FRIENDS LIFE FPLMA LIMITED

COMPANY REGISTERED IN ENGLAND AND WALES
REGISTRATION NUMBER 4599

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2020

CONTENTS **PAGES**

FRIENDS LIFE FPLMA LIMITED
COMPANY INFORMATION

BOARD OF DIRECTORS

T J Latter
A Wilkinson

COMPANY SECRETARY

Aviva Company Secretarial Services Limited

REGISTERED OFFICE

Aviva
Wellington Row
York
YO90 1WR

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London
SE1 2RT

COMPANY NUMBER

Registered in England and Wales: No. 4599

OTHER INFORMATION

The Company is a private company limited by shares and member of the Aviva plc group of companies ("the Group").

The directors present their Strategic Report for the Company for the year ended 31 December 2020.

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. Further information is contained in the 2020 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.

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 ("FLL") 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. On 1 October 2017, the insurance business conducted by FLL was transferred to Aviva Life & Pensions UK Limited ("UKLAP") under the terms of a Part VII scheme of transfer.

The result for the year ended 31 December 2020 is shown in the profit and loss account on page 13.

KEY PERFORMANCE INDICATORS

The Company has assets in excess of its capital requirements of £3.2 million (2019: £3.3 million).

SECTION 172 STATEMENT AND OUR STAKEHOLDERS

The Directors report here how they have discharged their duties under Section 172 (1) of the Companies Act 2006 which the directors must have regard to in their duty to promote the success of the Company for the benefit of its shareholders which includes having regard to other stakeholders.

The Board is responsible for monitoring and upholding the culture, values, standards, ethics, and reputation of the Company to ensure that the Directors' obligations to its shareholders and to its stakeholders are met. The Board monitors adherence to the Aviva Group business standards and compliance with local corporate governance requirements and is committed to acting if our businesses should fail to act in the manner the Board expects of them..

For each matter which comes before the Board, stakeholders who may be affected are identified and their interests are carefully considered as part of the Board's decision-making process.

The Board is also focused on the wider social context within which our businesses operate, including those issues related to climate change which are of fundamental importance to the planet's well-being.

The Company's culture

As the provider of vital financial services to millions of customers, the Aviva Group seeks to earn its customers' trust by acting with integrity and responsibility at all times. The Aviva Group looks to build relationships with all stakeholders based on openness and continuing dialogue.

The Company's culture is shaped, in conjunction with its parent holding company, Aviva Life Holdings UK Limited (UKLH) and its ultimate shareholder Aviva plc by jointly held and clearly defined values to help ensure it does the right thing. The Company values diversity and inclusivity in its workforce and beyond. The commitment the Company makes to each customer extends to all the Company's stakeholders; that is 'with you today, for a better tomorrow.' Throughout the Company's business, the Board is proud that our people live the Aviva values; Care, Community, Commitment and Confidence, by caring for our customers, for each other and for the communities they serve.

Strategic decisions in 2020

In December 2020, the Board resolved to change the Company's registered office address from Pixham End, Dorking, Surrey, RH4 1QA, to Aviva, Wellington Row, York YO90 1WR. The change was due to the forthcoming closure of the Dorking Offices and Wellington Row was chosen as the most appropriate address as the Company's statutory records were held there. The change came into effect on 15 January 2021.

Approval to deauthorise the Company was sought from the FCA and PRA and this was granted with effect from 8 February 2021.

Stakeholder Engagement

(i) Employees

The Company has no employees. The staff engaged in the activities of the Company are employed by fellow subsidiary undertakings of Aviva plc. As part of the Aviva Group, these staff enjoy the benefit of the Aviva Group policies and benefits made available to them.

The Group carries out a comprehensive global employee engagement survey each year, and the results are considered by the Board in the context of the Company's culture, values and behaviours and actions to continually improve the results are discussed and agreed.

Aviva Group employees share in the business' success as shareholders through membership of the Group's global share plans.

The Group supported the safety and well-being of staff through the provision of equipment to enable all employees to work from home through the Covid-19 pandemic and the Board received reporting on employees throughout the year.

(ii) Customers

The Company has no customers as it has not undertaken any business since 2000.

