

# Aviva Life Holdings UK Limited

---

## Directors and Officers

### Directors

A D Briggs  
M G Carvill (non-executive director)  
V F Gooding (non-executive director)  
R W A Howe (non-executive director)  
J B O'Roarke (non-executive director)  
H R Patel (non-executive director)  
S P Trickett (non-executive director)  
J M Windsor

### Officer - Company Secretary

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

### Independent Auditors

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
7 More London Riverside  
London  
SE1 2RT

### Registered Office

Aviva  
Wellington Row  
York  
YO90 1WR

### Company Number

Registered in England and Wales: No. 2403518

### Other Information

Aviva Life Holdings UK Limited ("the Company") is a member of the Aviva plc group of companies ("the Group")



# Aviva Life Holdings UK Limited

## Contents

---

	Page
Directors and officers.....	1
Strategic report.....	3
Directors' report.....	5
Independent auditors' report .....	8
Accounting policies.....	10
Income statement .....	15
Statement of financial position.....	16
Statement of changes in equity .....	17
Statement of cash flows .....	18
Notes to the financial statements.....	19

# Aviva Life Holdings UK Limited

## Strategic report

---

The directors present their strategic report for Aviva Life Holdings UK Limited ("the Company") for the year ended 31 December 2018.

### Review of the Company's business

The Company acts as the holding company for subsidiaries (UK Life) providing a range of financial services, principally in the United Kingdom. Its principal subsidiaries are involved in long-term savings and insurance business. 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.

The Aviva Group is the UK's largest insurer with an 17% share of the UK life and savings market, offering a market leading range of propositions to individual and corporate customers covering their savings, retirement, insurance and health needs. We have a strong core capability in managing existing books of business and have one of the largest customer bases in the UK life and pensions market.

A key focus for the Group is to help our customers, protect what's important to them and to help save for their long-term goals. Helping our customers provide for a more comfortable retirement and with a better understanding of the financial choices they face is a priority for us. We provide a secure income to 1.2 million customers in the form of an annuity, paying out over £2.6 billion each year. We are also a leading supplier of equity release (lifetime mortgages), lending over £700 million in 2018, helping people to raise money to fund whatever matters most in life.

The Group has access to customers across the UK through an unparalleled distribution network, with a growing Digital Direct offering for sales and service, strong relationships with independent financial advisers, brokers, employee benefit consultants, banks and we have single-tie agreements with three of the largest estate agencies.

Sales volumes, measured as the present value of new business premiums (PVNBP) have increased by 1% in 2018. A growth in workplace pensions and Bulk Purchase Annuities (BPA) was offset by lower Platform, Protection and Health volumes. The increase in PVNBP is primarily due to BPA growth, including Aviva's largest BPA deal to date of £925 million with Marks and Spencer.

Our main operations are based in York and Bristol, though we have a significant presence in Norwich and Sheffield. We also have outsourcing relationships with a number of partners, including Admin Re, J P Morgan, FNZ (UK) Limited, Diligenta Limited, Capita Life & Pensions Regulated Services Limited, HCL Insurance Business Partner Outsourcing Services Limited and WNS Global Services in India.

### Financial position and performance

Cash generation initiatives have enabled a £2,007 million dividend payment to the Aviva Group during the year (2017: £1,560 million). UK Life adjusted operating profit increased by 8% to £1,871 million (2017: £1,728 million), due to further benefits from changes in longevity assumptions and the continued growth of long-term savings and BPA.

During 2018, the equity attributable to the Company's shareholders on an IFRS basis increased by 2.9% to £10,133 million (2017 restated: decreased by 4.4% to £9,847 million). This mainly reflects the payment of total dividends of £2,007 million to Group during the year. Profit for the year has increased by 106% to £2,293 million (2017 restated: £1,111 million), which is driven by income from shares in group undertakings exceeding impairment losses on investments in subsidiaries for the year.

### Future outlook

Given current uncertainties, including the unknown future impacts of Brexit on the economies of the United Kingdom and Europe, our near-term outlook entering 2019 is more muted than our outlook a year ago.

In terms of currently identifiable result drivers, we cite potential headwinds from weak investment markets in late 2018 on fee income in our asset gathering businesses including UK long-term savings. Our results will also depend on the degree of offset between benefits from changing longevity trends in the UK and costs associated with investment and change spend.

## **Aviva Life Holdings UK Limited**

### **Strategic report (continued)**

---

#### **Principal risks and uncertainties**

UK Life is exposed to financial risk, through its financial assets and liabilities, and operational risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events, including regulatory risk. The major component of financial risk is credit risk, due to counterparties failing to meet all or part of their obligations in a timely fashion. UK Life is also exposed to insurance and persistency risk through its insurance operations. Management are responsible for the identification, measurement, management and monitoring of risks and for reporting these in accordance with the Group's escalation criteria in terms of their probability and impact in accordance with Group policy.

UK Life uses a number of metrics to identify, measure, manage, monitor and report risks and a fuller explanation of these risks, other than operational risk, may be found in note 21 to the financial statements.

#### **Key performance indicators (KPIs)**

The directors believe that analysis using KPIs for the Company, other than as disclosed in the financial position and performance section on page 3, is not necessary or appropriate for an understanding of the development, performance or position of the business. The development, performance and position of the UK Life business are discussed in the annual report and financial statements of Aviva plc and the individual entity financial statements, which do not form part of this report.

By order of the Board



**Aviva Company Secretarial Services Limited**  
*Company Secretary*

*16 April 2019*

# Aviva Life Holdings UK Limited

## Directors' report

---

The directors present their annual report and audited financial statements for Aviva Life Holdings UK Limited ("the Company") for the year ended 31 December 2018.

### Directors

The names of the present directors of the Company appear on page 1.

J R F Walls resigned as a non-executive director of the Company on 28 February 2018. V F Gooding was appointed as a non-executive director on the same date.

J B O'Roarke was appointed as a non-executive director of the Company on 8 March 2018.

### Dividends

No deferred interim dividend was paid in 2018 (*£100 million paid on 14 February 2017 for 2016*). A final dividend in respect of 2017 of £1,140 million (*2017: £1,169 million*) was paid on 10 May 2018. Total interim dividends for the year of £867 million were paid on the following dates; £197 million was paid on 13 September, £570 million on 12 December, £53 million on 17 December and £47 million on 20 December (*2017: £291 million*).

### Major events

On 28 February 2018, the Company subscribed for and was allotted 20,000,000 ordinary shares of £1 each in the share capital of Aviva UK Digital Limited, fully paid at par for a consideration of £20 million.

On 27 March 2018, the loan facility from Aviva Life & Pensions UK Limited (UKLAP) was renewed for one year, with a capacity of up to £100 million for a period of one month and £30 million thereafter, at a rate of LIBOR plus 65 basis points.

On 26 April 2018, the Company subscribed for and was allotted 15,000,000 ordinary shares of £1 each in the share capital of Aviva Wrap UK Limited, fully paid at par for a consideration of £15 million.

On 4 May 2018, the Company subscribed for and was allotted 15,000,000 ordinary shares of £1 each in the share capital of Aviva UK Digital Limited, fully paid at par for a consideration of £15 million.

On 31 May 2018, the subsidiary undertaking UKLAP, acquired 100% of Friends First Life Assurance Company DAC (Friends First), an Irish insurer, for a consideration of €146 million (approximately £127 million). A Part VII transfer process to transfer certain business from UKLAP to Friends First was completed on 29 March 2019. The purpose of the transfer is to ensure that Aviva retains the ability to service its policyholders following the UK's departure from the EU (Brexit).

On 30 July 2018, the Company subscribed for and was allotted 30,000,000 ordinary shares of £1 each in the share capital of Aviva UK Digital Limited, fully paid at par for a consideration of £30 million.

On 9 October 2018, the Company approved a capital reduction of £300 million in the wholly owned subsidiary undertaking Friends Life FPG Limited, by cancelling and extinguishing in full 5,999,999,981 ordinary shares of 5 pence each.

On 10 October 2018, the Company subscribed for and was allotted 98,600,000 ordinary shares of £1 each in the share capital of Aviva Life Services UK Limited (UKLS), fully paid at par for a consideration of £98.6 million.

On 10 October 2018 the Company acquired the fellow group undertakings, Aviva Administration Limited (AAL) and Aviva Management Services UK Limited (AMSL), for a consideration of £64.3 million and £44.3 million respectively. On the same date, the Company transferred ownership of AAL and AMSL to fellow group company, UKLS, for the same consideration.

On 9 November 2018, the Company subscribed for and was allotted 25,000,000 ordinary shares of £1 each in the share capital of Aviva UK Digital Limited, fully paid at par for a consideration of £25 million.

On 10 December 2018, the Company subscribed for and was allotted 10,000,000 ordinary shares of £1 each in the share capital of Aviva Wrap UK Limited, fully paid at par for a consideration of £10 million.

## **Aviva Life Holdings UK Limited**

### **Directors' report (continued)**

---

On 11 December 2018, the Company approved a capital reduction of £140 million in the wholly owned subsidiary undertaking Aviva Life Services UK Limited, by cancelling and extinguishing in full 140,000,000 ordinary shares of £1 each.

#### **Events since the statement of financial position**

On 21 February 2019, the Company subscribed for and was allotted 45,000,000 ordinary shares of £1 each in the share capital of Aviva Wrap UK Limited, fully paid at par for a consideration of £45 million.

On 28 February 2019, the Company subscribed for and was allotted 25,000,000 ordinary shares of £1 each in the share capital of Aviva UK Digital Limited, fully paid at par for a consideration of £25 million.

On 29 March 2019, a Part VII transfer process was completed to transfer certain business from the UKLAP to Aviva Life & Pensions Ireland DAC (formerly Friends First), under Part VII of the Financial Services and Markets Act 2000.

#### **Future developments**

Likely future developments in the business of the Company are discussed in the Strategic Report on page 4.

#### **Financial risk management**

Details of financial risk management are discussed in the principal risks and uncertainties section of the Strategic Report on page 4.

#### **Employees**

All staff are employed by a fellow subsidiary undertaking of Aviva plc, Aviva Employment Services Limited, who make a management charge for services, including the provision of staff to the Company. It is not possible to ascertain separately the element of the management charge that relates to staff costs. Disclosures relating to employee remuneration and the average number of persons employed are made in the Financial Statements of Aviva Employment Services Limited.

#### **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:

- so far as the director is aware, there is no relevant audit information of which the auditors are unaware; and
- 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.

This 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 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.

## **Aviva Life Holdings UK Limited**

### **Directors' report (continued)**

---

#### **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual Report and the audited 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 IFRSs as adopted by the European Union 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 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.

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.

By order of the Board



**Aviva Company Secretarial Services Limited**  
*Company Secretary*

*16 April 2019*

# **Aviva Life Holdings UK Limited**

## **Independent auditors' report to the members of Aviva Life Holdings UK Limited**

---

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion, Aviva Life Holdings UK 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 profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; 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 Audited Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2018; the income statement, the statement of cash flows, the statement of changes in equity for the year then ended; the accounting policies; and the notes to the financial statements.

#### **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 Directors' Report, 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.



# Aviva Life Holdings UK Limited

## Independent auditors' report to the members of Aviva Life Holdings UK Limited (continued)

---

### *Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report 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 Directors' Report.

### **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, 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](http://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.

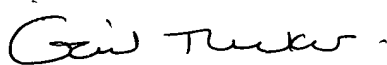
### **Other required reporting**

#### **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.



Gail Tucker (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
16 April 2019

## Aviva Life Holdings UK Limited

### Accounting policies

---

The Company, a private limited company incorporated and domiciled in the United Kingdom (UK), acts as the holding company for subsidiaries providing a range of financial services, principally in the UK. Its principal subsidiaries are involved in long-term savings and insurance business. The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

#### **(A) Basis of presentation**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as endorsed by the European Union (EU), and those parts of the Companies Act 2006 applicable to those reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The financial statements are prepared on the going concern basis and in accordance with the Companies Act 2006.

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).

As permitted under IAS 27 and under Section 400 of the Companies Act 2006, the Company 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 and immediate parent can be found in note 22.

#### **New standards, interpretations and amendments to published standards that have been adopted by the Company**

The Company has adopted the following amendments to standards which became effective for the annual reporting period beginning on 1 January 2018:

##### *(i) IFRS 9, Financial Instruments*

In July 2014, the IASB published IFRS 9, Financial Instruments which replaces IAS 39 Financial Instruments: Recognition and Measurement. The standard incorporates new classification and measurements requirements for financial assets, the introduction of an expected credit loss impairment model which will replace the incurred loss model of IAS 39, and new hedge accounting requirements. Under IFRS 9, all financial assets will be measured at either amortised cost or fair value. The basis of classification will depend on the business model and the contractual cash flow characteristics of the financial assets. The standard retains most of IAS 39's requirements for financial liabilities except for those designated at fair value through profit or loss whereby that part of the fair value changes attributable to own credit is to be recognised in other comprehensive income instead of the income statement. The hedge accounting requirements are more closely aligned with risk management practices and follow a more principle-based approach.

IFRS 9 is effective for the Company from 1 January 2018 as it is not eligible to apply the deferral option available to insurers. The adoption of IFRS 9 has had no impact on the Company's financial statements.

##### *(ii) IFRS 15, Revenue from Contracts with Customers*

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers. This standard applies to annual reporting periods beginning on or after 1 January 2018 and has been endorsed by the EU. This standard replaces IAS 18 Revenue.

The scope of IFRS 15 includes all contracts where the Company has agreed to provide goods or services to a customer, except for the following:

- Insurance contracts (IFRS 4)
- Financial instruments (IFRS 9)
- Leases (IAS 17)

The adoption of IFRS 15 does not have a significant impact on the Company's financial statements.

## Aviva Life Holdings UK Limited

### Accounting policies (continued)

---

#### *(iii) Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions*

In June 2016, the IASB issued amendments to IFRS 2 Share-based Payment. The amendments are effective from 1 January 2018 and have been endorsed by the EU. The adoption of this amendment does not have an impact on the Company's financial statements.

#### *(iv) Annual Improvements to IFRSs 2014-2016*

These improvements consist of amendments to three IFRSs including IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates. The amendments to IFRS 1 and IAS 28 are effective for annual reporting periods beginning on or after 1 January 2018 and have been endorsed by the EU. The adoption of this amendment does not have an impact on the Company's financial statements as the clarifications are consistent with our existing interpretation.

