are shown in the income statement on page 6. The directors do not propose the payment of a dividend for 2007 (2006 £nil).

# **Undershaft (No.1) Limited**

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

### **Directors**

The current directors, and those in office during the year, are as follows

A J Moss

Aviva Company Secretarial Services Limited

Aviva Director Services Limited

M B Webb (resigned on 30 January 2007)

There were no contracts of significance in existence during or at the end of the year in which a director of the Company was materially interested

### **Directors' liabilities**

Aviva plc, the ultimate parent company, has granted an indemnity to one or more of its directors against liability in respect of any proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985. This indemnity and the provisions in the Company's Articles of Association constitute "qualifying third party indemnities" for the purposes of sections 309A to 309C of the Companies Act. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

### **Creditor payment policy and practice**

It is the Company's policy to pay creditors when they fall due for payment.

### **Auditor and the 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 its 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.

Under Section 487 of the Companies Act 2006 the Auditors are deemed to have been reappointed.

By order of the Board



Authorised Signatory

Aviva Company Secretarial Services Limited

Secretary

21 July 2008

Registered Office

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

# **Undershaft (No.1) Limited**

## **Statement of directors' responsibilities**

The directors are required to prepare financial statements for each accounting period that comply with the relevant provisions of the Companies Act 1985 and of the International Financial Reporting Standards (IFRS) as adopted by the European Union, and which present fairly the financial position, financial performance and cash flows of the Company at the end of the accounting period. A fair presentation of the financial statements in accordance with IFRS requires the directors to

- select suitable accounting policies and ensure 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 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 its assets, and for the prevention and detection of fraud and other irregularities.

# Undershaft (No.1) Limited

## Independent auditor's report to the members of Norwich Union Overseas Holdings Limited

We have audited the Company's financial statements for the year ended 31 December 2007 which comprise the Income statement, the statement of recognised income and expense, the reconciliation of movements in shareholders' equity, the balance sheet and the related notes 1 to 14. 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 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 auditor

The directors' responsibilities for preparing the financial statements in accordance with applicable United Kingdom law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether the information given in the directors' report is consistent with the financial statements. In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed. We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

### Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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.

### 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 2007 and of its loss 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

*25 July* 2008

# Undershaft (No.1) Limited

## Income statement

For the year ended 31 December 2007

	Notes	2007 £'000	2006 £'000
<b>Income</b>			
Investment income	1(F) & 3	9,045	28,890
		<u>9,045</u>	<u>28,890</u>
<b>Expenses</b>			
Foreign exchange (loss) / gain	2	(3,187)	500
Finance costs	4	(14,880)	(10,887)
Other expenses		-	(358)
(Loss) / profit before tax		<u>(9,022)</u>	<u>18,145</u>
Tax credit	1(H) & 7(a)	2,110	9,755
(Loss) / profit for the year		<u>(6,912)</u>	<u>27,900</u>

## Statement of recognised income and expense

For the year ended 31 December 2007

	Note	2007 £'000	2006 £'000
Fair value gain on investment in subsidiary	8	1,818	3,500
(Loss) / profit for the year		<u>(6,912)</u>	<u>27,900</u>
<b>Total recognised income and expense for the year</b>		<u>(5,094)</u>	<u>31,400</u>

## Reconciliation of movement in shareholders' equity

For the year ended 31 December 2007

	Note	2007 £'000	2006 £'000
<b>Balance at 1 January</b>		710,509	794,109
Total recognised income and expense for the year		(5,094)	31,400
Dividend	10	-	(115,000)
<b>Balance at 31 December</b>		<u>705,415</u>	<u>710,509</u>

The notes on pages 9 to 17 are an integral part of these financial statements The auditor's report is on page 5