(iii) Suppliers

The Company has no suppliers as it has not carried out business since 2000. FPLMA has no critical or important outsourcing arrangements.

(iv) Communities

The Friends Life FPLMA Limited Board supports the community activities of the Aviva Group including the wellbeing proposition for UK employees, the Aviva Communities to help drive greater diversity and inclusivity throughout the organisation and to support colleagues to volunteer in their communities.

Recognising climate change presents risk and opportunities for customers, communities and business, Aviva is signed up to the United Nations Net-Zero Asset Owner Alliance commitment. As part of the Aviva Group, Friends Life FPG Limited is committed to Aviva's long-term strategy to reach net zero by 2040, and to support achieving this target the Aviva Group has defined climate risk preferences and operating risk limits.

(v) Shareholders

The Company's ultimate shareholder is Aviva plc. Any matters requiring escalation would be escalated by the Board through the Executive Chairman to the Aviva Life Holdings UK Limited board.

(vi) Regulators

Following the Aviva acquisition significant integration and rationalisation activity is being undertaken in respect of the acquired Friends Life entities as evidenced by the Part VII transfers of insurance business discussed above. Approval to deauthorise the Company was received from the PRA with effect from 8 February 2021.

FUTURE OUTLOOK

As at the date of this Report and Financial Statements no decisions have been made in respect of the Company's activities.

Approval to deauthorise the Company was received from the PRA with effect from 8 February 2021.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company is exposed to financial risk through its financial assets and liabilities in the ordinary course of its business. It is exposed to operational risk of loss resulting from internal processes, people and systems, or from external events, including regulatory risk. The major component of financial risk is credit risk, due to counterparties failing to meet all or part of their obligations in a timely fashion.

The Company uses a number of metrics to identify, measure, manage, monitor and report risks and a fuller explanation of these risks, other than operational risk, may be found in note 7 to the financial statements.

On 11 March 2020, the World Health Organization declared the outbreak of a strain of novel coronavirus disease, COVID-19, a global pandemic. The prolonged spread of COVID-19 has resulted in an economic downturn in jurisdictions in which the Company operates and the global economy more widely, as well as causing increased volatility and declines in financial markets. The Company continues to maintain a positive net asset value and since the onset of the pandemic the Company has remained operational.

Approved by the Board on 15 September 2021 and signed on its behalf by:

Aviva Company Secretarial Services Limited
Company Secretary

FRIENDS LIFE FPLMA LIMITED
REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2020.

DIRECTORS

The directors in office at the date of signing of these financial statements are listed on page 2. Details of Board appointments and resignations during the year and since the year end are shown below:

A Darliington resigned as director of the Company on 30 April 2021. A Wilkinson was appointed as a director of the Company on the same date.

FUTURE OUTLOOK

Likely future developments in the business of the Company are discussed in the Strategic Report.

DIVIDEND

No dividend was paid for the 2020 financial year (2019: £nil).

COMPANY SECRETARY

Aviva Company Secretarial Services Limited acted as the Company Secretary throughout 2020.

POST BALANCE SHEET EVENTS

The registered office addresss of the Company was changed from Pixham End, Dorking, Surrey, RH4 1QA, to Aviva, Wellington Row, York YO90 1WR on 15 January 2021.

Approval to deauthorise the Company was received from the FCA and PRA with effect from 8 February 2021.

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 all the information available, including 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.

EMPLOYEES

All staff are employed by a fellow subsidiary undertaking of Aviva plc, Aviva Employment Services Limited ("AES"), who make a management charge for services, including the provision of staff to the Company. No management charge is made to the Company as it is no longer trading. Disclosures relating to employee remuneration and the average number of persons employed are made in the Financial Statements of AES.

STATEMENT OF DISCLOSURE OF INFORMATION TO THE AUDITORS

Each person who was a director of the Company on the date that this report was approved, confirms that:

a) so far as the director is aware, there is no relevant audit information of which the auditors are unaware; and
b) each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

INDEPENDENT AUDITORS

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.

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 extended to the directors of the Company following acquisition. These qualifying third party indemnity provisions were in force throughout the year and at the date of approving the Report of the Directors 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 DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE REPORT OF THE DIRECTORS AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and Financial Statements and the financial statements in accordance with applicable law and regulation.

