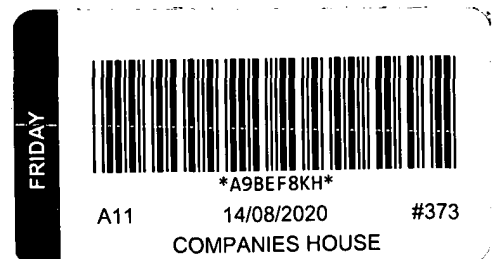


FRIENDS LIFE FPG LIMITED

COMPANY INCORPORATED IN ENGLAND AND WALES
REGISTRATION NUMBER 06861305

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2019



FRIENDS LIFE FPG LIMITED

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**FRIENDS LIFE FPG LIMITED
COMPANY INFORMATION**

BOARD OF DIRECTORS

C. Binmore
R. J. Priestley

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
7 More London Riverside
London
SE1 2RT

**FRIENDS LIFE FPG LIMITED
STRATEGIC REPORT**

The directors present their Strategic Report on Friends Life FPG Limited (the Company) for the year ended 31 December 2019.

PRINCIPAL ACTIVITY

The Company, a private company limited by shares, is a wholly owned subsidiary of Aviva Life Holdings UK Limited (UKLH) and is part of the Aviva plc Group (the Group). The Company has one direct subsidiary, Friends Life FPL Limited (FPL), and acts as 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

	2019 £000	2018 £000
Income from shares in group undertakings	12,726	99,680
Realised losses on investments	(1)	(101,883)
Other interest receivable and similar income	9	6
Total equity	6,111	7,363

Income from shares in group undertakings reflects dividends received from FPL, the Company's only directly held subsidiary.

Realised losses on investments in subsidiaries reflect fair value movements in the year. Losses for 2019 are driven by the reduction in value of FPL following the dividend payment to the Company, offset by a dividend paid into FPL from its directly held subsidiary Friends Life Distribution Limited.

Other interest receivable and similar income relates to interest on bank deposits.

Section 172 (1) statement

The Directors report here how they have discharged their duties under Section 172 (1) of the Companies Act 2006 and during 2019.

The Board is responsible for monitoring and upholding the culture, values, standards, ethics, and reputation of the Company to ensure that its obligations to its shareholder and to its stakeholders are met.

The Board monitors adherence to the Aviva Group business standards and compliance with the Aviva Governance Framework. The Company, as a wholly owned subsidiary of Aviva plc Group, is managed as part of its UK Life business.

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

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

The Company's culture

The Company's culture is shaped by clearly defined values to help ensure it operates appropriately and does the right thing.

**FRIENDS LIFE FPG LIMITED
STRATEGIC REPORT (continued)**

Key strategic decisions in 2019

Following the split of the UKI business into separate UK Life and Pensions and General Insurance businesses, and the appointment of Angela Darlington as the UK Life CEO, and the appointment of Lindsey Rix as the UK Savings and Retirement CEO, the Board has aligned its strategic focus with that of Aviva Group, to develop Savings and Retirement as a core growth opportunity for the Life business, supporting customers to save for the future, navigate their retirement and to protect what's most important to them.

Stakeholder engagement**(i) Employees**

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

Aviva Group engagement mechanisms include employee forums, internal communication channels, and informal meetings with Directors and employee engagement surveys.

A comprehensive global employee engagement survey is carried out each year, and the results are considered by the Board in the context of culture, values and behaviours and actions to continually improve the scores are discussed and agreed.

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

(ii) Customers

The Company has no customers.

(iii) Suppliers

All supplier related activity is managed in line with the Group Procurement & 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.

The Board reviews the actions the Company has taken to prevent modern slavery and associated practices in any part of our supply chain and approves Aviva's Modern Slavery Act statement each year.

In the UK, the ultimate parent Aviva plc is a signatory of the Prompt Payment Code which sets standards for high payment practices. Aviva is a Living Wage employer in the UK, and supplier contracts include a commitment to paying eligible employees not less than the Living Wage in respect of work provided to Aviva at our premises in the UK.

