

FRIENDS LIFE FPL LIMITED

**COMPANY REGISTERED IN ENGLAND AND WALES
REGISTRATION NUMBER 04113107**

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2018



FRIENDS LIFE FPL LIMITED

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**FRIENDS LIFE FPL LIMITED
COMPANY INFORMATION**

BOARD OF DIRECTORS

C. Binmore
J. M. Windsor

COMPANY SECRETARY

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

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 LIFE FPL LIMITED
STRATEGIC REPORT**

Registered Number: 04113107

The directors present their Strategic Report on Friends Life FPL Limited ("the Company") for the year ended 31 December 2018.

PRINCIPAL ACTIVITY

The Company is a wholly owned subsidiary of Friends Life FPG Limited ("FPG") and is part of the Aviva plc Group ("the Group"). The Company is an intermediate holding company for ex-Friends life subsidiaries acquired by the Aviva Group in 2015. The results of these subsidiary undertakings have not been consolidated in these financial statements as they have been included in the consolidated financial statements of Aviva plc.

RESULTS AND BUSINESS REVIEW

	2018	2017
	£'000	£'000
Income from shares in group undertakings	-	854,000
Realised losses on subsidiaries	(2,207)	(4,624,181)
Unrealised gains on subsidiaries	-	4,385
Capital and reserves	6,110	107,993

No dividends were received in 2018. In 2017 dividends were received from Friends Life Limited ("FLL"), one of the Company's principal subsidiaries, which is a regulated UK life insurance company.

Realised losses on investments in subsidiaries reflects fair value movements in the year. Losses for 2018 are driven by the transfer of FLL and Friends Life and Pensions Limited ("FLP") to London and Manchester Group, offset by the revaluation of Aviva Administration Limited and Aviva Management Services UK Limited, prior to their sale to Aviva Life Services UK Limited. The Part VII transfer of FLL and FLP into Aviva Life & Pensions UK Limited ("UKLAP") in 2017 resulted in a realised loss of £4,624 million during the prior year.

FUTURE OUTLOOK

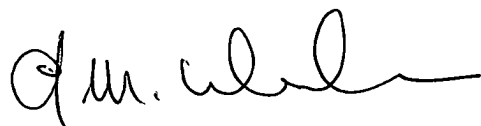
Following the acquisition of the Friends Life Group by the Aviva Group significant integration activity is on-going across the combined Group, of which the Part VII transfers referred to above are an example. The impact of other integration activities on the Company has yet to be determined. Until any changes are agreed and implemented, the Company will continue to perform as an intermediary holding company.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk which the Company is exposed to is the fluctuation in fair value of its investments in group undertakings. Following the Part VII transfers undertaken in 2017 this risk has substantially reduced as the Company is no longer exposed to the volatility inherent in the valuation of the life insurance business in FLL and FLP.

More information in respect of the risk management framework applied by the group is provided in note 9 to these financial statements.

Approved by the Board on 5 August 2019 and signed on its behalf by:



J. M. Windsor
DIRECTOR

FRIENDS LIFE FPL LIMITED
REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their annual report and financial statements of the Company for the year ended 31 December 2018.

DIRECTORS

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

A. D. Briggs resigned as a director of the Company on 24 April 2019.

C. Binmore was appointed as a director of the Company on 12 June 2019.

J. M. Windsor served as a director throughout 2018.

FUTURE OUTLOOK

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

DIVIDENDS

In 2018, the Company paid a dividend of £99.7 million (comprising a £1.1 million cash dividend and an in-specie dividend of a £98.6 million intercompany receivable with Aviva Group Holdings Limited). The Company paid an interim dividend in May 2017 of £854 million (comprising a £414 million cash dividend and an in-specie dividend of the £440 million intercompany receivable with Aviva Group Holdings Limited).

MAJOR EVENTS

On 10 October 2018, the Company transferred its entire holding in the subsidiary undertakings Aviva Administration Limited and Aviva Management Services UK Limited to a fellow group undertaking, Aviva Life Services UK Limited.

CHANGES IN SHARE CAPITAL

On 9 October 2018, the Company resolved to reduce its issued share capital from £2,506,259,295 to £1 by cancelling and extinguishing in full 25,062,592,940 ordinary shares of 10 pence each and cancelling and extinguishing in full 1 deferred ordinary share of 10 pence.

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.

EMPLOYEES

The Company receives services and administration from Aviva Employment Services Limited ("AES"). Accordingly, the Company has no direct employees. The average number of employees of AES is disclosed in the financial statements of those entities.