#### *(v) Amendments to IAS 40 – Transfers of Investment Property*

In December 2016, the IASB published amendments to IAS 40 Investment Property. The amendments are effective from 1 January 2018 and have been endorsed by the EU. The adoption of this amendment does not have an impact on the Company's financial statements.

#### *(vi) IFRIC 22, Foreign Currency Transactions and Advance Consideration*

In December 2016, the IASB published IFRIC 22 Foreign Currency Transactions and Advance Consideration. The standard is effective for annual reporting beginning on or after 1 January 2018 and has been endorsed by the EU. The adoption of this amendment does not have an impact on the Company's financial statements.

The following new standards, amendments to existing standards have been issued, are not yet effective and are not expected to have a significant impact on the Company's financial statements:

#### *(i) IFRS 17, Insurance Contracts*

In May 2017, the IASB published IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 that was issued in 2005. IFRS 17 applies to all types of insurance contracts as well as to certain guarantees and financial instruments with discretionary participation features. In contrast to the requirements in IFRS 4, which are largely based on grandfathering of previous local accounting policies, IFRS 17 provides a comprehensive and consistent approach to insurance contracts. The core of IFRS 17 is the general model, supplemented by a specific adaption for contracts with direct participation features (the variable fee approach) and a simplified approach (the premium allocation approach) mainly for short-duration contracts.

The main features of the new accounting model for insurance contracts are, as follows: the measurement of the present value of future cash flows incorporating an explicit risk adjustment and remeasured every reporting period (the fulfilment cash flows); a contractual service margin that is equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts, representing the unearned profit of the insurance contracts to be recognised in profit or loss over the service period (coverage period); the presentation of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of insurance services provided during the period; and extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts.

The impact of the adoption of IFRS 17 has yet to be fully assessed but it is expected there may be significant impacts for the subsidiary undertaking, Aviva Life & Pensions UK Limited, relating to the measurement and presentation of the contracts in scope of the standard. In November 2018 the IASB recommended an amendment to IFRS 17 to defer the effective date to 1 January 2022.

#### *(ii) IFRS 16 Leases*

In January 2016, the IASB published IFRS 16 Leases which will replace IAS 17 Leases. IFRS 16 introduces a definition of a lease with a single lessee accounting model eliminating the classification of either operating or finance leases. Lessees will be required to account for all leases in a similar manner to the current finance lease accounting recognising lease assets and liabilities on the statement of financial position. Lessor accounting remains similar to current practice. The standard is effective for annual reporting periods beginning on or after 1 January 2019 and has been endorsed by the EU.

## Aviva Life Holdings UK Limited

### Accounting policies (continued)

---

#### *(iii) IFRIC 23, Uncertainty over Income Tax Treatments*

In June 2017, the IASB published IFRIC 23 Uncertainty over Income Tax Treatments. The standard is effective for annual reporting beginning on or after 1 January 2019 and has been endorsed by the EU.

#### *(iv) Amendments to IAS 19 – Plan Amendment, Curtailment or Settlement*

In February 2018, the IASB published Plan Amendment, Curtailment or Settlement (Amendments to IAS 19). The amendments are effective for annual reporting beginning on or after 1 January 2019 and have been endorsed by the EU.

#### *(v) Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures*

In October 2017, the IASB published Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28). The amendments are effective for annual reporting beginning on or after 1 January 2019 and have been endorsed by the EU.

#### *(vi) Annual Improvements to IFRS Standards 2015-2017 Cycle*

These improvements consist of amendments to three IFRSs including IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income taxes and IAS 23 Borrowing Costs. The amendments are effective for annual reporting beginning on or after 1 January 2019 and have been endorsed by the EU.

#### *(vii) Amendments to References to the Conceptual Framework in IFRS Standards*

Published by the IASB in March 2018. The amendments are effective for annual reporting beginning on or after 1 January 2020 and have not yet been endorsed by the EU.

#### *(viii) Amendment to IFRS 3 Business Combinations; IAS 1 and IAS 8: Definition of material*

Published by the IASB in October 2018. The amendments are effective for annual reporting beginning on or after 1 January 2020 and have not yet been endorsed by the EU.

#### *(ix) Amendment to IAS 1 and IAS 8: Definition of material*

Published by the IASB in October 2018. The amendments are effective for annual reporting beginning on or after 1 January 2020 and have not yet been endorsed by the EU.

### **(B) Critical accounting estimates and judgements**

The preparation of the Company's financial statements, in accordance with IFRS, requires management to make judgements, estimates and assumptions in applying the accounting policies that affect the reported amounts of assets, liabilities, income and expenses.

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. The list below sets out those items we consider particularly susceptible to changes in estimates and assumptions, and the relevant accounting policy.

Item	Accounting policy
Valuation of subsidiaries	D

### **(C) Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. This presumes that the transaction takes place in the principal (or most advantageous) market under current market conditions. Fair value is a market-based measure and in the absence of observable market prices in an active market, it is measured using the assumptions that market participants would use when pricing the asset or liability.

The fair value of a non-financial asset is determined based on its highest and best use from a market participant's perspective. When using this approach, the Company takes into account the asset's use that is physically possible, legally permissible and financially feasible.

## **Aviva Life Holdings UK Limited**

### **Accounting policies (continued)**

---

#### **(D) Subsidiaries**

Investments in subsidiaries are recognised at cost less impairment. Investments are reviewed annually to test whether any indicators of impairment exist. Where there is objective evidence that such an asset is impaired, such as the financial difficulty of the entity or a significant or prolonged decline in its fair value below cost, the investment is impaired to its estimated recoverable value and any unrealised loss is recorded in the income statement.

Income from shares in group undertakings is recognised in the period in which they are received.

#### **(E) Associates and joint ventures**

Investments in associates and joint ventures are recognised at cost less impairment. Investments are reviewed annually to test whether any indicators of impairment exist. Where there is objective evidence that such an asset is impaired, such as the financial difficulty of the entity or a significant or prolonged decline in its fair value below cost, the investment is impaired to its recoverable value and any unrealised loss is recorded in the income statement.

#### **(F) Loans**

Loans are included at amortised cost using the effective interest rate method.

At each reporting date, loans carried at amortised cost are reviewed for objective evidence that they are impaired and uncollectable, either at the level of an individual security or collectively within a group of loans with similar credit risk characteristics. To the extent that a loan is uncollectable, it is written down as impaired to its recoverable amount, measured as the present value of expected future cash flows discounted at the original effective interest rate of the loan, including any collateral receivable. Subsequent recoveries in excess of the loan's written down carrying value are credited to the income statement.

#### **(G) Receivables and payables**

Receivables and payables are initially recognised at cost, being fair value. Subsequent to initial measurement they are held at amortised cost, which given the short term nature of the items is considered a reasonable approximation to fair value.

#### **(H) Statement of cash flows**

Cash and cash equivalents consist of cash at banks and in hand, deposits held on call with banks, treasury bills and other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Such investments are those with less than three months' maturity from the date of acquisition, or which are redeemable on demand with only an insignificant change in their fair values.

#### **(I) Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more probable than not that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The Company recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract. Contingent liabilities are disclosed if there is a possible future obligation as a result of a past event, or if there is a present obligation as a result of a past event but either a payment is not probable or the amount cannot be reasonably estimated.

## **Aviva Life Holdings UK Limited**

### **Accounting policies (continued)**

---

#### **(J) 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 reserves 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 determine the deferred tax.

Deferred tax is provided on temporary differences arising from changes in valuations of investments in subsidiaries, 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 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.

#### **(K) Borrowings**

Borrowings from group undertakings are recognised initially at their issue proceeds less transaction costs incurred. Subsequently, borrowings are stated at amortised cost, and any difference between net proceeds and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method. All borrowing costs are expensed as they are incurred.

#### **(L) Guarantees**

Financial guarantees issued are recognised initially at their fair value, and subsequently measured at the higher of the expected liability (or receivable) under the guarantee and the amount initially recognised less any cumulative amortisation.

#### **(M) Share capital**

##### *Equity instruments*

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Accordingly, a financial instrument is treated as equity if:

- (i) there is no contractual obligation to deliver cash or other financial assets or to exchange financial assets or liabilities on terms that may be unfavourable; and
- (ii) the instrument will not be settled by delivery of a variable number of shares or is a derivative that can be settled other than for a fixed amount of cash, shares or other financial assets.

##### *Dividends*

Interim dividends on ordinary shares are recognised in equity in the period in which they are paid. Final dividends on these shares are recognised when they have been approved by shareholders.

**Aviva Life Holdings UK Limited**  
**Income statement**  
**For the year ended 31 December 2018**

	Note	2018 £'000	2017 £'000 restated
<b>Income</b>			
Net investment income			
Income from shares in group undertakings		2,341,060	1,550,000
Interest receivable and similar income	2	5,289	5,514
Other income		47,401	-
		<b>2,393,750</b>	<b>1,555,514</b>
<b>Expenses</b>			
Operating expenses	3	177	174
Finance costs	4	(5,972)	(5,359)
Impairment losses on investments in subsidiaries	8	(83,741)	(429,100)
Impairment losses on investments in associates	9	(41)	-
<b>Profit before tax</b>		<b>2,304,173</b>	<b>1,121,229</b>
Tax charge	J & 7	(11,182)	(10,227)
<b>Profit for the year</b>		<b>2,292,991</b>	<b>1,111,002</b>

The Company has no other comprehensive income.

The accounting policies (identified alphabetically) on pages 10 to 14 and the notes (identified numerically) on pages 19 to 62 are an integral part of these financial statements.

**Aviva Life Holdings UK Limited**  
**Statement of financial position**  
**As at 31 December 2018**

	Note	2018 £'000	2017 £'000 restated	2016 £'000 restated
<b>Assets</b>				
Investments in subsidiaries	D & 8	10,144,616	10,014,759	10,418,859
Investments in associates and joint ventures	E & 9	8,320	7,111	-
Loans to group undertakings	F & 10	200,000	200,000	200,000
Deferred tax asset	J & 15	-	7,245	6,442
Receivables	G & 11	2,079	73	20,779
Cash and cash equivalents	H & 19(b)	56,560	18,922	21,943
<b>Total assets</b>		<b>10,411,575</b>	<b>10,248,110</b>	<b>10,668,023</b>
<b>Equity</b>				
Ordinary share capital	M & 12	8,452,832	8,452,832	8,452,832
Retained earnings	13	1,680,239	1,394,649	1,843,647
<b>Total equity</b>		<b>10,133,071</b>	<b>9,847,481</b>	<b>10,296,479</b>
<b>Liabilities</b>				
Provisions	I & 16	-	265	605
Borrowings from group undertakings	K & 17	250,000	275,000	250,000
Tax liabilities	J & 15	3,953	8	-
Payables and other financial liabilities	G & 18	24,551	125,356	120,939
<b>Total liabilities</b>		<b>278,504</b>	<b>400,629</b>	<b>371,544</b>
<b>Total equity and liabilities</b>		<b>10,411,575</b>	<b>10,248,110</b>	<b>10,668,023</b>

The financial statements were authorised for issue by the Board of directors on 16 April 2019 and were signed on its behalf.



**J M Windsor** *Director*

The accounting policies (identified alphabetically) on pages 10 to 14 and the notes (identified numerically) on pages 19 to 62 are an integral part of these financial statements.



**Aviva Life Holdings UK Limited**  
**Statement of changes in equity**  
**For the year ended 31 December 2018**

	Note	Ordinary share capital £'000	Retained earnings £'000	Total equity £'000
<b>Restated opening balance at 1 January 2018</b>		<b>8,452,832</b>	<b>1,394,649</b>	<b>9,847,481</b>
Profit for the year	13	-	2,292,991	2,292,991
<i>Transactions with owners in their capacity as owners:</i>				
Dividends paid	M & 13	-	(2,007,401)	(2,007,401)
<b>Balance at 31 December 2018</b>		<b>8,452,832</b>	<b>1,680,239</b>	<b>10,133,071</b>
Opening balance at 1 January 2017		8,452,832	2,514,603	10,967,435
Change in accounting policy	1		(670,956)	(670,956)
<b>Restated total equity at the beginning of the financial year</b>		<b>8,452,832</b>	<b>1,843,647</b>	<b>10,296,479</b>
Profit for the period (restated)	13	-	1,111,002	1,111,002
<i>Transactions with owners in their capacity as owners:</i>				
Dividends	M & 13	-	(1,560,000)	(1,560,000)
<b>Balance at 31 December 2017 restated</b>		<b>8,452,832</b>	<b>1,349,649</b>	<b>9,847,481</b>

The accounting policies (identified alphabetically) on pages 10 to 14 and the notes (identified numerically) on pages 19 to 62 are an integral part of these financial statements.

**Aviva Life Holdings UK Limited**  
**Statement of cash flows**  
**For the year ended 31 December 2018**

	Note	2018 £'000	2017 £'000 restated
<b>Cash flows from operating activities</b>			
Cash (used in)/generated from operations	19(a)	(5,250)	12,338
Income from shares in group undertakings		2,150,110	671,000
<b>Net cash generated from operating activities</b>		<b>2,144,860</b>	<b>683,338</b>
<b>Cash flows from investing activities</b>			
Investment in subsidiaries	8	(115,000)	(25,000)
Investment in associates	9	(1,250)	-
<b>Net cash used in investing activities</b>		<b>(116,250)</b>	<b>(25,000)</b>
<b>Cash flows from financing activities</b>			
Net (decrease)/increase in borrowings	17	(25,000)	25,000
Interest paid on borrowings	4	(5,972)	(5,359)
Dividends paid	13	(1,960,000)	(681,000)
<b>Net cash used in financing activities</b>		<b>(1,990,972)</b>	<b>(661,359)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>37,638</b>	<b>(3,021)</b>
Cash and cash equivalents at 1 January		18,922	21,943
<b>Cash and cash equivalents at 31 December</b>	19(b)	<b>56,560</b>	<b>18,922</b>

The accounting policies (identified alphabetically) on pages 10 to 14 and the notes (identified numerically) on pages 19 to 62 are an integral part of these financial statements.

