

General Accident Life Developments Limited

Registered in England No. 2387887

Registered Office: 2 Rougier Street, York, England, YO90 1UU

Directors and Officers

Directors

D A J Wise
I B Womack

Secretary

Aviva Company Secretarial Services Limited

Auditor

Ernst & Young LLP
Rolls House
7 Rolls Buildings
Fetter Lane
London
EC4A 1NH



Contents

	Page
Directors' report	3
Auditors' report	6
Profit and loss account	7
Statement of total recognised gains and losses	7
Reconciliation of movements in shareholders' funds	7
Balance sheet	8
Notes to the accounts	9

Directors' report

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

Principal activity

The principal activity of the Company was property development.

Operational review

The property development at West Quay, Southampton was transferred to CGNU Life Assurance Limited on 31 March 2002.

Details of the results are given in the profit and loss account on page 7.

Post balance sheet event

On 25 March 2003, Gaflac Nominees Limited sold its entire shareholding of 1 Ordinary share of £1 each in the issued share capital of the Company to CGNU Life Assurance Limited for a consideration of £nil, with effect from 30 March 2003.

Dividends

The directors recommend that no dividend be paid for the financial year (2001: £nil).

Ultimate parent undertaking

On 1 July 2002, the ultimate parent undertaking, CGNU plc, changed its name to Aviva plc.

Directors

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

M J Scrowston was appointed as a director of the Company on 24 May 2002 and resigned as a director of the Company on 23 July 2003.

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 on page 4. All the disclosed interests are beneficial.

	At 1 January 2002 (or appointment if later)	At 31 December 2002
	Number	Number
M J Scrowston	3,524	3,694
D A J Wise	5,708	5,553
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.

(i) Share options

	At 1 January 2002 (or appointment if later)	Options granted during year	Options exercised or lapsed during year	At 31 December 2002
	Number	Number	Number	Number
M J Scrowston				
Savings related options	2,091	4,096	2,091	4,096
Executive options	44,677	4,699	-	49,376
D A J Wise				
Savings related options	2,288	3,276	1,500	4,064
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 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.

During the year no directors exercised share options.

(ii) Share awards

	At 1 January 2002 (or appointment if later)	Awards granted during year	Awards vested during year	Awards lapsed during year	At 31 December 2002
	Number	Number	Number	Number	Number
M J Scrowston					
Aviva Deferred Bonus Plan	4,864	-	-	-	4,864

The Aviva Deferred Bonus Plan, awards disclosed include those made in lieu of some or all of the cash bonus earned and deferred under Aviva plc's Annual Bonus in 2002 and also the matching awards granted on a one for one basis. The awards are not subject to performance conditions and vest on the third anniversary of their grant. Other than as disclosed above, none of the directors who held office at 31 December 2002 had any beneficial interest in the Company's shares or the shares of any other company within the Aviva plc Group.

Directors' report

Resolutions

On 18 September 1992, 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.

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 period. 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*

23 September 2003

Auditors' report

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

We have audited the Company's financial statements for the year ended 31 December 2002 which comprise profit and loss account, statement of total recognised gains and losses, reconciliation of movement in shareholders' funds, balance sheet and the related notes 1 to 16. These financial statements have been prepared on the basis of the accounting policies set out therein. The financial statements have been prepared on the break-up basis.

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

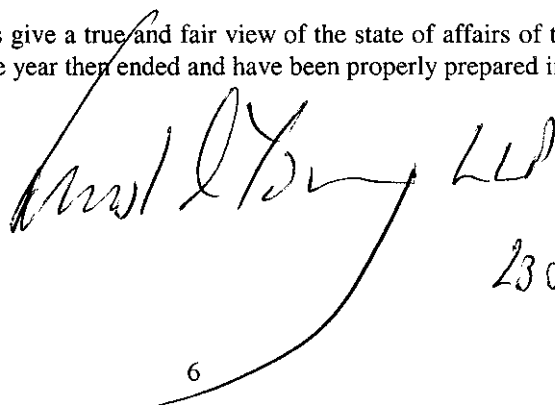
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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
Registered Auditor
London



23 September 2003

6

Profit and loss account

for the year ended 31 December 2002

	Note	2002 £'000	2001 £'000
Turnover		59,000	-
Cost of sales		(35,782)	-
Gross profit		23,218	-
Other operating income		1,416	3,080
Operating expenses	2	(390)	(291)
Operating profit		24,244	2,789
Other interest receivable and similar income	3	1,465	38
Interest payable and similar charges	4	(436)	(2,168)
Profit on ordinary activities before taxation	5	25,273	659
Tax on profit on ordinary activities	7	(7,252)	(198)
Retained profit for the financial year	12	18,021	461

There were no acquisitions or discontinued operations during the current or previous financial year.

A statement of the movement in reserves can be found in note 12.

Statement of total recognised gains and losses

for the year ended 31 December 2002

The Company has no recognised gains or losses other than those included in the results above. Accordingly, a statement of total recognised gains and losses is not given.