FRIENDS LIFE FPL LIMITED
REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2018 (continued)

STATEMENT OF DISCLOSURE OF INFORMATION TO THE AUDITORS

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

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

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

INDEPENDENT AUDITORS

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

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 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.

FINANCIAL RISK MANAGEMENT

Details of financial risk management are discussed in the principal risks and uncertainties section of the Strategic Report on page 3 and in note 9 to the financial statements.

FRIENDS LIFE FPL LIMITED
REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2018 (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

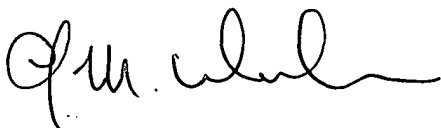
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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 5 August 2019 and signed on its behalf by:



J. M. Windsor
DIRECTOR

FRIENDS LIFE FPL LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FRIENDS LIFE FPL LIMITED

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

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

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss 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 2018; the profit and loss account, 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

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.

We have nothing to report in respect of the above matters.

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. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

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 LIFE FPL LIMITED**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FRIENDS LIFE FPL 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 2018 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

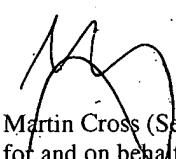
This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other 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
5 August 2019

FRIENDS LIFE FPL LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £'000	2017 £'000
Income from shares in group undertakings		-	854,000
Income from other fixed asset investments		-	121
Interest receivable and similar income		5	2
Realised losses on subsidiaries		(2,207)	(4,624,181)
Unrealised gains on subsidiaries		-	4,385
LOSS BEFORE TAXATION		(2,202)	(3,765,673)
Tax on loss	4	(1)	(24)
LOSS FOR THE FINANCIAL YEAR		(2,203)	(3,765,697)

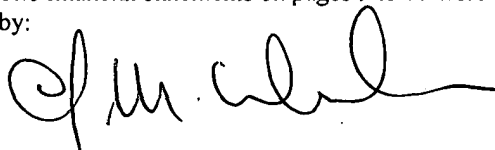
The notes on pages 12 to 17 form an integral part of these financial statements.

FRIENDS LIFE FPL LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2018

	Note	2018 £'000	2017 £'000
FIXED ASSETS			
Investments	5	6,109	116,916
		6,109	116,916
CURRENT ASSETS			
Cash at bank and in hand		25	1,182
		25	1,182
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Creditors: amounts falling due within one year			
Amounts owed to group undertakings		-	(10,000)
Other creditors		(24)	(105)
		(24)	(10,105)
NET CURRENT ASSETS/(LIABILITIES)		1	(8,923)
TOTAL ASSETS LESS CURRENT LIABILITIES		6,110	107,993
CAPITAL AND RESERVES			
Called up share capital	7	-	2,506,259
Profit and loss account		6,110	(2,398,266)
TOTAL EQUITY		6,110	107,993

The notes on pages 12 to 17 form an integral part of these financial statements.

The financial statements on pages 9 to 17 were approved by the board of directors on 5 August 2019 and signed on its behalf by:



J. M. Windsor
DIRECTOR

FRIENDS LIFE FPL LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital £'000	Profit and loss account £'000	Total equity £'000
At 1 January 2018	2,506,259	(2,398,266)	107,993
Loss for the financial year	-	(2,203)	(2,203)
Capital reduction	(2,506,259)	2,506,259	-
Dividends paid	-	(99,680)	(99,680)
At 31 December 2018	-	6,110	6,110

	Called up share capital £'000	Profit and loss account £'000	Total equity £'000
At 1 January 2017	2,506,259	2,221,431	4,727,690
Loss for the financial year	-	(3,765,697)	(3,765,697)
Dividends paid	-	(854,000)	(854,000)
At 31 December 2017	2,506,259	(2,398,266)	107,993

The distributable reserves of the Company at 31 December 2018 are £6,110,000 (2017: £nil)

The notes on pages 12 to 17 form an integral part of these financial statements.

FRIENDS LIFE FPL LIMITED
NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF 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 as modified by the revaluation of investments in subsidiaries at fair value through profit and loss.

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 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 approval of the financial statements.

The financial statements are stated in sterling, which is the Company's functional and presentational currency. Unless otherwise noted the amounts shown in 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 2018. 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 of paragraph 18A of IAS 24 Related Party Disclosure to disclose amounts incurred by the Company for the provision of key management personnel services that are provided by a separate management entity; and
- (f) 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 2018. The principle clarifications are to IFRS 9, Financial Instruments which replaces IAS 39 Financial Instruments: Recognition and Measurement and incorporates new classification and measurements requirements for financial assets, IFRS 15 Revenue from Contracts with Customers, amendments to IFRS 2 Share-based Payments and amendments to IAS 40 Investment Property. 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.

