6252

GENERAL ACCIDENT
EXECUTOR AND TRUSTEE COMPANY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

2012

General Accident Executor and Trustee Company Limited

Contents

General Accident Executor and Trustee Company Limited

Directors and officer

Directors:

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

Officer - Company Secretary:

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

Auditor:

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

Registered office:

St Helen's
1 Undershaft
London
EC3P 3DQ

Company number:

Registered in England and Wales No 00006252

Other information:

General Accident Executor and Trustee Company Limited ("the Company") is a member of the Aviva plc group of companies ("the Group")

General Accident Executor and Trustee Company Limited

Registered in England and Wales: No. 00006252

Directors' report

For the year ended 31 December 2012

The directors present their annual report and financial statements for the Company for the year ended 31 December 2012

Directors

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

Aviva Company Secretarial Services Limited
Aviva Director Services Limited
J P Sorrell - appointed on 6 September 2013
R H Spicker - resigned on 6 September 2013

Principal activity

The principal activity of the Company is to act as an administrator of executor and trustee business Following a strategic review, the Company transferred the majority of its business to Capita It is anticipated that the Company will transfer its remaining business within the next 12 months

Business review

Financial position and performance

The financial position of the Company at 31 December 2012 is shown in the statement of financial position on page 11, with the results shown in the income statement on page 10 and the statement of cash flows on page 13

The loss before tax for the year is £9 thousand (2011 £19 thousand) The reduction in the loss is primarily driven by a decrease in expenses from £55 thousand in 2011 to £38 thousand in 2012 Costs are allocated to the Company based on the Company's fee revenue relative to other Group companies carrying on similar work

Key performance indicators

The directors consider that the Company's key performance indicators ("KPIs") that communicate the financial performance are as follows

- Increase/(decrease) in revenue, and
- Profit/(loss) before tax as a proportion of revenue

A summary of the KPIs is set out below

Measure	2012	2011
Decrease in revenue	(19%)	(3%)
Loss before tax as a proportion of revenue	(31%)	(53%)

Directors' report (continued)

Business review (continued)

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 12 to the financial statements

Future outlook

The strategy of the Group is determined by the Board of Aviva plc, and a summary of this is shown in its financial statements Following a strategic review, the Company transferred the majority of its business to Capita It is anticipated that the Company will transfer its remaining business within the next 12 months

Going concern

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

Financial instruments

The business of the Company includes the use of financial instruments Details of the Company's risk management objectives and policies and exposures to risk relating to financial instruments are set out in note 12 to the financial statements

Dividends

The directors approved a preference share dividend in respect of the year ended 31 December 2012 of £1,200 (2011 £1,200), which was paid in November 2012 The directors do not recommend the payment of a dividend on the ordinary shares (2011 £nil)

Employees

All staff are employed by a fellow Group company, Aviva Employment Services Limited Disclosures relating to employees may be found in the annual report and financial statements of Aviva Employment Services Limited

Auditor

Following a competitive tender process by the Company's ultimate parent company, Aviva plc, PricewaterhouseCoopers LLP were appointed as auditor 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 auditor under the deemed appointment rules of Section 487 of the Companies Act 2006

General Accident Executor and Trustee Company Limited

Directors' report (continued)

Directors' liabilities

Aviva plc, the Company's ultimate parent, 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

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,

(a) so far as the director is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing his report, of which the auditor is unaware, 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 auditor is aware of that information

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 International Financial Reporting Standards (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 on 20 September 2013

J P Sorrell

J P Sorrell
Director

General Accident Executor and Trustee Company Limited

Independent auditor's report

To the members of General Accident Executor and Trustee Company Limited

We have audited the financial statements of General Accident Executor and Trustee Company Limited for the year ended 31 December 2012, which comprise the Income statement, the Statement of financial position, the Statement of changes in equity, the Statement of cash flows, the Accounting policies, 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 auditor

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 Annual 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 loss 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 matter prescribed by the Companies Act 2006

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

General Accident Executor and Trustee Company Limited

Independent auditor's report (continued)

To the members of General Accident Executor and Trustee Company Limited

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

Lee Clarke

Lee Clarke (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
20 September 2013