# Undershaft (No.1) Limited

## Balance sheet

At 31 December 2007

	Notes	2007 £'000	2006 £'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment in subsidiary	1(C) & 8	379,518	377,700
<b>Current assets</b>			
Amounts owed by Group companies	13(b)	476,065	466,415
Current tax assets	1(H)	5,379	3,082
		481,444	469,497
<b>TOTAL ASSETS</b>		<b>860,962</b>	<b>847,197</b>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Ordinary share capital	9	575,460	575,460
Investment valuation reserve	10	123,291	121,473
Retained earnings	10	6,664	13,576
<b>TOTAL EQUITY</b>		<b>705,415</b>	<b>710,509</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Amounts owed to Group companies	13(b)	70,140	69,198
Current tax liabilities	1(H) & 7(a)	40,944	37,381
Other creditors	11 & 7(a)	44,463	30,109
		155,547	136,688
<b>TOTAL LIABILITIES</b>		<b>155,547</b>	<b>136,688</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>860,962</b>	<b>847,197</b>

Approved and signed on behalf of the Board on 21 July 2008

Director



The notes on pages 9 to 17 are an integral part of these financial statements The auditor's report is on page 5



# **Undershaft (No.1) Limited**

## **Cash flow statement**

**For the year ended 31 December 2007**

The Company has not had any cash transactions during the current or prior years and therefore no cash flow statement is presented

The notes on pages 9 to 17 are an integral part of these financial statements The auditor's report is on page 5

# **Undershaft (No.1) Limited**

## **Notes to the Financial Statements**

### **1. Accounting policies**

Undershaft (No 1) Limited (the "Company"), a private company incorporated and domiciled in the United Kingdom, is the holding company for the Aviva Group's long-term business operations in Australia. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's accounts.

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

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union. The date of transition to IFRS was 1 January 2004.

#### **(B) Use of estimates**

The preparation of the financial statements requires the Company to make estimates and assumptions that affect items reported in the balance sheet and income statement and the disclosure of contingent assets and liabilities at the date of the financial statements. Although these estimates are based on management's best knowledge of current facts, circumstances and, to some extent, future events and actions, actual results ultimately may differ from those estimates, possibly significantly.

#### **(C) Investment in subsidiary**

Subsidiaries are those entities (including Special Purpose Entities) in which the Company, directly or indirectly, has power to exercise control over financial and operating policies in order to gain economic benefits.

In the balance sheet, subsidiaries are stated at their fair values, estimated using applicable valuation models underpinned by the Aviva Group's market capitalisation. They are classified as available for sale financial assets, with changes in their fair value being recorded in a separate investment valuation reserve within equity, except where the directors consider any shortfall to be impairment. Provisions for impairment are taken to the income statement.

#### **(D) Consolidated financial statements**

The Company has taken advantage of the exemption under section 228 of the Companies Act not to prepare consolidated financial statements, as it is a wholly-owned subsidiary of Aviva plc, the ultimate parent company.

#### **(E) Foreign currency translation**

Translation differences on monetary financial assets and liabilities are included in foreign exchange gains and losses in the income statement.

# Undershaft (No.1) Limited

## Notes to the Financial Statements (continued)

### Accounting policies (continued)

#### (F) Investment income

Investment income consists of dividends and interest receivable for the year. Interest income is recognised as it accrues, taking into account the effective yield on the investment. Dividends received from the subsidiary company are recognised when paid.

The realised gain or loss on disposal of an investment is the difference between the proceeds received, net of transaction costs, and its original cost or amortised cost as appropriate.

#### (G) Finance costs

Finance costs consist of interest payable for the year. Interest payable is recognised as it accrues under the effective interest method.

#### (H) Income taxes

The current tax credit/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 tax 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.

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.

Deferred tax is provided on temporary differences arising from investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future.

#### (I) Financial instruments

Loans to, or from other Aviva Group companies are recognised when cash is advanced to, or received from these companies. These loans are carried at their unpaid principal balances.

The Company reviews the carrying value of loans on a regular basis. If the carrying value of the loan is greater than the recoverable amount, the carrying value is reduced through a charge to the income statement in the period of impairment.

#### (J) Dividends

Dividends on ordinary shares are recognised in equity in the period in which they are declared and, for the final dividend, approved by its shareholders.

