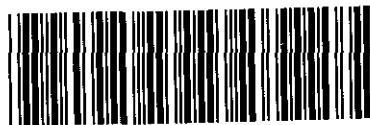


CORNERFORD LIMITED
Directors' report and financial statements

For the year ended 31 December 2006

Registered in England
Number: 3871316

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Company information

Directors

J Gottlieb

R P Jones

C J Laxton

N J Mansley

D A Wise (*resigned on 9 July 2007*)

I B Womack

Company 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

Registered Office

St Helen's

1 Undershaft

London

EC3P 3DQ

Directors' report

The Directors present their report and audited financial statements for Cornerford Limited (the 'Company') for the year ended 31 December 2006 and the auditor's report thereon.

Principal activity

The Company does not trade, but is a beneficiary to the value of a certain property when it is disposed of. The value is dependent on the disposal proceeds and the extent to which the proceeds exceed amounts due to other interested parties, whom have a priority claim to them. The rights of the Company will come into force after 2023, when the property is disposed of. Accordingly, the Company has not recognised any asset or related income.

Directors

The names of the present Directors of the Company, whom served throughout the period, appear on page 2. Since the year end, on 9 July 2007 Mr D A J Wise resigned as a Director of the Company.

Dividends

No interim dividend was paid during the financial year (2005: nil) and the Directors do not recommend the payment of a final dividend (2005: nil).

Financial position and performance

The position of the Company at year-end is shown in the balance sheet on page 8, with trading results shown in the income statement on page 7.

This is the Company's first set of full year results prepared in accordance with International Financial Reporting Standards ('IFRS'). Accordingly, the previously reported 2005 financial statements have been restated to comply with IFRS, with the date of transition to IFRS being 1 January 2005. Refer to note 2 for more information.

The Company is managed in conjunction with a number of other property funds. As such, there are no KPIs specific to the Company.

Post balance sheet events

There have been no material events between 31 December 2006 and the date of this report.

Indemnity to the Directors

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. 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 1985. These qualifying third party indemnity provisions remain in force as at the date of approving the Directors' report.

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 2006 Number	At 31 December 2006 Number
J Gottlieb	4,521	2,730
R P Jones	5,018	5,610
C J Laxton	2,750	3,339
N J Mansley	4,238	4,803
D A Wise	3,751	4,316
I B Womack	5,391	6,058

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 the following page.

Directors' report

Incentive plans continued

Share options

	At 1 January 2006 Number	Options granted during year Number	Options exercised/ lapsed during year Number	At 31 December 2006 Number
J Gottlieb				
<i>Savings related options⁽¹⁾</i>	-	1,593	-	1,593
R P Jones				
<i>Savings related options⁽¹⁾</i>	4,426	-	-	4,426
C J Laxton				
<i>Savings related options⁽¹⁾</i>	454	1,274	(454)	1,274
<i>Executive options⁽²⁾</i>	419	-	-	419
N J Mansley				
<i>Savings related options⁽¹⁾</i>	2,256	565	-	2,821
D A Wise				
<i>Savings related options⁽¹⁾</i>	4,056	-	-	4,056
I B Womack				
<i>Savings related options⁽¹⁾</i>	4,096	-	-	4,096
<i>Executive options⁽²⁾</i>	1,762	-	-	1,762

⁽¹⁾ *Savings related options* are options granted under the HM Revenue and Customs-approved SAYE Share Option Scheme. Options granted 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. Options, which were granted on various dates 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 1 Director exercised share options.

Other than as disclosed above, none of the Directors who held office at 31 December 2006 had any beneficial interest in the Company's shares or the shares of any other company within the Aviva plc Group.

Risk management

A description of the principal risks and uncertainties facing the Company and the Company's risk management policies are set out in note 10 to the financial statements.

Employees

The Company has no employees (2005: nil).

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 in relation to the financial statements

The Directors are responsible for preparing the financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards ('IFRS') as adopted by the European Union.

The Directors are required to prepare financial statements for each financial year, which present fairly the financial position and financial performance of the Company for that period. In preparing the Company financial statements the Directors are required to:

- select suitable accounting policies in accordance with IAS 8: *Accounting Policies, Changes in Accounting Estimates and Errors* and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with 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.

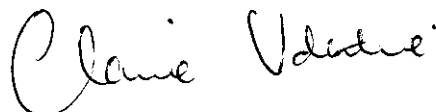
The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985 and Article 4 of the IAS Regulation. They are also ultimately responsible for the systems of internal control maintained for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' statement as to disclosure of information to auditors

The Directors who were members of the Board at the time of approving the Directors' report are listed on page 2 of these financial statements. Each of these Directors confirms that:

- to the best of each Director's knowledge and belief, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, which the Company's auditors are unaware; and
- having made enquiries of fellow Directors' and the Company's auditor, each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board



Aviva Company Secretarial Services Limited
Company Secretary

9 October 2007

AUTHORISED SIGNATORY
FOR AND ON BEHALF OF
ALFA GLASS
SECRETARIAL SERVICES LIMITED

Auditors' report

Independent auditor's report to the members of Cornerford Limited

We have audited the Company's financial statements for the year ended 31 December 2006 which comprise the Income Statement, Balance Sheet and the related notes 1 to 12. 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 auditors

The Directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and International Financial Reporting Standards (IFRS) as adopted by the European Union as 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 and whether the information given in the Directors' report is consistent with the financial statements.