FRIENDS LIFE FPL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

C) Income from other fixed asset investments

Income from other fixed asset investments reflects interest due on loans to group undertakings. Income is recognised as it accrues on an effective interest rate basis.

D) Realised and unrealised gains/(losses) on subsidiaries

Shares in group undertakings are valued at fair value with gains or losses being recognised in the profit and loss account. Realised gains/(losses) either arise on disposal of a subsidiary or when the fair value of the subsidiary is reduced below its book cost and the loss is considered to be permanent. A gain is realised on the reversal of such reduction.

E) Income taxes**Current Tax**

The current tax expense is based on the taxable profits for the year, after any adjustments in respect of prior years. Tax, including tax relief for losses if applicable, is allocated over profits before taxation and amounts charged or credited to components of other comprehensive income and equity as appropriate.

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

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

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Where there is a history of tax losses, deferred tax assets are only recognised in excess of deferred tax liabilities if there is convincing evidence that future profits will be available.

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

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

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

F) Valuation of shares in group undertakings

Shares in group undertakings are stated at their fair values, estimated using applicable valuation models. Subsidiaries managed on a fair value basis are classified as held at fair value through profit or loss with valuation movements recognised in the profit and loss account.

G) Valuation of amounts owed to group undertakings

Amounts owed to group undertakings are valued at amortised cost.

FRIENDS LIFE FPL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions in applying the accounting policies that affect the reported amounts of assets, liabilities, income and expenses. The item considered particularly susceptible to changes in estimates and assumptions is the valuation of shares in group undertakings, set out in accounting policy F.

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

Auditors' remuneration for audit services for 2018 of £2,000 (2017: £2,000) was borne by other companies within the Group. Fees paid to the Company's auditors, PricewaterhouseCoopers LLP (PwC) and its associates for services other than the statutory audit of the Company and other Group undertakings are disclosed in the consolidated financial statements of Aviva plc.

4. TAX

(a) Tax charged to the profit and loss account

The total tax charge comprises:

	2018 £'000	2017 £'000
Current tax		
For this year	(1)	(24)
Total current tax charge	(1)	(24)
Total tax charged to the profit and loss account	(1)	(24)

(b) Tax charged to other comprehensive income

There was no tax credited or charged to other comprehensive income in either 2018 or 2017.

(c) Tax reconciliation

The tax on the company's loss before tax differs (2017: differs) from the theoretical amount that would arise using the tax rate of the United Kingdom as follows:

	2018 £'000	2017 £'000
Loss before tax	(2,202)	(3,765,673)
Tax calculated at standard UK corporation tax rate of 19% (2017: 19.25%)	418	724,892
Non-assessable income	-	164,395
Non-taxable loss on the sale of subsidiaries	(419)	(890,155)
Impairment of investment in subsidiaries	-	844
Total tax charge to the profit and loss account	(1)	(24)

The Finance Act 2016, which received Royal Assent on 15 September 2016, will reduce the corporation tax to 17% from 1 April 2020.

FRIENDS LIFE FPL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

5. INVESTMENTS

	Shares in Group undertakings £'000
Fair value	
At 1 January 2018	116,916
Disposals	(118,600)
Revaluations	7,793
At 31 December 2018	6,109

Revaluation profits for the year relate to the revaluation of subsidiary companies Aviva Administration Limited and Aviva Management Services Limited prior to disposal.

On 10 October 2018, the Company transferred its entire holding in the subsidiary undertakings Aviva Administration Limited and Aviva Management Services UK Limited to a fellow group undertaking, Aviva Life Services UK Limited.

6. GROUP UNDERTAKINGS

The subsidiary and related undertakings of the Company as at 31 December 2018 are listed below. Each undertaking operates mainly in its country of incorporation.

