

FRIENDS PROVIDENT INVESTMENT HOLDINGS LIMITED

**COMPANY INCORPORATED IN ENGLAND AND WALES
REGISTRATION NUMBER 04078710**

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2017



FRIENDS PROVIDENT INVESTMENT HOLDINGS LIMITED

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FRIENDS PROVIDENT INVESTMENT HOLDINGS LIMITED

COMPANY INFORMATION

DIRECTORS

J. C. Baddeley
K. J. Bye
D. Rose

COMPANY SECRETARY

Aviva Company Secretarial Services Limited

REGISTERED OFFICE

Pixham End
Dorking
Surrey
RH4 1QA

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Central Square
29 Wellington Street
Leeds
LS1 4DL

FRIENDS PROVIDENT INVESTMENT HOLDINGS LIMITED**STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017**

The directors present their Strategic Report on Friends Provident Investment Holdings Limited ("the Company") for the year ended 31 December 2017.

PRINCIPAL ACTIVITY

The Company was previously an investment holding company but following restructuring activity in 2015 and 2016 is no longer active.

The Company is a subsidiary of London and Manchester Group Limited ("LMG").

RESULTS AND BUSINESS REVIEW**Business Performance**

	2017	2016
	£'000	£'000
Other interest receivable and similar income	-	13
Profit for the financial year	-	11

Other interest receivable and similar income

There was no income in 2017. In 2016, £6,000 represents interest from liquidity funds. The remaining balance of £7,000 was generated from the write off of a historic sundry creditor balance.

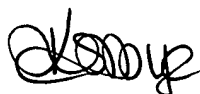
FUTURE OUTLOOK

The Company is expected to continue with its existing activities.

PRINCIPAL RISKS AND UNCERTAINTIES

More information in respect of the risk management framework applied by the group is provided in note 8 to these financial statements.

Approved by the Board on 10 September 2018 and signed on its behalf by



Aviva Company Secretarial Services Limited
Company Secretary

FRIENDS PROVIDENT INVESTMENT HOLDINGS LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their Report and the audited financial statements of the Company for the year ended 31 December 2017.

DIRECTORS

The directors in office at the date of the signing of these financial statements are listed on page 2

J. C. Baddeley was appointed as a director of the Company on 27 June 2017.

C. L. Marshall resigned as a director of the Company on 29 September 2017.

K. J. Bye was appointed as a director of the Company on 22 January 2018.

FUTURE OUTLOOK

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

DIVIDEND

No dividends have been paid or are proposed in respect of the year ended 31 December 2017. In 2016 the Company paid a £140 million in-specie dividend by way of a reduction in the loan balance due from Friends Life Limited ("FLL") of £138 million and transfer of group relief asset to FLL of £2 million.

COMPANY SECRETARY

Friends Life Secretarial Services Limited resigned as Company Secretary on 17 March 2017 and Aviva Company Secretarial Services Limited was appointed as Company Secretary on 26 July 2017.

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. 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 date of the approval of the financial statements.

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, being information needed by the auditors in connection with preparing their report, of which the auditors are unaware; and
- b) each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself 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.

FRIENDS PROVIDENT INVESTMENT HOLDINGS LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

DIRECTORS AND OFFICERS – INDEMNITY AND INSURANCE

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 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.

FRIENDS PROVIDENT INVESTMENT HOLDINGS LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

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 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 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 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 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.

The directors 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.

Approved by the Board on 10 September 2018 and signed on its behalf by



D. Rose
Director

FRIENDS PROVIDENT INVESTMENT HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FRIENDS PROVIDENT INVESTMENT HOLDINGS LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion, Friends Provident Investment Holdings Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its result 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: the balance sheet as at 31 December 2017; the profit and loss account, the statement of comprehensive income, the 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

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

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 the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

FRIENDS PROVIDENT INVESTMENT HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FRIENDS PROVIDENT INVESTMENT HOLDINGS LIMITED (continued)

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 2017 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 set out on page 6, 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.

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 received 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.


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

10 September 2018

FRIENDS PROVIDENT INVESTMENT HOLDINGS LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	2017 £'000	2016 £'000
OPERATING RESULT		-	-
<i>Other interest receivable and similar income</i>	4	-	13
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		-	13
<i>Tax charge on profit on ordinary activities</i>	5	-	(2)
PROFIT FOR THE FINANCIAL YEAR		-	11

The Company has no other comprehensive income.

The notes on pages 12 to 15 form an integral part of these financial statements.

FRIENDS PROVIDENT INVESTMENT HOLDINGS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2017

	Note	2017 £'000	2016 £'000
Current assets		-	-
Current liabilities		-	-
Net assets		-	-
Capital and reserves			
Called up share capital	6	-	-
Profit and loss account		-	-
Total equity		-	-

The notes on pages 12 to 15 form an integral part of these financial statements.

