

Registered Number 01842645

1-5 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

**Report and Financial Statements
for the year ended 24 December 2014**



Registered Office: Pixham End, Dorking, Surrey, RH4 1QA

1-5 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

COMPANY INFORMATION

DIRECTORS

M R Kipling (resigned 26/09/2014)
J-W Tan (resigned 26/09/2014)
M R B Versey (resigned 28/03/2014)
Y Song (appointed 25/09/2014)
P A Biscay (appointed 25/09/2014)
R Groves (appointed 25/09/2014, resigned 21/08/2015)

SECRETARY

Friends Life Secretarial Services Limited

AUDITORS

Ernst & Young LLP
1 More London Place
London
SE1 2AF

1-5 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

DIRECTORS' REPORT

The directors have pleasure in submitting their report together with the audited financial statements for the year ended 24 December 2014.

PRINCIPAL ACTIVITIES

The principal activity of 1-5 Lowndes Square Management Company Limited ("the Company") is to act as an intermediary vehicle for the administration of ground rent in respect of the leasehold interest in the property at 1-5 Lowndes Square, London SW1. Under the Company's lease with the freeholder, the Company is required to manage the service charge of the common parts of the underlying property for its own lessees, the residential tenants.

During the period and until 10 April 2015 the Company was part of the Friends Life Group of companies, and references to the Group are to the Group of Companies formerly headed by Friends Life Group Limited. Following the acquisition of the Friends Life Group by Aviva plc on 10 April 2015 the company is now a subsidiary of the Aviva Group of companies headed by Aviva plc.

EMPLOYEES

Information regarding staff numbers and costs is disclosed in note 11.

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year the Company made no donations.

DIRECTORS

The directors of the Company who served during the year were:

M R Kipling (resigned 26/09/2014)

J-W Tan (resigned 26/09/2014)

M R B Versey (resigned 28/03/2014)

Y Song (appointed 25/09/2014)

P A Biscay (appointed 25/09/2014)

R Groves (appointed 25/09/2014, resigned 21/08/2015)

DISCLOSURE OF INFORMATION TO AUDITORS

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

1-5 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

DIRECTORS' REPORT (CONTINUED)

AUDITOR CHANGE

Following the change in control of the Friends Life Group of companies, it is anticipated that Ernst & Young LLP will resign as the Company's auditor following the Directors' approval of the report and accounts. It is anticipated that E&Y will confirm that there are no matters to be brought to the Company's attention under s519 of the Companies Act 2006. PwC LLP will then be appointed by the directors and shareholder approval of the appointment sought in due course.

On behalf of the Board:



Pierre Biscay

Director

18 September 2015

1-5 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

STRATEGIC REPORT

RESULTS AND BUSINESS REVIEW

The Company exists to collate receipts of ground rent payable by tenants and pay these amounts to the freeholder. Therefore, the Company is not expected to make a profit or loss but may incur additional administrative expenses concurrent with its operating activities.

The Company made a loss in the financial year of £530 (2013: £nil). The directors do not recommend a final dividend (2013: none).

The results for the year and financial position of the Company are as shown in the financial statements.

FUTURE DEVELOPMENTS

No change to the activities of the Company is anticipated in the foreseeable future.

RISK MANAGEMENT

Due to the nature and principal activity of the Company, which exists to collate receipts of ground rent payable by tenants and pass these amounts to the freeholder, the Directors expect any profit or loss earned by the Company in any given year will be marginal. As a result, the Directors consider that there are no principal risks affecting the Company. In particular, we note that the Company is not exposed to the credit risk arising from outstanding lease payments due from leaseholders on the basis that a fellow subsidiary of the Group provides a guarantee to cover any default amounts should they arise

GOING CONCERN

The financial statements have been prepared on a going concern basis. As a result, the ultimate parent company intends to continue to support the operations of the Company to enable it to meet its liabilities.

Despite the Company being in a net liability position, these financial statements are prepared on a going concern basis because the ultimate parent company has undertaken to provide continuing financial support so that the Company is able to pay its debts as and when they fall due. Furthermore, the ultimate parent company commit to not seek repayment of any amounts due from the Company unless it is satisfied that the Company has sufficient liquid resources to make such payments for the foreseeable future.

1-5 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

STRATEGIC REPORT (CONTINUED)

DIRECTORS' INDEMNITY AND LIABILITY INSURANCE

Insurance cover is maintained with respect to directors' and officers' liabilities. In addition, qualifying third party indemnity arrangements (as defined in Section 234 of the Companies Act 2006) are in force for the benefit of directors within the Group. Copies of the indemnity are available for inspection at the Company's registered office.

KEY PERFORMANCE INDICATORS

The Company's only key performance indicator is the expectation that the revenue and expenses will remain stable due to the fixed price contractual fees of ground rent receivable from tenants.

