

Cornerford Limited

Registered in England No 3871316

Registered Office: St Helen's, 1 Undershaft, London EC3P 3DQ

Directors and Officers

Directors

J Gottlieb
R P Jones
C J Laxton
N J Mansley
D A Wise
I B Womack

Secretary

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

Auditor

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



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Directors' report

The directors present their annual report and audited financial statements for Cornerford Limited (the Company) for the year ended 31 December 2004.

Principal activity

The principal activity of the Company changed on 9 December 2002. Prior to this the Company held residual interests in securitisations which were disposed of on 9 December 2002. Following the sale of these holdings the Company has not traded. It is the directors' intention that the Company will not trade in the immediate future.

Dividends

No interim dividend was paid during the year (2003: £nil). The directors do not recommend a final dividend for the year (2003: £nil).

Directors

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

J Gottlieb, R P Jones, C J Laxton, N J Mansley, D A J Wise 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 below. All the disclosed interests are beneficial.

	At 1 January 2004 Number	At 31 December 2004 Number
J Gottlieb	634	1,457
R P Jones	3,413	4,282
C J Laxton	1,159	2,017
N J Mansley	2,707	3,530
D A Wise	6,342	7,165
I B Womack	3,591	4,027

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 on page 4.

Directors' report

(i) Share options

	At 1 January 2004 Number	Options granted during year Number	Options exercised or lapsed during year Number	At 31 December 2004 Number
J Gottlieb				
Savings related options	2,356	-	-	2,356
R P Jones				
Savings related options	4,426	-	-	4,426
C J Laxton				
Savings related options	2,339	-	-	2,339
Executive options	797	-	378	419
N J Mansley				
Savings related options	2,356	-	-	2,356
D A Wise				
Savings related options	4,488	-	432	4,056
I B Womack				
Savings related options	4,096	-	-	4,096
Executive options	3,352	-	1,590	1,762

- (1) "*Savings related options*" are options granted under the Inland Revenue-approved SAYE Share Option Scheme. Options granted from 1998 to 2003 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 Schemes, or predecessor schemes. The options, which were granted in 2001, 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.

During the year no directors exercised any share options and therefore no gains on such were made.

Other than as disclosed above, none of the directors who held office at 31 December 2004 had any beneficial interest in the Company's shares or the shares of any other company within the Aviva plc Group.

Resolutions

On 26 February 2001, 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.

Directors' report

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



26 September 2005

Aviva Company Secretarial Services Limited *Secretary*

AUTHORISED SIGNATORY

Auditors' report

Independent auditors' report to the members of Cornerford Limited

We have audited the Company's financial statements for the year ended 31 December 2004 which comprise the profit and loss account, statement of total recognised gains and losses, balance sheet and the related notes 1 to 12. 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.

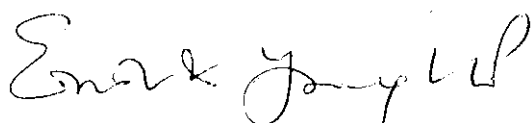
Basis of audit opinion

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 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
London

26 September 2005

Profit and loss account

for the year ended 31 December 2004

	Note	2004 £	2003 £
Administration expenses	3	(5,000)	(5,000)
Operating loss		(5,000)	(5,000)
Interest receivable and similar income		24,428	-
Profit / (loss) on ordinary activities before taxation		19,428	(5,000)
Taxation	4	(5,828)	1,500
Profit / (loss) on ordinary activities after taxation		13,600	(3,500)
Dividend on ordinary shares		-	-
Retained profit / (loss) for the financial year		13,600	(3,500)
Retained loss at 1 January		(3,500)	-
Retained profit / (loss) at 31 December		10,100	(3,500)

All amounts reported in the profit and loss account relate to continuing operations.

The notes on pages 10 to 12 are an integral part of these financial statements.

Statement of total recognised gains and losses

for the year ended 31 December 2004

	2004 £	2003 £
Profit / (loss) for the financial year	13,600	(3,500)
Total recognised gains and losses relating to the year	13,600	(3,500)
Prior year adjustment (as explained in note 1)	-	(98,433)
Total gains/ (losses) recognised since last annual report	13,600	(101,933)

The notes on pages 10 to 12 are an integral part of these financial statements.