General Accident Executor and Trustee Company Limited

Accounting policies

The Company is a limited liability company incorporated and domiciled in the United Kingdom Its principal activity is to act as an administrator of executor and trustee business Following a strategic review, the Company ceased operations in June 2013

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 and approved by the directors in accordance with International Financial Reporting Standards (IFRS) 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 applicable at 31 December 2012 The financial statements have been prepared under the historical cost convention

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

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 that are relevant to the Company have been issued They are not yet effective and have not been adopted by the Company

Effective for annual periods beginning on or after 1 January 2013

(i) Amendment to IFRS 7, Financial Instruments – Disclosures
The amendment includes enhanced disclosures to enable users of the financial statements to evaluate the effect or potential effect of netting arrangements in the statement of financial position The amendments will not have a significant impact for the Company The amendment has yet to be endorsed by the EU

(ii) IFRS 13, Fair Value Measurement
IFRS 13 replaces the guidance on fair value measurement in existing IFRSs with a single standard The standard does not include requirements regarding which items should be measured at fair value but provides guidance on how to determine fair value The standard also includes enhanced disclosures about fair value measurement The adoption of IFRS 13 is not expected to have a significant impact on the financial statements The standard has yet to be endorsed by the EU

(iii) Annual Improvements 2011
The Annual Improvements 2011 details amendments to five IFRSs, including IAS 1, Presentation of Financial Statements, IAS 32, Financial Statements – Presentation, and IAS 34, Interim Financial Reporting The amendments clarify existing guidance and do not give rise to a change in existing accounting practice There are no implications for the Company The amendments have been endorsed by the EU

Effective for annual periods beginning on or after 1 January 2014

Amendment to IAS 32, Financial Instruments – Presentation
The amendment to IAS 32 clarifies the requirements for offsetting financial assets and financial liabilities on the statement of financial position The impact of the adoption of the amendment has yet to be fully assessed but is not expected to have significant implications for the Company financial statements The amendment has yet to be endorsed by the EU

General Accident Executor and Trustee Company Limited

Accounting policies (continued)

(A) Basis of preparation (continued)

Effective for annual periods beginning on or after 1 January 2015

IFRS 9, Financial Instruments
IFRS 9 will replace IAS 39, Financial Instruments – Recognition and Measurement Under IFRS 9, all recognised financial assets that are currently within the scope of IAS 39 will be measured at either amortised cost or fair value The basis of classification will depend on the business model and the contractual cash flow characteristics of the financial asset All equity instruments will be at fair value A debt instrument is measured at amortised cost only if it is held to collect the contractual cash flows and the cash flows represent principal and interest, otherwise it is measured at fair value through profit and loss (FVTPL) For financial liabilities designated as at FVTPL, a change in the fair value attributable to changes in the liability's credit risk is recognised in other comprehensive income unless it gives rise to an accounting mismatch in profit or loss

We have not yet completed our assessment of the impact of the adoption of IFRS 9 on the Company The standard has not yet been endorsed by the EU

The financial statements are stated in pounds sterling, which is the Company's functional and presentation currency Unless otherwise noted, the amounts shown in these financial statements are in thousands of pounds sterling ("£000")

(B) Use of estimates
The preparation of financial statements requires the Company to make estimates and assumptions that affect items reported in the 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 comprises the fair value derived from the sale of services to customers, net of value added tax, rebates and discounts

Revenue for sales of services is recognised in the accounting period in which the services are rendered, by reference to the completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided

Interest income is recognised as it accrues using the effective interest method

(D) Derecognition and offset of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where

(i) the rights to receive cash flows from the asset have expired,
(ii) the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement, or
(iii) the Company has transferred its rights to receive cash flows from the asset and either
    (a) has transferred substantially all the risks and rewards of the asset, or
    (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires

Financial assets and liabilities are offset and the net amount reported in the 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

General Accident Executor and Trustee Company Limited

Accounting policies (continued)

(E) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate The movement in the amount of the provision is recognised in the income statement

(F) Cash and cash equivalents

Cash and cash equivalents consist of cash at banks, 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