The Company's directors are closely involved in the management of the most critical or important suppliers and the Board regularly reviews reports on their performance. During the year, Aviva successfully progressed a UK migration to a new data centre infrastructure provider, including partial migration to the Cloud.

**FRIENDS LIFE FPG LIMITED
STRATEGIC REPORT (continued)**

(iv) Communities

Aviva runs a health and wellbeing proposition for UK employees, Wellbeing@Aviva, providing products, improved policies and better support to enhance employees mental, physical, community & financial wellbeing. This has led to Aviva's people creating of a number of internal communities to enable colleagues connect over activities they are passionate about.

The UK Life business supports a number of local issues, including the charity 'York Cares' which pursues any charitable purpose for the benefit of the people for the City of York. Aviva received an award recently from York Cares at the annual recognition event for the social connection work by Aviva staff with the dementia ward at York hospital.

Aviva Group actively encourages and supports colleagues to volunteer in their communities, to make a positive impact and help build stronger communities.

(v) Shareholders

The Company's ultimate shareholder is Aviva plc and its immediate shareholder is Aviva Life Holdings UK Limited. Any matters requiring escalation are escalated by the Board through the Chairman to its parent.

FUTURE OUTLOOK

Following the acquisition of the Friends Life Group by the Aviva Group significant integration activity is ongoing across the combined Group. The impact of 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.

**FRIENDS LIFE FPG LIMITED
STRATEGIC REPORT (continued)**

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk which the Company is exposed to is the fluctuation in fair value of its investment 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. More information in respect of the risk management framework applied by the group is provided in note 8 to these financial statements.

On 11 March 2020, the World Health Organization declared the outbreak of a strain of novel coronavirus disease, COVID-19, a global pandemic. Governments in affected areas have imposed a number of measures designed to contain the outbreak, including business closures, travel restrictions, stay at home orders and cancellations of gatherings and events. The spread of COVID-19 has resulted in an economic downturn in the UK, as well as causing increased volatility and declines in financial markets. The spread of the virus is now slowing down and restrictions are beginning to lift but the risk of subsequent peaks means the adverse impact on the UK economy could be deepened and result in further declines in financial markets.

The Company has no further cash requirements. Since the onset of the pandemic the Company has remained operational, with key activities such as transaction processing being maintained and IT systems remaining operational. As the situation is still evolving it is not practicable to quantify the potential impact of volatile financial markets on expected earnings or the Company at this stage.

Approved by the Board on 13 July 2020 and signed on its behalf by:



Aviva Company Secretarial Services Limited
Company Secretary

FRIENDS LIFE FPG LIMITED
REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and financial statements of the Company for the year ended 31 December 2019.

DIRECTORS AND OFFICERS

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 resigned as a director of the Company on 7 August 2019.

R. J. Priestley was appointed as a director of the Company on 7 August 2019.

FUTURE OUTLOOK

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

DIVIDENDS

A dividend of £14.0 million was paid for the financial year ending 31 December 2019 (2018 £100.0 million).

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 approval of the financial statements.

EMPLOYEES

The Company receives administration services 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 that entity.

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 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 LIFE FPG LIMITED
REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

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 6 and in note 8 to the financial statements.

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 13 July 2020 and signed on its behalf by:



Aviva Company Secretarial Services Limited
Company Secretary

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2019 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: the balance sheet as at 31 December 2019; 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

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

- 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.

FRIENDS LIFE FPG LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FRIENDS LIFE FPG LIMITED
(continued)

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.

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 2019 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 8, 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.

FRIENDS LIFE FPG LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FRIENDS LIFE FPG LIMITED
(continued)

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.



Sean Forster (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
13 July 2020

FRIENDS LIFE FPG LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £'000	2018 £'000
Income from shares in group undertakings		12,726	99,680
Other expenses	5	(1)	(101,883)
Other interest receivable and similar income		9	6
PROFIT/(LOSS) BEFORE TAXATION		12,734	(2,197)
Tax	4	-	-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		12,734	(2,197)

The Company has no other comprehensive income.

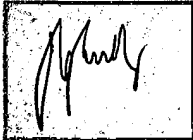
The notes on pages 15 to 20 form an integral part of these financial statements.

