

FP GROUP LIMITED

COMPANY INCORPORATED IN ENGLAND AND WALES
REGISTRATION NUMBER 2054153

REPORT AND ACCOUNTS

For the year ended 31 December 2015

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FP GROUP LIMITED

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FP GROUP LIMITED
COMPANY INFORMATION

BOARD OF DIRECTORS

A. D. Carr
J. C. Paykel

COMPANY SECRETARY

Friends Life Secretarial Services Limited

REGISTERED OFFICE

Pixham End
Dorking
Surrey
RH4 1QA

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
2 Glass Wharf
Bristol
BS2 0FR

FP GROUP LIMITED
STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their Strategic Report on FP Group Limited (the “Company”) for the year ended 31 December 2015.

PRINCIPAL ACTIVITY

FP Group Limited (“the Company”) is a wholly owned subsidiary of Friends Life Limited (FLL).

The Company operates as part of the UK life business of the Aviva Group (“the Group”). The Company’s ultimate parent and controlling company is Aviva Group plc.

The Company is an investment holding company.

ACQUISITION BY AVIVA GROUP

On 19 January 2015, Friends Life Group Limited (“FLGL”), which at that date was the ultimate parent company of the Company, published a Scheme of Arrangement (“the Scheme”) document in relation to the proposed acquisition by Aviva plc of the entire ordinary share capital of FLGL. Following shareholder and Guernsey court approval the Scheme became effective on 10 April 2015 and at that point the Company became part of the Aviva Group.

RESULTS AND BUSINESS REVIEW

Business Performance

	2015	2014
	£000	£000
Income	1,486	1,443
Profit after tax	2,040	2,290

Income

The Company is an investment holding company and as such the only income received is investment income of £252k (2014: £218k) arising from cash at bank, and interest on group loans of £1,234k (2014: £1,225k).

Profit after tax

The profit is £2,040k for the year ended 31 December 2015 (2014: £2,290k), both years include a tax credit (see Note 5).

FP GROUP LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)

PRINCIPAL RISKS AND UNCERTAINTIES

The strategic aim of the Aviva Group (of which the Company has been a part of since the Aviva Group acquired the Friends Life Group) is to develop a sustainable business that meets the needs of customers and delivers cash and appropriate returns to shareholders. As with all businesses, the Aviva Group is exposed to risk in pursuit of its objectives.

Enterprise risk management ("ERM") is the discipline by which both the Friends Life Group and Aviva Group safeguards the interests of customers and shareholders. This is achieved through the identification, assessment, management monitoring and control of current and emerging risks, against a set of agreed risk appetite and limits, in order to develop a sustainable business that meets the needs of customers and delivers appropriate returns to shareholders within appropriate and prudent risk boundaries.

The philosophy underpinning risk management is that it should be designed, implemented and maintained in a manner that supports management's decision making and helps management to deal effectively with uncertainty.

Until the Aviva acquisition, the FLGL Board was responsible for the risk management framework applied by companies within the Friends Life Group. The Board delegated responsibility for overseeing risk management across the Group to the Risk and Compliance Committee ("RCC"). The RCC was supported by the Executive Risk Committee ("ERC").

Following the Aviva acquisition the ex-Friends Life entities have continued to use the enterprise risk management framework that was in place prior to acquisition across the Friends Life Group. The ex-Friends Life entities transitioned to the Aviva Group risk management framework from 1 January 2016.

Approved by the Board on 24 June 2016 and signed on its behalf by



J. C. Paykel
Director

FP GROUP LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2015.

DIRECTORS

J. C. Paykel and A. D. Carr both held office throughout the year.

J. S. Moss ceased to be a director on 30th November 2015.

C. M. O'Neill ceased to be a director on 31st December 2015.

DIVIDEND

The directors approved that a dividend of £134,220,858 is declared, by a proposed capital reduction with the payment of a dividend to be settled in cash and in specie by a reduction in loan and intercompany balances due by FLL (NPF) for the financial year ended 31 December 2015 (2014: £nil).

COMPANY SECRETARY

Friends Life Secretarial Services Limited acted as Company Secretary throughout the year.

DIRECTORS AND OFFICERS – INDEMNITY AND INSURANCE

Aviva plc, the Company's ultimate parent, (since Aviva plc acquired the Friends Life Group on 10 April 2015) granted in 2004 an indemnity to the directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985, which continue to apply in relation to any provision made before 1 October 2007. This indemnity is a "qualifying third party indemnity" for the purposes of sections 309A to 309C of the Companies Act 1985. These qualifying third party indemnity provisions were in force throughout the year and at the date of approving the Directors' Report by virtue of paragraph 15, Schedule 3 of The Companies Act 2006 (Commencement No. 3, Consequential Amendments, Transitional Provisions and Savings) Order 2007.