(G) Income taxes

The current tax expense is based on the taxable profits for the year, after any adjustments in respect of prior years Tax, including tax relief for losses if applicable, is allocated over profit 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

(H) Share capital and dividends

Equity instruments

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities Accordingly, a financial instrument is treated as equity if

(i) there is no contractual obligation to deliver cash or other financial assets or to exchange financial assets or liabilities on terms that may be unfavourable, and

(ii) the instrument will not be settled by delivery of a variable number of shares or is a derivative that can be settled other than for a fixed amount of cash, shares or other financial assets

Dividends

Interim dividends on ordinary shares are recognised in equity in the period in which they are paid Final dividends on these shares are recognised when they have been approved by shareholders Dividends on preference shares are recognised in the period in which they are declared and appropriately approved

General Accident Executor and Trustee Company Limited

Income statement

For the year ended 31 December 2012

	Note	2012 £000	2011 £000
Revenue		29	36
Administrative expenses		(38)	(55)
Loss before tax		(9)	(19)
Tax credit	4	3	5
Loss for the year - from discontinued operations		(6)	(14)

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

The accounting policies on pages 7 to 9 and notes on pages 14 to 24 form an integral part of these financial statements

General Accident Executor and Trustee Company Limited

Statement of financial position
As at 31 December 2012

	Note	2012 £000	2011 £000
ASSETS			
Non-current assets			
Current tax assets	8	2	5
Receivables	6	1,145	1,142
		1,147	1,147
Current assets			
Receivables	6	9	6
Cash and cash equivalents	11(b)	1	35
		10	41
LIABILITIES			
Current liabilities			
Trade and other payables	7	(4)	(28)
Net current assets		6	13
Net assets		1,153	1,160
EQUITY			
Ordinary share capital	9	807	807
Preference share capital	10	20	20
Retained earnings		326	333
Total equity		1,153	1,160

The accounting policies on pages 7 to 9 and notes on pages 14 to 24 form an integral part of these financial statements

The financial statements on pages 7 to 24 were approved by the Board of Directors on 20 September 2013 and signed on its behalf by

J P Sorrell

J P Sorrell
Director

General Accident Executor and Trustee Company Limited

Statement of changes in equity
For the year ended 31 December 2012

	Note	Ordinary share capital £000	Preference share capital £000	Retained earnings £000	Total equity £000
Balance at 1 January 2011		807	20	348	1,175
Dividends	5	-	-	(1)	(1)
Total comprehensive income for the year		-	-	(14)	(14)
Total movements in the year		-	-	(15)	(15)
Balance at 31 December 2011		807	20	333	1,160
Dividends	5	-	-	(1)	(1)
Total comprehensive income for the year		-	-	(6)	(6)
Total movements in the year		-	-	(7)	(7)
Balance at 31 December 2012		807	20	326	1,153

The accounting policies on pages 7 to 9 and notes on pages 14 to 24 form an integral part of these financial statements

General Accident Executor and Trustee Company Limited

Statement of cash flows
For the year ended 31 December 2012

	Note	2012 £000	2011 £000
Cash flows from operating activities			
Net cash outflow to operating activities	11(a)	(34)	(56)
Net cash used in operating activities		(34)	(56)
Net decrease in cash and cash equivalents		(34)	(56)
Cash and cash equivalents at 1 January		35	91
Cash and cash equivalents at 31 December	11(b)	1	35

The accounting policies on pages 7 to 9 and notes on pages 14 to 24 form an integral part of these financial statements

General Accident Executor and Trustee Company Limited

Notes to the financial statements

1. Employee information

All staff are employed by a fellow Group company, 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

All 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

3. Auditor's remuneration

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

	2012	2011
	£000	£000
Fees payable to the Company's auditor for the audit of the Company's financial statements	2	2

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

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

General Accident Executor and Trustee Company Limited

Notes to the financial statements (continued)

4. Tax

(a) Tax credited to income statement

	2012 £000	2011 £000
Current tax:		
For the current year	2	5
Adjustment in respect of prior years	1	-
Total tax credited to income statement	3	5

