

FRIENDS LIFE FPLMA LIMITED

COMPANY REGISTERED IN ENGLAND AND WALES
REGISTRATION NUMBER 4599

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2015

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FRIENDS LIFE FPLMA LIMITED

**REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER
2015**

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(Registered Number: 4599)

FRIENDS LIFE FPLMA LIMITED

**REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER
2015**

COMPANY INFORMATION:

BOARD OF DIRECTORS

A. D. Briggs

COMPANY SECRETARY

Friends Life Secretarial Services Ltd

REGISTERED OFFICE

Pixham End
Dorking
Surrey
RH4 1QA

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP

FRIENDS LIFE FPLMA LIMITED

STRATEGIC REPORT

The directors present their strategic report on Friends Life FPLMA Limited (“the Company”) for the year ended 31 December 2015.

PRINCIPAL ACTIVITY

The Company is a non-trading wholly owned subsidiary of London and Manchester Group Limited (“LMG”) and is part of the Aviva plc Group of companies (“the Aviva Group” or “the Group”). Further information is contained in the 2015 report and financial statements of Aviva plc.

The former principal activity of the Company was to conduct general insurance business, long-term life assurance, pensions and annuity business in the United Kingdom. The Company did not trade during the year. General business ceased being written in 1987, and other business ceased in 2000.

EMPLOYEES

Companies within the Group receive services and administration from either, Friends Life Services Limited (“FLS”), Friends Life Management Services Limited (“FLMS”) or both. These entities either employ staff engaged in these activities or outsource the provision of these services to external outsourced service providers. Accordingly, the Company has no direct employees. The average number of employees of FLS and FLMS is disclosed in the financial statements of those entities.

ACQUISITION BY AVIVA GROUP

On 19 January 2015, Friends Life Group Limited (“FLGL”), which at that date was the ultimate parent company of the Company, published a Scheme of Arrangement (“the Scheme”) document in relation to the proposed acquisition by Aviva plc of the entire ordinary share capital of FLGL. Following shareholder and Guernsey court approval the Scheme became effective on 10 April 2015 and at that point the Company became part of the Aviva Group.

RESULTS AND BUSINESS REVIEW

The Company ceased writing general business in 1987 and the long-term life assurance, pensions and annuity business was transferred to Friends Life Limited in 2000. All business written prior to 1980 was 100% reassured, and between 1980 and 1987 the reassurance was between 40% and 60% and further limited by excess of loss treaties.

With respect to general business written prior to 1987, there is one claim outstanding as at 31 December 2015.

London Capital Holdings Limited (“LCH”), a fellow group undertaking, has agreed to provide an indemnity to the Company against any future claims.

FRIENDS LIFE FPLMA LIMITED
STRATEGIC REPORT (continued)

RESULTS AND BUSINESS REVIEW (continued)

The result for the year ended 31 December 2015 is shown in the profit and loss account on page 11.

The Company has assets in excess of its capital requirements of £3.7m (2014: £3.5m).

PRINCIPAL RISKS AND UNCERTAINTIES

The strategic aim of the Aviva Group is to develop a sustainable business that meets the needs of customers and delivers cash and appropriate returns to shareholders. As with all businesses, the Aviva Group is exposed to risk in pursuit of its objectives.

Enterprise risk management ("ERM") is the discipline by which both the Friends Life Group and Aviva Group safeguards the interests of customers and shareholders. This is achieved through the identification, assessment, management monitoring and control of current and emerging risks, against a set of agreed risk appetite and limits, in order to develop a sustainable business that meets the needs of customers and delivers appropriate returns to shareholders within appropriate and prudent risk boundaries.

The philosophy underpinning risk management is that it should be designed, implemented and maintained in a manner that supports management's decision making and helps management to deal effectively with uncertainty.

Until the Aviva acquisition, the Friends Life Group Limited Board was responsible for the risk management framework applied by companies within the Friends Life Group. The Board delegated responsibility for overseeing risk management across the Group to the Risk and Compliance Committee ("RCC"). The RCC was supported by the Executive Risk Committee ("ERC").