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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.

Approved by the Board on 15 September 2021 and signed on its behalf by:

Aviva Company Secretarial Services Limited
Company Secretary

Report on the audit of the financial statements

Opinion

In our opinion, Friends Life FPLMA Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: balance sheet as at 31 December 2020; profit and loss account, and statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Board of Directors.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the company in the period under audit.

Our audit approach

Overview

Audit scope

- Friends Life FPLMA Limited is a standalone insurance entity and a wholly owned subsidiary of London and Manchester Group Limited.
- We performed a full scope audit of the complete financial information in accordance with our materiality and risk assessment.
- Impact of COVID-19

Key audit matters

- Impact of COVID-19

Materiality

- Overall materiality: £65,420 (2019: £65,170) based on 1% of Net Assets .
- Performance materiality: £49,065.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Impact of COVID-19 As disclosed within the strategic report, 2020 began with the outbreak of a new strain of Coronavirus (COVID-19) resulting in a global pandemic causing significant economic disruption. UK Life management have performed procedures to assess the financial and operational impacts of COVID-19 and are monitoring the company's capital and liquidity position to ensure that the solvency coverage is adequate. Management have concluded the company will continue to meet its capital requirements and operate through this pandemic and the Company continues to be a going concern. However, as the situation is rapidly evolving it is not possible to quantify the potential financial impact of the outbreak on the company.	We assessed management's approach to the impact of COVID-19 on the company and the financial statements by performing the following procedures: • Reviewed the solvency position up to the date of signing of financial statements. • Read correspondence between UK Life management and the PRA in relation to COVID-19. • Assessed the disclosures made by management in the financial statements and checked consistency of the disclosures with our knowledge of the company based on our audit. • Reassessed our conclusions on going concern in the light of the information gained from the above procedures up to the date of signing these financial statements. Based on the work performed and the evidence obtained, we consider the disclosure of the impact of COVID-19 in financial statements to be appropriate.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£65,420 (2019: £65,170).
How we determined it	1% of net assets.
Rationale for benchmark applied	We believe that net assets is the most appropriate benchmark as the company is a non-trading company and the key performance indicator used by management is the maintenance of adequate capital resources.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £49,065 for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Board of Directors that we would report to them misstatements identified during our audit above 5% (2019: 5%) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Review of management's going concern assessment;
- Consideration of the impact to going concern of the COVID-19 pandemic; and
- Assessing the reasonableness of management's assumptions.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Report of the Directors for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Report of the Directors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the Report of the Directors and the Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK regulatory principles, such as those governed by the Prudential Regulation Authority and the Financial Conduct Authority, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of manual journal entries. Audit procedures performed by the engagement team included:

- Discussions with Management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud.
- Review of correspondence with the Prudential Regulation Authority ("PRA") periodically and reading key correspondence with the PRA and the Financial Conduct Authority, including those in relation to compliance with laws and regulations
- Reviewing relevant meeting minutes including those of the Board of Directors
- Identifying and testing manual journal entries

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Board of Directors, we were appointed by the directors on 3 May 2012 to audit the financial statements for the year ended 31 December 2012 and subsequent financial periods. The period of total uninterrupted engagement is 9 years, covering the years ended 31 December 2012 to 31 December 2020.

Sean Forster (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

15 September 2021

FRIENDS LIFE FPLMA LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £'000	2019 £'000
Interest receivable and similar income		25	51
PROFIT BEFORE TAXATION		25	51
Tax on profit	4	-	7
PROFIT FOR THE FINANCIAL YEAR		25	58

There are no recognised gains or losses for 2020 or 2019 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 17 to 22 form an integral part of these financial statements.

Registered Number: 4599

FRIENDS LIFE FPLMA LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2020

	Note	2020 £'000	2019 £'000
ASSETS			
Cash and cash equivalents	D	**6,542**	6,525
TOTAL ASSETS		**6,542**	6,525
EQUITY			
Capital and reserves			
Called up share capital	5	**5,750**	5,750
Profit and loss account		**792**	767
TOTAL EQUITY		**6,542**	6,517
LIABILITIES			
Amounts due to group undertakings		**-**	8
TOTAL EQUITY AND LIABILITIES		**6,542**	6,525

The financial statements on pages 14 to 22 were approved by the board of directors on 15 September 2021 and signed on its behalf by:

Thomas Latter

T Latter
Director

The notes on pages 17 to 22 form an integral part of these financial statements.

