

Lime Property Fund (General Partner) Limited

Registered in England & Wales No 5118252

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

General

Directors and Officers

P J Clark (Resigned 9 July 2007)

J Gottlieb

R P Jones (Resigned 9 July 2007)

C J W Laxton

I B Womack

R B Stirling (Appointed 15 August 2007)

Secretary

Aviva Company Secretarial Services Limited

St Helen's

1 Undershaft

London EC3P 3DQ

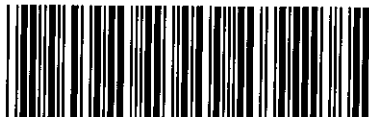
Auditors

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 Lime Property Fund (General Partner) Limited ("the Company") for the year ended 31 December 2006.

Principal activity

The principal activity of the Company is property investment by way of a 0.0003% interest (2005: 0.0003%) in the Lime Property Fund Limited Partnership. The Lime Property Fund Limited Partnership is a partnership within the meaning of the Limited Partnership Act 1907 and the Company is a General Partner in Lime Property Fund Limited Partnership.

The Company also has a holding of a £1 ordinary share in Lime Property Fund (Nominee) Limited, a company set up to manage the developed properties held in the Lime Property Fund Limited Partnership. The directors consider that the Company's activities will continue unchanged into the foreseeable future.

Operations and business review

This business review is addressed to, and written for, the members of the Company with the aim of providing a fair review of the business development, performance and position at the current time, during the financial year and at the end of the financial year. In providing this review, the aim is to present a view that is both balanced and comprehensive and that it is consistent with the size and complexity of the business.

The position of the Company at the year end is shown in the Balance Sheet on page 9, with trading results shown in Profit and Loss on page 8.

On 10th May 2006, a Deed of Variation to the Partnership Deed was executed in respect of the Lime Property Fund Limited Partnership, to permit the company to borrow funds up to 15% of the Value (as defined in the Partnership Deed).

On 17th July 2006, the Company entered into a £30,000,000 Revolving Loan Agreement with Lloyds TSB Bank Plc.

Key performance indicators

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

Results and dividends

The loss after taxation for the year amounted to £1,500 (2005: £1,500). The directors do not propose the payment of a dividend (2005: £nil).

Risk Management

The directors do not believe that there are any material risks facing the Company.

Directors' report

Directors and their interests

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

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

R P Jones and P J Clark resigned as directors of the Company on 9 July 2007.

R B Stirling was appointed as a director of the Company on 15 August 2007.

None of the directors held any beneficial interests in shares in the Company at any time during the year.

No directors held any shares in the Company during 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 2006 Number	Shares Acquired Number	Shares Disposed Number	At 31 December 2006 Number
J Gottlieb	4,521	549	(2,356)	2,714
C J W Laxton	2,750	1,019	(454)	3,315
I B Womack	5,391	667	-	6,058

Incentive plans

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

(a) Share options	At 1 January 2006 Number	Options granted during Year Number	Options exercised, lapsed or cancelled during year Number	At 31 December 2006 Number
J Gottlieb				
Savings related options	-	1,593	-	1,593
C J W Laxton				
Savings related options	454	1,274	(454)	1,274
Executive options	419	-	-	419
I B Womack				
Savings related options	4,096	-	-	4,096
Executive options	1,762	-	-	1,762

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

"*Executive options*" are those granted under the Aviva plc Executive Share Option Schemes, 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.

Directors' report

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 2006 had any beneficial interest in the Company's shares or the shares of any other company within the Aviva plc Group.

Indemnity to 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.

Creditor payment policy and practice

It is the Company's policy to pay creditors when they fall due for payment.

Auditors

Ernst & Young LLP were appointed as auditors on 22 January 2007.

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 1 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's 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

Director

16 August 2007.



Statement of Directors' responsibilities in relation to the Company financial statements

The Directors are required to prepare accounts for each accounting period that comply with the relevant provisions of the Companies Act 1985 and of UK GAAP, and which present fairly the financial position, financial performance and cash flows of the Company at the end of the accounting period. A fair presentation of the accounts in accordance with UK GAAP requires the Directors to:

- select suitable accounting policies and verify they are applied 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;
- provide additional disclosures when compliance with the specific requirements in UK GAAP 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

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.