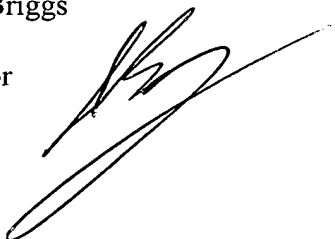
Following the Aviva acquisition the ex-Friends Life entities have continued to use the enterprise risk management framework that was in place prior to acquisition across the Friends Life Group. The ex-Friends Life entities will transition to the Aviva Group risk management framework from 1 January 2016.

Given the limited nature of the Company's liabilities and the fact that its net assets of £6.4m are backed by £6.7m of cash the Company is not considered to be exposed to any significant risks or uncertainties.

Approved by the Board on 19 April 2016 and signed on its behalf by:

A. D. Briggs

Director



FRIENDS LIFE FPLMA LIMITED
REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2015.

DIRECTORS

The directors in office at the date of signing of these financial statements are listed on page 2. Appointments and resignations of directors during the year and up to the date of the signing of these financial statements are as follows:

A. D. Briggs was appointed as a director on 31 March 2015.

J. A. Newman resigned as a director on 31 March 2015.

J. S. Moss resigned as a director on 30 November 2015.

DIVIDEND

The directors do not recommend the payment of a dividend for the year ended 31 December 2015 (2014: £nil).

STATEMENT OF DISCLOSURE OF INFORMATION TO THE AUDITORS

The directors who held office at the date of approval of this report of the directors confirm that, as far as they are aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

INDEPENDENT AUDITOR

Following the acquisition by the Aviva Group, the Company's previous auditors, Ernst & Young LLP, resigned on 28 May 2015. PricewaterhouseCoopers LLP were appointed as auditors on 28 May 2015.

It is the intention of the directors to reappoint the auditors, PricewaterhouseCoopers LLP, under the deemed appointment rules of section 487 of the Companies Act 2006.

FRIENDS LIFE FPLMA LIMITED
REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2015
(continued)

DIRECTORS AND OFFICERS – QUALIFYING INDEMNITY PROVISIONS

Aviva plc, the Company's ultimate parent, granted in 2004 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, which continue to apply in relation to any provision made before 1 October 2007. This indemnity is a "qualifying third party indemnity" for the purposes of sections 309A to 309C of the Companies Act 1985. These qualifying third party indemnity provisions were in force throughout the year and at the date of approving the Directors' Report by virtue of paragraph 15, Schedule 3 of The Companies Act 2006 (Commencement No. 3, Consequential Amendments, Transitional Provisions and Savings) Order 2007.

The directors also have the benefit of the indemnity provision contained in the Company's articles of association, subject to the conditions set out in the Companies Act 2006. This is a "qualifying third party indemnity" provision as defined by section 234 of the Companies Act 2006.

STATEMENT OF GOING CONCERN

The financial statements have been prepared on a going concern basis. In assessing whether the going concern basis is appropriate, the directors have considered the information contained in the financial statements of the company. The directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future and at least 12 months from the approval of the financial statements.

FUTURE OUTLOOK

Following the Aviva acquisition significant integration and rationalisation activity is being undertaken in respect of the acquired Friends Life entities. As at the date of this Report and Financial Statements no decisions have been made in respect of the Company's activities. However, it is expected that in the future consideration will be given to the transfer of the Company's insurance liabilities and possible de-authorisation.

FRIENDS LIFE FPLMA LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS101).

Under company law the directors must not approve the financial statements unless they are satisfied that they 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 financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of the financial statements; and
- 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Pixham End
Dorking
Surrey
RH4 1QA

19 April 2016

Registered Number 4599

ON BEHALF OF THE BOARD



A. D. Briggs
Director

FRIENDS LIFE FPLMA LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF FRIENDS LIFE FPLMA LIMITED

REPORT ON THE FINANCIAL STATEMENTS

Our opinion

In our opinion, Friends Life FPLMA Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Report and Financial Statements (the "Annual Report"), comprise:

- the Balance Sheet as at 31 December 2015;
- the Profit and Loss account for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework" and applicable law (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