Registered Number: 4599

FRIENDS LIFE FPLMA LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital £'000	Profit and loss account £'000	Total equity £'000
Balance as at 1 January 2020	**5,750**	**767**	**6,517**
Retained profit for the financial year	-	25	25
Balance as at 31 December 2020	**5,750**	**792**	**6,542**
Balance as at 1 January 2019	5,750	709	6,459
Retained profit for the financial year	-	58	58
Balance as at 31 December 2019	5,750	767	6,517

The notes on pages 17 to 22 form an integral part of these financial statements.

1. STATEMENT OF ACCOUNTING POLICIES

A) Basis of presentation

The financial statements have been prepared in accordance with The Companies Act 2006, as applicable to companies using Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). The financial statements have been prepared under the historical cost convention.

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.

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

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2020. These policies have been consistently applied to all years presented, unless otherwise stated.

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.

(f) paragraph 18A of IAS24, 'Related party disclosures', related to key management services provided by a separate management entity.

New standards and minor clarifications to existing guidance on a number of standards became effective for the reporting period beginning on 1 January 2020. Amendments to References to the Conceptual Framework in IFRS Standards (published by the IASB in March 2018); Amendments to IFRS 3 Business Combinations (published by the IASB in October 2018); Amendments to IAS 1 and IAS 8: (Definition of material (published by the IASB in October 2018); Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7 (published by the IASB in October 2019).The amendments do not have any impact on the Company's financial statements.

B) 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 Company. Interest income is recognised as income as it accrues.

1. STATEMENT OF ACCOUNTING POLICIES (continued)

C) Tax on profit

Income taxes

The current tax expense 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 before taxation and amounts charged or credited to components of other comprehensive income and equity as appropriate.

Provision is made for deferred tax liabilities, or credit taken for deferred tax assets, using the liability method, on all material temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

The rates enacted or substantively enacted at the statement of financial position date are used to value the deferred tax assets and liabilities.

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. Where there is a history of tax losses, deferred tax assets are only recognised in excess of deferred tax liabilities if there is convincing evidence that future profits will be available.

Deferred tax is provided on any temporary differences arising from investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future.

Deferred taxes are not provided in respect of any temporary differences arising from the initial recognition of goodwill, or from the initial recognition of an asset or liability in a transaction which is not a business combination and affects neither accounting profit nor taxable profit or loss at the time of the transaction.

Current and deferred tax relating to items recognised in other comprehensive income and directly in equity are similarly recognised in other comprehensive income and directly in equity respectively. Deferred tax related to any fair value re-measurement of available for sale investments, owner-occupied properties, pensions and other post-retirement obligations and other amounts charged or credited directly to other comprehensive income is recognised in the statement of financial position as a deferred tax asset or liability.

D) Cash and cash equivalents

Cash and cash equivalents includes balances held in liquidity funds. Liquidity funds are not deemed to be solely payments of principle and interest and are measured at fair value.

E) Share capital

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:

- 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
- the instrument will not be settled by delivery of a variable number of shares or is a derivative that can be settled other than for a fixed amount of cash, shares or other financial assets.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Company's financial statements, in accordance with FRS 101, requires management to make judgements, estimates and assumptions in applying the accounting policies that affect the reported amounts of assets, liabilities, income and expenses. There are no major areas of judgement on policy application for the Company.

3. AUDITORS' REMUNERATION

The auditors' remuneration for audit services for 2020 of £1,000 (2019: £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.

4. TAX ON PROFIT

	2020 £'000	2019 £'000
(a) Tax credited to the income statement		
The total tax credit comprises:		
Current tax		
For this year	-	-
Prior period adjustments	-	7
Total tax credited to the income statement	-	7

(b) Tax charged/credited to other comprehensive income

There was no tax charged or credited to other comprehensive income in either 2020 or 2019.

