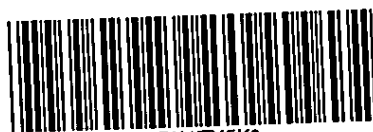


CORNERFORD LIMITED
Directors' report and financial statements

For the year ended 31 December 2007

Registered in England
Number: 3871316

WEDNESDAY



AGX1TY5K

A36

19/03/2008

477

COMPANIES HOUSE

Contents

	<u>Page</u>
Company information	2
Directors' report	3
Statement of Directors' Responsibilities in relation to the financial statements	5
Auditors' report	6
Income statement	7
Statement of Changes in Equity	7
Cash flow statement	7
Balance sheet	8
Notes to the financial statements	9

Company information

Directors

J Gottlieb

R P Jones

C J Laxton

N J F 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 2007

Principal activities

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, who have a prior claim to them. It is unlikely that the benefits will arise before 2023 when the property is disposed of. Accordingly, the Company has not recognised any asset or related income.

Operations and business review

The Company does not trade and as such, there is no operational or business review.

Directors

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

Results and dividends

The result for the year was nil (2006: £7,162 loss). No interim dividend was paid during the financial year (2006: nil) and the Directors do not recommend the payment of a final dividend (2006: 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.

Key performance indicators ('KPI's')

The Company is managed in conjunction with a number of other property funds and does not trade. As such, there are no KPIs specific to the Company.

Post balance sheet events

There have been no material events between 31 December 2007 and the date of this report.

Indemnity to the Directors

Aviva plc, the Company's ultimate parent, has granted an indemnity to those Directors of the Company employed by the Morley or Aviva Group 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.

Principal risks and uncertainties

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

Future developments

The Directors aim to maintain the management policies which have resulted in the Company's current position. The Directors consider that this will continue unchanged into the foreseeable future.

Directors' interests

The requirement for Directors to disclose their interests in the Company's ultimate holding Company was repealed by the Companies Act 2006.

Employees

The Company has no employees (2006: nil).

Directors' report

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 have been 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' 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

On behalf of the Board

(Name)

Director *Nick Mansley*
6 March 2008

Chris Loxton

Directors' report

Statement of Directors' Responsibilities in relation to the financial statements

The Directors are required to prepare accounts for each accounting period that comply with the relevant provisions of the Corporations Act 1985 and 2006 and of International Financial Reporting Standards (IFRSs), and which present fairly the financial position and financial performance of the Company at the end of the accounting period. A fair presentation of the accounts in accordance with IFRS requires the Directors to

- select suitable accounting policies and verify that they apply consistently in preparing the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information, and
- 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

The Directors are responsible for maintaining proper accounting records which can be disclosed with reasonable accuracy, at any time, the financial position of the Company. They are also ultimately responsible for the systems of internal control maintained for safeguarding the assets of the Company and for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Cornerford Limited

We have audited the Company's financial statements for the year ended 31 December 2007 which comprise the Income Statement, Statement of Changes in Equity, Cash Flow Statement, Balance Sheet and the related notes 1 to 13. 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' responsibilities for preparing the financial statements in accordance with applicable United Kingdom law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether the information given in the Directors' report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

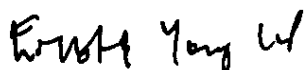
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union, of the state of the Company's affairs as at 31 December 2007 and of its result 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
Registered auditor
London
6 March 2008

Income Statement

For the year ended 31 December 2007

	Note	2007 £	2006 £
Administration expenses	3	-	(7,162)
Profit/(loss) before tax		-	(7,162)
Tax (expense)/benefit	4	-	-
Profit/(loss) for the year		-	(7,162)

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

Statement of Changes in Equity

For the years ended 31 December 2006 and 2007

	Share capital £	Retained earnings £	Total £
At 1 January 2006	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
Total recognised income and expense for the year	-	-	-
At 31 December 2007	1,505,121	(100)	1,505,021

Cash flow statement

For the year ended 31 December 2007

	Note	2007 £	2006 £
Cash flows from operating activities	11(a)	-	-
Cash flows from investing activities		-	-
Cash flows from financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		-	-
Cash and cash equivalents at 1 January 2007		-	-
Cash and cash equivalents at 31 December 2007	11(b)	-	-

The Company has no cash or cash equivalents.

