

# **LONDON AND MANCHESTER GROUP LIMITED**

**COMPANY REGISTERED IN ENGLAND AND WALES  
REGISTRATION NUMBER 1594941**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

For the year ended 31 December 2021



**LONDON AND MANCHESTER GROUP LIMITED**

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Registration Number: 1594941

**LONDON AND MANCHESTER GROUP LIMITED  
COMPANY INFORMATION**

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**DIRECTORS**

K. J. Bye  
L E McGowan  
H. Potter

**COMPANY SECRETARY**

Aviva Company Secretarial Services Limited  
St Helen's  
1 Undershaft  
London  
EC3P 3DQ

**REGISTERED OFFICE**

Aviva  
Wellington Row  
York  
YO90 1WR

**INDEPENDENT AUDITORS**

PricewaterhouseCoopers LLP  
29 Wellington Street  
Leeds  
LS1 4DL

**COMPANY NUMBER**

Registered in England and Wales: No. 1594941

**OTHER INFORMATION**

London and Manchester Group Limited (the Company) is a private company limited by shares and is a member of the Aviva plc group of companies (the Group)

**LONDON AND MANCHESTER GROUP LIMITED**  
**STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors present their Strategic Report on London and Manchester Group Limited (“the Company”) for the year ended 31 December 2021.

## PRINCIPAL ACTIVITIES

The Company, a private company limited by shares, incorporated and domiciled in the United Kingdom, acts as an intermediate holding company. The Company is a wholly owned subsidiary of Friends Life FPL Limited (“FPL”) and is incorporated in England and Wales.

## RESULTS AND BUSINESS REVIEW

	2021	2020
	£000	£000
Profit for the financial year	794	8
Total equity	6,912	6,118

### Section 172 (1) statement

We report here on how our Directors have discharged their duties under Section 172 of the Companies Act 2006.

S.172 sets out a series of matters to which the directors must have regard to in performing their duty to promote the success of the Company for the benefit of its shareholders, which includes having regard to other stakeholders. Where this statement draws upon information contained in other sections of the Strategic report, this is signposted accordingly.

Our Board considers it crucial that the Company maintains a reputation for high standards of business conduct. The Board is responsible for monitoring and upholding the culture, values, standards, ethics and reputation of the Company to ensure that our obligations to our shareholder, customers and other stakeholders are met and Management drives the embedding of the desired culture throughout the organisation. The Board monitors adherence to our policies and compliance with local corporate governance requirements and is committed to acting where our businesses fall short of the standards we expect.

The Board is also focussed 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

Our culture is shaped, in conjunction with the wider Aviva Group, by our clearly defined purpose – with you today for a better tomorrow. As the provider of financial services to millions of customers, Aviva seeks to earn their trust by acting with integrity and a sense of responsibility at all times. We look to build relationships with all our stakeholders based on openness and transparency and we value diversity and inclusivity in our work force and beyond.

### Key strategic decisions in 2021

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.

**LONDON AND MANCHESTER GROUP LIMITED**  
**STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)**

### Stakeholder engagement

The table below sets out our approach to stakeholder engagement during 2021:

Stakeholders	Why are they important to Aviva?	What is our approach to engaging with them?
Employees	Our people's well-being and commitment to serving our customers is essential for our long-term success.	<ul style="list-style-type: none"> <li>The Company has no employees. The majority of 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.</li> <li>The Company's engagement mechanisms align with those of the Aviva Group, such as employee forums, internal communication channels, informal meetings with the Directors and employee engagement surveys.</li> <li>We are committed to recruiting, training and retaining the best talent we can find. We are proud to have been a pioneer in some areas of employee benefits, including providing six months paid parental leave for all UK employees.</li> <li>Our people share in the businesses' success as shareholders through membership of the Group's global share plans.</li> <li>The Company 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 as well as transitioning to a hybrid way of working in mid- 2021.</li> </ul>
Customers	Understanding what's important to our customers is key to our long-term success.	<ul style="list-style-type: none"> <li>The Company has no external customers.</li> <li>The Company's intermediate holding entity, Aviva Life Holdings UK Limited, is supported by a Conduct Committee to enable it to monitor customer metrics, the Company's Board can escalate any matter it feels necessary to the Aviva Life Holdings UK Limited Conduct Committee for further scrutiny.</li> </ul>
Suppliers	We operate in conjunction with a wide range of suppliers to deliver services to our customers. It is vital that we build strong working relationships with our intermediaries.	<ul style="list-style-type: none"> <li>All supplier related activity is managed in line with the Group's Procurement &amp; Outsourcing Business Standard. This ensures that supply risk is managed appropriately including in relation to customer outcomes, data security, corporate responsibility, financial, operational, contractual, and brand damage caused by inadequate oversight or supplier failure.</li> <li>An important part of our culture is the promotion of high legal, ethical, environmental and employee related standards within our business and also among our suppliers. Before working with any new suppliers we provide them with the Aviva Supplier Code of Behaviour, and our interaction with them is guided by Aviva's Business Code of Ethics.</li> <li>In the UK, Aviva is a signatory of the Prompt Payment Code which sets standards for high payment practices. We are a Living Wage employer in the UK, and our supplier contracts include a commitment to paying eligible employees not less than the Living Wage in respect of work provided at our premises in the UK.</li> </ul>
Communities	We recognise the importance of contributing to our communities through volunteering, community investment, and long-term partnerships. As a major insurance company we are fully engaged in building resilience against the global impact of climate change.	<ul style="list-style-type: none"> <li>Our 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.</li> <li>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, London and Manchester Group 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. The Aviva plc Board approved the adoption of the new climate risk preferences during the year, along with its 2022-2024 Plan which takes the new climate risk preferences into consideration.</li> </ul>
Shareholders	Our retail and institutional shareholders are the ultimate owners of the Company.	<ul style="list-style-type: none"> <li>The Company's ultimate shareholder is Aviva plc and its immediate shareholder is Friends Life FPL Limited. Any matters requiring escalation are escalated by the Board through the Chair to its parent.</li> </ul>

**LONDON AND MANCHESTER GROUP LIMITED**  
**STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)**

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**FUTURE OUTLOOK**

The company will continue to perform as an intermediary holding company with no further changes currently agreed or implemented.

On 24 February 2022, on-going tensions between Russia and Ukraine developed into full-scale armed conflict between the two countries. The Company is monitoring and responding to this dynamic situation. The Company does not conduct operations in the affected region and does not have material direct investment holdings there.

**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 also exposed to an operational risk of loss resulting from internal processes, people and systems, or from external events, including regulatory risk.

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 8 to the financial statements.

Approved by the Board 12 September 2022 and signed on its behalf by:



Aviva Company Secretarial Services Limited  
Company Secretary

Registration Number: 1594941

**LONDON AND MANCHESTER GROUP LIMITED**  
**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021**

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The directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2021.

**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:

H Potter was appointed as a director of the Company on 1 January 2021.

J C Baddeley resigned as a director of the Company on 29 July 2022. L E McGowan was appointed as a director of the Company on the same date.

**FUTURE OUTLOOK**

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

**DIVIDENDS**

The directors do not recommend the payment of a dividend for the year ended 31 December 2021 (2020: £nil).

**SIGNIFICANT EVENTS**

On 15 January 2021, the Company's registered office address changed from Pixham End, Dorking, Surrey, RH4 1QA, to Aviva, Wellington Row, York YO90 1WR.

**POST BALANCE SHEET EVENTS**

On 14 February 2022, the wholly owned subsidiary undertaking, Friends Life FPLMA Limited, was transferred to a fellow group undertaking, Aviva Life Holdings UK Limited, for a consideration of £100,363.

On 31 May 2022, a dividend of £6,912,429 was paid to Friends Life FPL Limited.

**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.

**FINANCIAL RISK MANAGEMENT**

Details of financial risk management are discussed in the principal risks and uncertainties section of the Strategic Report and note 8 to the financial statements.

**EMPLOYEES**

The Company has no employees (2020: nil). The majority of employees are employed by a fellow subsidiary undertaking of Aviva plc, Aviva Employment Services Limited. Disclosures relating to employee remuneration and the average number of persons employed are made in the financial statements of Aviva Employment Services Limited. The Company is recharged with the costs of the staff provided by Aviva Employment Services Limited however the associated costs and average number of persons employed cannot be accurately disclosed.