FRIENDS LIFE FPLMA LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF FRIENDS LIFE FPLMA LIMITED (continued)

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Our responsibilities and those of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

FRIENDS LIFE FPLMA LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF FRIENDS LIFE FPLMA
LIMITED (continued)**

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Emma Aiken-Jones (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP,
Chartered Accountants and Statutory Auditors
Bristol

21 April 2016

FRIENDS LIFE FPLMA LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2015****TECHNICAL ACCOUNT – GENERAL BUSINESS****Discontinued operations**

	Note	2015 £000	2014 £000
Change in provision for claims			
- gross amount		-	10
- reinsurers' share		-	(10)
BALANCE ON THE TECHNICAL ACCOUNT			
- GENERAL BUSINESS		-	-

NON TECHNICAL ACCOUNT**Discontinued operations**

	Note	2015 £000	2014 £000
Other interest receivable and similar income		33	25
PROFIT ON ORDINARY ACTIVITIES BEFORE			
TAX		33	25
Tax on profit on ordinary activities	3	(7)	(5)
PROFIT FOR THE FINANCIAL YEAR		26	20

There are no recognised gains or losses for 2015 or 2014 other than those included in the profit and loss account above and therefore no statement of comprehensive income has been presented.

All of the amounts above are in respect of discontinued operations.

The notes on pages 14 to 17 form an integral part of these financial statements.

(Registered Number: 4599)

FRIENDS LIFE FPLMA LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2015

	Note	2015 £000	2014 £000
ASSETS			
Reinsurer's share of technical provisions			
Claims outstanding		7	7
Other assets			
Cash at bank and in hand		6,650	6,617
TOTAL ASSETS		6,657	6,624
EQUITY			
Capital and reserves			
Called-up share capital	4	5,750	5,750
Profit and loss account		648	622
EQUITY SHAREHOLDERS' FUNDS		6,398	6,372
LIABILITIES			
Technical provisions			
Claims outstanding		7	7
Creditors			
Amounts due to Group undertakings		202	202
Taxation payable		50	43
TOTAL EQUITY AND LIABILITIES		6,657	6,624

Approved by the Board on 19 April 2016 and signed on its behalf by



A. D. Briggs
Director

The notes on pages 14 to 17 form an integral part of these financial statements.

FRIENDS LIFE FPLMA LIMITED**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015**

	Share capital	Profit and loss account	Total Shareholders' funds
	£000	£000	£000
Balance as at 1 January 2015	5,750	622	6,372
Retained profit for the year	-	26	26
Balance as at 31 December 2015	5,750	648	6,398

	Share capital	Profit and loss account	Total Shareholders' funds
	£000	£000	£000
Balance as at 1 January 2014	5,750	602	6,352
Retained profit for the year	-	20	20
Balance as at 31 December 2014	5,750	622	6,372

The notes on pages 14 to 17 form an integral part of these financial statements.

FRIENDS LIFE FPLMA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER
2015**

1. STATEMENT OF ACCOUNTING POLICIES

A) Basis of presentation

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. The financial statements have been prepared under the historical cost convention.

The Company is exempt under section 400 of the Companies Act 2006 from the obligation to prepare group financial statements as the Company is a wholly owned subsidiary of Aviva plc in whose consolidated financial statements the Company is included. Accordingly, the financial statements present information about the Company as an individual entity and not about its group.

The financial statements are stated in sterling which is the Company's functional and presentation currency. Unless otherwise noted the amounts shown in the financial statements are in thousands of pounds sterling (£000).

The Company transitioned from previously extant UK GAAP to FRS 101 for all periods presented. No adjustments were required as a result of transition to FRS 101.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2015.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) the requirements of paragraphs 10(d) and 111 of IAS 1 Presentation of Financial Statements to include a statement of cash flows and the requirements of IAS 7 Statement of Cash Flows;
- (b) the requirements of paragraph 16 of IAS 1 to make a statement of compliance with the international accounting standards;
- (c) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to disclose when an entity has not applied a new accounting standard that has been issued but is not yet effective;
- (d) the requirements of paragraph 17 of IAS 24 Related Party Disclosure to disclose key management personnel compensation;
- (e) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group.