On behalf of the Board:



Pierre Biscay

Director

18 September 2015

1-5 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
FINANCIAL STATEMENTS**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

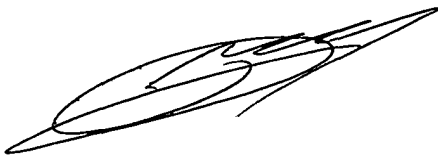
The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board



Pierre Biscay

Director

18 September 2015

1-5 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 1-5 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

We have audited the financial statements of 1-5 Lowndes Square Management Company Limited (the "Company") for the year ended 24 December 2014 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

1-5 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

AUDITOR'S REPORT (CONTINUED)

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 24 December 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

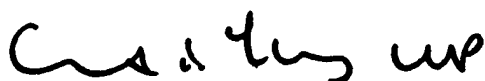
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Michael-John Albert (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London

25th September 2015

1-5 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

**PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 24 DECEMBER 2014**

	Note	Year ended 24 December 2014	Year ended 24 December 2013
		£	£
Turnover	2	11,800	11,800
Administrative expenses	3	(12,475)	(11,800)
Loss on ordinary activities before taxation		(675)	-
Tax on losses on ordinary activities		145	-
Loss for the year		(530)	-

The results for the year and the preceding year are from continuing operations.


The Company has no recognised gains or losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented.

1-5 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

BALANCE SHEET
AS AT 24 DECEMBER 2014

	Note	24 December 2014	24 December 2013
		£	£
Current assets			
Debtors	5	4,870	5,279
Cash at bank	8	-	25
		<u>4,870</u>	<u>5,304</u>
Creditors: amounts falling due within one year	6	<u>(7,887)</u>	<u>(7,791)</u>
Net current liabilities		<u>(3,017)</u>	<u>(2,487)</u>
Net liabilities		<u>(3,017)</u>	<u>(2,487)</u>
Called up share capital	9	26	26
Profit and loss account	10	<u>(3,043)</u>	<u>(2,513)</u>
Shareholders' deficit		<u>(3,017)</u>	<u>(2,487)</u>

The financial statements were approved by the Board of Directors on 18 September 2015 and signed on its behalf by:


Pierre Biscay
 Director
 18 September 2015

The notes on pages 12 to 18 form an integral part of these financial statements.

1-5 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 24 DECEMBER 2014

	Note	Year ended 24 December 2014	Year ended 24 December 2013
		£	£
Net cash out flow from operating activities	7	(120)	-
		<hr/>	<hr/>
		<hr/>	<hr/>
Decrease in cash	8	(120)	-
		<hr/>	<hr/>

The notes on pages 12 to 18 form an integral part of these financial statements.

1-5 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The principal accounting policies are set out below.

(a) Basis of preparation

The financial statements have been prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable UK accounting standards.

The directors have reviewed the Company's existing accounting policies and consider them to be appropriate and in accordance with the objectives of Financial Reporting Standard 18 "Accounting Policies" which are relevance, reliability, comparability and understandability.

(b) Income and expenses

Income and expenses are recognised in the financial statements on an accruals basis.

(c) Service Charge

The Company manages the service charge of the common parts of the building for the residential tenants. Under Section 42 of the Landlord and Tenant Act 1987, a statutory trust is created for the monies held on behalf of the tenants for this purpose. Accordingly, none of the transactions associated with the service charge activity are shown in the accounts.

(d) Going Concern

Despite the Company being in a net liability position, the Company's ultimate parent undertaking, Friends Life Group Limited has stated that it will provide continuing financial assistance to the Company for the foreseeable future. Due to the assistance provided by the ultimate parent undertaking the Company should have sufficient resources to continue in operational existence for the foreseeable future. Accordingly, the going concern basis has been adopted as the basis for preparing the annual report and accounts.

(f) Taxation

Current tax, including UK Corporation tax is provided on amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the Balance Sheet date.

1-5 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)

(g) Group Relief

The Company is part of a group of companies, including the parent company, which form a tax group for the purpose of calculating the aggregate corporation tax payable to HMRC. Within a tax group, group relief can be utilised whereby current tax liabilities arising in one company can be offset against current tax losses arising in other companies within the group. Where group relief is taken by a company against tax payable, an amount equal to the cumulative tax benefit received is recognised within creditors. Where group relief is provided by a company in relation to current tax losses, an amount equal to the cumulative tax benefit provided to other entities is recognised within debtors.

2. TURNOVER

	Year ended 24 December 2014 £	Year ended 24 December 2013 £
Rent receivable from tenants	<u>11,800</u>	<u>11,800</u>

All income is derived from operations performed in the United Kingdom and is recognised net of any VAT.

3. ADMINISTRATIVE EXPENSES

	Year ended 24 December 2014 £	Year ended 24 December 2013 £
Rent payable to freeholder	11,800	11,800
Other expenses	675	-
	<u>12,475</u>	<u>11,800</u>

Audit fees of £2,000 (2013: £2,000) plus non-recoverable VAT have been borne by a fellow subsidiary of the Friends Life Group and were not recharged to the Company (2013: same).

The auditor did not provide any non-audit services to the Company during the year (2013: none).