We also 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.

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 IFRS as adopted by the European Union, of the state of the Company's affairs as at 31 December 2006 and of its profit for the year then ended; and
- 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

10 October 2007

Income Statement

For the year ended 31 December 2006

	Note	2006 £	2005 £
Administration expenses	4	(7,162)	(5,000)
Interest receivable and similar income		-	1,962
Profit before tax		(7,162)	(3,038)
Tax (expense)/benefit	5	-	-
Profit for the year		(7,162)	(3,038)

All amounts reported in the income statement relate to continuing operations. There were no other recognised gains or losses in the year.

Reconciliation of movement in Shareholder's Equity

For the years ended 31 December 2005 and 2006

	Share capital £	Retained earnings £	Total £
At 1 January 2005	1,505,121	10,100	1,515,221
Total recognised income and expense for the year	-	(3,038)	(3,038)
At 31 December 2005	1,505,121	7,062	1,512,183
Total recognised income and expense for the year	-	(7,162)	(7,162)
At 31 December 2006	1,505,121	(100)	1,505,021

The accounting policies on pages 9 to 10 and notes on pages 10 to 12 are an integral part of these financial statements.

Balance Sheet

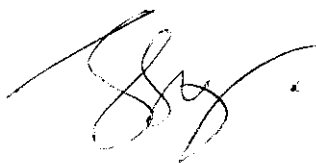
As at 31 December 2006

	Note	2006 £	2005 £
Assets			
Current assets			
Amounts due from parent company		1,527,183	1,527,183
Total assets		<u>1,527,183</u>	<u>1,527,183</u>
Liabilities			
Current liabilities			
Amounts due to group companies	6	(22,162)	(15,000)
Net assets		<u>1,505,021</u>	<u>1,512,183</u>
Equity			
Share capital	8	1,505,121	1,505,121
Retained earnings		(100)	7,062
Total equity		<u>1,505,021</u>	<u>1,512,183</u>

The accounting policies on pages 9 to 10 and notes on pages 10 to 12 are an integral part of these financial statements.

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

J Gottlieb
Director



01 October 2007

Notes to the financial statements

1. Accounting policies

Cornerford Limited (the 'Company'), a limited company incorporated in the United Kingdom ('UK') does not trade, but is a beneficiary to the value of a property when it is disposed of in the future.

The principal accounting policies adopted in the preparation of these financial statements are set out below.

a) Basis of preparation

This is the Company's first set of full year results prepared in accordance with IFRS. Accordingly, the previously reported 2005 financial statements have been restated to comply with IFRS, with the date of transition to IFRS being 1 January 2005. The principal effects of the adoption of IFRS have been reflected within note 2 'First time adoption of IFRS'.

These financial statements present information about the Company as an *individual undertaking*. Information on the ultimate controlling parent and immediate parent can be found in note 12.

During the course of the year, the International Accounting Standards Board ('IASB') and the International Financial Reporting Interpretations Committee ('IFRIC') have issued a number of new accounting standards, amendments to existing standards and interpretations. The Directors do not anticipate that the adoption of these standards will materially impact the Company's financial statements. They will, however, give rise to additional disclosures.

IAS 1 *Presentation of Financial Statements* is effective for periods beginning on or after 1 January 2007. IAS 1 will require the Company to make new disclosures to enable users of financial statements to evaluate the Company's objectives, policies and processes for managing capital. The amendments have not been early adopted, but would only affect the capital disclosures within the financial statements, with no corresponding impact on financial results. Unless otherwise noted, the amounts shown in these financial statements are pounds sterling (£).

b) Use of estimates

The preparation of financial statements requires the Company to make estimates and assumptions that affect items reported in the balance sheet and income statement and disclosure of contingent assets and contingent 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) Income taxes

The current tax expense 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 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 timing differences, between the tax bases on 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, except where the timing of the reversal of temporary differences can be controlled and it is probable the difference will not reverse in the foreseeable future.

Notes to the financial statements

1. Accounting policies continued

d) Share capital

Equity instruments

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all 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 is a non-derivative that contains no contractual obligation to deliver a variable number of shares or is a derivative that will be settled only by the Company exchanging a fixed amount of cash or other assets for a fixed number of the Company's own equity instruments.

e) 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 (revised 1996)* from publishing a cash flow statement.

2. First time adoption of IFRS

The Company has adopted IFRS for these financial statements for the year ended 31 December 2006. To present comparative balances, the year ended 31 December 2005 is also shown in accordance with IFRS, with the effective date of transition to IFRS being 1 January 2005.