**Aviva Life Holdings UK Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

**1. Analysis of the impact of changes in accounting policies that have been adopted by the Company**

The Company has changed the accounting policy relating to the recognition of investments in subsidiaries, joint ventures and associates. In prior periods these investments were stated at fair value and classified as held at fair value through profit or loss, with movements recognised in the income statement. Any investments not held to back policyholder liabilities and not managed on a fair value basis are now stated at cost less impairment (see accounting policies D and E). This provides relevant and more reliable information as the critical accounting assumptions and judgements involved in calculating a fair value are no longer required.

The impact of the accounting policy changes on the line items in the financial statements is set out below:

**(a) Impact of amendments to accounting standards on income statement**

	31 December 2017		
	As reported £'000	Effect of change £'000	Restated £'000
Total income	251,126	1,304,388	1,555,514
Effect analysed as:			
Fair value losses on investments in subsidiaries	(1,304,388)	1,304,388	-
Impairment losses on investments in subsidiaries	-	(429,100)	(429,100)
Profit for the year before tax	245,941	875,288	1,121,229
Tax charge	(10,227)	-	(10,227)
Profit for the year after tax	235,714	875,288	1,111,002

**(b) Impact of amendments to accounting standards on the statement of financial position**

	1 January 2017			31 December 2017		
	As reported £'000	Effect of changes £'000	Restated £'000	As reported £'000	Effect of changes £'000	Restated £'000
<b>Total assets</b>	<b>11,338,979</b>	<b>(670,956)</b>	<b>10,668,023</b>	<b>10,043,778</b>	<b>204,332</b>	<b>10,248,110</b>
Effect analysed as:						
Investments in subsidiaries	11,089,815	(670,956)	10,418,859	9,810,427	204,332	10,014,759
Investments in associates and joint ventures	-	-	-	7,111	-	7,111
<b>Total equity and liabilities</b>	<b>11,338,979</b>	<b>(670,956)</b>	<b>10,668,023</b>	<b>10,043,778</b>	<b>204,332</b>	<b>10,248,110</b>
<b>Total equity</b>	<b>10,967,435</b>	<b>(670,956)</b>	<b>10,296,479</b>	<b>9,643,149</b>	<b>204,332</b>	<b>9,847,481</b>
Effect analysed as:						
Retained earnings	2,514,603	(670,956)	1,843,647	1,190,317	204,332	1,394,649

**Aviva Life Holdings UK Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2018 (continued)**

**2. Interest receivable and other income**

	2018 £'000	2017 £'000
Interest receivable from group undertakings	5,101	5,433
Other interest	188	81
	<b>5,289</b>	<b>5,514</b>

**3. Operating expenses**

Under a management agreement, Aviva Life Services UK Limited (UKLS) supplies and makes charges for the provision of operational assets and services to the Company. The agreement specifies the amounts payable to UKLS in respect of these expenses, which are included within operating expenses.

	2018 £'000	2017 £'000
UKLS recharges	60	46
Provision movement in year	(243)	(220)
Write offs	6	-
<b>Total operating expenses</b>	<b>(177)</b>	<b>(174)</b>

**4. Finance costs**

	2018 £'000	2017 £'000
Interest payable to group undertakings	5,972	5,359

**5. Directors' emoluments**

All directors were remunerated by Aviva Employment Services Limited, a fellow subsidiary of the ultimate parent company, Aviva plc. The emoluments are recharged, as part of a head office management charge under management service agreements, to all operating divisions of the Aviva Group. No direct recharge has been made to the Company in respect of these emoluments as these directors were not primarily remunerated for their services to the Company. Accordingly, no emoluments are disclosed in respect of these directors. Their total emoluments are disclosed in the financial statements of Aviva Life & Pensions UK Limited.

**6. Auditors' remuneration**

The total remuneration payable by the Company, excluding VAT, to its auditors, PricewaterhouseCoopers LLP and their associates, in respect of the audit of these financial statements, is shown below:

	2018 £'000	2017 £'000
Fees payable for the audit of the Company's financial statements	35	41

Audit fees are payable by Aviva Central Services UK Limited, a fellow Group company, and recharged as appropriate to the Company and fellow Group companies. Fees paid to PricewaterhouseCoopers LLP and its associates for services other than the statutory audit of the Company are not disclosed in these financial statements since the consolidated financial statements of the Company's ultimate parent undertaking, Aviva plc (see note 22), are required to disclose other (non-audit) services on a consolidated basis.

**Aviva Life Holdings UK Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2018 (continued)**

**7. Tax**

**(a) Tax charged to the income statement**

	2018 £'000	2017 £'000
<b>Current tax</b>		
For the year	3,953	8
Adjustments in respect of prior years	(16)	11,022
Total current tax	3,937	11,030
<b>Deferred tax</b>		
Origination and reversal of temporary differences	7,761	(801)
Changes in tax rates or tax laws	(516)	(2)
Total deferred tax	7,245	(803)
Total tax charged to the income statement (note 7(b))	11,182	10,227

Unrecognised and temporary differences of previous years were used to reduce current tax expense and deferred tax expense by £nil (2017: £11 million).

**(b) Tax reconciliation**

The tax on the Company's profit before tax differs from (2017: *differs from*) tax calculated at the standard UK corporation tax rate as follows:

	2018 £'000	2017 £'000 restated
Profit before tax	2,304,173	1,121,229
Tax calculated at standard UK corporation tax rate of 19% (2017: 19.25%)	437,793	215,837
Adjustments in respect of prior years	(12)	2,963
Non-assessable dividends	(444,802)	(298,375)
Disallowed expenses	(46)	(42)
Non-taxable fair value losses on subsidiaries	15,911	82,602
Changes in tax rates or tax laws	(516)	(2)
Movement in deferred tax not recognised	2,854	7,244
Total tax charge to income statement (note 7(a))	11,182	10,227

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

The Company's deferred tax assets and liabilities have been calculated at 17%. The reduction in the future tax rate reduces the income statement tax charge by £516,000 (2017: £2,000).

**Aviva Life Holdings UK Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2018 (continued)**

**8. Investments in subsidiaries**

**(a) Movements in the Company's investments in its subsidiaries are as follows:**

	2018 £'000	2017 £'000 Restated
Carrying amount at 1 January	10,014,759	10,418,859
Additions	322,200	25,000
Disposals	(108,602)	-
Impairment losses	(83,741)	(429,100)
<b>At 31 December</b>	<b>10,144,616</b>	<b>10,014,759</b>

Subsidiaries are stated at cost less impairment. Previously they were stated at fair value, estimated using applicable valuation models underpinned by SII and IFRS net asset value. Figures for 2017 have been restated as a result of the change in accounting policy (see note 1). The Company's approach to managing its investments and associated risks is given in note 21.

The impairment losses for 2018 and 2017 are driven primarily by the ongoing restructure of Friends Life FPG Limited, with dividends paid resulting in a permanent impairment as the remaining companies are no longer generating profits.

**(b) Additions**

On 28 February 2018, the Company subscribed for and was allotted 20,000,000 ordinary shares of £1 each in the share capital of Aviva UK Digital Limited (UKD), fully paid at par for a consideration of £20 million.

On 26 April 2018, the Company subscribed for and was allotted 15,000,000 ordinary shares of £1 each in the share capital of Aviva Wrap UK Limited (UKW), fully paid at par for a consideration of £15 million.

On 4 May 2018, the Company subscribed for and was allotted 15,000,000 ordinary shares of £1 each in the share capital of UKD, fully paid at par for a consideration of £15 million.

On 30 July 2018, the Company subscribed for and was allotted 30,000,000 ordinary shares of £1 each in the share capital of UKD, fully paid at par for a consideration of £30 million.

On 10 October 2018, the Company subscribed for and was allotted 98,600,000 ordinary shares of £1 each in the share capital of Aviva Life Services UK Limited (UKLS), fully paid at par for a consideration of £98.6 million.

On 10 October 2018 the Company acquired the fellow group undertakings, Aviva Administration Limited (AAL) and Aviva Management Services UK Limited (AMSL), for a consideration of £64.3 million and £44.3 million respectively.

On 9 November 2018, the Company subscribed for and was allotted 25,000,000 ordinary shares of £1 each in the share capital of UKD, fully paid at par for a consideration of £25 million.

On 10 December 2018, the Company subscribed for and was allotted 10,000,000 ordinary shares of £1 each in the share capital of UKW, fully paid at par for a consideration of £10 million.

**(c) Disposals**

On 27 September 2018, the Company transferred ownership of the wholly owned dormant subsidiary undertakings CGNU Life Assurance Limited, Commercial Union Life Assurance Company Limited and Undershaft (NULLA) Limited to Undershaft Limited, a fellow Group undertaking, for a total consideration of £2,000.

On 10 October 2018, the Company transferred ownership of the wholly owned subsidiary undertakings, AAL and AMSL, to UKLS, a fellow group undertaking, for a consideration of £64.3 million and £44.3 million respectively.

**Aviva Life Holdings UK Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2018 (continued)**

- (d) A full list of the subsidiary undertakings of the company is shown in Appendix A. The principal subsidiary undertakings of the Company are shown below, all of which are wholly-owned and incorporated in England, with the exception of Peak Re Limited, which is incorporated in Ireland.

<b>Subsidiary</b>	<b>Principal activity</b>
Aviva Equity Release UK Limited	Equity release mortgage provider
Aviva Life & Pensions UK Limited	Long-term insurance
Aviva Life Services UK Limited	Corporate administration services
Aviva Wrap UK Limited	Personal portfolio 'Wrap' products
Friends Life FPG Limited	Holding company
Friends Life FPL Limited	Holding company
Aviva Investment Solutions UK Limited	Personal portfolio 'Wrap' products
Aviva Management Services UK Limited	Corporate administration services
Aviva Administration Limited	Corporate administration services
Peak Re Limited	Reinsurance of unit linked business

**9. Investments in associates and joint ventures**

Movements in the Company's investments in associates and joint ventures are as follows:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Carrying amount at 1 January	7,111	-
Impairment	(41)	-
Additions	1,250	7,111
<b>At 31 December</b>	<b>8,320</b>	<b>7,111</b>

Associates and joint ventures are stated at cost less impairment. Previously they were stated at fair value, underpinned by net asset value.

On 20 September 2018, the Company acquired a 20% shareholding in Acre Platforms Limited, a provider of a digital mortgage platform for brokers and borrowers, for a consideration £1,250,000. A further 20% was acquired by a fellow group undertaking, Sesame Bankhall Group Limited.

On 31 July 2017, the Company acquired a 23.665% shareholding in the Tenet Group Limited (Tenet), which was transferred from Friends Life Limited (FLL), a fellow group undertaking. The transfer was completed in consideration for an intercompany balance of £7,114,000, equivalent to the net asset value of the shareholding reflected in the FLL financial statements at 31 December 2016. As at 31 December 2017 cost was deemed to be a fair approximation for fair value and as such there has been no requirement to restate figures for 2017 as a result of the change in accounting policy (see note 1).

Distributions received from associates and joint ventures during the year amounted to £nil (2017: £nil).

The associate undertaking has no significant contingent liabilities to which the Company is exposed, nor has the Company any significant contingent liabilities in relation to its interest in the associate undertaking.

**10. Loans to group undertakings**

<b>Carrying amounts:</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Loans to group undertakings	200,000	200,000

Of the above total £200,000,000 (2017: £200,000,000) is expected to be recovered more than one year after the statement of financial position date.

**Aviva Life Holdings UK Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2018 (continued)**

**11. Receivables**

	2018 £'000	2017 £'000
Amounts owed by group undertakings	2,017	68
Trade receivables	62	5
	<b>2,079</b>	<b>73</b>

Of the above total, £nil (2017: £nil) is expected to be received more than one year after the statement of financial position date.

**12. Ordinary share capital**

Details of the Company's ordinary share capital at 31 December are as follows:

	2018 £'000	2017 £'000
The allotted, called up and fully paid share capital of the Company was: 8,452,831,913 ordinary shares of £1 each (2017: 8,452,831,913)	<b>8,452,832</b>	<b>8,452,832</b>

Ordinary shares in issue in the Company rank pari passu. All the ordinary shares in issue carry the same right to receive all dividends and other distributions declared, made or paid by the Company.

**13. Retained earnings**

	2018 £'000	2017 £'000 Restated
At 1 January	1,394,649	1,843,647
Profit for the year	2,292,991	1,111,002
Dividends		
2016 deferred interim dividend paid of 1.183 pence per share	-	(100,000)
Final dividend paid of 13.49 pence per share (2017: 13.83 pence per share)	(1,140,000)	(1,169,000)
Interim dividends paid of 10.26 pence per share (2017: 3.44 pence per share)	(867,401)	(291,000)
<b>At 31 December</b>	<b>1,680,239</b>	<b>1,394,649</b>

During 2018 interim dividends of £867.4 million were paid to Aviva Group Holdings Limited. Of this, £47.4 million is excluded from the statement of cash flows as the payment was transacted through inter company accounts. During 2018 dividends were received from subsidiary undertakings of £2,341 million. Of this, £191.0 million is excluded from the statement of cash flows as the payment was transacted through inter company accounts. This comprises £99.9 million paid by Friends Life FPG Limited and £91.1 million paid by Aviva Life & Pensions UK Limited.

On 12 May 2017, a final dividend in respect of 2016 of £1,169 million was paid to Aviva Group Holdings Limited. Of this, £879,000 is excluded from the statement of cash flows as the payment was transacted through inter company account.



**Aviva Life Holdings UK Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2018 (continued)**

**14. Guarantees**

Several of the Company's subsidiaries have guaranteed the overdrafts and borrowings of certain subsidiaries and associates. In the opinion of the directors, no material loss will arise in respect of these guarantees and indemnities.

In addition, in line with standard business practice, various Group companies have given guarantees, indemnities and warranties in connection with disposals in recent years of subsidiaries and associates to parties outside the Aviva Group. In the opinion of the directors, no material loss will arise in respect of these guarantees, indemnities and warranties.

The Company has issued a letter of financial support to Aviva Wrap UK Limited (UKW), a wholly owned subsidiary of the Company, for a period of at least one year from the signing of the UKW financial statements, in order to ensure UKW is able to continue as a going concern.