The directors also have the benefit of the indemnity provision contained in the Company's articles of association, subject to the conditions set out in the Companies Act 2006. This is a "qualifying third party indemnity" provision as defined by section 234 of the Companies Act 2006.

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

The directors who held office at the date of approval of this report of the directors confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

INDEPENDENT AUDITORS

During the year, Ernst & Young LLP resigned as auditors and PricewaterhouseCoopers LLP were appointed. 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.

FP GROUP LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)

FUTURE OUTLOOK

Following the acquisition of the Friends Life Group by Aviva in 2015, consideration is being given to the rationalisation of legal entities in the acquired Friends Life Group. The Company is included in the scope of this rationalisation work and this may result in steps being taken in 2016 to enable liquidation of the Company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE REPORT OF THE DIRECTORS AND THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 reduced Disclosure Framework (FRS 101)

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 the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- notify its shareholders in writing about the use of disclosure exemptions if any, of FRS 101 used in the preparation of the financial statements; 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. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board on 24 June 2016 and signed on its behalf by



J. C. Paykel
DIRECTOR

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
FP GROUP LIMITED**

REPORT ON THE FINANCIAL STATEMENTS

Our opinion

In our opinion, FP Group Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Report and Accounts (the "Annual Report"), comprise:

- the Balance Sheet as at 31 December 2015;
- the Profit and Loss Account for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the Notes to the Financial Statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Adequacy of accounting records and information and explanations received

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
FP GROUP LIMITED (continued)**

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Kevin Williams (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol

24 June 2016

FP GROUP LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015 £000	2014 £000
Income from group undertakings		1,234	1,225
Interest income		252	218
Unrealised gain /(loss) on group undertakings	5	126	(48)
Profit on ordinary activities before taxation		1,612	1,395
Tax credit on profit on ordinary activities	4	428	895
Profit for the financial year		2,040	2,290

The notes on pages 13 to 17 form an integral part of these financial statements.

FP GROUP LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2015

	Note	2015 £000	2014 £000
Fixed asset investments			
Investments	5	14,618	80,842
Current assets			
Amounts due from group undertakings		-	11,589
Cash at bank and in hand		1,650	55,381
		1,650	66,970
Creditors: amounts falling due within one year			
Amounts owed to group undertakings		(4,109)	(3,473)
Other creditors	6	(915)	(915)
		(5,024)	(4,388)
Net current (liabilities)/assets		(3,374)	62,582
Total assets less current liabilities		11,244	143,424
Provisions for liabilities	7	(481)	(481)
Net assets		10,763	142,943
Capital and reserves			
Called up share capital	8	-	111,408
Profit and loss account		10,763	31,535
Total shareholders' funds		10,763	142,943

The notes on pages 13 to 17 form an integral part of these financial statements.

The financial statement on page 10 to 17 were approved by the Board of Directors on 24 June 2016 and signed on its behalf by:



J. Paykel
Director

FP GROUP LIMITED**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015**

	Share Capital	Profit and Loss Account	Total
	£000	£000	£000
At 1 January 2015	111,408	31,535	142,943
Profit for the financial year	-	2,040	2,040
Dividends paid	-	(134,220)	(134,220)
Capital reduction	(111,408)	111,408	-
At 31 December 2015	-	10,763	10,763

	Share Capital	Profit and Loss Account	Total
	£000	£000	£000
At 1 January 2014	111,408	29,245	140,653
Profit for the financial year	-	2,290	2,290
At 31 December 2014	111,408	31,535	142,943

Closing share capital is £1.

The notes on pages 13 to 17 form an integral part of these financial statements.

FP GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

A. Basis of presentation

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

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

The financial statements are stated in sterling which is the Company's functional and presentation currency.

The Company transitioned from previously extant UK GAAP to FRS 101 for all periods presented. There were no adjustments required on transition to the previously presented shareholder equity, balance sheet or profit and loss account of the Company.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2015.

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 in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group.

FP GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****B. Current taxation**

Taxation is based on the profits and income for the year as determined in accordance with the relevant tax legislation, together with adjustments to provisions for prior years. 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 year, 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.

C. Investments in Group undertakings and participating interests

Shares in and loans to Group undertakings and participating interests are held at directors valuation which is taken to be net asset value. Any change in value in the period is charged/credited to the profit and loss account.

2. ADMINISTRATIVE EXPENSES

FLMS provides the Company's services and administration and either employs staff engaged in these activities or outsources the provision of the activities to FLS which is another group service company which employs staff. Accordingly, the Company has no direct employees.