Auditors' report

Independent auditors' report to the members of Lime Property Fund (General Partner) Limited

We have audited the Company's financial statements for the year ended 31 December 2006 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

The directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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. We also report to you if, in our opinion, the Directors' Report is 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 other transactions is not disclosed.

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

Basis of audit opinion

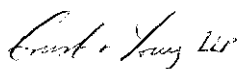
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Company as at 31 December 2006 and of its loss for the year then ended;
- 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
16 August 2007

Profit and loss account

for the year ended 31 December 2006

		2006	2005
	Note	£	£
Administrative expenses	2	(1,500)	(1,500)
Loss on ordinary activities before taxation		(1,500)	(1,500)
Tax on loss on ordinary activities	3	-	-
Loss retained for the financial year	8	(1,500)	(1,500)

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

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 costs profit and loss for the year is not given.

Statement of total recognised gains and losses

for the year ended 31 December 2006

	2006	2005
	£	£
Loss for the financial year	(1,500)	(1,500)
Total recognised losses for the year	(1,500)	(1,500)

The notes on pages 10 to 14 form an integral part of these financial statements.

Balance sheet

as at 31 December 2006

		2006	2005
	Note	£	£
Fixed assets			
Investments	4	1,001	1,001
Debtors due after more than one year	5	1	1
Net current assets		<u>1</u>	<u>1</u>
Creditors due after more than one year	6	(5,501)	(4,001)
Net liabilities		<u>(4,499)</u>	<u>(2,999)</u>
Capital and reserves			
Share capital	7	1	1
Profit and loss account	8	(4,500)	(3,000)
Equity shareholders' funds	8	<u>(4,499)</u>	<u>(2,999)</u>

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

Director 

Date: 16 August 2007

The notes on pages 10 to 14 form an integral part of these financial statements

Notes to the financial statements

for the year ended 31 December 2006

1. Accounting policies

a) Basis of accounting

The accounts have been prepared under the historical cost convention modified to include the revaluation of investments in accordance with applicable accounting standards.

The directors are of the opinion that severe long-term restrictions exist over the Company's interest in the Lime Property Fund Limited Partnership that substantially hinder the exercise of the Company's rights over the assets of the Limited Partnerships subsidiary. In accordance with FRS 2, the interest in the Lime Property Fund Limited Partnership is not consolidated and is held as a fixed asset investment.

The financial statements have been prepared on the going concern basis despite the net current liabilities position of the Company. The Lime Property Fund Limited Partnership has committed to continue to fund the Company for the duration of the Partnership and the Directors therefore consider the going concern basis of preparation to be appropriate.

Effective 1 January 2005, the Company adopted FRS 21 events after the balance sheet date and FRS 28 Corresponding Amounts on a retrospective basis. The adoption of these new Financial Reporting standards had no impact on the financial statements of the Company.

b) Investments

The investments are held at cost, subject to annual impairment review.

c) 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 Lime Property Fund (General Partner) Limited suffers taxation in relation to its percentage share of annual net income of the Lime Property Fund Limited Partnership. The Limited Partnership does not accrue for or pay any distributions to the Lime Property Fund (General Partner) Limited and accordingly no income is recognised in the financial statements of the Company.

d) Cash

The Company has no cash accounts, and expenses are recharged by the Lime Property Fund Limited Partnership.

Notes to the financial statements continued

for the year ended 31 December 2006

2. Administrative expenses

Audit fees of £1,500 (2005: £1,500) have been accrued for the year.

The directors received no emoluments (2005: £nil) for services to the Company for the financial year.

The Company had no employees (2005: nil) during the financial year.

3. Taxation**a) Profit and loss account**

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

	2006	2005
	£	£
UK corporation tax	-	-

b) Factors affecting current tax charge for the year.