FRIENDS LIFE FPG LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2019

	Note	2019 £'000	2018 £'000
Fixed Assets			
Shares in group undertakings	5	6,109	6,110
		6,109	6,110
Current Assets			
Amounts owed by group undertakings		2	-
Cash at bank and in hand		-	1,253
		2	1,253
Total Assets		6,111	7,363
Capital and Reserves			
Called up share capital	6	-	-
Profit and loss account		6,111	7,363
Total Equity		6,111	7,363

The notes on pages 15 to 20 form an integral part of these financial statements.

The financial statements on pages 12 to 20 were approved by the board of directors on 13 July 2020 and signed on its behalf by:



R J Priestley
DIRECTOR

FRIENDS LIFE FPG LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital £'000	Capital reserves £'000	Other reserves £'000	Profit and loss account £'000	Total equity £'000
At 1 January 2019	-	-	-	7,363	7,363
Profit for the financial year	-	-	-	12,734	12,734
Dividends paid	-	-	-	(13,986)	(13,986)
At 31 December 2019	-	-	-	6,111	6,111

	Called up share capital £'000	Capital reserves £'000	Other reserves £'000	Profit and loss account £'000	Total equity £'000
At 1 January 2018	300,000	50	11,937	(202,467)	109,520
Loss for the financial year	-	-	-	(2,197)	(2,197)
Capital restructure	(300,000)	(50)	(11,937)	311,987	-
Dividends paid	-	-	-	(99,960)	(99,960)
At 31 December 2018	-	-	-	7,363	7,363

The distributable reserves of the Company at 31 December 2019 are £6.1 million (2018: £7.4 million).

The notes on pages 15 to 20 form an integral part of these financial statements.

FRIENDS LIFE FPG LIMITED
NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF ACCOUNTING POLICIES

A) Basis of presentation

The financial statements have been prepared in accordance with The Companies Act 2006, as applicable to companies using Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). The financial statements have been prepared under the historical cost convention, 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 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 2019. 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.

New standards and minor clarifications to existing guidance on a number of standards became effective for the reporting period beginning on 1 January 2019. The principle clarifications are to IFRS 16, Leases which replaces IAS 17 and introduces a definition of a lease with a single lessee accounting model, eliminating the previous classification of either operating or finance leases, IFRIC 23, Uncertainty over Income Tax treatments, Amendments to IAS 19, Plan Amendment, Curtailment or Settlement and Amendments to IAS 28, Long Term interests in Associates and Joint Ventures. The amendments do not have any impact on the Company's financial statements.

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

1. STATEMENT OF ACCOUNTING POLICIES (continued)**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. For unlisted shares (all the Company's directly and indirectly held subsidiaries are unlisted) this is the due date.

C) 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.

D) Income taxes

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

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

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

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

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

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

E) Valuation of shares in group undertakings

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

F) Investment income

Dividends, interest or other income receivable includes any withholding tax but excludes any other taxes such as attributable credits not payable wholly on behalf of the group. Interest income is recognized as income as it accrues and includes interest received on loans made to companies within the group.

FRIENDS LIFE FPG 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 E.

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 2019 of £19,000 (2018: £22,000) 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 income statement

The total tax charge comprises:

	2019 £'000	2018 £'000
Current tax		
For this year	-	-
Total current tax charge	-	-
Total tax charged to the profit and loss account	-	-

(b) Tax charged to other comprehensive income

There was no tax credited or charged to other comprehensive income in either 2019 or 2018.

(c) Tax reconciliation

The tax on the company's profit/(loss) before tax differs from (2018: differ from) the theoretical amount that would arise using the tax rate of the United Kingdom as follows:

	2019 £'000	2018 £'000
Total profit/(loss) before tax	12,734	(2,197)
Tax calculated at standard UK corporation tax rate of 19% (2018: 19%)	(2,419)	417
Non-assessable income	2,418	18,939
Non-taxable loss on the sale of subsidiaries	-	(19,357)
Movement in deferred tax not recognised	1	1
Total tax charge to the profit and loss account	-	-

Finance Act 2016 introduced legislation reducing the UK corporation tax rate from 1 April 2020 to 17%. In the Budget of 11 March 2020, the UK Government reversed this rate reduction, announcing that the UK corporation tax rate will remain at 19% from 1 April 2020 and this was substantively enacted on 17 March 2020. As the company has no deferred tax assets or liabilities, any future changes in tax rates have no impact on the net assets of the Company as at 31 December 2019.