3. AUDITORS' REMUNERATION

The auditors' remuneration for audit services for 2015 of £2,000 (2014: £2,000) has been borne by FLMS. 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 ON PROFIT ON ORDINARY ACTIVITIES**(a) Analysis of the tax credit for the year**

	2015	2014
	£000	£000
Current tax on income for the year	301	300
Adjustments in respect of previous years	(729)	(1,195)
Total current tax credit	(428)	(895)

FP GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****(b) Factors affecting the tax (credit)/charge for the year**

The tax charge for the year is lower (2014: lower) than the standard rate of corporation tax in the UK of 20.25% (2014:21.5%) as set out below:

	2015	2014
	£000	£000
Profit on ordinary activities before taxation	1,612	1,395
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014:21.5%)	326	300
Effects of:		
Adjustment in respect of prior year	(729)	(1,195)
Unrealised (gain)/loss on investment in subsidiaries	(25)	10
Transfer pricing adjustment	-	(10)
Total current tax credit	(428)	(895)

As at 31 December 2015, the Company has unrecognised tax losses of £1.29 million (2014: £2.07 million), all of which are capital losses, to carry against future capital gains. The losses have no expiry date.

No deferred tax assets have been recognised on the tax losses as there is no convincing evidence that future capital gains will be available against which the losses can be utilised.

In respect of the prior year adjustment this is as a result of utilisation of part of these unrecognized capital losses against £5.0 million capital gains elsewhere in the group.

(c) Factors that may affect future tax charges

UK legislation was substantively enacted in July 2013 to reduce the rate of corporation tax from 21% to 20% from 1 April 2015, resulting in an effective rate for the year ended 31 December 2015 of 20.25%. UK legislation was substantively enacted in October 2015 to reduce the rate of corporation tax to 19% from 1 April 2017 and to 18% from 1 April 2020.

FP GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****5. INVESTMENTS**

	Subsidiary undertakings £000	Loan to Group undertakings £000	Total investments £000
Balance at 1 January 2015	14,492	66,350	80,842
Revaluations	126	-	126
Settlement	-	(66,350)	(66,350)
Balance at 31 December 2015	14,618	-	14,618

	Subsidiary undertakings £000	Loan to Group undertakings £000	Total investments £000
Balance at 1 January 2014	14,540	66,350	80,890
Revaluations	(48)	-	(48)
Balance at 31 December 2014	14,492	66,350	80,842

In the opinion of the directors, the aggregate value of the Company's investments is not less than the amounts at which the investments are stated in the balance sheet.

On 26 July 2001, the Company Issued a loan of £78,850,000 to FLL. Interest on the loan was agreed at a rate of LIBOR +1 %. In addition on 20 February 2002 a loan of £7,337,868 was issued to FLL at a rate of LIBOR +1%. This outstanding balance on the loan has been settled as part of the capital restructuring in 2015. During 2014 the loan was included in Amounts due by group undertaking.

The principal subsidiaries of the Company as at 31 December 2015, which are all wholly owned undertakings, are set out below. The share capital of each company comprises ordinary shares and all are incorporated and operate within the United Kingdom.

Held directly by the company	Nature of business
FP Financial Management Limited	Holding Company
Friends Life Investment Solutions Limited	Corporate Platform Provider
Friends Milestones Limited	Dormant Company
Friends Provident First Call Limited	Dormant Company
Friends Provident Pension Solutions Direct Limited	Dormant Company
Friends Provident Trustees Limited	Dormant Company
London and Manchester (Mortgages) (No.7) Limited	Debt Recovery Company
London and Manchester (Commercial Mortgages) Limited	Dormant Company
Held indirectly through subsidiary undertakings	Nature of business
FP (Portfolio) Nominees Limited	Dormant Company

6. OTHER CREDITORS

	2015 £000	2014 £000
Amounts falling due within one year		
Loans from group undertakings	915	915
	915	915

On 14 February 2006, the subsidiary undertaking Friends Provident First Call Limited, issued an interest free loan to the Company of £915,180. The loan repayment date has been extended to 31 December 2016.

FP GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****7. PROVISIONS FOR LIABILITIES**

	2015	2014
	£000	£000
Balance at 31 December	481	481

This provision is in respect of liabilities in Friends Milestones Limited, a subsidiary undertaking that is no longer trading and which is in a net liability position.

8. SHARE CAPITAL

	2015	2014
	£000	£000
Authorised		
150,000,000 ordinary shares of £1 each	150,000	150,000
Allotted and fully paid		
1 ordinary shares of £1 each	-	111,408

Allotted and fully paid share capital is £1 (2014: £111,408,000).

9. DIRECTORS' EMOLUMENTS

The directors are employed by, and receive their emoluments from, FLS or FLMS. The directors holding office during the year consider their services to the Company were incidental to their other duties within the Friends Life Group and accordingly no remuneration has been apportioned to the Company.

10. RELATED PARTY TRANSACTIONS

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 accounts are drawn up. Copies of the Group Report and Accounts of Aviva plc can be viewed via its web site at www.aviva.com.