**15. Tax assets and liabilities**

**(a) Current tax**

<b>(i) Tax liability</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Expected to be payable in more than one year	<b>3,953</b>	<b>8</b>
<b>Tax liability recognised in statement of financial position</b>	<b>3,953</b>	<b>8</b>

**(b) Deferred taxes**

**(i) The balance at the year end comprises:**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Unused losses and tax credits	-	7,245
<b>Net deferred tax asset</b>	<b>-</b>	<b>7,245</b>

**(ii) The movement in the net deferred tax asset was as follows:**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Net asset at 1 January	<b>7,245</b>	<b>6,442</b>
Amounts (charged)/credited to profit (note 7)	<b>(7,245)</b>	<b>803</b>
<b>Net asset at 31 December</b>	<b>-</b>	<b>7,245</b>

Due to uncertainty over future taxable profits, no deferred tax asset has been recognised in respect of taxable losses being carried forward at the year end (2017: £7,245,000).

The Company has unrecognised tax losses at the year end amounting to £59,384,000 (2017: £42,617,000) available for offset versus future taxable profits. The Company also has unrecognised capital losses at the year end amounting to £152,155,000 (2017: £152,155,000).

**Aviva Life Holdings UK Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2018 (continued)**

**16. Provisions**

	2018 £'000	2017 £'000
At 1 January	265	605
Provisions made in year	-	70
Amounts utilised	(22)	(118)
Amounts released	(243)	(292)
At 31 December	-	265

As part of the e.surv Limited sale agreement, the Company became liable for professional indemnity claims arising after 30 June 2004, in respect of advice given by e.surv Limited up to 30 June 2004. A provision has been made in respect of ongoing legal claims, which is the directors' best estimate of the likely outcome of such claims. Amounts utilised and released in the current year relate to these claims. The provision has been fully utilised at 31 December 2018.

**17. Borrowings from group undertaking**

	2018 £'000	2017 £'000
Loans from subsidiaries	250,000	275,000

Of the above total, £250,000,000 (2017: £275,000,000) is expected to be paid more than one year after the statement of financial position date.

**18. Payables and other financial liabilities**

	2018 £'000	2017 £'000
Amounts owed to group undertakings	24,474	125,355
Other payables	77	1
	24,551	125,356

Of the above total, £nil (2017: £92,900,000) is expected to be paid more than one year after the statement of financial position date. All payables are carried at cost, which approximates to fair value.

**Aviva Life Holdings UK Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2018 (continued)**

**19. Statement of cash flows**

(a) The reconciliation of profit before tax to the net cash outflow from operating activities is:

	2018 £'000	2017 £'000 restated
<b>Profit before tax</b>	<b>2,304,173</b>	<b>1,121,229</b>
Adjustments for:		
Income from shares in group undertakings	(2,341,060)	(1,550,000)
Impairment losses on investments in subsidiaries	83,741	429,100
Impairment losses on investments in associates	41	-
Finance costs	5,972	5,359
Other income	(47,401)	-
Changes in working capital:		
(Increase)/decrease in receivables	(2,006)	20,543
Decrease in provisions	(265)	(340)
Decrease in payables and other financial liabilities	(8,445)	(13,553)
<b>Total cash (used in)/generated from operations</b>	<b>(5,250)</b>	<b>12,338</b>

Investing and financing transactions that did not require the use of cash and cash equivalents, and are therefore excluded from the statement of cash flows are as follows:

	2018 £'000	2017 £'000
Non-cash operating activities		
Income from shares in group undertakings	190,950	879
Non-cash investing activities		
Investment in subsidiaries	(98,600)	(7,111)
Non-cash financing activities		
Movement in inter-company debtors	(92,350)	7,111
Dividends paid	(47,401)	(879)

On 10 October 2018 a capital injection of £96.8 million into the wholly owned subsidiary undertaking Aviva Life Services UK Limited was transacted through inter company account. On 20 December 2018, a dividend of £47.4 million was paid to Aviva Group Holdings Limited. Dividend income received from subsidiary undertakings of £191 million and a £92.4 million movement in inter company balances during 2018 were also transacted through inter company account. All these transactions are excluded from the statement of cash flows as no cash transactions were involved.

In 2017 the acquisition of a holding in the associate undertaking, Tenet Group Limited, from a fellow group undertaking, was transacted through inter company account. On 12 May 2017, a final dividend in respect of 2016 of £1,169 million was paid to Aviva Group Holdings Limited. Of this, £879,000 is excluded from the statement of cash flows as the payment was transacted through inter company account. Dividend income received from subsidiary undertakings of the same amount was also transacted through inter company account.

(b) Cash and cash equivalents in the statement of cash flows at 31 December comprised:

	2018 £'000	2017 £'000
Cash at bank and in hand	56,560	18,922

**Aviva Life Holdings UK Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2018 (continued)**

**20. Capital**

In managing its capital, the Company seeks to:

- Match the profile of its assets and liabilities, taking account of the risks inherent in the business;
- Maintain sufficient, but not excessive, financial strength to support new business growth;
- Retain financial flexibility by maintaining liquidity; and
- Allocate capital efficiently to support growth and repatriate excess capital where appropriate.

The Company is not a regulated entity and hence not subject to any regulatory capital requirements.

The Company mostly considers the traditional sources of capital funding, including loans and capital injections from its parent company. The analysis below sets out the Company's capital resources available to meet its liabilities.

	2018 £'000	2017 £'000 restated
Total equity and available capital resources	<b>10,133,071</b>	<b>9,847,481</b>

The Company also complies with Group mandated Capital Management Risk Standards, which include the setting of risk appetites which are designed to give some buffer against adverse events when compared with minimum solvency. These appetites define what action should be taken by management where the actual capital level is above or below the desired target level. Further details on risk and capital management are given in note 21.

**21. Risk management**

**(a) Risk management framework**

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 managing risk, 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. The RMF has been adopted by the boards of the legal entities within the business collectively referred to as "UK Life" (including this Company).

For the purposes of risk identification and measurement, risks are usually grouped by risk type: market, credit, life insurance, liquidity and operational risk. Risks falling within these types may affect a number of key metrics, including those relating to balance sheet strength, liquidity and profit. They may also affect the performance of the products that the Company delivers to customers and the service to customers and distributors, which can be categorised as risks to our brand and reputation or as conduct risk.

Risk models are an important tool in the Company's measurement of risk and are used to support the monitoring and reporting of the risk profile and in the consideration of the risk management actions available. The Company carries out a range of stress (where one risk factor, such as equity returns, is assumed to vary) and scenario (where combinations of risk factors are assumed to vary) tests to evaluate their impact on the business and the management actions available to respond to the conditions envisaged. Board oversight of risk and risk management across the Group is maintained on a regular basis through its Risk Committee.

## **Aviva Life Holdings UK Limited**

### **Notes to the financial statements**

### **For the year ended 31 December 2018 (continued)**

---

The Board has overall responsibility for determining risk appetite, which is an expression of the risk it is willing to take. The Group's position against risk appetite is monitored and reported to the Board on a regular basis. A similar arrangement prevails at the UK Life business level.

UK Life sets limits to manage material risks to ensure the risks stay within risk tolerance (the desired or upper bound on the level of risk that UK Life will take in pursuit of its purpose and strategy). UK Life assesses the size and scale of a risk by considering how likely it is that the risk will materialise and the potential impact the risk could have on its business and its stakeholders. Where risks are outside of tolerance, actions are agreed to bring the risks within tolerance. Impact assessments are considered against financial, operational and reputational criteria and take into account underlying factors such as economic conditions, for example, UK economic growth and inflation.

UK Life has an established governance framework, which has the following key elements:

- defined terms of reference for the legal entity boards and the associated board committees within the UK Life business, including the Risk Committee, Conduct Committee, Audit Committee, Investment Committee, With Profits Committee and Independent Governance Committee.
- a clear organisational structure with documented delegated authorities and responsibilities from the legal entity boards to CEOs and senior management. Often the senior management are assisted in discharging their delegated authority through the discussions at management committees (for example the Executive Committee, Operational Risk and Conduct Committee and Asset Liability Committee);
- adoption of the Group policy framework that defines risk appetite measures and sets out risk management and control standards for the Group's worldwide operations. The risk policies and associated business standards also set out the roles and responsibilities of Group, Businesses, Policy and Standard Owners, and Board and Management Committees.

UK Life operates within a three lines of defence risk management model that encourages close working relationships between line management and the risk function whilst facilitating independent assurance by internal audit, and the roles of the three lines of defence each contribute to embedded risk management:

- First line of defence (Management): Primary responsibility for risk identification, measurement, management, monitoring and reporting lies with management. The first-line management is responsible for the implementation and practice of risk management.
- Second line of defence (Risk function): Responsibility for reviewing and challenging the completeness and accuracy of risk identification, measurement, management, monitoring and reporting, and the adequacy of, and progress against, mitigation plans lies with the Risk function. This necessitates the early involvement by management of the risk function in key business decisions or projects, both in relation to customer and shareholder risks. The Risk function is responsible for overseeing the effective operation of the Risk Management Framework, particularly in relation to setting Risk Appetite and compliance with Solvency II requirements.
- Third line of defence (Internal Audit function): Responsibility for assessing and reporting (to group and business unit audit, risk and governance committees, as appropriate) on the effectiveness of the design and operation of the framework of controls which enable risk to be assessed and managed lies with Internal Audit.

The Regulators also require UK Life to assess its economic capital requirements to ensure that it adequately reflects the risks facing the business. UK Life has accordingly developed economic capital models that support the measurement, comparison and further understanding of its risks. The results of the modelling are incorporated into key strategic planning and decision-making processes. These models show the relative impact to economic capital from the risks faced. In turn this supports the assessment of appropriate and effective mitigating strategies where risks are outside of appetite.

#### ***Regulatory impact on risk and risk assessments***

Where UK Life has written products where the majority of investment risks are borne by its policyholders, these risks are actively and prudently managed in order to satisfy the policyholders' risk and reward objectives. In addition, the insurance operations are subject to numerous regulatory requirements that prescribe the type, quality, and concentration of investments, and the level of assets to be maintained in order to meet insurance liabilities. Meeting these requirements helps to ensure the Company's market risk is maintained at an acceptable level.

**Aviva Life Holdings UK Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2018 (continued)**

---

**(b) Market risk**

Market risk is the risk of adverse financial impact due to changes in fair values or future cash flows of financial instruments from fluctuations in interest rates, equity prices and property prices. Market risk arises within UK Life due to fluctuations in the relationship between the values of the liabilities and the value of investments held, as a result of movements in market prices.

The Company is exposed to fair value movements on its investments in subsidiaries. The fair value will fluctuate as the underlying assets, including the value of in-force business where appropriate, and liabilities held by the companies within UK Life change.

For each of the major components of market risk, described in more detail below, UK Life has put in place additional policies and procedures to set out how each risk should be managed and monitored, and the approach to setting an appropriate risk appetite. UK Life manages market risks within the asset/liability management ("ALM") framework and within regulatory constraints. UK Life is also constrained by the requirement to meet policyholders' reasonable expectations and to minimise or avoid market risk in a number of areas.

The financial impact of market risk is examined through stress tests on the capital position under Solvency II (SII), which considers the impact on Economic Capital from variations in financial circumstances on either a remote scenario or to changes from the central operating scenario. Management actions that may be taken in mitigation of the change in circumstances are also considered.

UK Life's market risk policy sets out the minimum principles and framework for setting an ALM and investment strategy, the approaches to be taken when liabilities cannot be matched and the monitoring and reporting processes that are required. UK Life applies appropriate matching techniques to assets and liabilities for all classes of business in order to manage the financial risk from the mismatching of assets and liabilities when investment markets change. UK Life monitors adherence to this policy through the Asset & Liability Committee ("ALCO").

Certain policyholder participation features contribute to the market risk of UK Life. The major features include guaranteed surrender values, guaranteed annuity options, and minimum surrender and maturity values.

**(i) Equity risk**

UK Life is subject to equity risk from equity market dynamics due to both price and index movements and changes in volatility and correlation. The underlying companies are exposed to direct equity holdings in shareholder assets; to indirect impact of changes in the value of equities held in policyholder funds from which management charges or a share of performance are taken; and to its interest in the free assets of long-term funds.

Equity price risk is actively managed in order to mitigate anticipated unfavourable market movements where this lies outside the risk appetite of the fund concerned. UK Life holds diversified portfolios of assets, thereby reducing exposure to individual equities.

UK Life actively models the performance of equities through the use of stochastic models, in particular to understand the impact of equity performance on guarantees, options and bonus rates.

In the principal with-profits funds, a dynamic hedging strategy is in place, which aims to protect the surplus within the funds from adverse changes in assets values, in particular equities and properties.

UK Life actively monitors its directly owned equity assets, including subsidiary investments and shareholdings in strategic business partners, with regular management information presented to the Board Investment Committee.

The principal subsidiaries are shown in note 8 and are valued on an impaired cost basis.

**(ii) Property risk**

UK Life is subject to property risk due to holdings of investment properties. The investment in property is managed and is subject to liquidity requirements and the expectations of policyholders. The financial impact from changes in property values is examined through stress tests adopted for SII reporting.

**Aviva Life Holdings UK Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2018 (continued)**

---

**(iii) Interest rate risk**

Interest rate risk arises primarily from UK Life's nominal and real yield curve exposure within both assets and liabilities. Interest rate risk also exists in policies that carry investment guarantees on early surrender or at maturity, where claim values can become higher than the value of backing assets when interest rates rise or fall.

UK Life manages this risk by adopting asset liability matching techniques to minimise the impact of mismatches between the value of assets and liabilities from interest rate movements. However, where any mismatch is within UK Life's risk appetite, the impact is monitored through economic capital measures such as SII.

Interest rate risk is also managed using a variety of derivative instruments, including futures, options and swaps, in order to provide a degree of hedging against unfavourable market movements in interest rates inherent in the assets backing technical liabilities. Swaps have been put in place to improve the overall matching of asset and liability cash flows.

**(iv) Inflation risk**

Inflation risk arises primarily from UK Life's exposure to expense inflation within the UK annuity portfolio. Increases in long-term inflation expectations are closely linked to long-term interest rates and so are frequently considered with interest rate risk. Exposure to inflation risk is monitored through economic capital modelling, sensitivity testing and stress and scenario testing.