Related undertakings held directly by the Company	Incorporated in	Registered address reference	Class of shares	% Holding
Friends Provident Distribution Holdings Limited	England & Wales	1	£1 ordinary	100
London and Manchester Group Limited	England & Wales	1	£0.25 ordinary	100

Related undertakings held indirectly by the Company	Incorporated in	Registered address reference	Class of shares	% Holding
Aviva Annuity UK Limited	England & Wales	4	£1 ordinary	100
Bankhall Support Services Limited	England & Wales	1	£1 ordinary	100
DBS Financial Management Limited	England & Wales	5	£1 ordinary	100
DBS Management Limited	England & Wales	5	£0.05 ordinary	100
Friends AEL Trustees Limited	England & Wales	1	£1 ordinary	100
Friends Life Assurance Society Limited	England & Wales	1	£0.05 ordinary	100
Friends Life Limited	England & Wales	1	£1 ordinary	100
Friends Life and Pensions Limited	England & Wales	1	£1 ordinary	100
Friends Life Company Limited	England & Wales	1	£1 ordinary	100
Friends Life Distribution Limited	England & Wales	1	£1 ordinary	100
Friends Life FPLMA Limited	England & Wales	1	£1 ordinary	100
Friends Life WL Limited	England & Wales	1	£1 ordinary	100
Friends Provident Investment Holdings Limited	England & Wales	1	£1 ordinary A £1 ordinary B	100 100
Friends Provident Life Assurance Limited	England & Wales	1	£1 ordinary	100
Friends Provident Managed Pension Funds Limited	England & Wales	1	£1 ordinary	100
Friends Provident Pension Scheme Trustees Limited	England & Wales	4	£1 ordinary	100
Gateway Specialist Advice Services Limited	England & Wales	1	£1 ordinary	100
Premier Mortgage Service Limited	England & Wales	1	£1 ordinary	100
SB Loan Administration Limited	England & Wales	1	£1 ordinary	100
Sesame Bankhall Group Limited	England & Wales	1	£1 ordinary	100
Sesame Bankhall Valuation Services Limited	England & Wales	1	£1 ordinary A	75
Sesame General Insurance Services Limited	England & Wales	1	£1 ordinary	100
Sesame Group India Private Limited	India	2	INR10 Equity shares	100

FRIENDS LIFE FPL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

Sesame Limited	England & Wales	1	£1 ordinary	100
Sesame Regulatory Services Limited	England & Wales	1	£1 ordinary	100
Sesame Services Limited	England & Wales	1	£1 ordinary A £1 ordinary B	100 100
Undershaft FPLLA Ltd	England & Wales	1	£1 ordinary	100
Undershaft FAL Limited	England & Wales	1	£1 ordinary	100
Wealth Limited	England & Wales	1	£1 ordinary	100

Funds held indirectly by the Company	Incorporated in	Registered address reference	Class of shares	% Holding
AXA Property Trust Limited	Guernsey	3	Closed End	28
Defined Returns Limited	England & Wales	5	£1 ordinary	28
NDF Administration Limited	England & Wales	5	£1 B non voting £0.01 ordinary	28
Opal (UK) Holdings Limited	England & Wales	6	£1 ordinary	28
Opal Information Systems Limited	England & Wales	6	£1 ordinary	28
Outsourced Professional Administration Limited	England & Wales	6	£1 ordinary	28
Synergy Financial Products Limited	England & Wales	6	£1 ordinary	28

Registered office address reference:

- 1:- Pixham End, Dorking, Surrey, RH4 1QA, United Kingdom.
- 2:- A-47 (L.G.F.), Haus Khas, New Delhi, Delhi, India.
- 3:- PO Box 255, Trafalgar Court, Les Banques, St Peters Port, Guernsey, GY1 3QL, Guernsey.
- 4:- Aviva, Wellington Row, York, YO90 1WR, United Kingdom.
- 5: Grant Thornton UK LLP, 30 Finsbury Square, London, EC2P 2YU, United Kingdom.
- 6: Centrium 1, Griffiths Way, St Albans, Hertfordshire, AL1 2RD, United Kingdom.

7. CALLED UP SHARE CAPITAL

	2018 £'000	2017 £'000
Allotted called up and fully paid		
10 (2017: 25,062,592,950) ordinary shares of 10p each	-	2,506,259
Nil (2017: 1) deferred share of 10p	-	-
	-	2,506,259

On 9 October 2018, the Company resolved to reduce its issued share capital from £2,506,259,295 to £1 by cancelling and extinguishing in full 25,062,592,940 ordinary shares of 10 pence each and cancelling and extinguishing in full 1 deferred ordinary share of 10 pence.

A dividend of £99,680,000 was paid during 2018, following the capital restructure.

8. 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.

FRIENDS LIFE FPL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

9. 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 our risk management framework comprise risk strategy and risk appetite, risk policy categorisation, enterprise-wide approach to management 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.

10. RELATED PARTIES

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

11. ULTIMATE PARENT 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.