The accounting policies on pages 9 to 10 and notes on pages 10 to 14 are an integral part of these financial statements.

Balance Sheet

As at 31 December 2007

	<u>Note</u>	<u>2007</u> <u>£</u>	<u>2006</u> <u>£</u>
Assets			
Current assets			
Amounts due from parent company	5	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)	(22,162)
Net assets		<u>1,505,021</u>	<u>1,505,021</u>
Equity			
Share capital	8	1,505,121	1,505,121
Retained earnings		(100)	(100)
Total equity		<u>1,505,021</u>	<u>1,505,021</u>

The accounting policies on pages 9 to 10 and notes on pages 10 to 14 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

(Name)

Director *Michael Mansing*

Chris Carter

6 March 2008

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 financial statements are prepared under the historical costs convention and the principal accounting policies adopted in the preparation of these financial statements are set out below.

a) Basis of preparation

Statement of compliance

These financial statements have been prepared in accordance with IFRS issued by the International Accounting Standards Board ('IASB') and endorsed by the European Union and applicable at 31 December 2007. The date of transition to IFRS was 1 January 2005.

Changes in accounting policies and disclosure

IFRIC Interpretation, 11 IFRS 2 Group and Treasury Share Transactions is effective for periods commencing on or after 1 March 2007. It provides guidance on whether subsidiaries should account for share-based payment schemes in their own financial statements when their employees receive rights to equity instruments of the parent company. Upon adoption the interpretation will not impact disclosure in the Company's accounts.

During the year, the IASB also issued *IFRS 7 Financial Instruments – Disclosures*, which has an effective date of application of 1 January 2007. Adoption of this standard did not have a material impact on the Company's financial statements.

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 13.

Items included in the financial statements are measured in the currency of the primary economic environment in which the Company operates. The financial statements are stated in sterling, which is the Company's functional and presentation currency. Unless otherwise noted, the amounts shown in these financial statements are in pounds sterling.

Standards issued but not yet effective

The IASB issued *IAS 1 Presentation of Financial Statements – A Revised Presentation* during 2007 which is yet to be endorsed by the EU. This is not applicable for the current accounting period and on adoption, will not have a material impact on the Company's financial reporting.

In November 2006, the IASB issued *IFRS 8 Operating Segments*, which is effective for periods commencing on or after 1 January 2009 and which requires disclosures to reflect the information management uses internally for evaluating the performance of operating segments and allocating resources to those segments. Adoption of this amendment will not impact the disclosures within the financial statements or financial results overall.

A revised *IAS 23 Borrowing costs* was issued in March 2007, and becomes effective for financial years beginning on or after 1 January 2009. The standard has been revised to require capitalisation of borrowing costs when such costs relate to a qualifying asset. Adoption of this standard will not have an impact on the Company, as the Company does not have any qualifying assets.

IFRIC 12 Service Concessions Arrangements was issued in November 2006 and becomes effective for annual periods beginning on or after 1 January 2008. This interpretation applies to service concession operators. The Company is not an operator and hence, this interpretation will have no impact on the Company.

IFRIC 13 Customer Loyalty Programmes was issued in June 2007 and becomes effective for annual periods beginning on or after 1 July 2008. This interpretation covers customer loyalty award credits. The Company expects that this interpretation will have no impact on the Company's financial statements as no such schemes currently exist.

IFRIC 12 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction was issued in July 2007 and becomes effective for annual periods beginning on or after 1 January 2008. The Company expects that this interpretation will have no impact on the financial position or performance of the Company as there are no defined benefit schemes.

Notes to the financial statements

1. Accounting policies continued

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 materially from those estimates.

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.

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 and cash equivalents

All expenses are settled on behalf of the Company by Morley Fund Management Limited, a fellow subsidiary. The Company has no cash or cash equivalents.

2. 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.