**STATEMENT OF DISCLOSURE OF INFORMATION TO THE AUDITORS**

In accordance with section 418 of the Companies Act 2006, the directors in office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's External Auditors, PricewaterhouseCoopers LLP, are unaware and each director has taken all steps that ought to have been taken as a director in order to make themselves aware of any relevant audit information and to establish that PricewaterhouseCoopers LLP is aware of that information.

**LONDON AND MANCHESTER GROUP LIMITED**  
**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)**

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**INDEPENDENT AUDITORS**

Under the Competition and Markets Authority Regulations, the Company's ultimate parent Company, Aviva plc is required to tender for the provision of the external audit every 10 years. PricewaterhouseCoopers LLP (PwC) was appointed for the first time for the 31 December 2012 financial year end and therefore a mandatory re-tender was required for the year ending 31 December 2022. The audit tender process was initiated during 2020 but, as previously reported, COVID-19 restrictions caused delays and Aviva sought a two-year extension from the FRC which was granted. Following a full and rigorous competitive tender process, which was overseen by the Aviva Life Holdings UK Limited Audit Committee, the selection of Ernst & Young LLP from the year ending 31 December 2024 was approved by the Aviva plc Board. PwC will continue in its role and, subject to reappointment by the Company's shareholders at the 2022 and 2023 Annual General Meetings, will undertake the audit for the financial years ending 31 December 2022 and 2023.

**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. These qualifying third-party indemnity provisions were extended to the directors of the Company following an acquisition.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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 FRS 101 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 12 September 2022 and signed on its behalf by:



Aviva Company Secretarial Services Limited  
Company Secretary



**LONDON AND MANCHESTER GROUP LIMITED**  
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LONDON AND MANCHESTER GROUP LIMITED**

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**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

**Opinion**

In our opinion, London and Manchester Group Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 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 2021; 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.

**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, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

**Conclusions relating to going concern**

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 Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

**LONDON AND MANCHESTER GROUP LIMITED**  
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LONDON AND MANCHESTER GROUP LIMITED**  
**(CONTINUED)**

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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 Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2021 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 Directors' Report.

**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, 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 Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. 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 inappropriate journal entries to manipulate reported results and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- enquiry of management and those charged with governance around actual and potential litigations and claims;
- enquiry of management and those charged with governance to identify any instances of non-compliance with laws and regulations;
- review of minutes of meetings held by those charged with governance;
- review of financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations; and
- performing procedures over the risk of management override of controls, including through testing journal entries based on specific risk criteria and other adjustments for appropriateness.

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.

**LONDON AND MANCHESTER GROUP LIMITED**  
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LONDON AND MANCHESTER GROUP LIMITED**  
**(CONTINUED)**

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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](http://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.



James Wilkinson (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Leeds

15 September 2022

**LONDON AND MANCHESTER GROUP LIMITED**  
**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £'000	2020 £'000
Income from shares in group undertakings		6,443	-
Administrative expenses		-	8
		<u>6,443</u>	<u>8</u>
Impairment losses on investments in subsidiaries		(5,649)	-
<b>Profit before taxation</b>		<u>794</u>	<u>8</u>
Tax on profit	4	-	-
<b>Profit for the financial year</b>		<u>794</u>	<u>8</u>

The Company has no other comprehensive income.

The notes on pages 14 to 18 form an integral part of these financial statements.

**LONDON AND MANCHESTER GROUP LIMITED**  
**BALANCE SHEET AS AT 31 DECEMBER 2021**

	Note	2021 £'000	2020 £'000
<b>Fixed assets</b>			
Shares in group undertakings	5	101	5,750
		<u>101</u>	<u>5,750</u>
<b>Current assets</b>			
Amounts owed by group undertakings		-	2
Cash at bank and in hand		6,811	366
<b>Current assets</b>		<u>6,811</u>	<u>368</u>
<b>Total assets</b>		<u>6,912</u>	<u>6,118</u>
<b>Capital and reserves</b>			
Called up share capital	6	-	-
Profit and loss account		6,912	6,118
<b>Total equity</b>		<u>6,912</u>	<u>6,118</u>

The notes on pages 14 to 18 form an integral part of these financial statements.