1-5 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of tax charge for the period

	Year ended 24 December 2014 £	Year ended 24 December 2013 £
Current tax:		
UK corporation tax credit on loss for the period	145	-
Credit in respect of prior periods	-	-
Tax credit for the year	<u>145</u>	<u>-</u>

(b) Factors affecting the tax charge for the period

	Year ended 24 December 2014 £	Year ended 24 December 2013 £
Loss on ordinary activities before tax	675	-
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21.53% (2013: 23.27%)	145	-
Tax credit for the year	<u>145</u>	<u>-</u>

5. DEBTORS

	24 December 2014 £	24 December 2013 £
Trade debtors	1,200	2,074
Other debtors	2,619	2,299
Group relief debtor	1,051	906
	<u>4,870</u>	<u>5,279</u>

1-5 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. CREDITORS

	24 December 2014	24 December 2013
	£	£
Amounts due to subsidiary of the group	6,369	6,369
Tenant deposits	1,422	1,422
Accruals	1	-
Bank overdraft	95	-
	<u>7,887</u>	<u>7,791</u>

7. RECONCILIATION OF OPERATING LOSS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	24 December 2014	24 December 2013
	£	£
Operating loss	(675)	-
Decrease in debtors	554	-
Increase in creditors	1	-
	<u>(120)</u>	<u>-</u>

8. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET CASH

	24 December 2014	24 December 2013
	£	£
Cash at start of the period	25	25
Decrease in cash in the period	(120)	-
	<u>(95)</u>	<u>25</u>

1-5 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. SHARE CAPITAL

	24 December 2014	24 December 2013
	£	£
Issued:		
26 "A" (2013: 26) ordinary shares of £0.25 each, fully paid	6	6
78 "B" (2013: 78) ordinary shares of £0.25 each, fully paid	20	20
	<u>26</u>	<u>26</u>

The voting rights and dividend entitlements of the holders of all ordinary shares are the same and all the ordinary shares rank pari passu on a winding up of the company.

10. RESERVES

	Profit and loss account £
Deficit at 24 December 2013	2,513
Loss for the year	530
Deficit at 24 December 2014	<u>3,043</u>

1-5 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. STAFF COSTS

The average number of employees of the Company during the period was nil (2013: nil). Staff costs for the year were £nil (2013: £nil).

Costs associated with the administration of the Company were borne by Friends Life Services Limited, a fellow subsidiary of the Group, and were not recharged to the Company (2013: same).

12. RELATED PARTY TRANSACTIONS

During the period, the Company was charged ground rent of £11,800 (2013: £11,800), by its parent Company, Friends Life Group Limited, the freehold owner of the property. In turn, the Company charged ground rent of £11,800 (2013: £11,800) to its lessees, who are all shareholders of the Company. Of this balance, £400 (2013: £800) was payable by Friends SL Nominees Limited, as both a lessee and a fellow subsidiary of the Company. In addition, as disclosed in Note 6, an amount of £1,422 is due from the Company to leaseholders in respect of tenant deposits held by the Company.

Amounts due from and to related parties at the year-end were as follows:

	24 December 2014 £	24 December 2013 £
	1,200	1,000
Amounts due from Minority shareholders	<u>1,200</u>	<u>1,000</u>
	24 December 2014 £	24 December 2013 £
Amounts due to the parent Company	<u>6,369</u>	<u>6,369</u>

1-5 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. DIRECTORS' EMOLUMENTS

The directors are employed by, and receive their emoluments from, Friends Life Services Limited or Friends Life Management Services Limited. The directors holding office during the year consider their services to the Company were incidental to their other duties within the Friends Life Group and accordingly no remuneration has been apportioned to the Company (2013: none).

14. POST BALANCE SHEET EVENTS

On 19 January 2015, Friends Life Group Limited, the ultimate parent company of the Company at that time, published a Scheme of Arrangement ("the Scheme") document in relation to the proposed acquisition by Aviva plc of the entire ordinary share capital of FLGL by way of a Scheme of Arrangement in accordance with Guernsey company law.

The acquisition received the approval of FLGL and Aviva's shareholders, and of the Guernsey Court. The Scheme became effective on 10 April 2015 and at that point the Company became part of the Aviva Group, with FLGL becoming a wholly-owned subsidiary of Aviva Group Holdings Limited.

On 13 April 2015 the former Friends Life Group companies were transferred within the Aviva group of companies, such that Friends Life Group Limited is no longer a parent company of the Company.

15. IMMEDIATE AND ULTIMATE PARENT

The smallest group into which the results of the Company have been consolidated is that formerly headed by Friends Life Holdings plc. The largest group into which the results of the Company have been consolidated is that formerly headed by Friends Life Group Limited. These consolidated financial statements are available on www.aviva.com or by application to the Group Company Secretary, Aviva plc, St. Helen's, 1 Undershaft, London EC3P 3DQ.

The immediate parent undertaking of the Company is Friends SL Nominees Limited, a company incorporated and domiciled in the United Kingdom. From the effective date of the scheme, the ultimate parent undertaking and controlling party is Aviva plc, a company incorporated and domiciled in the United Kingdom.