3. Administrative expenses

	2007	2006
	£	£
Auditors' remuneration		
Fees payable to Ernst & Young LLP for the statutory audit of Cornerford Limited and its financial statements	-	3,662
IFRS conversion fees payable to Ernst & Young LLP	-	3,500
	-	7,162

From 2007, auditors' remuneration is charged in the financial statements of Morley Fund Management Limited and is not recharged. Auditors' remuneration in relation to the Company for 2007 was £4,000.

Notes to the financial statements

4. Taxation

a) Tax charged in the income statement

There was no tax charged or credited to the income statement during the year (2006 nil)

b) Tax reconciliation

	2007	2006
	£	£
Profit before tax	-	(7,162)
Tax calculated at standard UK corporation tax rate of 30% (2006 30%)	-	(2,149)
Deferred tax assets not recognised	-	2,149
Current tax charged/(credited) to the income statement	-	-

c) Deferred tax

The Company has unrecognised deferred tax assets carried forward of £2,856 (2006 £3,060), these losses have no expiry date. These unrecognised deferred tax assets can be analysed as follows

	2007	2006
	£	£
Tax losses (£10,200 @ 28%) (2006 £10,200 @ 30%)	2,856	3,060

d) Factors that may affect future tax charges

On 26 June 2007 the Finance Act 2007 was 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. This resulted in a reduction of £204 to unrecognised deferred tax assets. The new rates will take effect from 1 April 2008.

5. Current assets

	2007	2006
	£	£
Amounts due from parent company		
Past due but not impaired >120 days (2006 >120 days)	1,527,183	1,527,183

6. Current liabilities

	2007	2006
	£	£
Amounts due to group companies		
Past due but not impaired >120 days (2006 >120 days)	22,162	22,162

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

	2007	2006
	£	£
The authorised share capital at 31 December was		
1 (2006 1) A ordinary share of £1	1	1
99 (2006 99) B ordinary shares of £1 each	99	99
1,505,021 (2006 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>
The issued share capital at 31 December was		
1 (2006 1) A ordinary share of £1	1	1
99 (2006 99) B ordinary shares of £1 each	99	99
1,505,021 (2006 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 (2006 nil)

10. Risk and capital management policies

(a) Approach to risk and capital management

The Company operates within the governance structure and priority framework of the Aviva Group. 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 and realisations will not be achieved at prices and within the timescales that the Company has planned. The management of this risk falls within the mandate of Aviva plc, which manages the realisation process on behalf of the Company. The Directors consider that a 10% fall in markets at the year-end would have a direct impact in the region of 10% of the carrying value of the underlying 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.

(c) Capital management

Aviva plc maintains an efficient capital structure, which is consistent with its risk profile and the regulatory and market requirements of its business. Details of the Aviva plc capital management process are contained in the financial statements of Aviva plc.

Notes to the financial statements

11. Additional cash flow information

(a) The reconciliation of loss before tax to the net cash inflow from operating activities is:

	2007	2006
	£	£
Loss before tax	-	(7,062)
<i>Adjustments for changes in working capital</i>		
Increase in current liabilities	-	7,062
Cash generated from operations	-	-

(b) Cash and cash equivalents in the cash flow statement at 31 December comprised:

Cash and cash equivalents	-	-
---------------------------	---	---

12. Related party transactions

(a) Key management compensation

The members of the Board of Directors, who are considered to be the key management of the Company, are listed on page 2 of these financial statements. Details of their remuneration arrangements are contained in note 2.

There are no accounts receivable from or payments due to members of the Board of Directors.

(b) Services provided to related parties

	2007		2006	
	Income earned in year	Receivable at year end	Income earned in year	Receivable at year end
	£	£	£	£
Parent company	-	1,527,183	-	1,527,183

There were no services provided to related parties during the period (2006 nil). The related parties' receivables are not secured and no guarantees were received in respect thereof. The receivables are expected to be settled in accordance with normal credit terms.

(c) Services provided by related parties

	2007		2006	
	Expense incurred in year	Payable at year end	Expense incurred in year	Payable at year end
	£	£	£	£
Fellow subsidiary	-	22,162	(7,062)	22,162

There were no services provided by related parties during the period (2006 nil). The related parties' payables are not secured and no guarantees were received in respect thereof. The payables are expected to be settled in accordance with normal credit terms.

Notes to the financial statements

13. 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