UK Life typically manages inflation risk through its investment strategy and, in particular, by investing in inflation linked securities and through a variety of derivative instruments, including inflation linked swaps.

**(v) Currency risk**

UK Life has minimal exposure to currency risk from financial instruments held in currencies other than sterling, as nearly all such holdings are backing either unit-linked or with-profit contract liabilities or hedging.

**(vi) Derivative risk**

Derivatives are used to a limited extent, within policy guidelines agreed by the Board of Directors and overseen by Group Financial Risk which monitors implementation of the policy, exposure levels and supports large or complex transactions.

Derivatives are used for efficient investment management, risk hedging purposes or to structure specific retail-savings products. Derivative transactions are materially covered by either cash or corresponding assets and liabilities. Speculative activity is prohibited. Over the counter derivative contracts are entered into only with approved counterparties, in accordance with UK Life's policies, thereby reducing the risk of credit loss. UK Life applies strict requirements to the administration and valuation processes it uses, and has a control framework that is consistent with market and industry practice for the activity that is undertaken.

**(vii) Correlation risk**

Interdependencies between risks are taken into consideration in SII through the aggregation of the stress tests. Stress and Scenario testing also considers scenarios involving a number of correlated events.

**(c) Credit risk**

Credit risk is the risk of adverse financial impact resulting from fluctuations in credit quality of third parties including default, rating transition and credit spread movements. The Company's management of credit risk under the oversight of ALCO, includes the articulation of risk appetite, exposure limit frameworks and investment and lending criteria within credit risk policies and management agreements.

The nature of the Company's business means that it is not exposed to significant credit risk. This is because its receivables are mainly inter-company balances. A significant amount of business relates to the Aviva Group of companies and exposure is managed through regular and timely payments. At the balance sheet date there are no material financial assets subject to credit risk that are past due or impaired.

No collateral is held against loan balances.

**Aviva Life Holdings UK Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2018 (continued)**

---

***Reinsurance credit exposures***

UK Life is exposed to concentrations of risk with individual reinsurers, due to the nature of the reinsurance market. UK Life places reinsurance with those reinsurers that have acceptable credit ratings. It operates a policy to manage its reinsurance counterparty exposures and the impact from reinsurer default is measured regularly, in particular through SII tests, and is managed accordingly.

***Derivative credit exposures***

UK Life is exposed to counterparty credit risk through derivative trades. This risk is mitigated through collateralising almost all trades (the exception being certain FX trades where it has historically been the market norm not to collateralise). UK Life operates strict standards around collateral management and controls including the requirement that all “over the counter” derivatives are supported by credit support annexes and ISDAs.

**(d) Life insurance risk**

***(i) Type of risk***

Life insurance risk includes mortality risk, morbidity risk, longevity risk, persistency risk, expense risk (including commissions) and policyholder behaviour risk around take-up of insurance guarantees and options.

***(ii) Risk management***

UK Life has developed a policy for the management of life insurance risk and guidelines for the practical application of key areas of life insurance practice. The impact of life insurance risk is monitored by UK Life as part of the control cycle of business management. Exposure is monitored through the assessment of liabilities, the asset liability management framework, operation of a deals governance framework that includes economic capital assessments of insurance risk-related deals, profit reporting under IFRS, Stress & Scenario analysis, and the Internal Model process.

*Mortality and morbidity risks* are mitigated by use of reinsurance. UK Life assesses the risk exposures and monitors the aggregation of risk ceded to individual reinsurers.

*Longevity risk* is carefully monitored against the latest internal and external industry data and emerging trends.

*Persistency risk* is managed through frequent monitoring of UK Life experience, benchmarked against expectations. Where possible the financial impact of lapses is reduced through appropriate product design and risk management actions.

*Expense risk* is primarily managed through the assessment of profitability and frequent monitoring of expense levels.

In addition to economic capital modelling and Stress & Scenario analysis, SII reporting uses sensitivity testing to measure the impact on the SII closing balance sheet due to exposure to life insurance risks. This enables UK Life to determine whether action is required to reduce risk, or whether that risk is within the overall risk appetite.

***(iii) Concentration risk***

UK Life writes a diverse mix of business that is subject to similar risks (mortality, persistency etc). It assesses the relative costs and concentrations of each type of risk through the Internal Model. This analysis enables UK Life to assess whether accumulations of risk exceed risk appetite.

The main concentrations of insurance risk for UK Life are persistency, mortality, morbidity and longevity. It continually monitors these risks and the opportunities for mitigating actions through reinsurance, improved asset liability matching, or innovative solutions that emerge in the market. Internal Model analysis help identify both concentrations of risk types and the benefits of diversification of risk.



**Aviva Life Holdings UK Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2018 (continued)**

**(iv) Embedded derivatives within insurance contracts**

UK Life has exposure to a variety of embedded derivatives within its long-term savings business due to product features offering varying degrees of guaranteed benefits at maturity or on early surrender, along with options to convert their benefits into different products on pre-agreed terms. Examples of each type of embedded derivative affecting UK Life are:

*Options:* call, put, surrender and maturity options, guaranteed annuity options, option to cease premium payment, options for withdrawals free of market value adjustment, annuity option, guaranteed insurability options;

*Guarantees:* embedded floor (guaranteed return), maturity guarantee, guaranteed death benefit, guaranteed minimum rate of annuity payment;

*Other:* indexed interest or principal payments, maturity value, loyalty bonus.

The impact of these is reflected in the economic capital model reporting and managed as a part of the asset liability framework.

**(e) Liquidity risk**

The nature of the business means that the Company is not exposed to significant liquidity risk. ALCO seeks to determine that the Company has sufficient financial resources to meet its obligations as they fall due.

The following table provides an analysis of liabilities based on the remaining period at the statement of financial position date to their contractual maturity. Contractual undiscounted cash flows of these borrowings are shown below. The figures include contractual interest payments and so do not agree directly to the carrying amounts shown on the statement of financial position.

	Within 1 year £'000	1-5 years £'000	Over 5 years £'000	No contractual maturity £'000	2018 Total £'000
<b>Liabilities</b>					
Borrowings	6,297	255,769	-	-	262,066
Payables and other financial liabilities	-	-	-	24,552	24,552
	Within 1 year £'000	1-5 years £'000	Over 5 years £'000	No contractual maturity £'000	2017 Total £'000
<b>Liabilities</b>					
Borrowings	5,255	260,277	-	-	265,532
Payables and other financial liabilities	-	-	-	125,356	125,356

The borrowings and payables and other financial liabilities figures include £24,552,000 (2017: £125,356,000) which has no contractual maturity, as it primarily relates to amounts owed to group undertakings. It is estimated that £24,552,000 of this will be payable within one year (2017: £32,455,000).

The undiscounted value of borrowings without a contractual maturity is £nil (2017: £nil). The undiscounted value of the payables and other financial liabilities without a contractual maturity is £24,552,000 (2017: £125,356,000). Further information on borrowings is included in note 17.

**(f) Risk and capital management**

UK Life uses a number of sensitivity test-based risk management tools to understand the volatility of earnings, the volatility of its capital requirements, and to manage its capital more efficiently. Primarily Stress & Scenario analysis and Internal Model are used. Sensitivities to economic and operating experience are regularly produced on all of UK Life's financial performance measurements to inform the decision making and planning processes, and as part of the framework for identifying and quantifying the risks to which UK Life is exposed.

**Aviva Life Holdings UK Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2018 (continued)**

Some results of sensitivity testing for long-term business are set out below. For each sensitivity test the impact of a change in a single factor is shown, with other assumptions left unchanged.

Sensitivity Factor	Description of sensitivity factor applied
Interest rate and investment return	The impact of a change in market interest rates by +/- 1% (e.g. if a current interest rate is 5%, the impact of an immediate change to 4% and 6%). The test allows consistently for similar changes to investment returns and movements in the market value of fixed interest securities.
Expenses	The impact of an increase in maintenance expenses by 10%.
Equity/property market values	The impact of a change in equity/property market values by +/- 10%.
Assurance and annuitant mortality/morbidity	The impact of a decrease/increase in mortality/morbidity rates for assurance and annuitant contracts by 5%.
Credit spreads	The impact of an increase of 0.5% in credit spreads.

The above sensitivity factors are applied using actuarial and statistical models, with the following pre-tax impacts on profit and shareholders' equity at 31 December:

*Impact on UK Life profit before tax and shareholders' equity before tax*

	Interest rates +1% £m	Interest rates -1% £m	Equity/ property +10% £m	Equity/ property -10% £m	Assurance mortality +5% £m	Annuitant mortality -5% £m	Credit Spreads +0.5% £m
2018	(614)	701	(216)	168	(71)	(574)	(433)
2017	(403)	446	(142)	68	(79)	(583)	(532)

**Limitations of sensitivity analysis**

The above table demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, such an occurrence is remote, due to correlations between the assumptions and other factors. It should also be noted that these sensitivities are non-linear, and larger or smaller impacts should not be interpolated or extrapolated from these results.

The sensitivity analyses do not take into consideration that UK Life's assets and liabilities are actively managed and may be different at the time that any actual market movement occurs. Other limitations in the above sensitivity analyses include the use of hypothetical market movements to demonstrate potential risk that only represent UK Life's view of possible near-term market changes that cannot be predicted with any certainty, and the assumption that all interest rates move in an identical fashion.

**22. Related party transactions**

(a) The members of the Board of Directors are listed on page 1 of these financial statements.

**(b) Income receivable from related parties**

During the year, the Company received dividend income of £2,341,060,000 (2017: £1,550,000,000) from its subsidiaries.

During the year, the Company received interest of £5,101,000 (2017: £5,433,000) from subsidiaries.

*Loans receivable at year end are due from the following:*

	2018 £'000	2017 £'000
Subsidiaries	200,000	200,000

**Aviva Life Holdings UK Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2018 (continued)**

*Other amounts receivable at year end are due from the following:*

	2018 £'000	2017 £'000
Subsidiaries	<b>2,017</b>	68

The related parties' receivables are not secured and no guarantees were received in respect thereof. No provision or expense has been recognised during the year in respect of bad and doubtful debts (2017: £nil).

**(c) Services provided by related parties**

Under a management agreement, UKLS supplies and makes charges for the provision of operational assets and staff to the Company. The agreement specifies the amounts payable to UKLS in respect of these expenses, which were £60,000 (2017: £46,000).

During the year the Company paid interest of £5,796,000 (2017: £5,321,000) to its parent and £176,000 (2017: £38,000) to its subsidiaries.

*Loans payable at year end are due to the following:*

	2018 £'000	2017 £'000
Subsidiary undertakings	<b>250,000</b>	275,000

*Other amounts payable at year end are due to the following:*

	2018 £'000	2017 £'000
Subsidiary undertakings	<b>24,474</b>	121,632
Fellow group undertakings	-	3,723
	<b>24,474</b>	125,355

The related parties' payables are not secured and no guarantees were received in respect thereof.

**(d) Key management compensation**

No charge is disclosed by the Company for key management personnel as they are key management of a number of fellow subsidiary undertakings and it is not possible to make an accurate apportionment of their compensation in respect of each of the individual subsidiary undertakings.

**(e) Ultimate parent undertaking and controlling party**

The immediate parent undertaking is Aviva Group Holdings Limited, a company incorporated in England.

The ultimate parent undertaking and controlling party is Aviva plc, a company incorporated in England.

Aviva plc is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 31 December 2018. The consolidated financial statements of Aviva plc are available on [www.aviva.com](http://www.aviva.com) or by application to the Group Company Secretary, Aviva plc, St. Helen's, 1 Undershaft, London EC3P 3DQ.

**Aviva Life Holdings UK Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2018 (continued)**

**Appendix A - INVESTMENTS IN GROUP UNDERTAKINGS AND PARTICIPATING INTERESTS**

The Company's Act 2006 requires disclosure of certain information about the Company's related undertakings which is set out in this note. Related undertakings comprise subsidiaries, joint ventures, associates and other significant holdings. Significant holdings are where the Company either has a shareholding greater than or equal to 20% of the nominal value of any share class, or a book value greater than 20% of the Company's assets.

The Company's related undertakings along with the country of incorporation, the registered address, the class of shares held and the effective percentage of equity owned at 31 December 2018 are listed below. The list also includes holdings in open-ended investment companies ("OEICs"), sociétés d'investissement à capital variable ("SICAVs"), investment companies with variable capital ("ICVCs") and liquidity funds where the Company has a significant holding in the underlying assets of the fund, where information is available.