(c) Tax reconciliation

The tax on the company's profit before tax differs from (2019: differs from) the theoretical amount that would arise using the tax rate of the United Kingdom as follows:

	2020 £'000	2019 £'000
Total profit before tax	25	51
Tax calculated at standard UK corporation tax rate of 19% (2019: 19%)	(5)	(9)
Group relief claimed for nil consideration	5	9
Prior period adjustments	-	7
Total tax credited to income statement	-	7

During 2020, the reduction in the UK corporation tax rate that was due to take effect from 1 April 2020 was cancelled and as a result, the rate has remained at 19%.

In the Budget of 3 March 2021, the UK Government announced that the UK corporation tax rate will increase to 25% from 1 April 2023. As of 31 December 2020 this measure had not been substantively enacted. As the Company has no deferred tax assets or liabilities at the year end, there is no impact on the Company's net assets as a consequence of the amendments in the tax rates.

(d) Tax assets and liabilities

Current tax

Current tax liabilities payable in more than one year are £nil (2019: £nil).

5. CALLED UP SHARE CAPITAL

	2020 £'000	2019 £'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.

6. INDEMNITY POLICY

LMG, a fellow group undertaking, provide an indemnity to the Company against any future claims. As at 31 December 2020 there are no outstanding claims.

7. REMUNERATION OF DIRECTORS

The directors are employed by, and receive their emoluments from AES. 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.

8. RISK MANAGEMENT

(a) Risk management framework

The ultimate parent company, Aviva plc, and its subsidiaries, joint ventures and associates (collectively known as "the Group") operate a risk management framework ("RMF"), which forms an integral part of the management and board processes and decision-making framework across the Group. The key elements of our risk management framework comprise risk strategy and risk appetite, risk policy categorisation, enterprise-wide approach to managing risk, including how to identify, measure, manage, monitor and report risks, and risk governance and oversight (including boards and board committees, risk policies and business standards, delegated authorities and management committees, and roles and responsibilities). The Group's approach to risk management ensures that significant existing or emerging risks are actively identified, measured, managed, monitored and reported on a continuous basis. The RMF has been adopted by the boards of the legal entities within the business collectively referred to as "UK Life" (including this Company).

For the purposes of risk identification and measurement, risks are usually grouped by risk type: market, credit, life insurance, liquidity and operational risk. Risks falling within these types may affect a number of key metrics, including those relating to balance sheet strength, liquidity and profit. They may also affect the performance of the products that the Company delivers to customers and the service to customers and distributors, which can be categorised as risks to our brand and reputation or as conduct risk.

Risk models are an important tool in the Company's measurement of risk and are used to support the monitoring and reporting of the risk profile and in the consideration of the risk management actions available. The Company carries out a range of stress (where one risk factor, such as equity returns, is assumed to vary) and scenario (where combinations of risk factors are assumed to vary) tests to evaluate their impact on the business and the management actions available to respond to the conditions envisaged. Board oversight of risk and risk management across the Group is maintained on a regular basis through its Risk Committee. The Board has overall responsibility for determining risk appetite, which is an expression of the risk it is willing to take. The Group's position against risk appetite is monitored and reported to the Board on a regular basis. A similar arrangement prevails at the UK Life business level.

8. RISK MANAGEMENT (continued)

UK Life sets limits to manage material risks to ensure the risks stay within risk tolerance (the desired or upper bound on the level of risk that UK Life will take in pursuit of its purpose and strategy). UK Life assesses the size and scale of a risk by considering how likely it is that the risk will materialise and the potential impact the risk could have on its business and its stakeholders. Where risks are outside of tolerance, actions are agreed to bring the risks within tolerance. Impact assessments are considered against financial, operational and reputational criteria and take into account underlying factors such as economic conditions, for example, UK economic growth and inflation.