The financial statements on pages 9 to 15 were approved by the board of directors on 10 September 2018 and signed on its behalf by:



D. Rose
Director

FRIENDS PROVIDENT INVESTMENT HOLDINGS LIMITED**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital	Profit and Loss Account	Total equity
	£'000	£'000	£'000
At 1 January 2017	-	-	-
Result for the financial year	-	-	-
At 31 December 2017	-	-	-

	Called up share capital	Profit and Loss Account	Total equity
	£'000	£'000	£'000
At 1 January 2016	135,050	5,384	140,434
Profit for the financial year	-	11	11
Capital reduction	(135,050)	135,050	-
Dividends paid	-	(140,445)	(140,445)
At 31 December 2016	-	-	-

The notes on pages 12 to 15 form an integral part of these financial statements.

FRIENDS PROVIDENT INVESTMENT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES**(A) Basis of preparation**

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

The financial statements are stated in sterling which is the Company's functional and presentational currency. Unless otherwise noted the amounts shown in the 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 2017. 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; and
- (e) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group.

Minor clarifications to existing guidance on a number of standards became effective for the reporting period beginning on 1 January 2017. The principle clarifications are to IAS 12 *Income Taxes* which clarifies the accounting for deferred tax assets on unrealised losses, IAS 7 *Statement of Cash Flows* which requires disclosure of movements in liabilities arising from financing activities with cash and non-cash changes presented separately, and IFRS 12 *Disclosure of Interests in Other Entities* which clarifies existing guidance. The amendments do not have any impact on the Company's financial statements.

(B) Income from shares in group undertakings

Dividend income from shares in group undertakings is recognised when the right to receive the payment is established.

(C) Other interest receivable and similar income

Other interest receivable and similar income reflects interest receivable on an accrued basis and other similar income.

FRIENDS PROVIDENT INVESTMENT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

(D) Current tax

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

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

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. At 31 December 2017 there are no significant judgements, estimates or assumptions involved in the measurement of the Company's assets and liabilities.

3. AUDITORS' REMUNERATION

The auditors' remuneration of £5,000 excluding VAT (2016: £5,000), in respect of services provided to the Company during the year ended 31 December 2017, 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. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2017 £'000	2016 £'000
Interest Receivable	-	6
Sundry creditor write off	-	7
Total other interest receivable and similar income	-	13

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of the tax charge for the year

	2017 £'000	2016 £'000
Current tax charge for the year	-	2
Total current tax charge on profit on ordinary activities	-	2

(b) Factors affecting the tax charge for the year

	2017 £'000	2016 £'000
Profit on ordinary activities before taxation	-	13
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	-	2
Total tax charge for the year	-	2

FRIENDS PROVIDENT INVESTMENT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

(c) Factors that may affect future tax charge

Finance (No 2) Act 2015 introduced legislation reducing the rate of corporation tax from 20% at 1 April 2016 to 19% from 1 April 2017 and to 18% from 1 April 2020. Finance Act 2016, which received Royal Assent on 15 September 2016, will reduce the corporation tax rate further to 17% from 1 April 2020.

6. CALLED UP SHARE CAPITAL

	2017 £'000	2016 £'000
Authorised		
135,500,000 'A' ordinary shares of £1 each	135,500	135,500
500,000 'B' ordinary shares of £1 each	500	500
	136,000	136,000
Allotted and fully paid		
1 'A' ordinary shares of £1 each	-	-
1 'B' ordinary shares of £1 each	-	-
	-	-

On 28 April 2016, the Directors approved a capital reduction of 135,024,999 ordinary 'A' shares and 24,999 ordinary 'B' shares to create additional distributable reserves to enable a dividend of £140 million to be paid to FLL.

The rights of the respective share classes are summarised below:

- on a return of assets (whether on repayment or capital, winding-up or otherwise) 'A' and 'B' shareholders have the right to receive the assets relating to the Participating Subsidiaries and Non-Participating Subsidiaries respectively.
- both 'A' and 'B' shareholders are entitled to one vote per share held. 'A' and 'B' shareholders are entitled to receive all dividends, interest and other distributions received by the Company attributable to the Participating Subsidiaries and Non-Participating Subsidiaries respectively.

7. DIRECTORS' EMOLUMENTS

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

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 the 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.

FRIENDS PROVIDENT INVESTMENT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. RELATED PARTY TRANSACTIONS

The Company is a wholly owned subsidiary undertaking of LMG Limited. 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, 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 website at www.aviva.com.