Directors and Officers

Directors

C J Laxton
I B Womack

Secretary

Aviva Company Secretarial Services Limited

Auditor

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

Contents

Directors' report

The directors present their annual report and audited financial statements for General Accident Developments Limited (the Company) for the year ended 31 December 2002.

Principal activity

The principal activity of the Company is the acquisition and development of properties. During the financial year the Company did not undertake any new projects. The directors consider that the Company's activities will continue unchanged into the foreseeable future.

Ultimate holding company

On 1 July 2002, the ultimate holding company, CGNU plc, changed its name to Aviva plc.

Dividends

No interim dividend was paid during the year (2001: £nil). The directors do not recommend the payment of a final dividend (2001: £nil).

Directors

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

C J Laxton and I B Womack served as directors of the Company throughout the year.

Directors' interests

The table below shows the interests held by each person who was a director at the end of the financial year in the ordinary shares of 25 pence each in Aviva plc. Details of any options and awards held through Aviva plc's share schemes and incentive plans are shown on page 4. All the disclosed interests are beneficial.

	At 1 January 2002 Number	At 31 December 2002 Number
C J Laxton	625	665
I B Womack	2,652	2,996

Directors' report

Incentive plans

Details of the directors who held office at the end of the financial year, and hold or held options to subscribe for ordinary shares of Aviva plc or hold or held awards over shares in Aviva plc, pursuant to Aviva plc's share based incentive plans, are set out below.

Share options

	At 1 January 2002 Number	Options granted during year Number	Options exercised or lapsed during year Number	At 31 December 2002 Number
C J W Laxton				
Savings related options	2,987	1,885	-	4,872
Executive options	797	-	-	797
I B Womack				
Savings related options	3,185	4,096	3,185	4,096
Executive options	3,352	-	-	3,352

(1) *"Savings related options"* are options granted under the Inland Revenue-approved SAYE Share Option Scheme. Options granted from 1994 to 2002 are normally exercisable during the six months period following either the third, fifth or seventh anniversary of the relevant savings contract.

(2) *"Executive options"* are those granted under the Aviva Executive Share Option Scheme, or predecessor schemes. Options, which have been granted on various dates from 1993 to 2002, are normally exercisable between the third and tenth anniversaries of their date of grant. Options granted after 1997 are only exercisable if certain performance conditions are met.

Creditors payment policy and practice

It is the Company's policy to pay creditors when they fall due for payment. Terms of payment are agreed with suppliers when negotiating each transaction and the policy is to abide by those terms, provided that the suppliers also comply with all relevant terms and conditions. The Company has no trade creditors.

Employees

All employees are employed by a fellow subsidiary undertaking, MFM Employment Services Limited. Disclosures relating to employees may be found in the group consolidated accounts of Aviva plc.

Resolutions

On 5 November 1999, the members of the Company passed resolutions to dispense with the holding of Annual General Meetings, the laying of directors' reports, financial statements and auditors' reports before the members in general meeting and the obligation to appoint auditors annually.

Auditors

Ernst & Young LLP will be re-appointed as the Company's auditors in accordance with the elective resolution passed by the Company under section 386 of the Companies Act 1985.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the result for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

By order of the Board

Aviva Company Secretarial Services Limited *Secretary*

16 OCTOBER 2003

Auditors' report

Independent auditors' report to the members of General Accident Developments Limited

We have audited the company's financial statements for the year ended 31 December 2002 which comprise the profit and loss account, statement of total recognised gains and losses, balance sheet, and the related notes 1 to 15. These financial statements have been prepared on the basis of 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 auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company 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 United Kingdom Auditing Standards 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 judgements 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 of the state of affairs of the company as at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London
16 OCTOBER 2003

Profit and loss account
for the year ended 31 December 2002

	Note	2002 £'000	2001 £'000
Turnover	2	**1,214**	1,383
Other operating charges		**(522)**	(521)
Gross profit		**692**	862
Administrative expenses	3,4, & 5	**(79)**	(11)
Profit on ordinary activities before taxation		**613**	851
Taxation	6a	**(184)**	(255)
Profit on ordinary activities after taxation		**429**	596
Dividend		**-**	-
Retained profit for the financial year		**429**	596
Retained loss at 1 January		**(305)**	(901)
Retained profit / (loss) at 31 December		**124**	(305)

There are no discontinued operations or acquisitions that require disclosure under the terms of FRS3.