In general, a company is required to determine its IFRS accounting policies and apply these retrospectively to determine its opening balance sheet under IFRS. However, IFRS 1 *First time adoption of International Financial Reporting Standards* allows some exemptions to this general principle on adoption of IFRS. The Company has taken advantage of the following transitional arrangement.

Estimates

Where estimates have previously been made under UK GAAP, consistent estimates (after adjustments to reflect any difference in accounting policies) have been made for the same date on transition to IFRS (i.e. judgements affecting the Company's opening balance sheet have not been revisited for the benefit of hindsight).

Adjustments between UK GAAP and IFRS

There were no material adjustments between UK GAAP and IFRS for the Company. Accordingly, previously reported results and equity would have been unchanged.

3. Directors' emoluments

All Directors who discharge their duties in the United Kingdom were remunerated by MFM Employment Services Limited in respect of their services to the Group as a whole.

4. Administrative expenses

Auditors' remuneration

Fees payable to Ernst & Young LLP for the statutory audit of Cornerford Limited and its financial statements

IFRS conversion fees payable to Ernst & Young LLP

	2006	2005
	£	£
	3,662	5,000
	3,500	-
	<u>7,162</u>	<u>5,000</u>

Notes to the financial statements

5. Taxation

a) Tax charged in the income statement

There was no tax charged or credited to the income statement during the year (2005: nil).

b) Tax reconciliation

	2006	2005
	£	£
Profit before tax	(7,162)	(3,038)
Tax calculated at standard UK corporation tax rate of 30% (2005: 30%)	(2,149)	(911)
Deferred tax assets not recognised	2,149	911
Current tax charged/(credited) to the income statement	-	-

c) Factors that may affect future tax charges

At the balance sheet date a deferred tax asset of £3,060 (2005 £911) arising from brought forward tax losses of £10,200 (2005 £3,038) has not been recognised on the basis that the directors do not consider that it is more likely than not that there will be suitable taxable profits in the foreseeable future against which these losses can be utilised.

On 26 June 2007 the Finance Act 2007 was substantively enacted through parliament. This brought about a reduction in the corporate income tax rate from 30% to 28% as well as some changes to the current capital allowance legislation. These changes will take effect from 1 April 2008 and will reduce the value of the unrecognised deferred tax asset mentioned above. If the legislation had been enacted before the balance sheet date then the unrecognised asset would have fallen by £204 to £2,856.

6. Amounts due to group companies

	2006	2005
	£	£
Amounts due to group companies: expected to be recovered within one year	22,162	15,000

7. Contingent assets

The Company is a beneficiary to the value of certain property when it is disposed of. The value is dependent on the disposal proceeds and the extent to which they exceed amounts due to interested parties, whom have a priority claim to them. The rights of the Company have not come into force with any certainty, as disposal of the property will not take place before 2023. Accordingly, the Company has not recognised an asset or related income.

Notes to the financial statements

8. Share capital

Details of the Company's share capital is as follows:

	2006	2005
	£	£
- 1 (2005: 1) A ordinary share of £1	1	1
- 99 (2005: 99) B ordinary shares of £1 each	99	99
- 1,505,021 (2005: 1,505,021) 1% preference shares of £1 each	1,505,021	1,505,021
	<u>1,505,121</u>	<u>1,505,121</u>

Profits which the Company chooses to distribute shall be applied by paying the preference shareholders an aggregate dividend of 1% of the nominal value of each preference share on 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.

9. Commitments and contingent liabilities

There were no commitments or contingent liabilities at the balance sheet date (2005: nil).

10. Risk management policies

(a) Approach to risk and capital management

Details of Aviva plc's governance framework are contained in the financial statements of Aviva plc.

(b) Management of financial and non-financial risks

The primary risk to which the Company is exposed is the risk that property valuations will fall significantly. The management of this risk falls within the mandate of Aviva plc, which manages the realisation process on behalf of the Company. A 10% fall in markets at the year-end would have a direct impact on the financial position and results of the Company in the region of 10% of the carrying value of investment property.

Operational risk would arise as a result of inadequate or failed internal processes, people or systems; or from external events. Details of Aviva plc's approach to operational risk are set out in the financial statements of Aviva plc.

As with other risk categories, line management of business areas have primary responsibility for the effective identification, management, monitoring and reporting of risks to the Aviva executive, in accordance with Aviva Group policies. The Company's risk management function provides support and independent challenge on the completeness, accuracy and consistency of risk assessments, and the adequacy of mitigating action plans.

11. Related party transactions

As Aviva plc's consolidated financial statements are publicly available, the Company has taken advantage of the exemption to disclose transactions with related parties who are 90% or greater, owned within the same group.

12. Parent undertaking and ultimate parent undertaking

The immediate holding company is *Commercial Union Life Assurance Company Limited*. The ultimate holding company is Aviva plc. Aviva plc's group accounts are available on application to:

The Group Company Secretary

Aviva plc

St Helen's

1 Undershaft

London EC3P 3DQ