The UK Life business has an established governance framework, which has the following key elements:

- defined terms of reference for the legal entity boards and the associated board committees within the UK Life business, including the Risk Committee, Conduct Committee, Audit Committee, Investment Committee, With Profits Committee and Independent Governance Committee.
- a clear organisational structure with documented delegated authorities and responsibilities from the legal entity boards to CEOs and senior management. Often the senior management are assisted in discharging their delegated authority through their discussions at management committees (for example, the Executive Committee, Operational Risk and Conduct Committee and Asset Liability Committee).
- adoption of the Group policy framework that defines risk appetite measures and sets out risk management and control standards for the Group's worldwide operations. The risk policies and associated business standards also set out the roles and responsibilities of Group, Businesses, Policy and Standard Owners, and Board and Management Committees.

UK Life operates within a three lines of defence risk management model that encourages close working relationships between line management and the risk function whilst facilitating independent assurance by internal audit, and the roles of the three lines of defence each contribute to embedded risk management:

- First line of defence (Management): Primary responsibility for risk identification, measurement, management, monitoring and reporting lies with business management. The first-line management is responsible for the implementation and practice of risk management.
- Second line of defence (Risk function): Responsibility for reviewing and challenging the completeness and accuracy of risk identification, measurement, management, monitoring and reporting, and the adequacy of, and progress against, mitigation plans lies with the Risk function. This necessitates the early involvement by management of the risk function in key business decisions or projects, both in relation to customer and shareholder risks. The Risk function is responsible for overseeing the effective operation of the Risk Management Framework, particularly in relation to setting Risk Appetite, and compliance with Solvency II requirements.
- Third line of defence (Internal Audit function): Responsibility for assessing and reporting (to group and business unit audit, risk and governance committees, as appropriate) on the effectiveness of the design and operation of the framework of controls which enable risk to be assessed and managed lies with Internal Audit.

The Regulators also require UK Life to assess its economic capital requirements to ensure that it adequately reflects the risks facing the business. UK Life has accordingly developed economic capital models that support the measurement, comparison and further understanding of its risks. The results of the modelling are incorporated into key strategic planning and decision-making processes. These models show the relative impact to economic capital from the risks faced. In turn this supports the assessment of appropriate and effective mitigating strategies where risks are outside of appetite.

(b) Market risk

Market risk is the risk of loss or adverse change in the financial situation (including the value of assets, liabilities and income) resulting, directly or indirectly, from fluctuations in the level or the volatility of market variables, such as interest rates, foreign exchange rates, equity, property and commodity prices. The nature of the business means that the Company is not exposed to significant market risk.

(c) Credit risk

Credit risk is the risk of loss in the value of financial assets due to counterparties failing to meet all or part of their obligations, or changes to the market value of assets caused by changed perceptions of the creditworthiness of such counterparties.

Credit risk is managed on an Aviva plc group basis. For cash and bank balances, the company only places funds with reputed banks and financial institutions.

(d) Liquidity risk

The nature of the business means that the Company is not exposed to significant liquidity risk. Management seeks to determine that the Company has sufficient financial resources to meet its obligations as they fall due.

9. CAPITAL MANAGEMENT

In managing its capital, the Company seeks to:

- match the profile of its assets and liabilities, taking account of the risks inherent in the business;
- maintain sufficient, but not excessive, financial strength to satisfy the requirements of its policyholders and its regulator, the PRA;
- retain financial flexibility by maintaining strong liquidity; and
- allocate capital efficiency and repatriate excess capital where appropriate.

In accordance with Solvency II regulatory rules, the Company is required to hold sufficient capital (own funds) to meet its solvency capital requirements. The Company also complies with Group mandated Capital Management Risk Standards, which include the setting of risk appetites what are designed to give some buffer against adverse events when compared with minimum solvency. These appetites define what action should be taken by management where the actual capital level is above or below the desired target level.

The Company has complied with all regulatory capital requirements throughout the financial year.

There are no differences between the Company's UK GAAP shareholder equity and the Company's Solvency II own funds.

10. 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.

11. 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 financial statements are drawn up. Copies of the Group Report and Financial Statements of Aviva plc can be viewed via its website at www.aviva.com.

12. SUBSEQUENT EVENTS

The registered office addresss of the Company was changed from Pixham End, Dorking, Surrey, RH4 1QA, to Aviva, Wellington Row, York YO90 1WR on 15 January 2021.

Approval to deauthorise the Company was received from the FCA and PRA with effect from 8 February 2021.