There is no difference between the results as described in the profit and loss account and the results on an unmodified historical cost basis. Accordingly a note of historical cost profits and losses for the year is not given.

The notes on pages 10 to 13 are an integral part of these financial statements

Statement of total recognised gains and losses
for the year ended 31 December 2002

	2002 £'000	2001 £'000
Profit for the financial year	**429**	596
Unrealised surplus / (deficit) on revaluation	**720**	(25)
Total recognised gains for the financial year	**1,149**	571

The notes on pages 10 to 13 are an integral part of these financial statements

Balance sheet
as at 31 December 2002

	Note	2002 £'000	2001 £'000
Fixed assets			
Tangible fixed assets	7	**7,668**	7,470
Current assets			
Debtors	8	**124**	-
Cash at bank and in hand		**-**	3
		124	3
Creditors: amounts falling due within one year	9	**(4,086)**	(4,808)
Net current liabilities		**(3,962)**	(4,805)
Total assets less current liabilities		**3,706**	2,665
Provisions for liabilities and charges	6c	**(582)**	(690)
Net assets		**3,124**	1,975
Capital and reserves			
Share capital	10	**2,000**	2,000
Revaluation reserve	11	**1,000**	280
Profit and loss account	11	**124**	(305)
Equity shareholders' funds	11	**3,124**	1,975

The financial statements were approved by the Board and were signed on its behalf by:

Director

Date 16 OCTOBER 2003

The notes on pages 10 to 13 are an integral part of these financial statements

Notes to the financial statements

1. *Accounting policies*

a) Basis of preparation

The financial statements have been prepared under the historical cost convention modified for the revaluation of certain fixed asset investments and in accordance with the Companies Act 1985 and applicable accounting standards.

b) Tangible fixed assets - tenant specifications

Tenants' specifications are depreciated at a rate which matches the leasing agreement. No depreciation is charged on buildings under construction.

c) Tangible fixed assets - investment properties

The Company holds properties for long-term investment. Investment properties are accounted for in accordance with SSAP 19, as follows:

(i) investment properties are revalued annually. The surplus or deficit on revaluation is transferred to the revaluation reserve unless a deficit below original cost, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year; and

(ii) no depreciation is provided in respect of leasehold investment properties where the lease has over 20 years to run.

Although the Companies Act would normally require the systematic annual depreciation of fixed assets, the directors believe that the policy of not providing depreciation is necessary in order for the financial statements to give a true and fair view, since the current value of investment properties, and changes to that current value, are of prime importance rather than a calculation of systematic annual depreciation. Depreciation is only one of the many factors reflected in the annual valuation, and the amount which might otherwise have been included cannot be separately identified or quantified.

d) Taxation

The tax charge is based on 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 on ordinary activities and amounts charged or credited to reserves as appropriate.

Provision is made for deferred tax liabilities, using the liability method, on all material timing differences, including revaluation gains and losses on investments recognised in the profit and loss account. Deferred taxation is calculated at the rates at which it is expected that the tax will arise and discounted to take into account the likely timing of payments and pattern of expected realisation of investments.

The discount rates used are the post-tax yields to maturity that could be obtained at the balance sheet date on government bonds with maturity dates and in currencies similar to those of the deferred tax assets or liabilities. This is a change in accounting policy to reflect the requirements of FRS19.

e) Cash flow statement

Under Financial Reporting Standard 1 (revised 1996), the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking and a parent undertaking includes the Company in its own published consolidated financial statements.

f) Leases and rents receivable

Rents received and receivable from properties and other operating leases are recognised when they fall due for payment. Provision is made for any rents due but not considered to be recoverable.

Notes to the financial statements

2. Turnover

Turnover is analysed as follows:

	2002 £'000	2001 £'000
Income received from properties	**692**	862
Leasing of tenant specifications	**522**	521
	1,214	1,383

In the year to 31 December 2002, income from operating leases including rents receivable from properties amounted to £1,213,933 (2001: £1,383,341). All income is derived from operations within the United Kingdom.