(b) Tax reconciliation

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

	2012 £000	2011 £000
Loss before tax	(9)	(19)
Tax credit calculated at standard UK corporation tax rate of 24 5% (2011 26 5%)	2	5
Adjustment in respect of prior years	1	-
Total tax credited to the income statement (note 4(a))	3	5

The UK corporation tax rate reduced to 24% from 1 April 2012 A subsequent reduction in the UK corporation tax rate to 23% was substantively enacted on 3 July 2012 and will apply from 1 April 2013 The substantively enacted rate of 23% has been used in the calculation of the UK's deferred tax assets and liabilities

Further reductions in the corporation tax rates to 21% from 1 April 2014 and then to 20% from 1 April 2015 were substantively enacted on 2 July 2013 The aggregate effect of the reduction in the rate from 23% to 20% will not have a material impact on the Company's net assets

5. Dividends

	2012 £000	2011 £000
Preference dividends declared and charged to equity in the year		
6% on preference shares for the year ended 31 December 2012, paid on 28 November 2012	1	-
6% on preference shares for the year ended 31 December 2011, paid on 16 November 2011	-	1
	1	1

The dividends were settled by reduction of an intercompany balance with the Company's parent company

Notes to the financial statements (continued)

6. Receivables

	2012 £000	2011 £000
Amount due from related parties (note 14(a)(i))	1,151	1,146
Other receivables	3	2
	1,154	1,148
Expected to be recovered within one year	9	6
Expected to be recovered in more than one year	1,145	1,142
	1,154	1,148

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

7. Trade and other payables

	2012 £000	2011 £000
Amounts due to related parties (note 14(a)(ii))	4	28
Expected to be settled within one year	4	28

Trade and other payables are carried at amortised cost, which approximates to fair value

8. Tax assets and liabilities

(a) Current tax

	2012 £000	2011 £000
Tax asset - expected to be recovered in more than one year	2	5
Tax asset recognised in statement of financial position	2	5

Assets for prior years' tax settled by group relief of £5 thousand (2011 £4 thousand) are included within receivables (note 6) and within related party transactions (note 14(a)(i)), and are recoverable in less than one year

(b) Deferred tax

The Company has unrecognised temporary differences of £6 thousand (2011 £7 thousand) to carry forward indefinitely against future taxable income

Notes to the financial statements (continued)

9. Ordinary share capital

Details of the Company's ordinary share capital are as follows	2012	2011
	£000	£000
Authorised		
350,000 (2011 350,000) Ordinary shares of £4 each	1,400	1,400
Allotted, called up and fully paid		
194,500 (2011 194,500) Ordinary shares of £4 each	778	778
Allotted, called up and partly paid (£2.20)		
13,000 (2011 13,000) Ordinary shares of £4 each	29	29
	807	807

There is no undertaking by the shareholder to pay cash to the Company for the unpaid share capital Accordingly, the directors are of the opinion that no value should be attributed to this until such time as there is such an undertaking

10. Preference share capital

The preference share capital of the Company at 31 December is as follows	2012	2011
	£000	£000
Authorised		
20,000 (2011 20,000) 6% cumulative irredeemable preference shares of £5 each	100	100
Allotted, called up and partly paid (£1)		
20,000 (2011 20,000) 6% cumulative irredeemable preference shares of £5 each	20	20

The preference shares are non-voting except where their dividends are in arrears, on a winding up or where their rights are altered On a winding up, they carry a preferential right of return of capital ahead of the ordinary shares

There is no undertaking by the shareholder to pay cash to the Company for the unpaid preference share capital Accordingly, the directors are of the opinion that no value should be attributed to this until such time as there is such an undertaking

Notes to the financial statements (continued)

11. Statement of cash flows

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

	2012 £000	2011 £000
Loss before tax	(9)	(19)
Changes in working capital		
(Increase)/decrease in receivables	(1)	35
Decrease in trade and other payables	(24)	(72)
Net cash outflow from operating activities	(34)	(56)

"(Increase)/decrease in receivables" is stated after eliminating £6 thousand (2011 £3 thousand) of corporation tax asset settled or to be settled by group relief and eliminating a dividend of £1 thousand (2011 £1 thousand) settled by reduction of a receivable with the parent company