The financial statements on pages 11 to 18 were approved by the board of directors on 12 September 2022 and signed on its behalf by:

*Helen Potter*

H. Potter  
Director

**LONDON AND MANCHESTER GROUP LIMITED**  
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital	Profit and loss account	Total shareholders' funds
Note	£'000	£'000	£'000
<b>At 1 January 2021</b>	-	6,118	6,118
Result for the financial year	-	794	794
<b>At 31 December 2021</b>	-	<b>6,912</b>	<b>6,912</b>

	Called up share capital	Profit and loss account	Total shareholders' funds
	£'000	£'000	£'000
<b>At 1 January 2020</b>	5,000	1,110	6,110
Share capital reduction	(5,000)	5,000	-
Result for the financial year	-	8	8
<b>At 31 December 2020</b>	-	<b>6,118</b>	<b>6,118</b>

The notes on pages 14 to 18 form an integral part of these financial statements.

## LONDON AND MANCHESTER GROUP LIMITED NOTES TO THE FINANCIAL STATEMENTS

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### 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, except for investments in subsidiaries that have been measured at fair value through profit and loss.

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 pounds 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 2021. 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) the requirements in paragraph 4(a) of IFRS 10, Consolidated Financial Statements, and under Section 400 of the Companies Act 2006, to disclose where an entity has elected not to present consolidated financial statements. These financial statements present information about the Company as an individual undertaking and not about its group. Information on the ultimate controlling parent can be found in note 10;
- (g) paragraph 18A of IAS 24, '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 2021. Amendments to IFRS 16 leases: Covid-19 related rent concessions (published by the IASB in May 2020); Interest Rate Benchmark Reform Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (published by the IASB in August 2020). The amendments do not have any impact on the Company's financial statements.

#### B) Shares in group undertakings

Subsidiaries are group undertakings over which the Company has control, defined as power, directly or indirectly, to govern the financial and operating policies so as to obtain economic benefits, generally accompanying a shareholding of more than one half of the voting rights.

Shares in group undertakings are stated at their fair values, estimated using IFRS net asset value as a reasonable proxy. Subsidiaries managed on a fair value basis are reclassified as held at fair value through profit or loss with valuation movements recognised in the profit and loss account.

**LONDON AND MANCHESTER GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

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**C) Taxation**

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.

**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.

All estimates are based on management's knowledge of current facts and circumstances, assumptions based on that knowledge and their predictions of future events and actions. Actual results may differ from those estimates, possibly significantly.

**3. AUDITORS' REMUNERATION**

The auditors' remuneration for audit services for 2021 of £2,000 (2020: £2,000) was borne by other companies within the Group. The Company is exempt under SI 2008/489 from the obligation to disclose fees in respect of 'Other services' as the Company is a subsidiary of Aviva plc, which prepares consolidated financial statements. 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.



**LONDON AND MANCHESTER GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**4. TAX ON PROFIT**

**(a) Tax charged to the income statement**

The total charge comprises:

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Current tax</b>		
For this year	-	-
Prior period adjustments	-	-
<b>Total current tax</b>	-	-
<b>Deferred tax</b>		
Origination and reversal of temporary differences	-	-
Changes in tax rates or tax laws	-	-
<b>Total deferred tax</b>	-	-
<b>Total tax charged to the income statement</b>	-	-

**(b) Tax charged to other comprehensive income**

There was no tax charged to other comprehensive income in either 2021 or 2020.

**(c) Tax reconciliation**

The tax on the company's profit before tax differs from (2020: *differs from*) the theoretical amount that would arise using the tax rate of the United Kingdom as follows:

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Profit before tax	794	8
Tax calculated at standard UK corporation tax rate of 19% (2020: 19%)	151	2
Impairment of investment in subsidiaries	1,073	-
Non assessable income (and items not taxed at full statutory rate)	(1,224)	-
Group relief for nil consideration	-	(2)
<b>Total tax charge to income statement</b>	-	-

During 2021 the UK Government enacted an increase in the UK corporation tax rate to 25%, from 1 April 2023. During 2020 the reduction in the UK corporation tax rate that was due to take effect was cancelled, and as a result, the rate remained at 19%.

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 to the tax rates.

**(d) Tax assets and liabilities**

**Current tax**

Current tax liabilities payable in more than one year are £nil (2020: £nil).