Reconciliation of movements in shareholders' funds

for the year ended 31 December 2002

	2002 £'000	2001 £'000
Profit for the financial year	18,021	461
Opening shareholders' funds	(18,094)	(18,555)
Closing shareholders' funds	(73)	(18,094)

Balance sheet

as at 31 December 2002

	Note	2002 £'000	2001 £'000
Current assets			
Stocks	8	-	34,648
Debtors	9	1,376	2,028
Cash at bank and in hand		7,403	155
		<u>8,779</u>	<u>36,831</u>
Creditors: amounts falling due within one year	10	8,852	54,925
Net liabilities		<u>(73)</u>	<u>(18,094)</u>
Capital and reserves			
Called up share capital	11	-	-
Profit and loss account	12	(73)	(18,094)
Equity shareholders' funds		<u>(73)</u>	<u>(18,094)</u>

The financial statements on pages 7 to 12 were approved by the Board on
and were signed on its behalf by

23 September 2003


D A J Wise Director

Notes to the accounts

1 Accounting policies

Fundamental accounting concept

The financial statements have been prepared on a break-up basis reflecting the cessation of trade during 2002. Accordingly, adjustments have been made to reduce the carrying value of assets to their estimated realisable amount, to provide for any further liabilities which will arise, and to reclassify fixed assets and long-term liabilities as current assets and liabilities.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards.

Turnover

Turnover represents the sale of properties. All turnover arises within the United Kingdom.

Stocks and work in progress

Land and buildings in the course of development are classified as work in progress. Land and buildings certified as complete by a qualified quantity surveyor are classed as finished goods for resale. Stocks are included at the lower of cost or market valuation.

Other operating income

Other operating income represents rent receivable. In previous years this has been classified as turnover.

Tax

The tax charge in the profit and loss account is based on the 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 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.

This is a change in accounting policy to reflect the requirements of FRS 19. The financial statements are unaffected by this change (2001: unaffected).

2 Operating expenses

Under a management agreement Norwich Union Life Services Limited, a fellow group undertaking, supplies and makes charges for the provision of operational assets and staff to the Company. The agreement specifies the amounts payable in respect of these expenses.

3 Other interest receivable and similar income

	2002 £'000	2001 £'000
Waiver of loan from parent undertaking	1,250	-
Interest	215	38
	1,465	38

Notes to the accounts

4 Interest payable and similar charges

Interest payable represents interest at commercial rates on a loan from the Company's immediate parent undertaking.

5 Profit on ordinary activities before taxation

	2002 £'000	2001 £'000
Profit on ordinary activities before taxation is stated after charging:		
Remuneration of auditors		
Audit services	1	2

6 Directors and employees

Directors' emoluments

As stated in note 2, a management charge in respect of administration services has been made by Norwich Union Life Services Limited, which includes a negligible element in respect of the present directors' time spent in managing the Company. Eligible directors also participate in Aviva group share option schemes and a group retirement benefit scheme.

Employees

As stated in note 2, a management charge in respect of staff costs has been made by Norwich Union Life Services Limited. Details of UK employees who provide services to the Company are included in the financial statements of that company.

7 Tax

(a) Tax on profit on ordinary activities

Tax charged in the profit and loss account comprises:

	2002 £'000	2001 £'000
Current tax:		
UK corporation tax	7,222	198
Prior year adjustments	30	-
Total current tax	7,252	198

Notes to the accounts

7 Tax (continued)

(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:

	2002 £'000	2001 £'000
Profit on ordinary activities before tax:	25,273	659
Current tax charge at standard UK corporation tax rate of 30% (2001: 30%)	7,582	198
Adjustment to tax charge in respect of prior years	30	-
Non-taxable waiver of loan from parent undertaking	(375)	-
Disallowable expenses	15	-
Current tax charge for the year (7(a))	7,252	198

8 Stocks and work in progress

	2002 £'000	2001 £'000
Finished goods – held for resale	-	34,648

9 Debtors

	2002 £'000	2001 £'000
Amounts owed by group undertakings	1,266	7
Prepayments and accrued income	110	2,021
	1,376	2,028

10 Creditors: amounts falling due within one year

	2002 £'000	2001 £'000
Amounts owed to group undertakings	416	53,081
Corporation tax payable	7,221	198
Other creditors including taxation and social security	1,215	476
Other creditors	-	1,170
	8,852	54,925

The amount owed to group undertakings in 2001 was due to the Company's immediate parent undertaking secured by a floating charge over the Company's assets and was repayable on demand.

Notes to the accounts

11 Share capital

	2002 £	2001 £
Authorised:		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid:		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

12 Reserves

	Profit and loss account £'000
Balance at 1 January 2002	(18,094)
Retained profit for the financial year	<u>18,021</u>
Balance at 31 December 2002	<u>(73)</u>

13 Cash flow statement

The Company is exempt from the requirement to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Aviva plc whose consolidated accounts are publicly available.

14 Related party transactions

Advantage has been taken of the exemption available not to disclose intra-group related party transactions in respect of 90% subsidiaries.

There were no related party transactions in respect of directors.

15 Parent undertaking

The Company's immediate parent undertaking is CGNU Life Assurance Limited, a company registered in England.

The Company's ultimate parent undertaking is Aviva plc, a company registered in England. Its group accounts are available on application to the Group Company Secretary, Aviva plc, St. Helen's, 1 Undershaft, London, EC3P 3DQ. No other group accounts include the results of the Company.

16 Post balance sheet event

On 25 March 2003, Gaflac Nominees Limited sold its entire shareholding of 1 Ordinary share of £1 each in the issued share capital of the Company to CGNU Life Assurance Limited for a consideration of £nil, with effect from 30 March 2003.