**Direct related undertakings of the Company as at 31 December 2018 are listed below**

<b>Held directly by the Company</b>	<b>Registered Office</b>	<b>Incorporated in</b>	<b>Class of shares</b>	<b>% owned by Aviva Life Holdings UK Limited</b>
Aviva Investment Solutions UK Limited	Pixham End Dorking Surrey RH4 1QA	England and Wales	£1.00 Ordinary shares	100%
Aviva Life & Pensions UK Limited	Aviva Wellington Row York YO90 1WR	England and Wales	£1.00 Ordinary shares	100%
Aviva Life Investments International (General Partner) Limited	Aviva Wellington Row York YO90 1WR	England and Wales	£1.00 Ordinary shares	100%
Aviva Life Services UK Limited	Aviva Wellington Row York YO90 1WR	England and Wales	£1.00 Ordinary shares	100%
Aviva Trustees UK Limited	Aviva Wellington Row York YO90 1WR	England and Wales	£1.00 Ordinary shares	100%
Aviva UK Digital Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1.00 Ordinary shares	28.205%
Aviva Wrap UK Limited	Aviva Wellington Row York YO90 1WR	England and Wales	£1.00 Ordinary shares	100%
Friends Life FPG Limited	Pixham End Dorking Surrey RH4 1QA	England and Wales	£0.05 Deferred £0.05 Ordinary	100%

# Aviva Life Holdings UK Limited

## Notes to the financial statements

### For the year ended 31 December 2018 (continued)

Peak Re Designated Activity Company	One Park Place Hatch Street Dublin 2	Ireland	£1.00 Ordinary €1.27 Ordinary	100%
Tenet Group Limited	5 Lister Hill Horsforth Leeds West Yorkshire LS18 5AZ	England and Wales	£0.0001 B Ordinary	46.52%

#### Indirect related undertakings of the Company as at 31 December 2018 are listed below

Held indirectly by the Company	Registered Office	Incorporated in	Class of shares	% owned by Aviva Life Holdings UK Limited
10-11 GNS LIMITED	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1.00 Ordinary shares	100%
11-12 Hanover Square Nominee 1 Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1 Ordinary Shares	50%
11-12 Hanover Square Nominee 2 Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1 Ordinary Shares	50%
130 Fenchurch Street Nominee 1 Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1 Ordinary Shares	50%
130 Fenchurch Street Nominee 2 Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1 Ordinary Shares	50%
1-5 Lowndes Square Management Company Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£0.25 A Ordinary £0.25 B Ordinary	75.96%
20 Gracechurch (General Partner) Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1 A Ordinary	100%
20 Lowndes Square Management Company Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£0.25 A Ordinary £0.25 B Ordinary	76.79%
2-10 Mortimer Street (GP No.1) Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1 Ordinary shares	50%

**Aviva Life Holdings UK Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2018 (continued)**

2-10 Mortimer Street GP Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1 B Ordinary	50%
30 Warwick Street Nominee 1 Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1 Ordinary Shares	50%
30 Warwick Street Nominee 2 Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1 Ordinary Shares	50%
30-31 Golden Square Nominee 1 Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1 Ordinary Shares	50%
30-31 Golden Square Nominee 2 Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1 Ordinary Shares	50%
41-42 Lowndes Square Management Company Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£0.25 A Ordinary £0.25 B Ordinary	77.78%
43 Lowndes Square Management Company Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£0.25 A Ordinary £0.25 B Ordinary	76.79%
44-49 Lowndes Square Management Company Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£0.25 A Ordinary £0.25 B Ordinary	75.86%
6-10 Lowndes Square Management Company Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£0.25 A Ordinary £0.25 B Ordinary	76%
AFRP Sarl	16, Avenue de la Gare Luxembourg Grand duchy of Luxembourg L-1610 Luxembourg	Luxembourg	€25.00 Ordinary	100%
AIEREF Holding 1	16, Avenue de la Gare Luxembourg Grand duchy of Luxembourg L-1610 Luxembourg	Luxembourg	€1.00 Ordinary shares	100%
AIEREF Holding 2	16, Avenue de la Gare Luxembourg Grand duchy of Luxembourg L-1610 Luxembourg	Luxembourg	€1.00 Ordinary shares	100%

**Aviva Life Holdings UK Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2018 (continued)**

AIEREF Renewable Energy SRO	5/482 Ve Svahu Prague 4 147 00 Czech Republic	Czech Republic	CZK1.00 Ordinary shares	100%
Anna Livia Properties Limited	25/28 North Wall Quay Dublin 1 Ireland	Ireland	€1.00 Ordinary shares	100%
Ascot Real Estate Investments GP LLP	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	N/A	50%
Ashtown Management Company Limited	Friends First House Cherrywood Science & Technology Park Loughlinstown Dublin Co. Dublin Ireland	Ireland	Ordinary shares	50%
Aspire Financial Management Limited	5 Lister Hill Horsforth Leeds West Yorkshire LS18 5AZ	England and Wales	£1.00 Ordinary shares	22.85%
Atlas Park Management Company Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	Limited by Guarantee	100%
Atrium Nominees Limited	Friends First House Cherrywood Business Park Loughlinstown Dublin 18 Ireland	Ireland	Ordinary shares	100%
Aviva (Hayes Road) Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1.00 Ordinary shares	100%
Aviva (Peak No.1) UK Limited	Pitheavlis Perth PH2 0NH	Scotland	£1.00 Ordinary shares	100%
Aviva (Peak No.2) UK Limited	Aviva Wellington Row York YO90 1WR	England and Wales	£1.00 Ordinary shares	100%
Aviva Administration Limited	Pixham End Dorking Surrey RH4 1QA United Kingdom	England and Wales	£1 (£.25 paid up) Ordinary shares	100%

**Aviva Life Holdings UK Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2018 (continued)**

Aviva Annuity UK Limited	30 Finsbury Square London EC2P 2YU United Kingdom	England and Wales	£1 Ordinary shares	100%
Aviva Client Nominees UK Limited	Aviva Wellington Row York YO90 1WR	England and Wales	£1 Ordinary shares	100%
Aviva Equity Release UK Limited	Aviva Wellington Row York YO90 1WR	England and Wales	£1.00 Ordinary shares	100%
Aviva ERFA 15 UK Limited	Aviva Wellington Row York YO90 1WR	England and Wales	£1.00 Ordinary shares	100%
Aviva Investors (FP) Limited	Pitheavlis Perth PH2 0NH	Scotland	£1.00 Ordinary shares	100%
Aviva Investors (GP) Scotland Limited	Pitheavlis Perth PH2 0NH	Scotland	£1.00 Ordinary shares	100%
Aviva Investors EBC GP Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1.00 Ordinary shares	100%
Aviva Investors EBC SARL	16 Avenue de la Gare, Luxembourg, 1610, Luxembourg	Luxembourg	€125 A Ordinary €125 B Ordinary €125 C Ordinary €125 D Ordinary €125 E Ordinary €125 F Ordinary €125 G Ordinary €125 H Ordinary €125 I Ordinary €125 J Ordinary	100%
Aviva Investors European Renewable Energy S.A	16, Avenue de la Gare Luxembourg Grand duchy of Luxembourg L-1610 Luxembourg	Luxembourg	€1.00 Ordinary shares	100%
Aviva Investors Polish Retail GP Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1.00 Ordinary shares	100%



**Aviva Life Holdings UK Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2018 (continued)**

Aviva Investors Polish Retail SARL	16 Avenue de la Gare, Luxembourg, 1610, Luxembourg	Luxembourg	€100 Ordinary Shares	100%
Aviva Investors Property Fund Management Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1.00 Ordinary shares	100%
Aviva Investors REaLM Infrastructure No. 1 Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1 Ordinary shares	100%
Aviva Investors UK Real Estate Recovery (General Partner) Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1.00 Ordinary shares	100%
Aviva Life Investments International (Recovery) Limited	Aviva Wellington Row York YO90 1WR	England and Wales	£1 Ordinary shares	100%
Aviva Management Services UK Limited	Pixham End Dorking Surrey RH4 1QA United Kingdom	England and Wales	£1 Ordinary shares	100%
Aviva Pension Trustees UK Limited	Aviva Wellington Row York YO90 1WR	England and Wales	£1.00 Ordinary shares	100%
Aviva Special PFI GP Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1.00 Ordinary shares	100%
Aviva UKLAP De-Risking Limited	St Helen's 1 Undershaft LONDON EC3P 3DQ United Kingdom	England and Wales	£1.00 Ordinary shares	100%
Aviva Undershaft Four Limited	One Park Place Hatch Street Dublin 2	Ireland	€1.25 Ordinary shares	100%
AXA Property Trust Limited	Trafalgar Court Les Banques St Peter Port Guernsey GY1 3QL	Guernsey	Ordinary – no par value shares	28.40%
AXA UK Infrastructure SAS	20 Place Vendome Paris 75001 France	France	€1.00 Ordinary Shares	100%
Bankhall Support Services Limited	Pixham End Dorking Surrey RH4 1QA United Kingdom	England and Wales	£1 Ordinary shares	100%

**Aviva Life Holdings UK Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2018 (continued)**

Barratt House Nominee 1 Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1 Ordinary Shares	50%
Barratt House Nominee 2 Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1 Ordinary Shares	50%
Barwell Business Park Nominee Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1.00 Ordinary shares	100%
Cannock Consortium LLP	Nations House 3rd Floor 103 Wigmore Street London W2U 1WH United Kingdom	England and Wales	N/A (Limited Liability Partnership)	42.50%
Cannock Designer Outlet (GP Holdings) Limited	Nations House 3rd Floor 103 Wigmore Street London W1U 1WH	England and Wales	Ordinary shares	37.20%
Cannock Designer Outlet (GPO Limited)	Nations House 3rd Floor 103 Wigmore Street London W1U 1WH	England and Wales	Ordinary shares	18.59%
Cannock Designer Outlet (Nominee 1) Limited	Nations House 3rd Floor 103 Wigmore Street London W1U 1WH	England and Wales	Ordinary shares	18.59%
Cannock Designer Outlet (Nominee 2) Limited	Nations House 3rd Floor 103 Wigmore Street London W1U 1WH	England and Wales	Ordinary shares	18.59%
Cardiff Bay GP Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1.00 Ordinary shares	100%
Centaurus CER (Aviva Investors) Sarl	47 Avenue John F. Kennedy L - 1855 Luxembourg	Luxembourg	€100.00 Ordinary shares	100%
Chancery House London Nominee 1 Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1 Ordinary Shares	50%
Chancery House London Nominee 2 Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1 Ordinary Shares	50%

**Aviva Life Holdings UK Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2018 (continued)**

Cornerford Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1.00 A Ordinary £1.00 B Ordinary £1.00 Preference	100%
Crieff Road Limited	3rd Floor One The Esplanade St Helier JE2 3QA	Jersey	Ordinary shares	100%
DBS Financial Management Limited	30 Finsbury Square London EC2P 2YU United Kingdom	England and Wales	£1 Ordinary shares	100%
DBS Management Limited	30 Finsbury Square London EC2P 2YU United Kingdom	England and Wales	£0.05 Ordinary shares	100%
Defined Returns Limited	Grant Thornton UK LLP 30 Finsbury Square London EC2P 2YU United Kingdom	England and Wales	£1 Ordinary shares	57.04%
Designer Retail Outlet Centres (General Partner) Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1 A Ordinary	100%
Eólica Almatret S.L.	1D, 13 Edificio América Av. de Bruselas, 28108, Alcobendas (Madrid), Spain	Spain	€2861.9427 Ordinary shares	50%
EPI NU Societe a responsabilite limitee	47 Avenue John F. Kennedy L - 1855 Luxembourg	Luxembourg	€25.00 Ordinary shares	100%
Exeter Properties Inc.	Cogency Global Inc. 850 New Burton Road Suite 201 Dover Delaware Kent County	USA	Common Stock WPV shares	95%
F&C Commercial Property Trust Limited	PO Box 255 Trafalgar Court Les Banques St Peter Port Guernsey GY1 3QL, Guernsey	Guernsey	£0.01 Ordinary Shares	20.65%
FF UK Select Limited	3rd Floor One The Esplanade St Helier JE2 3QA	Jersey	Ordinary shares	100%

**Aviva Life Holdings UK Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2018 (continued)**

Fitzroy Place GP 2 Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1 Ordinary shares	50%
Fitzroy Place Management Co Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1 Ordinary shares	50%
Fitzroy Place Residential Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1 Ordinary shares	50%
Focus Mall Zielona Gora Sp. Z.o.o	A1., Jana Pawla II 25, Warsaw, Poland	Poland	PLZ50 Ordinary Shares	100%
Focus Park Piotrkow Trybunalski Sp.Zo.o	A1., Jana Pawla II 25, Warsaw, Poland	Poland	PLZ500 Ordinary Shares	100%
FPB Holdings GmbH	c/o WSWP Weinert GmbH Theatinerstr. 31 80333 Munich Germany	Germany	€1.00 A Ordinary €1.00 B Ordinary	100%
FPPE Fund Public Limited Company	Georges Court 54-62 Townsend Street Dublin 2 Ireland	Ireland	€1.00 Shares of No Par Value €1.00 Subscriber Shares	100%
Friends AEL Trustees Limited	Pixham End Dorking Surrey RH4 1QA United Kingdom	England and Wales	£1 Ordinary shares	100%
Friends AELLAS Limited	Pixham End Dorking Surrey RH4 1QA United Kingdom	England and Wales	£0.01 Ordinary	100%
Friends AELRIS	Pixham End Dorking Surrey RH4 1QA United Kingdom	England and Wales	£1.00 Ordinary Shares	100%
Friends First Life Assurance Company DAC	Friends First House Cherrywood Business Park Loughlinstown Dublin 18 Ireland	Ireland	Ordinary A shares Ordinary B shares	100%

**Aviva Life Holdings UK Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2018 (continued)**

Friends First Managed Pensions Funds DAC	Friends First House Cherrywood Business Park Loughlinstown Dublin 18 Ireland	Ireland	Ordinary shares	100%
Friends First US Property Company Limited	Friends First House Cherrywood Business Park Loughlinstown Dublin 18 Ireland	Ireland	Ordinary shares	100%
Friends Life and Pensions Limited	Pixham End Dorking Surrey RH4 1QA United Kingdom	England and Wales	£1 Ordinary shares	100%
Friends Life Assurance Society Limited	Pixham End Dorking Surrey RH4 1QA United Kingdom	England and Wales	£0.05 Ordinary shares	100%
Friends Life Company Limited	Pixham End Dorking Surrey RH4 1QA United Kingdom	England and Wales	£1 Ordinary shares	100%
Friends Life FPL Limited	Pixham End Dorking Surrey RH4 1QA United Kingdom	England and Wales	£0.10 Ordinary shares	100%
Friends Life FPLMA Limited	Pixham End Dorking Surrey RH4 1QA United Kingdom	England and Wales	£1 Ordinary shares	100%
Friends Life Limited	Pixham End Dorking Surrey RH4 1QA United Kingdom	England and Wales	£1 4.8125% Non-cumulative preference shares £1 Ordinary shares	100%
Friends Life WL Limited	Pixham End Dorking Surrey RH4 1QA United Kingdom	England and Wales	£1 Ordinary shares	100%
Friends Provident Distribution Holdings Limited	Pixham End Dorking Surrey RH4 1QA United Kingdom	England and Wales	£1 Ordinary shares	100%