**LONDON AND MANCHESTER GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**5. SHARES IN GROUP UNDERTAKINGS**

	Shares in group undertakings £'000
<b>Cost and carrying value:</b>	
At 1 January 2021	5,750
Impairment losses on investments in subsidiaries	(5,649)
<b>At 31 December 2021</b>	<b>101</b>
<b>Cost and carrying value:</b>	
At 1 January 2020	5,750
Disposals	-
<b>At 31 December 2020</b>	<b>5,750</b>

The group undertakings (unlisted) are all wholly owned subsidiaries incorporated in England & Wales and have only one class of issued ordinary shares, as follows:

Subsidiary undertaking	Activity	Holding	Registered Address Reference
Friends Life FPLMA Limited	Insurance	100%	1
Friends Provident Managed Pension Funds Limited	Dormant	100%	1
Friends Provident Pension Scheme Trustees Ltd	Dormant	100%	1
Friends Provident Life Assurance Ltd	Dormant	100%	1
Friends Provident Investment Holdings Ltd	Dormant	100%	1
Undershaft FPLLA Ltd	Dormant	100%	1
Undershaft FAL Limited	Dormant	100%	1
Friends AELLAS Limited	Dormant	100%	1
Friends Life Assurance Society Ltd	Dormant	100%	1
Friends Life Company Limited	Dormant	100%	1
Friends Life WL Limited	Dormant	100%	1
Friends Life and Pensions Limited	Dormant	100%	1
Friends Life Limited	Dormant	100%	1
Defined Returns Limited	In Liquidation	29%	2
NDF Administration Limited B Shares	In Liquidation	29%	2
NDF Administration Limited Ordinary Shares	In Liquidation	33%	2

Registered office address reference:

- 1: Aviva, Wellington Row, York, United Kingdom, YO90 1WR
- 2: 30 Finsbury Square, London, EC2P 2YU

The related undertakings held indirectly by the Company, Friends Life Distribution Limited and Friends Provident Distribution Holdings Limited were placed in liquidation on 10 December 2019. Both companies were dissolved at Companies House on 4 February 2021 and 5 February 2021 respectively.

On 14 February 2022, the wholly owned subsidiary undertaking, Friends Life FPLMA Limited, was transferred to a fellow group undertaking, Aviva Life Holdings UK Limited, for a consideration of £100,363.

**LONDON AND MANCHESTER GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**6. CALLED UP SHARE CAPITAL**

	2021	2020
	£	£
The allotted, called up and fully paid share capital of the Company was:		
4 ordinary shares of 25p each (2020: 4 ordinary shares of 25p each)	1	1

**7. DIRECTORS' EMOLUMENTS**

All directors were remunerated by Aviva Employment Services Limited, a fellow subsidiary of the ultimate parent company, Aviva plc. The emoluments are recharged, as part of a head office management charge under management service agreements, to all operating divisions of the Aviva Group. No direct recharge has been made to the Company in respect of these emoluments as these directors were not primarily remunerated for their services to the Company and their remuneration cannot be accurately calculated or disclosed. Accordingly, no emoluments are disclosed in respect of these directors.

**8. RISK MANAGEMENT**

The ultimate parent company, Aviva plc, and its subsidiaries, joint ventures and associates (collectively known as "the Group") operate a risk management framework, which forms an integral part of the management and board processes and decision-making framework across the Group. The key elements of its risk management framework comprise risk strategy and risk appetite, risk policy categorisation, enterprise-wide approach to managing risks, 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.

**9. RELATED PARTIES**

The Company is a wholly owned subsidiary of Friends Life FPL Limited (FPL). 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.

**10. ULTIMATE PARENT COMPANY**

The Company's ultimate parent undertaking is Aviva plc, St Helens, 1 Undershaft, London, EC3P 3DQ, which is 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 web site at [www.aviva.com](http://www.aviva.com).

**11. SUBSEQUENT EVENTS**

On 14 February 2022, the wholly owned subsidiary undertaking, Friends Life FPLMA Limited, was transferred to a fellow group undertaking, Aviva Life Holdings UK Limited, for a consideration of £100,363.

On 31 May 2022, a dividend of £6,912,429 was paid to Friends Life FPL Limited.