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

Tax assets and liabilities

(a) Current tax

Current tax liabilities payable in more than one year are £nil (2018: £nil).

(b) Deferred tax

The company has unrecognised temporary differences of £2,806,000 (2018: £2,808,000) to carry forward indefinitely against future taxable income. This relates to excess management expenses.

5. SHARES IN GROUP UNDERTAKINGS

	2019	2018
	£'000	£'000
Fair value		
At 1 January	6,110	107,993
Realised losses on investments	(1)	(101,883)
At 31 December	6,109	6,110

Losses for 2019 are driven by the reduction in value of FPL following the dividend payment to the Company, offset by a dividend paid into FPL from its directly held subsidiary Friends Life Distribution Limited. Other expenses in the profit and loss account relate to the realised losses on investments as per the table above.

The subsidiary and related undertakings of the Company 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 Life FPL Limited	England & Wales	1	£0.1 ordinary	100
Related undertakings held indirectly by the Company	Incorporated in	Registered address reference	Class of shares	% Holding
Friends AELLAS Limited	England & Wales	1	£0.01 ordinary	100
Friends Life Limited	England & Wales	1	£1 ordinary	100
Friends Provident Distribution Holdings Limited	England & Wales	2	£1 ordinary	100
London and Manchester Group Limited	England & Wales	1	£0.25 ordinary	100
Friends Life Assurance Society Limited	England & Wales	1	£0.05 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	2	£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
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	3	£1 ordinary	100
Undershaft FPLLA Ltd	England & Wales	1	£1 ordinary	100
Undershaft FAL Limited	England & Wales	1	£1 ordinary	100
Funds held indirectly by the Company	Incorporated in	Registered address reference	Class of shares	% Holding
Defined Returns Limited	England & Wales	4	£1 ordinary	28
NDF Administration Limited	England & Wales	4	£0.01 ordinary	28

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

Registered office address reference

- 1: Pixham End, Dorking, Surrey, RH4 1QA, United Kingdom.
- 2: 1020 Eskdale Road, Winnersh, Wokingham, RG41 5TS
- 3: Aviva, Wellington Row, York, YO90 1WR, United Kingdom
- 4: Grant Thornton UK LLP, 30 Finsbury Square, London, EC2P 2YU, United Kingdom.

6. CALLED UP SHARE CAPITAL

	2019	2018
	£	£
Allotted called up and fully paid		
20 ordinary shares of 5p each (2018: 20)	1	1
	1	1

A dividend of £13,986,000 was paid during 2019 (2018: £99,960,000).

7. DIRECTORS' EMOLUMENTS

The directors are employed by and receive their emoluments from Aviva Employment Services Limited. 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, 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 undertaking of Aviva Life Holdings UK 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, who are also the parent company of the smallest and largest group of companies, of which the Company is a wholly owned subsidiary, for which group financial statements are drawn up. Copies of the Group Report and Financial Statements of Aviva plc can be viewed via its web site at www.aviva.com.

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

11. SUBSEQUENT EVENTS

On 11 March 2020, the World Health Organization declared the outbreak of a strain of novel coronavirus disease, COVID-19, a global pandemic. Governments in affected areas have imposed a number of measures designed to contain the outbreak, including business closures, travel restrictions, stay at home orders and cancellations of gatherings and events. The spread of COVID-19 has resulted in an economic downturn in the UK, as well as causing increased volatility and declines in financial markets. The spread of the virus is now slowing down and restrictions are beginning to lift but the risk of subsequent peaks means the adverse impact on the UK economy could be deepened and result in further declines in financial markets.

The Company has no further cash requirements. Since the onset of the pandemic the Company has remained operational, with key activities such as transaction processing being maintained and IT systems remaining operational. As the situation is still evolving it is not practicable to quantify the potential impact of volatile financial markets on expected earnings or the Company at this stage.