## 2. Exchange rates

Assets and liabilities held in foreign currency have been translated at the following year end rates

	<u>2007</u>	<u>2006</u>
Australian Dollar	2.2670	2 4831

# Undershaft (No.1) Limited

## Notes to the Financial Statements (continued)

### 3. Investment income

*Investment income comprises:*

	2007 £'000	2006 £'000
Dividend income from subsidiary	8,907	28,776
Interest receivable from other Group companies	138	114
	<u>9,045</u>	<u>28,890</u>

### 4. Finance costs

*Finance costs comprise:*

	2007 £'000	2006 £'000
Interest payable to ultimate parent company (see note 13(b))	-	2,947
Interest payable to immediate parent company (see note 13(b))	1,184	277
Interest payable to other Group company (see note 13(b))	2,726	-
Other interest payable (see note 7(a))	10,970	7,663
	<u>14,880</u>	<u>10,887</u>

### 5. Auditor's remuneration

Fees for the Audit of the Company were £2,000 (2006 £1,625) which have been borne by Aviva plc

### 6. Directors and employees

No charge is made to the Company for the services of the corporate directors

The other directors are remunerated by Aviva Employment Services Limited, a fellow subsidiary of the ultimate holding company, Aviva plc. The emoluments of these directors are not recharged to the Company.

The Company has no employees.

### 7. Tax

*(a) Tax credited / (charged) to the income statement comprises:*

	2007 £'000	2006 £'000
Current tax		
UK corporation tax on the taxable profit / (loss) for the year	5,379	3,082
Prior year adjustments	(3,269)	3,673
Total current tax	<u>2,110</u>	<u>6,755</u>
Deferred tax		
Origination and reversal of timing differences	-	3,000
Total deferred tax	<u>-</u>	<u>3,000</u>
Total tax credited / (charged) to the income statement	<u>2,110</u>	<u>9,755</u>

# Undershaft (No.1) Limited

## Notes to the Financial Statements (continued)

### 7. Tax (continued)

In 2005, the Company received a tax assessment from the Australian Tax Office in respect of the 2000 reorganisation of the Aviva Group's Australian businesses. Although the Company is disputing this assessment, full provision has been made in these financial statements, amounting to £40,944,000 (2006 £37,381,000). The movement in the year, a foreign exchange loss of £3,563,000 (2006 £1,095,000 gain) is included in the prior year adjustment above.

A provision for interest on late payment of this tax assessment of £44,121,000 (2006 £29,767,000) is included in other creditors in the balance sheet. An increase in this provision of £10,970,000 (2006 £7,663,000) is included within finance costs in the income statement, whilst a foreign exchange loss on the provision of £3,385,000 (2006 £620,000 gain) is included in expenses in the income statement.

In addition, the Company recognised tax credits of £296,000 (2006 £2,577,000) in respect of prior year over provisions. The credit related to foreign tax credits eligible for surrender to other Aviva Group companies.

#### (b) Tax reconciliation

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the tax rate of the home country of the Company as follows:

	2007 £'000	2006 £'000
(Loss) / profit in the income statement before tax	(9,022)	18,145
Tax calculated at standard UK corporation tax rate of 30% (2006 30%)	2,707	(5,444)
Adjustment to tax credit / (charge) in respect of prior years (see (a) above)	(3,269)	3,673
Disallowable expenses	-	(4)
Different local basis of tax on overseas profits/losses	2,672	11,530
Total tax credited / (charged) to the income statement	2,110	9,755

#### (c) Deferred tax

##### (ii) The movement in the deferred tax liability was as follows

	2007 £'000	2006 £'000
Liability at 1 January	-	(3,000)
Amounts charged to profit	-	3,000
Liability at 31 December	-	-

Deferred income tax liabilities have not been established for temporary differences associated with investments in subsidiaries (including tax payable on remittance of overseas retained earnings) because the Company can control the timing of the reversal of these differences and it is probable that they will not reverse in the foreseeable future. Such unremitted earnings totaled £75,000,000 at 31 December 2007 (2006 £28,000,000).