**Aviva Life Holdings UK Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2018 (continued)**

Friends Provident Investment Holdings Limited	Pixham End Dorking Surrey RH4 1QA United Kingdom	England and Wales	£1 Ordinary A shares £1 Ordinary B shares	100%
Friends Provident Life Assurnace Limited	Pixham End Dorking Surrey RH4 1QA United Kingdom	England and Wales	£1 Ordinary shares	100%
Friends' Provident Managed Pension Funds Limited	Aviva Wellington Row York YO90 1WR	England and Wales	£1 Ordinary shares	100%
Friends Provident Pension Scheme Trustees Limited	Aviva Wellington Row York YO90 1WR	England and Wales	£1 Ordinary shares	100%
Friends SL Nominees Limited	Pixham End Dorking Surrey RH4 1QA United Kingdom	England and Wales	£1.00 Ordinary Shares	100%
Gateway Specialist Advice Services Limited	Pixham End Dorking Surrey RH4 1QA United Kingdom	England and Wales	£1 Ordinary shares	100%
Gobafoss General Partner Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1.00 Ordinary shares	100%
Gobafoss Partnership Nominee No 1 Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1 Ordinary Shares	100%
Goodman European Business Park Fund (Lux) Sarl	47 Avenue John F. Kennedy L - 1855 Luxembourg	Luxembourg	€25.00 Ordinary	42.30%
Hemel Hempstead Estate Management Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1.00 Ordinary shares	100%
Hexagone Sarl	16, Avenue de la Gare Luxembourg Grand duchy of Luxembourg L-1610 Luxembourg	Luxembourg	€25.00 Ordinary	100%

**Aviva Life Holdings UK Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2018 (continued)**

Hillswood Management Limited	Shakespeare House 42 Newmarket Road Cambridge CB5 8EP	England and Wales	£0.10 A Ordinary  £0.10 B Ordinary	23.53%
Igloo Regeneration (Butcher Street) Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1 Ordinary shares	50%
Igloo Regeneration (General Partner) Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1 A Ordinary	50%
Igloo Regeneration (Nominee) Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1 Ordinary shares	50%
Igloo Regeneration Developments (General Partner) Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1 Ordinary shares	50%
Igloo Regeneration Developments (Nominees) Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1 Ordinary shares	50%
Irongate House Nominee 1 Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1 Ordinary Shares	50%
Irongate House Nominee 2 Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1 Ordinary Shares	50%
Lancashire and Yorkshire Reversionary Interest Company Limited	Aviva Wellington Row York YO90 1WR	England and Wales	£9.25 Ordinary shares	100%
Living in Retirement Limited	5 Lister Hill Horsforth Leeds West Yorkshire LS18 5AZ	England and Wales	£1.00 Ordinary shares	22.85%
Lodz B.C. Sp. Zoo	A1., Jana Pawla II 25, Warsaw, Poland	Poland	PLZ50 Ordinary Shares	100%
London and Manchester Group Limited	Pixham End Dorking Surrey RH4 1QA United Kingdom	England and Wales	£0.25 Ordinary shares	100%
Matthew Parker Street (Nominee no 1) Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1.00 Ordinary shares	100%

**Aviva Life Holdings UK Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2018 (continued)**

Matthew Parker Street (Nominee no 2) Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1.00 Ordinary shares	100%
Mortimer Street Associated Co 1 Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1 Ordinary shares	50%
Mortimer Street Associated Co 2 Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1 Ordinary shares	50%
Mortimer Street Nominee 1 Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1 Ordinary shares	50%
Mortimer Street Nominee 2 Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1 Ordinary shares	50%
Mortimer Street Nominee 3 Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1 Ordinary shares	50%
NDF Administration Limited	Grant Thornton UK LLP 30 Finsbury Square London EC2P 2YU United Kingdom	England and Wales	£1 B non- voting shares £1 Ordinary shares	66.66%
New Broad Street House Nominee 1 Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1 Ordinary Shares	50%
New Broad Street House Nominee 2 Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1 Ordinary Shares	50%
Norwich Union (Shareholder GP) Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1.00 Ordinary shares	100%
Norwich Union Life Insurance Company Limited	Aviva Wellington Row York YO90 1WR	England and Wales	£1.00 Ordinary shares	100%
Opal (UK) Holdings Limited	Centrium 1 Griffiths Way St Albans AL1 2RD England	England and Wales	£1 Ordinary shares	28.52%
Opal Information Systems Limited	Centrium 1 Griffiths Way St Albans AL1 2RD England	England and Wales	£1 Ordinary shares	28.52%



**Aviva Life Holdings UK Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2018 (continued)**

Opus Park Management Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	Limited by Guarantee	100%
Origo Services Limited	7 Lochside View Edinburgh EH12 9DH United Kingdom	Scotland	£1.00 Ordinary shares	21.60%
Outsourced Professional Administration Limited	Centrium 1 Griffiths Way St Albans AL1 2RD England	England and Wales	£1 Ordinary shares	28.52%
Paddington Central III (GP) Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1 A Ordinary £1 B Ordinary	100%
Paragon Insurance Company Guernsey Limited	St Martin's House Le Bordage St Peter Port	Guernsey	£1 Ordinary Shares	22.85%
Pegasus House and Nuffield House Nominee 1 Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1 Ordinary Shares	50%
Pegasus House and Nuffield House Nominee 2 Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1 Ordinary Shares	50%
Porth Teigr Management Company Limited	St Helen's 1 Undershaft LONDON EC3P 3DQ United Kingdom	England and Wales	£1.00 Ordinary A shares £1.00 Ordinary B shares	50%
Premier Mortgage Service Limited	Pixham End Dorking Surrey RH4 1QA United Kingdom	England and Wales	£1 Ordinary shares	100%
Quantum Property Partnership (General Partner) Limited	180 Great Portland Street London England W1W 5QZ	England and Wales	£1.00 Ordinary shares	50%
Quantum Property Partnership (Nominee) Limited	180 Great Portland Street London England W1W 5QZ	England and Wales	£1 Ordinary shares	50%
Quarryvale One Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1.00 Ordinary shares	100%

**Aviva Life Holdings UK Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2018 (continued)**

Quarryvale Three Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1.00 Ordinary shares	100%
Reschop Carre Hattingen GmbH	Thurn-und-Taxis-Platz 6 60313 Frankfurt am Main Germany	Germany	€0.00 Ordinary	94.90%
Reschop Carre Marketing GmbH	Thurn-und-Taxis-Platz 6 60313 Frankfurt am Main Germany	Germany	€1.00 Ordinary	100%
Rugby Radio Sation (Nominee) Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1 Ordinary shares	50%
Rugby Radio Station (General Partner) Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1 Ordinary B shares	50%
Sapphire Ile de France 1 Sarl	16, Avenue de la Gare Luxembourg Grand duchy of Luxembourg L-1610 Luxembourg	Luxembourg	€25.00 Ordinary	100%
Sapphire Ile de France 2 Sarl	16, Avenue de la Gare Luxembourg Grand duchy of Luxembourg L-1610 Luxembourg	Luxembourg	€25.00 Ordinary	100%
Sapphire Ile de France SCI	24 - 26 rue de la Pepiniere 75008 Paris France	France	€1.23 Ordinary	100%
SB Loan Administration Limited	Pixham End Dorking Surrey RH4 1QA United Kingdom	England and Wales	£1 Ordinary shares	100%
Serviced Offices UK GP Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1 A Ordinary shares	50%
Sesame Bankhall Group Limited	Pixham End Dorking Surrey RH4 1QA United Kingdom	England and Wales	£1 Ordinary shares	100%

**Aviva Life Holdings UK Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2018 (continued)**

Sesame Bankhall Valuation Services Limited	Pixham End Dorking Surrey RH4 1QA United Kingdom	England and Wales	£1 Ordinary A shares £1 Ordinary B shares	75%
Sesame General Insurance Services Limited	Pixham End Dorking Surrey RH4 1QA United Kingdom	England and Wales	£1 Ordinary shares	100%
Sesame Group India Private Limited	A-47 (L.G.F) Hauz Khas New Delhi Delhi India	India	INR10.00 Equity shares	100%
Sesame Limited	Pixham End Dorking Surrey RH4 1QA United Kingdom	England and Wales	£1 Ordinary shares	100%
Sesame Regulatory Services Limited	Pixham End Dorking Surrey RH4 1QA United Kingdom	England and Wales	£1 Ordinary shares	100%
Sesame Services Limited	Pixham End Dorking Surrey RH4 1QA United Kingdom	England and Wales	£1 Ordinary A shares £1 Ordinary B shares	100%
Sinfonia Asset Management Limited	5 Lister Hill Horsforth Leeds West Yorkshire LS18 5AZ	England and Wales	£0.0001 Ordinary shares	22.85%
Sinfonia Asset Management Limited	5 Lister Hill Horsforth Leeds England LS18 5AZ United Kingdom	England and Wales	£0.0001 Ordinary shares	100%
Southgate General Partner Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1 A Ordinary shares	100%
Southgate LP (Nominee 1) Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1 Ordinary shares	50%
Southgate LP (Nominee 2) Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1 Ordinary shares	50%

# Aviva Life Holdings UK Limited

## Notes to the financial statements

For the year ended 31 December 2018 (continued)

Stonebridge Cross Management Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	Limited by Guarantee	100%
SUE GP LLP	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1 Ordinary shares	50%
Sue GP Nominee Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1 Ordinary shares	50%
Suntrust Limited	Pixham End Dorking Surrey RH4 1QA United Kingdom	England and Wales	£1.00 Ordinary shares	100%
Swan Valley Management Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1 A Ordinary shares	0.448%
Synergy Financial Products Limited	Centrium 1 Griffiths Way St Albans AL1 2RD England	England and Wales	£1 Ordinary shares	28.52%
Synergy Sunrise (Sentinel House) Limited	Aviva Wellington Row York YO90 1WR	England and Wales	£1.00 Ordinary shares	100%
Tenet Business Solutions Limited	5 Lister Hill Horforth Leeds West Yorkshire LS18 5AZ	England and Wales	£1.00 Ordinary shares	22.85%
Tenet Business Solutions Limited	5 Lister Hill Horforth Leeds West Yorkshire LS18 5AZ	England and Wales	£1 Ordinary shares	100%
Tenet Client Services Limited	5 Lister Hill Horforth Leeds West Yorkshire LS18 5AZ United Kingdom	England and Wales	£1.00 Ordinary shares	22.85%
Tenet Financial Services Limited	5 Lister Hill Horforth Leeds England LS18 5AZ United Kingdom	England and Wales	£1 A Ordinary Redeemable shares	18.23%

**Aviva Life Holdings UK Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2018 (continued)**

Tenet Group Limited	5 Lister Hill Horsforth Leeds West Yorkshire LS18 5AZ	England and Wales	£0.0001 B Ordinary	22.85%
Tenet Limited	5 Lister Hill Horsforth Leeds West Yorkshire LS18 5AZ	England and Wales	£1.00 Ordinary shares	22.85%
Tenet Platform Services Limited	5 Lister Hill Horsforth Leeds West Yorkshire LS18 5AZ	England and Wales	£1.00 Ordinary shares	22.85%
TenetConnect Limited	5 Lister Hill Horsforth Leeds West Yorkshire LS18 5AZ	England and Wales	£1.00 Ordinary shares	22.85%
TenetConnect Services Limited	5 Lister Hill Horsforth Leeds West Yorkshire LS18 5AZ	England and Wales	£1.00 Ordinary shares	22.85%
TenetFinancial Solutions Limited	5 Lister Hill Horsforth Leeds West Yorkshire LS18 5AZ	England and Wales	£1.00 Ordinary shares	22.85%
TenetLime Limied	5 Lister Hill Horsforth Leeds West Yorkshire LS18 5AZ	England and Wales	£1.00 Ordinary shares	22.85%
TenetSelect Limited	5 Lister Hill Horsforth Leeds West Yorkshire LS18 5AZ	England and Wales	£1.00 Ordinary shares	22.85%
The Designer Retail Outlet Centres (Mansfield) General Partner Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1.00 Ordinary shares	100%
The Designer Retail Outlet Centres (York) General Partner Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1.00 Ordinary shares	100%

**Aviva Life Holdings UK Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2018 (continued)**

UKP Holdings Inc.	2711 Centreville Road Suite 400 Wilmington New Castle Delaware 19808 USA	United States	\$1.00 Common Stock \$100.00 Non- Cumulative Preferred Stock	100%
Undershaft FAL Limited	Pixham End Dorking Surrey RH4 1QA United Kingdom	England and Wales	£1 Ordinary shares	100%
Undershaft FPLLA Limited	Pixham End Dorking Surrey RH4 1QA United Kingdom	England and Wales	£1 Ordinary shares	100%
Victor Hugo 1 Sarl	16, Avenue de la Gare Luxembourg Grand duchy of Luxembourg L-1610 Luxembourg	Luxembourg	€25.00 Ordinary	100%
Voyager Park South Management Company Limited	Aviva Wellington Row York YO90 1WR	England and Wales	Ordinary shares	51.85%
W Nine Nominee 1 Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1 Ordinary Shares	50%
W Nine Nominee 2 Limited	St Helen's 1 Undershaft London EC3P 3DQ	England and Wales	£1 Ordinary Shares	50%
Wealth Limited	Pixham End Dorking Surrey RH4 1QA United Kingdom	England and Wales	£1 Ordinary shares	100%
Winslade Investments Inc	Cogency Global Inc. 850 New Burton Road Suite 201 Dover Delaware Kent County 19904, USA	United States	US\$ Common Stock US\$ A Preference US\$ B Preference	100%
Wroclaw B.C. Sp. Zoo	Al Jana Pawla II 25, 00- 854, Warsaw, Poland	Poland	PLZ50 Ordinary Shares	100%

**Aviva Life Holdings UK Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2018 (continued)**

Yatra Capital	C/O Citco Jersey Limited Second Floor No. 4 The Forum Grenville Street St Helier JE2 4UF Jersey	Jersey	Ordinary - no par value shares	27.27%
---------------	---	--------	--------------------------------------	--------

**Indirect related undertakings of the Company (managed, not owned) as at 31 December 2018 are listed below:**

<b>Company</b>	<b>Address</b>	<b>Incorporated in</b>
Equity Release Funding (No.1) plc	c/o WILMINGTON TRUST SP SERVICES (LONDON) LIMITED THIRD FLOOR 1 KING'S ARMS YARD LONDON EC2R 7AF	England and Wales
Equity Release Funding (No.2) plc	c/o WILMINGTON TRUST SP SERVICES (LONDON) LIMITED THIRD FLOOR 1 KING'S ARMS YARD LONDON EC2R 7AF	England and Wales
Equity Release Funding (No.3) plc	c/o WILMINGTON TRUST SP SERVICES (LONDON) LIMITED THIRD FLOOR 1 KING'S ARMS YARD LONDON EC2R 7AF	England and Wales
Equity Release Funding (No.4) plc	c/o WILMINGTON TRUST SP SERVICES (LONDON) LIMITED THIRD FLOOR 1 KING'S ARMS YARD LONDON EC2R 7AF	England and Wales
Equity Release Funding (No.5) plc	c/o WILMINGTON TRUST SP SERVICES (LONDON) LIMITED THIRD FLOOR 1 KING'S ARMS YARD LONDON EC2R 7AF	England and Wales
Equity Release Holdings Limited	c/o WILMINGTON TRUST SP SERVICES (LONDON) LIMITED THIRD FLOOR 1 KING'S ARMS YARD LONDON EC2R 7AF	England and Wales
ERF Trustee (No. 4) Limited	c/o WILMINGTON TRUST SP SERVICES (LONDON) LIMITED THIRD FLOOR 1 KING'S ARMS YARD LONDON EC2R 7AF	England and Wales