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

	2012 £000	2011 £000
Cash at bank	1	35

12. Risk management

The ultimate parent company, Aviva plc, and its subsidiaries, joint ventures and associates, (collectively known as "the Group"), operate a risk management framework ("RMF"), which is the collection of processes and tools that have been put in place to ensure that the risks to which it is exposed are identified, measured, managed, monitored and reported on a continuous basis The RMF is designed to facilitate a common approach to, and language regarding, the management of risk across the Group The key instruments of the RMF include the risk management policies, risk reports, risk models, the governance and oversight infrastructure and the risk appetite framework The RMF has been adopted in the Aviva general insurance 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)

Risks are usually grouped by risk type credit, liquidity and operational risk Risks falling within these types may affect a number of key metrics including those relating to strength within the statement of financial position, liquidity and profit They may also affect the performance of the products that the Company delivers to customers and the service to customers and distributors, which can be categorised as risks to the Company's franchise

The Group has a set of formal risk policies that facilitate a consistent approach to the management of all the Group's risks across all businesses and locations in which the Group operates These risk policies define the Group's appetite for different, specific risk types and set out risk management and control standards for the Group's worldwide operations

UK&I GI sets limits to manage material risks to ensure the risks stay within risk appetite (the amount of risk UK&I GI is willing to accept) UK&I GI assesses the size and scale of a risk by considering how likely it is that the risk will materialise and the potential impact the risk could have on its business, customers and other stakeholders Where risks are outside of appetite, actions are agreed to mitigate the exposure Impact assessments are considered against financial, operational and reputational criteria and take into account underlying factors such as economic conditions, for example, UK economic growth and inflation

UK&I GI has an established governance framework, which has the following key elements

- defined terms of reference for the legal entity Boards and the associated Board and management committees,
- a clear organisational structure with documented delegated authorities and responsibilities from the legal entity Boards to management, and
- adoption of the Group risk management framework that defines risk appetite measures and sets out risk management and control standards for the Group's worldwide operations The risk management framework also set out the roles and responsibilities of businesses, regions, policy owners and risk oversight committees

UK&I GI operates a three lines of defence risk management model Primary responsibility for risk identification and management lies with business management (the first line of defence) Support for and challenge on the completeness and accuracy of risk assessment, risk reporting and adequacy of mitigation plans are performed by specialist risk functions (the second line of defence) Independent and objective assurance on the robustness of the risk management framework and the appropriateness and effectiveness of internal control is provided by Internal Audit (the third line of defence)

General Accident Executor and Trustee Company Limited

Notes to the financial statements (continued)

12. 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

UK&I GI's management of credit risk is carried out in accordance with Group credit risk processes, which include setting exposure limits and monitoring exposures in accordance with ratings set by credit ratings agencies such as Standard & Poor's Exposure levels for UK&I GI are reported to, and reviewed by, the Asset Liability Committee

Financial assets are graded according to current credit ratings issued AAA is the highest possible rating Investment grade financial assets are classified within the range of AAA to BBB ratings Financial assets which fall outside this range are classified as speculative grade Credit limits for each counterparty are set based on default probabilities that are in turn based on the rating of the counterparty and the type of exposure

The following table provides information regarding the aggregated credit risk exposure of the Company "Non-rated" assets captures assets not rated by external ratings agencies

	Credit rating						
31 December 2012	AAA	AA	A	BBB	Speculative grade	Non-rated	Carrying value in the statement of financial position
	£000	£000	£000	£000	£000	£000	£000
Cash and cash equivalents	-	-	1	-	-	-	1

	Credit rating						
31 December 2011	AAA	AA	A	BBB	Speculative grade	Non-rated	Carrying value in the statement of financial position
	£000	£000	£000	£000	£000	£000	£000
Cash and cash equivalents	-	-	35	-	-	-	35

Of the Company's receivables of £1,154 thousand (2011 £1,148 thousand), £1,151 thousand (2011 £1,146 thousand) is due from related parties Details are set out in note 14

At 31 December 2012 and 2011, no financial assets are impaired or overdue

The Company's cash and cash equivalents of £1 thousand (2011 £35 thousand) are placed with one counterparty (2011 one)