Balance sheet

as at 31 December 2004

	Note	2004 £	2003 £
Current assets			
Debtors	5	-	1,500
Cash at bank		1,529,549	1,505,121
		<u>1,529,549</u>	<u>1,506,621</u>
Creditors: amounts falling due within one year	6	<u>(14,328)</u>	<u>(5,000)</u>
Net current assets		1,515,221	1,506,621
Net assets		<u>1,515,221</u>	<u>1,501,621</u>
Capital and reserves			
Share capital	7	1,505,121	1,505,121
Profit and loss account	8	<u>10,100</u>	<u>(3,500)</u>
Shareholders' funds			
Equity		10,200	(3,400)
Non-equity		<u>1,505,021</u>	<u>1,505,021</u>
	8	<u>1,515,221</u>	<u>1,501,621</u>

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

Julius Gottlieb *Director*

Date: 26 September 2005



The notes on pages 10 to 12 are an integral part of these financial statements.

Notes to the financial statements

1. Accounting policies

- a) The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom.

Up to 9 December 2002 the financial statements were prepared in US dollars, which was the currency of the primary economic environment in which the Company operated. Since the sale of the share capital to Commercial Union Life Assurance Company Limited, balances held by the Company have been disclosed in their primary currency and the 2003 financial statements contained a prior year adjustment to reflect the retranslation.

- b) The tax charge is based on the taxable profits for the period, 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.

2. Directors' emoluments

All directors are remunerated by MFM Employment Services Limited in respect of their services to the Aviva group as a whole. MFM Employment Services Limited have not made any charge to the Company for the directors' services as directors of the Company.

3. Operating loss

This is stated after charging:

	2004 £	2003 £
Auditors' remuneration - Ernst & Young LLP	5,000	5,000

Auditors' remuneration is borne by the immediate holding company, Commercial Union Life Assurance Company Limited.

Notes to the financial statements

4. Tax on profit / (loss) on ordinary activities

a) Profit and loss account

Tax charged / (credited) to the profit and loss account is as follows:

	2004 £	2003 £
UK corporation tax	5,828	(1,500)

b) Factors affecting current tax charge for the year

	2004 £	2003 £
Profit / (loss) on ordinary activities before tax	19,428	(5,000)
Current charge / (credit) at standard UK corporation tax rate of 30%	5,828	(1,500)

5. Debtors

	2004 £	2003 £
Other debtors	-	1,500

6. Creditors: amounts falling due within one year

	2004 £	2003 £
Amounts due to group companies	5,000	-
Other creditors	9,328	5,000
	14,328	5,000

7. Share capital

	2004 £	2003 £
Authorised, issued, called up and fully paid		
1 A ordinary share of £1	1	1
99 B ordinary shares of £1 each	99	99
1,505,021 1% redeemable preference shares of £1 each	1,505,021	1,505,021
	1,505,121	1,505,121

Any profits which the Company may determine to distribute shall be applied in paying to the preference shareholders an aggregate dividend of 1% of the nominal value of each preference share in issue in priority to any other dividends. On a distribution of assets of the Company on a winding up or other return of capital, the holders of the preference shares are entitled, in priority to any ordinary shareholders, to receive an amount equal to all arrears and/or accrual of preference dividend and an amount equal to the nominal amounts paid up.

Notes to the financial statements

8. Reconciliation of movements in shareholders' funds

	Share capital £	Profit and loss account £	Total £
At 31 December 2002	1,505,121	-	1,505,121
Loss for the year	-	(3,500)	(3,500)
At 31 December 2003	1,505,121	(3,500)	1,501,621
Profit for the year	-	13,600	13,600
At 31 December 2004	1,505,121	10,100	1,515,221

9. Parent undertaking and ultimate parent undertaking

The immediate holding company is Commercial Union Life Assurance Company Limited.

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.

10. 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.

11. 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.

12. Contingent liabilities and commitments

There were no contingent liabilities or commitments at the balance sheet date. (2003: £nil)