# Undershaft (No.1) Limited

## Notes to the Financial Statements (continued)

### 8. Investment in subsidiary

*(b) Movement in the Company's investment in its subsidiary is as follows:*

	2007 £'000	2006 £'000
Fair value		
At 1 January	377,700	374,200
Movement in fair value (note 10)	1,818	3,500
At 31 December	379,518	377,700

*(b) Details of the wholly-owned subsidiary held directly at 31 December 2007 are as follows:*

<u>Name</u>	<u>Class of share</u>	<u>Country of incorporation</u>	<u>Nature of business</u>
Aviva Australia Holdings Limited	Ordinary shares	Australia	Insurance holding Company

### 9. Ordinary share capital and share premium

The ordinary share capital of the Company at 31 December was

	2007 £'000	2006 £'000
Authorised		
575,459,764 (2006 575,459,764) ordinary shares of £1 each	575,460	575,460
Allotted, called up and fully paid		
575,459,764 (2006 575,459,764) ordinary shares of £1 each	575,460	575,460

# Undershaft (No.1) Limited

## Notes to the Financial Statements (continued)

### 10. Reserves

	Investment valuation reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2006	117,973	100,676	218,649
Arising in the year			
Profit for the year	-	27,900	27,900
Fair value gain (note 8)	3,500	-	3,500
Dividend	-	(115,000)	(115,000)
<b>Balance at 31 December 2006</b>	<b>121,473</b>	<b>13,576</b>	<b>135,049</b>
Arising in the year:			
Loss for the year	-	(6,912)	(6,912)
Fair value gain (note 8)	1,818	-	1,818
<b>At 31 December 2007</b>	<b>123,291</b>	<b>6,664</b>	<b>129,955</b>

### 11. Other creditors

	2007 £'000	2006 £'000
Interest payable to Australian Tax Office	44,121	29,767
Accruals	342	342
	<b>44,463</b>	<b>30,109</b>

### 12. Risk management policies

#### The Company's approach to risk and capital management

##### *Governance framework*

The primary objective of the Company's risk financial management is to protect it from events or unforeseen circumstances that might hinder the sustainable achievement of the Company's objectives and financial performance, including failure to exploit opportunities as they arise

The director's recognise the critical importance of having efficient and effective risk management systems in place and acknowledge that they are responsible for the Company's framework of internal control and of reviewing its effectiveness. The framework is designed to manage rather than eliminate the risk of failure to achieve the Company's objectives, and can only provide reasonable assurance against misstatement or loss. The Company forms part of the Aviva plc Group, where the framework has been established for identifying, evaluating and managing the significant financial and non-financial risks faced. The directors of the Company are satisfied that their adherence to this Group framework provides an adequate means of managing risk in the Company. These are documented as follows

# Undershaft (No.1) Limited

## Notes to the Financial Statements (continued)

### 12. Risk management policies (continued)

#### Management of financial and non-financial risks

The business of the Company is managing its investment in a subsidiary operation which is stated at fair value. The fair value is exposed to potential fluctuations in equity prices as it is estimated using applicable valuation models underpinned by the Aviva Group's market capitalisation.

#### *Market risk*

Market risk is the risk of adverse impact due to changes in fair values of financial instruments from fluctuation in foreign currency exchange rates, interest rates and equity prices.

Currency risk arises from an Australian \$5,294,000 (2006 Australian \$4,996,000) inter-company loan and interest receivable balance. The effect of a 1% change in the AU\$ / £ rate would be to charge or credit the income statement with £23,000 (2006 £20,000).

Cash flow interest rate risk arises from the inter-company loans payable and receivable (see related party transactions note 13). The effect of a 100 basis point increase in interest rates would be an increase in net interest expense of £672,000 (2006 increase of £672,000).

#### *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, or changes to the market value of assets caused by changing perceptions of the credit worthiness of such counterparties.

The Company's significant financial assets comprise amounts due from its parent, Aviva plc, and fellow Group companies, and as such the credit risk arising from counterparties failing to meet all or part of their obligations is considered remote. Due to the nature of the financial assets, and the fact that the loans are settled, and not traded the Company is not exposed to the risk of changes to the market value caused by changing perceptions of the credit worthiness of such counterparties.