3. Administrative expenses

Morley Fund Management Limited makes a charge to the Company in respect of management fees.

4. Directors' emoluments

All directors are remunerated by MFM Employment Services Limited in respect of their services to the Aviva group as a whole. Their emoluments are recharged to the Company as part of a management charge, which also includes a charge for administration costs, and it is not possible to identify separately the amounts of their emoluments.

5. Auditors' remuneration

Auditors' remuneration for 2002 and 2001 was charged in the accounts of Morley Fund Management Limited.

6. Taxation

a) Profit and loss account

Tax charged to the profit and loss account is as follows:

	2002 £'000	2001 £'000
UK corporation tax	**292**	346
Total current tax for the period (see note 6b)	**292**	346
Deferred taxation	**(108)**	(91)
Total tax for the period	**184**	255

b) Factors affecting current tax charge for the year

	2002 £'000	2001 £'000
Profit on ordinary activities before tax	**613**	851
Current charge at standard UK corporation tax rate of 30%	**184**	255
Depreciation in excess of capital allowances	**108**	91
Current tax charge for the period (see note 6a)	**292**	346

6. Taxation (continued)

c) Balance sheet

Details of the full potential liability for deferred taxation are given below:

	2002 £'000	2001 £'000
Provided		
Accelerated capital allowances	**582**	690
Deferred tax liability		
At 1 January	**690**	781
Provided during the year	**(108)**	(91)
At 31 December	**582**	690

7. Fixed assets

	Freehold land & buildings £'000	Tenants' specifications £'000	Total £'000
Cost or valuation			
At 1 January 2002	4,515	8,323	12,838
Revaluation	720	-	720
At 31 December 2002	**5,235**	**8,323**	**13,558**
Depreciation			
At 1 January 2002	-	5,368	5,368
Charge for the year	-	522	522
At 31 December 2002	-	**5,890**	**5,890**
Net book value			
At 31 December 2002	**5,235**	**2,433**	**7,668**
At 31 December 2001	4,515	2,955	7,470
Historical cost			
At 31 December 2002	7,466	8,323	15,789
Accumulated historic depreciation	-	(5,890)	(5,890)
Net historical cost at 31 December 2002	**7,466**	**2,433**	**9,899**

8. Debtors

	2002 £'000	2001 £'000
Trade debtors	**124**	-

9. Creditors: amounts falling due within one year

	2002 £'000	2001 £'000
Amounts due to affiliated undertakings	**2,644**	3,308
UK corporation tax payable	**292**	346
Amounts owed to group companies in respect of group relief	**610**	776
Other creditors	**528**	338
Accruals and deferred income	**12**	40
	4,086	4,808

Notes to the financial statements

10. Share capital

	2002 £'000	2001 £'000
Authorised, issued, called up and fully paid:		
2,000,000 ordinary shares of £1 each	**2,000**	2,000

11. Reconciliation of movements in equity shareholders' funds

	Share capital £'000	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2001	2,000	305	(901)	1,404
Deficit on revaluation of investment properties	-	(25)	-	(25)
Profit for the year	-	-	596	596
At 31 December 2001	2,000	280	(305)	1,975
Surplus on revaluation of investment properties	-	720	-	720
Profit for the year	-	-	429	429
At 31 December 2002	**2,000**	**1,000**	**124**	**3,124**

12. Parent undertaking and ultimate parent undertaking

The immediate holding company is CGU Insurance plc.

The smallest group of undertakings, of which the Company is a member, that prepares group financial statements is headed by CGU International Insurance plc. The ultimate holding 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.

13. Cash flow statement

As the Company is a wholly owned subsidiary of Aviva plc, the cash flows of the Company were included in the consolidated group cash flow statement of Aviva plc. Consequently, the Company is exempt under the terms of Financial Reporting Standard 1 from publishing a cash flow statement.

14. Related party transactions

As consolidated financial statements are publicly available, the Company has taken advantage of the exemption from the requirement to disclose transactions with related parties who are 90% or more owned within the same group.

15. Contingent liabilities and commitments

There were no contingent liabilities or commitments at the balance sheet date.