

The Welsh Insurance Corporation Limited

Report and accounts for the year ended 31 December 2007



The Welsh Insurance Corporation Limited

Report and Accounts 2007

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The Welsh Insurance Corporation Limited

Directors' report

The directors submit their report and accounts for the Company for the year ended 31 December 2007

Principal activity and Business Review

The Company has not retained any income earning assets and the directors are considering the future of the Company

Going concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts

Ultimate holding company

The ultimate holding company is Aviva plc

Principal risks and uncertainties

In the opinion of the directors, the principal risk and uncertainty is a credit risk. This is the risk of loss in the value of financial assets due to counterparties failing to meet all or part of their obligations. The Company's significant financial assets comprise amounts due from its parent, Aviva International Insurance Limited, and as such the credit risk arising from counterparties failing to meet all or part of their obligations is considered remote.

Results and dividends

The Company paid an interim dividend of £82,000 on 20 September 2007 (2006 £6,136,000). The directors do not recommend the payment of a final dividend (2006 nil).

Directors

The current directors, and those in office during the year, were as follows

A M Commons (appointed 4 October 2007)
S A R Mead (resigned 4 October 2007)
D R Rose

There were no contracts of significance in existence at any time during the year in which a director of the Company was materially interested.

Directors' liabilities

Aviva plc, the ultimate parent company, 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. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

The Welsh Insurance Corporation Limited

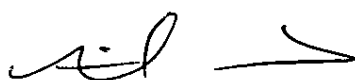
Directors' report (continued)

Auditor and disclosure of information to the auditor

Each person who was a director of the Company on the date that this report was approved, confirms that so far as the director is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of Section 234ZA of the Companies Act 1985.

Under section 487 of the Company Act 2006, the auditors are deemed to have been reappointed.

By order of the Board

A handwritten signature in black ink, appearing to be 'A. J. Jones', written over a horizontal line.

Aviva Company Secretarial Services Limited
Secretary

21 July 2008

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

The Welsh Insurance Corporation Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and accounts in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these accounts, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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 accounts,

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Welsh Insurance Corporation Limited

Independent auditor's report to the members of Welsh Insurance Corporation Limited

We have audited the Company's accounts for the year ended 31 December 2007 which comprise the profit and loss account, the reconciliation of movements in equity shareholders' funds, the balance sheet and the related notes 1 to 10. These accounts 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 auditor's 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 the preparing the Annual Report and the accounts in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 4.

Our responsibility is to audit the accounts 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 accounts 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 information given in the directors' report is consistent with the accounts.

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 accounts. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion:

- the accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2007 and of its results for the year then ended,
- the accounts have been properly prepared in accordance with the Companies Act 1985 and
- the information given in the directors' report is consistent with the accounts.



Ernst & Young LLP
Registered Auditor
London

25 July 2008

The Welsh Insurance Corporation Limited

Profit and loss account

For the year ended 31 December 2007

	Notes	2007 £'000	2006 £'000
Profit on ordinary activities before tax		-	-
Tax on profit on ordinary activities	1 (b) & 2(a)	-	82
Profit on ordinary activities after tax		-	82

The Company has no recognised income or expense other than those included in the results above. Accordingly, a statement of recognised gain and losses is not presented.

Reconciliation of movements in equity shareholders' funds

For the year ended 31 December 2007

	Notes	2007 £'000	2006 £'000
Balance at 1 January		97	269,441
Retained earnings	6	-	82
Dividends	6	(82)	(6,136)
Share buy-back		-	(263,290)
Balance at 31 December		15	97

The notes on pages 8 to 10 are an integral part of these accounts

The Welsh Insurance Corporation Limited

Balance sheet At 31 December 2007

	Notes	2007 £'000	2006 £'000
Current assets			
Debtors - amounts due from holding companies		702	744
Debtors - amounts due from other Group undertakings		-	82
		<u>702</u>	<u>826</u>
Creditors: Amounts falling due more than one year			
Other creditors including tax and social security	7	<u>(687)</u>	<u>(729)</u>
Net assets		<u>15</u>	<u>97</u>
Represented by			
Capital and reserves			
Ordinary share capital	5	14	14
Share premium account		1	1
Profit and loss account	6	-	82
Equity shareholders' funds		<u>15</u>	<u>97</u>

Approved and signed on behalf of the board on 21 July 2008



Director

The notes on pages 8 to 10 are an integral part of these accounts

The Welsh Insurance Corporation Limited

Notes to the accounts

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's accounts

a) Basis of accounts

These accounts have been prepared under the historical cost convention. The accounting policies adopted reflect United Kingdom financial reporting standards and statements of standard accounting practice applicable at 31 December 2007

b) Tax

The tax charge/(credit) is based on the taxable results for the period, after any adjustments in respect of prior years

2. Tax

(a) Tax on profit on ordinary activities

	2007 £000	2006 £000
Tax credit in the profit and loss account comprise		
Current tax		
Prior year adjustments	-	82
Total tax credit in the profit and loss account	-	82

(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

	2007 £'000	2006 £'000
Profit on ordinary activities before tax	-	-
Current tax charge at standard UK corporation tax rate of 30% (2006 30%)	-	-
Adjustment to tax charge in respect of prior years	-	82
Current tax credit in the profit and loss account	-	82

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Notes to the accounts (continued)

3. Directors' emoluments and employees

None of the directors received any emoluments in respect of their services as a director of the Company during the year (2006 £nil)

The Company has no employees

4. Auditor's remuneration

Fees for the audit of the accounts of the Company were £6,000 for 2007 (2006 £5,000) which have been borne by Aviva plc

5. Ordinary share capital

	2007 £'000	2006 £'000
Authorised share capital		
263,305,152 (2006 263,305,152) ordinary shares of £1 each	<u>263,305</u>	<u>263,305</u>
Allotted, called up and fully paid share capital		
13,818 (2006 13,818) ordinary shares of £1 each	<u>14</u>	<u>14</u>

6. Profit and loss account

	2007 £'000	2006 £'000
Balance at 1 January	82	6,136
Profit for the financial year	-	82
Dividends	<u>(82)</u>	<u>(6,136)</u>
Balance at 31 December	<u>-</u>	<u>82</u>

7. Other creditors including tax and social security

	2007 £'000	2006 £'000
Corporation tax payable	687	687
Group relief	<u>-</u>	<u>42</u>
	<u>687</u>	<u>729</u>

8. Related party transactions

As consolidated accounts for Aviva plc are publicly available, the Company has taken advantage of the exemption in Financial Reporting Standard 8 from the requirement to disclose transactions with related parties who are 90% or more owned within the same group

9. Cash flow statement

As the Company is a wholly-owned subsidiary within the Aviva Group, the cash flows of the Company are included in the consolidated group cash flow statement of Aviva plc. Consequently, the Company is exempt under the terms of Financial Reporting Standard 1 from publishing a cash flow statement

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Notes to the accounts (continued)

10. Holding company details

The immediate holding company is Aviva Insurance Limited

The ultimate holding company is Aviva plc Its group accounts are available on application to the Group Company Secretary, Aviva plc, St Helen's, 1 Undershaft, London EC3P 3DQ