The management of credit risk for UK&I GI is overseen by the Asset Liability Committee

General Accident Executor and Trustee Company Limited

Notes to the financial statements (continued)

12. Risk management (continued)

(a) Financial risk management (continued)

(ii) Liquidity risk

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

UK&I GI has set its investment strategy to ensure it has sufficient liquid funds to meet its expected obligations on an expected basis and under adverse circumstances In extreme circumstances, the Company would approach the Group for additional short-term borrowing whilst the Company liquidated other assets The Group maintains significant committed borrowing facilities from a range of highly rated banks to mitigate this

The following table provides an analysis, by maturity date of the principal, of the carrying value of financial assets, which are available to fund the repayment of liabilities as they crystallise

31 December 2012	Within 1 year	1 to 5 years	No fixed terms	Total
	£000	£000	£000	£000
Receivables	9	-	1,145	1,154
Cash and cash equivalents	1	-	-	1
	10	-	1,145	1,155

31 December 2011	Within 1 year	1 to 5 years	No fixed terms	Total
	£000	£000	£000	£000
Receivables	6	-	1,142	1,148
Cash and cash equivalents	35	-	-	35
	41	-	1,142	1,183

The assets above are analysed in accordance with the earliest possible redemption date of the instrument at the initiation of the Company

The following table shows the Company's financial liabilities

31 December 2012	Within 1 year	1 to 5 years	No fixed terms	Total
	£000	£000	£000	£000
Trade and other payables	4	-	-	4

31 December 2011	Within 1 year	1 to 5 years	No fixed terms	Total
	£000	£000	£000	£000
Trade and other payables	28	-	-	28

The management of liquidity risk for UK&I GI is overseen by the Asset Liability Committee

12. Risk management (continued)

(b) Strategic risks

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

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

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

(c) Operational risk management

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events Operational risks include taxation, reputation and regulatory risks, such as compliance Only financial instrument risk requires quantification under IFRS and consequently no quantification of this risk is provided

Operational risk is managed in accordance with control standards set out in the Group risk management framework

The management of operational risk for UK&I GI is overseen by the Operational Risk & Reputation Committee

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Notes to the financial statements (continued)

13. Capital structure

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

(a) General

IFRS underpins the Company's capital structure and, accordingly, the capital structure is analysed on this basis

(b) Capital management

In managing its capital, the Company seeks to

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

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

(c) Measure of capital

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

(d) Capital structure	**IFRS net assets 2012**	**IFRS net assets 2011**
	£000	**£000**
Administrator of executor and trustee business	1,153	1,160
Total capital employed	1,153	1,160
Financed by		
Equity shareholder's funds	1,153	1,160

General Accident Executor and Trustee Company Limited

Notes to the financial statements (continued)

14. Related party transactions

(a) The Company had the following related party transactions in 2012 and 2011

(i) Services provided to related parties

	2012		2011	
	Income earned in year	Receivable at year end	Income earned in year	Receivable at year end
	£000	£000	£000	£000
Parent	-	1,151	-	1,146

Receivables from related parties are not secured and no guarantees were received in respect thereof

Transactions with Group companies for settlement of corporation tax assets and liabilities by group relief are described in note 8

(ii) Services provided by related parties

	2012		2011	
	Expense incurred in year	Payable at year end	Expense incurred in year	Payable at year end
	£000	£000	£000	£000
Fellow Group companies	38	4	55	28

Expenses incurred relate to recharges of administrative expenses from Aviva Central Services UK Limited, a fellow Group company

(iii) Key management compensation

The key management of the Company are considered to be the statutory directors of the Company Note 2, Directors, gives details of their compensation as directors of the Company

(b) Immediate parent company

The Company's immediate parent company is Aviva Insurance Limited, registered in Scotland

(c) Ultimate controlling entity

The ultimate controlling entity is Aviva plc Its Annual Report and Accounts are available on application to the Group Company Secretary, Aviva plc, St Helen's, 1 Undershaft, London EC3P 3DQ

15. Events after the reporting period

Following a strategic review, the Company transferred the majority of its business to Capita It is anticipated that the Company will transfer its remaining business within the next 12 months