#### *Operational risk*

Operational risk arises as a result of inadequately controlled internal processes or systems, human error, or from external events. This definition is intended to include all risks to which the Company is exposed. Hence operational risks include, for example, information technology, information security, project management, tax, legal, fraud and compliance risks.

The line management in the Company has primary responsibility for the effective identification, management, monitoring and reporting of risks to the Company executive management team. The Company executive management team is responsible for satisfying itself that material risks are being mitigated and reported to an acceptable level.

Operational risks are assessed according to the potential impact and probability of the event concerned. These impact assessments are made against financial, operational and reputational criteria.

#### *Liquidity risk*

The Company seeks to maintain sufficient financial resources available to meet its obligations as they fall due.

#### *Tax risk*

As explained in note 7 to these financial statements, there is an ongoing dispute relating to a tax assessment received from the Australian tax authorities. Prior to the conclusion of this issue, there is a risk relating to the size of the final assessment and the interest computed thereon.



# Undershaft (No.1) Limited

## Notes to the Financial Statements (continued)

### 13. Related party transactions

- (a) Apart from inter-company dividends receivable and payable, the only related party transactions are loans to and from related parties. The maturity analysis of the related party loans is as follows:

Loan owed by Group company (denominated in AUD)

	2007	2006
Maturity analysis	£'000	£'000
Within 1 year	1,764	1,722

The loan is repayable on demand but is rolled over in monthly intervals. Maturity of the principal amount is therefore classified as 'within one year'; however, it is anticipated that the loan will continue to be rolled over for the foreseeable future.

Loan owed to Group company

	2007			2006		
Maturity analysis of contractual undiscounted cash flow	Principal £'000	Interest £'000	Total £'000	Principal £'000	Interest £'000	Total £'000
Within 1 year	68,921	3,948	72,869	68,921	3,218	72,139
1-5 years	-	19,741	19,741	-	16,089	16,089
5-10 years	-	19,741	19,741	-	16,089	16,089
	<b>68,921</b>	<b>43,430</b>	<b>112,351</b>	<b>68,921</b>	<b>35,396</b>	<b>104,317</b>

The above loan is repayable on demand but is rolled over at three monthly intervals. Maturity of the principal amount is therefore shown within one year in the table above but, as it is anticipated that the loan will be rolled over for the foreseeable future, interest payments have been projected up to ten years.

The loan previously was with Aviva International Insurance Limited and was novated to Aviva International Holdings Limited on 30 September 2007.

# Undershaft (No.1) Limited

## Notes to the Financial Statements (continued)

### 13. Related party transactions (continued)

- (b) The service provided to related parties in the year is in respect to dividend income from Aviva Australia Holdings Limited of £8,907,000 (2006 £28,776,000) and interest income of £138,000 (2006 £114,000) on a loan to Morley Fund Management Group Limited (formally known as Morley Investment Holdings Limited). The services provided by related parties in the year related to inter-company interest of £3,910,000 (2006 £3,224,000) payable on a loan from Aviva International Holdings Limited.

Services provided to related parties	2007		2006	
	Income earned in year £'000	Receivable at year end £'000	Income earned in year £'000	Receivable at year end £'000
Subsidiary company	8,907	-	28,776	-
Other Group companies	138	476,065	114	466,415
	<u>9,045</u>	<u>476,065</u>	<u>28,890</u>	<u>466,415</u>

Services provided by related parties	2007		2006	
	Expense incurred in year £'000	Payable at year end £'000	Expense incurred in year £'000	Payable at year end £'000
Ultimate parent company	-	-	2,947	-
Immediate parent company	1,184	70,105	-	-
Other Group companies	2,726	35	277	69,198
	<u>3,910</u>	<u>70,140</u>	<u>3,224</u>	<u>69,198</u>

### Compensation of key management

The Company bears no costs in relation to key management personnel, and all such costs are borne by Aviva plc.

### 14. Parent company details

At 31 December 2007, the immediate parent company was Aviva International Holdings Limited.

The ultimate parent company is Aviva plc, a public limited company incorporated and domiciled in the United Kingdom. Its group financial statements are available on application to the Group Company Secretary, Aviva plc, St Helen's, 1 Undershaft, London EC3P 3DQ.