The tax assessed in the profit and loss account is lower than the standard UK corporation tax rate because of the following factors:

	2006	2005
	£	£
Loss on ordinary activities before tax	(1,500)	(1,500)
	(1,500)	(1,500)
Current charge at standard UK corporation tax rate of 30% (2005: 30%)	(450)	(450)
Share of Limited Partnership taxable profits	19	23
Deferred tax asset not recognised	431	427
Current tax charge on ordinary activities for the year	-	-

c) Factors that may affect future tax charges

The deferred tax assets, which have not been recognised due to the uncertainty of their recoverability in the foreseeable future, comprise:

	2006	2005
	£	£
Tax losses carried forward	1,311	873

Notes to the financial statements continued

for the year ended 31 December 2006

4. Investments

	2006	2005
	£	£
Investment in subsidiary undertakings	1	1
Investment in partnership	1,000	1,000
	<u>1,001</u>	<u>1,001</u>

Movement on investments in subsidiary undertakings

	2006	2005
	£	£
Shares at cost:		
At 1 January	1	-
Additions	-	1
At 31 December	<u>1</u>	<u>1</u>

Investments in subsidiary undertakings are shown below:

	Principal activity	Percentage or ordinary share capital held	Country of incorporation
Lime Property Fund (Nominee) Limited	Property management services	100%	England

Lime Property Fund (Nominee) Limited has been set up to manage the developed properties held in Lime Property Fund Limited Partnership and was dormant for the year ended 31 December 2006.

The investment represents 0.0003% (2005: 0.0003%) of the total Partners' equity of the Lime Property Fund Limited Partnership.

The Lime Property Fund Limited Partnership is a limited partnership established under the Limited Partnership Act 1907 for the purpose to acquire, develop and manage for investment purposes a number of low risk ventures.

In accordance with The Partnerships and Unlimited Companies (Accounts) Regulations 1993 a copy of the financial statements of Lime Property Fund Limited Partnership is attached to these financial statements.

Notes to the financial statements continued

for the year ended 31 December 2006

5. Debtors due after more than one year

	2006	2005
	£	£
Amounts owed from group undertakings	1	1

6. Creditors due after more than one year

	2006	2005
	£	£
Amounts owed to group undertakings	4,001	2,501
Accruals	1,500	1,500
	5,501	4,001

7. Share capital

	2006	2005
	£	£
Authorised: 1,000 ordinary shares of £1 each	1,000	1,000
Allotted and called up: 1 ordinary share of £1	1	1

8. Reconciliation of movement in shareholders' funds

	Share capital	Revaluation reserve	Profit and loss account	Total
	£	£	£	£
At 1 January 2006	1	-	(3,000)	(2,999)
Retained loss for the year	-	-	(1,500)	(1,500)
At 31 December 2006	1	-	(4,500)	(4,499)

9. Ultimate parent and controlling undertaking

The Company's immediate parent undertaking is Norwich Union (Shareholder GP) Limited, a company registered in England.

The Company's ultimate parent undertaking is Aviva plc, a company registered in England. Its group financial statements are available on application to the Group Company Secretary, Aviva plc, St. Helen's, 1 Undershaft, London EC3P 3DQ.

Notes to the financial statements continued

for the year ended 31 December 2006

10. Related party transactions

The Company is the General Partner of the Lime Property Fund Limited Partnership in which it also has a 0.003% equity interest at 31 December 2006 (2005: 0.003%). At 31 December 2006 the Company owed £4,000 (2005: £2,500) to Lime Property Fund Limited Partnership and £1 (2005: £1) to Lime Property Fund (Nominee) Limited as disclosed in note 6.

At 31 December 2006 the Company was owed £1 (2005: £1) by Norwich Union (Shareholder GP) Limited, the Company's immediate parent undertaking, as disclosed in note 5.

11. Contingent liabilities and capital commitments

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

11. Cash flow statement

The Company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard 1 (revised 1996) on the grounds that it qualifies as a small company under section 247 of the Companies Act 1985, as amended by SI 2004 No. 16.