FRIENDS LIFE FPLMA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMEBER
2015 (continued)**

B) Claims

Claims incurred comprise claims and related expenses paid in the year and changes in provisions for outstanding claims, together with any adjustments from previous years.

C) Other interest receivable and similar income

Dividends, interest or other income receivable includes any withholding tax but excludes any other taxes, such as attributable credits, not payable wholly on behalf of the Group. Interest income is recognised as income as it accrues.

D) Cash at bank and in hand

Included within cash at bank and in hand are cash equivalents. Cash equivalents consist of short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Such investments are those with less than three months' maturity from the date of acquisition, or which are redeemable on demand with only an insignificant change in their fair values.

E) Taxation

Current Tax

Taxation is based on the profits and income for the period as determined in accordance with the relevant tax legislation, together with adjustments to provisions for prior periods. Tax payable is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Current taxation is recognised in the profit and loss account for the period, except to the extent that it is attributable to a gain or loss recognised outside the profit and loss account, in which case the current taxation is recognised in the statement of comprehensive income, or equity, as applicable.

F) Reinsurance

The benefits to which the Company is entitled under its reinsurance contracts held are recognised as reinsurance assets. Amounts recoverable from reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of the reinsurance contract. Reinsurance recoveries are accounted for in the same period as the related claim.

FRIENDS LIFE FPLMA LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER
2015 (continued)****2. AUDITORS' REMUNERATION**

The auditors' remuneration for audit services for 2015 of £1,000 (2014: £1,000) was borne by other companies within the Group. Fees paid to the Company's auditors, PricewaterhouseCoopers LLP (PwC) and its associates for services other than the statutory audit of the Company and other Group undertakings are disclosed in the consolidated financial statements of Aviva plc.

3. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2015	2014
	£000	£000
(a) Analysis of the tax charge for the year		
UK corporation tax	7	5
(b) Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	33	25
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014: 21.50%)	7	5
Tax charge on profit on ordinary activities	7	5

UK legislation was substantively enacted in July 2013 to reduce the rate of corporation tax from 21% to 20% from 1 April 2015, resulting in an effective rate for the year ended 31 December 2015 of 20.25%. UK legislation was substantively enacted in October 2015 to reduce the rate of corporation tax to 19% from 1 April 2017 and to 18% from 1 April 2020.

4. SHARE CAPITAL

	2015	2014
	£000	£000
Authorised		
6,250,000 ordinary shares of £1 each	6,250	6,250
Allotted, called-up and fully paid		
5,750,000 ordinary shares of £1 each	5,750	5,750

Ordinary shares in issue in the Company rank pari passu. All the ordinary shares in issue carry the same right to receive all dividends and other distributions declared, made or paid by the Company.

FRIENDS LIFE FPLMA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER
2015 (continued)**

5. INDEMNITY POLICY

London Capital Holdings Limited ("LCH"), a fellow group undertaking, has agreed to provide an indemnity to the Company against any future claims.

As at 31 December 2015, there is one outstanding claim.

6. REMUNERATION OF DIRECTORS AND EMPLOYEES

The directors are employed by, and receive their emoluments from, Friends Life Services Limited or Friends Life Management Services Limited. The directors holding office during the year consider their services to the Company were incidental to their other duties within the Aviva Group and accordingly no remuneration has been apportioned to the Company.

7. RELATED PARTIES

The Company is a wholly owned subsidiary undertaking of Aviva plc. The results of the Company are consolidated in the results of Aviva plc, the Company's ultimate parent and controlling company, whose financial statements are publicly available. Under FRS 101 the Company is exempt from the requirements of IAS 24 Related Party Disclosures, concerning the disclosure of transactions entered into between two or more members of a group provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

8. ULTIMATE PARENT UNDERTAKING

The Company's ultimate parent undertaking is Aviva plc, who are also the parent company of the smallest and largest group of companies, of which the Company is a wholly owned subsidiary, for which group accounts are drawn up. Copies of the Group Report and Financial Statements of Aviva plc can be viewed via its website at www.aviva.com.