# Aviva Life Holdings UK Limited

## Notes to the financial statements

### For the year ended 31 December 2018 (continued)

ERF Trustee (No. 5) Limited	c/o WILMINGTON TRUST SP SERVICES (LONDON) LIMITED THIRD FLOOR 1 KING'S ARMS YARD LONDON EC2R 7AF	England and Wales
Equity Release Holdings (Jersey) Limited	26 NEW STREET ST HELIER JERSEY JE2 3RA	Jersey
Equity Release Holdings (No. 5) Limited	c/o WILMINGTON TRUST SP SERVICES (LONDON) LIMITED THIRD FLOOR 1 KING'S ARMS YARD LONDON EC2R 7AF	England and Wales

### UKLAP Related Undertakings

Registered Address	Percentage of Ownership	Share Class
<b>CAYMAN ISLANDS</b>		
George Town, Cayman Islands		
Gs Mezzanine Partners V Offshore Lp	100%	Private Equity Fund
<b>FRANCE</b>		
20, Place Vendome, 75001 Paris, France		
AXA LBO Fund IV Feeder	39%	Private Equity Fund
47 rue du Faubourg Saint-Honoré, 75008, Paris 8, France		
CGU Equilibre	81%	FCP
<b>GERMANY</b>		
Max-Planck-Strasse, 3,85609 Aschheim-Dornach, Germany		
German Retail Fund	98%	Ordinary Shares
Peter-Muller Strasse 10, 40468, Dusseldorf, Germany		
Goodman European Business Park Fund (Lux) S.à.r.l.	57%	Sarl
<b>GUERNSEY</b>		
PO Box 255, Trafalgar Court, Les Banques, St Peter Port, Guernsey		
GY1 3QL, Channel Islands		
F&C Commercial Property Trust Limited	20%	Closed End
<b>IRELAND</b>		
25/28 North Wall Quay, Dublin, Ireland		
Aviva Investors European Liquidity Fund	81%	ICVC
Aviva Investors Sterling Government Liquidity Fund	98%	ICVC
Aviva Investors Sterling Liquidity Fund	78%	ICVC
Aviva Investors Sterling Strategic Liquidity Fund	78%	ICVC
Charlotte House, Charlemont St, Saint Kevin's, Dublin 2, Ireland		



# Aviva Life Holdings UK Limited

## Notes to the financial statements

### For the year ended 31 December 2018 (continued)

Mercer Diversified Retirement M-1 Acc	22%	OEIC
<b>George's Court, Mr William Roberts, 54-62 Townsend Street, Dublin 2, Ireland</b>		
FPPE - PRIVATE EQUITY	100%	Limited Company
<b>Guild House, Guild Street, IFSC, Dublin, Ireland</b>		
Aviva Irl Merrion Multi Asset Fund	37%	Unit Trust
<b>JERSEY</b>		
<b>19-21 Broad Street, St Helier, Jersey, Channel Islands, JE1 3PB</b>		
Chancery House London LP Property Unit Trust	50%	Unit Trust
Irongate House LP Property Unit Trust	50%	Unit Trust
New Broad Street House LP Property Unit Trust	50%	Unit Trust
Pegasus House And Nuffield House LP Property Unit Trust	50%	Unit Trust
<b>22 Grenville Street, St. Helier, Jersey, JE4 8PX Channel Islands</b>		
AXA SUN LIFE PRIVATE EQUITY (NO1) LP	100%	Limited Partnership
Axa Private Equity Fund Iii	52%	Private Equity
Slas Axa Private Equity	100%	Private Equity
<b>Lime Grove House , Green Street, St Helier, Jersey, Channel Islands, JE1 2ST</b>		
20 Gracechurch Unit Trust - Closed	100%	Unit Trust
Designer Retail Outlet Centres Unit Trust	97%	Unit Trust
Quantum Unit Trust - Closed	50%	Unit Trust
Serviced Offices Unit Trust Closed	50%	Unit Trust
Southgate Property Unit Trust Open	50%	Unit Trust
<b>LUXEMBOURG</b>		
<b>1c, rue Gabriel Lippmann, L-5365 Munsbach, Luxembourg</b>		
PATRIARCH CLASSIC B&W GLOBAL FREESTYLE	31%	FCP
<b>2, boulevard Konrad Adenauer, 1115 Luxembourg,</b>		
DB X-Trackers Ii Iboxx Eur Sovereigns Eurozone 15+	36%	SICAV
<b>2 rue du Fort Bourbon, L-1249 Luxembourg, Grand Duchy of Luxembourg</b>		
Aviva Investors Alt Income Solutions Fund Open Ended	55%	Limited Partnership
Aviva Investors Asian Equity Income Fund	99%	SICAV
Aviva Investors Continental European Long Lease Strategy Fund	44%	PLP
Aviva Investors Emerging Markets Bond Fund	89%	SICAV
Aviva Investors Emerging Markets Equity Income Fund	98%	SICAV
Aviva Investors Emerging Markets Equity Small Cap Fund	89%	SICAV
Aviva Investors Emerging Markets Local Currency Bond Fund	91%	SICAV
Aviva Investors European Corporate Bond Fund	65%	SICAV
Aviva Investors European Equity Income Fund	100%	SICAV
Aviva Investors European Real Estate Securities Fund	67%	SICAV
Aviva Investors Global Aggregate Bond Fund	95%	SICAV
Aviva Investors Global Convertibles Absolute Return Fund	81%	SICAV
Aviva Investors Global Emerging Markets Index Fund	100%	SICAV
Aviva Investors Global High Yield Bond Fund	69%	SICAV
Aviva Investors Global Investment Grade Corporate Bond Fund	97%	SICAV
Encore+	100%	PLP
Victor Hugo I Sarl German Mandate Closed	100%	Fund
Victor Hugo Sarl Closed	100%	Fund

**Aviva Life Holdings UK Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2018 (continued)**

Centaurus Cer (Aviva Investors) Sarl Ord	100%	Ordinary Shares
Hexagpone Sarl Equity	100%	FCP
Project Lion Vitus Group	100%	Fund
<b>3 rue des Labours, L-1912 Luxembourg, Luxembourg</b>		
Haspa Trendkonzept	40%	FCP
<b>9 rue du Fort Bourbon, L-1249 Luxembourg, Grand Duchy of Luxembourg</b>		
EPI Nu Sarl	100%	Sarl
<b>14 rue du Fort Bourbon, L-1249 Luxembourg, Grand Duchy of Luxembourg</b>		
Aviva Investors European Renewable Energy Fund Sicav	100%	SICAV
<b>47 Avenue John F Kennedy, Luxembourg</b>		
Parkridge CER II Ltd Partnership Eur	50%	Unit Trust
<b>49 Avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg</b>		
F&C Diversified Growth Fund	78%	SICAV
F&C European Growth & Income Fund	84%	SICAV
AXA World Funds II - North American Equities	20%	SICAV
<b>NETHERLANDS</b>		
<b>Schiphol, Neterlands</b>		
Dif Infrastructure Iii Off-Shore Open Ended	100%	Private Equity
<b>UNITED KINGDOM</b>		
<b>1 London Wall Place, London, UK</b>		
Schroder Institutional QEP Us Core I Inc	40%	Unit Trust
Qep Us Core I Acc	40%	Unit Trust
<b>5 Old Broad Street, London EC2N 1AD, United Kingdom</b>		
Architas Multi-Manager Diversified Protector 70	48%	OEIC
Architas Multi-Manager Diversified Protector 80	35%	OEIC
<b>50 Stratton Street, London, W1J 8LL</b>		
Lazard Multicap UK Income R Acc	49%	OEIC
<b>50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ</b>		
Asl Infrastructure Equity Npv	100%	Private Equity
<b>80 George Street, Edinburgh, EH2 3BU</b>		
F&C European Capital Partners Lp	100%	Private Equity
<b>AXA Investment Managers UK Limited, 7 Newgate Street,</b>		
AXA Rosenberg American Fund	84%	OEIC
AXA Rosenberg Asia Pacific Ex-Japan Fund	93%	OEIC
AXA Rosenberg Global Fund	84%	OEIC
AXA Rosenberg Japan Fund	93%	OEIC
AXA Ethical Distribution Fund	32%	OEIC
<b>Liontrust Fund Partners LLP, 2 Savoy Court London WC2R 0EZ,</b>		
Liontrust UK Ethical Fund	72%	OEIC
Liontrust Sustainable Future Corporate Bond Fund	40%	OEIC
Liontrust Sustainable Future European Growth Fund	52%	OEIC
Liontrust Sustainable Future Managed Fund	76%	OEIC
Liontrust Sustainable Future Absolute Growth Fund	64%	OEIC
Liontrust Sustainable Future Global Growth Fund	54%	OEIC

**Aviva Life Holdings UK Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2018 (continued)**

Liontrust Sustainable Future UK Growth Fund	49%	OEIC
<b>Exchange House, Primrose Street, London, EC2A 2NY, United Kingdom</b>		
F&C Strategic Bond Fund	54%	OEIC
F&C Mm Navigator Progressive Fund	20%	OEIC
<b>One Coleman Street, London EC2R 5AA, United Kingdom</b>		
L&G Commodity Composite Index Acc	48%	ICVC
L&G Global Equity Index Fund	39%	ICVC
L&G Multi-Index III Euro	100%	ICVC
L&G Multi-Index IV Euro	100%	ICVC
L&G Multi-Index V Euro	95%	ICVC
<b>St Helen's, 1 Undershaft, London, EC3P 3DQ, United Kingdom</b>		
Aviva Investors Asia Pacific Property Fund	80%	OEIC
Aviva Investors Cash Fund	56%	OEIC
Aviva Investors Corporate Bond Fund	93%	OEIC
Aviva Investors European Property Fund	73%	OEIC
Aviva Investors Global Equity Endurance Fund	100%	OEIC
Aviva Investors Global Equity Fund	94%	Collective Investment Scheme
Aviva Investors Global Equity Income Fund	81%	OEIC
Aviva Investors Idx-Lkd Gilts Ovr 5 Yrs Idx Fd	92%	Scheme
Aviva Investors Index Linked Gilt Fund	100%	Collective Investment Scheme
Aviva Investors International Index Tracking Fund	45%	OEIC
Aviva Investors Japan Equity Fund	100%	Collective Investment Scheme
Aviva Investors Japan Equity Mom 1 Fund	73%	OEIC
Aviva Investors Japanese Equity Index Fund	75%	Collective Investment Scheme
Aviva Investors Managed High Income Fund	63%	OEIC
Aviva Investors Money Market Vnav Fund	99%	Collective Investment Scheme
Aviva Investors Multi-Asset 40 85 Shares Index Fund	100%	Collective Investment Scheme
Aviva Investors Multi-Asset I Fund	37%	OEIC
Aviva Investors Multi-Asset Ii Fund	37%	OEIC
Aviva Investors Multi-Asset Iii Fund	50%	OEIC
Aviva Investors Multi-Asset Iv Fund	41%	OEIC
Aviva Investors Multi-Asset V Fund	39%	OEIC
Aviva Investors Multi-Manager 20-60% Shares Fund	74%	OEIC
Aviva Investors Multi-Manager 40-85% Shares Fund	70%	OEIC
Aviva Investors Multi-Manager Flexible Fund	81%	OEIC
Aviva Investors Multi-Strategy Target Income Fund	82%	SICAV
Aviva Investors Multi-Strategy Target Return Fund	47%	SICAV
Aviva Investors Non-Gilt Bond All Stocks Index Fund	94%	Collective Investment Scheme
Aviva Investors Non-Gilt Bond Over 15 Yrs Index Fund	100%	Collective Investment Scheme
Aviva Investors North American Equity Fund	100%	Collective Investment Scheme
Aviva Investors North American Equity Index Fund	88%	Collective Investment Scheme

# Aviva Life Holdings UK Limited

## Notes to the financial statements

For the year ended 31 December 2018 (continued)

Aviva Investors Pre-Annuity Fixed Interest Fund	100%	Scheme
Aviva Investors Private Equity Programme 2008 Onshore Closed	40%	Limited Partnership
Aviva Investors Sterling Corporate Bond Fund	98%	Scheme
Aviva Investors Sterling Gilt Fund	67%	Collective Investment Scheme
Aviva Investors Stewardship Fixed Interest Fund	100%	Collective Investment Scheme
Aviva Investors Stewardship International Equity Fund	100%	Collective Investment Scheme
Aviva Investors Stewardship UK Equity Fund	100%	Collective Investment Scheme
Aviva Investors Stewardship UK Equity Income Fund	100%	Collective Investment Scheme
Aviva Investors Strategic Bond Fund	41%	OEIC
Aviva Investors Strategic Global Equity Fund	26%	Collective Investment Scheme
Aviva Investors UK Eq Ex Aviva Inv Trusts Index Fund	100%	Collective Investment Scheme
Aviva Investors UK Equity Alpha Fund	100%	Collective Investment Scheme
Aviva Investors UK Equity Dividend Fund	100%	Collective Investment Scheme
Aviva Investors UK Equity Fund	60%	Collective Investment Scheme
Aviva Investors UK Equity Income Fund	51%	Collective Investment Scheme
Aviva Investors UK Equity Index Fund	83%	Collective Investment Scheme
Aviva Investors UK Equity Mom 1 Fund	87%	OEIC
Aviva Investors UK Gilts All Stocks Index Fund	91%	Collective Investment Scheme
Aviva Investors UK Gilts Over 15 Years Index Fund	100%	Collective Investment Scheme
Aviva Investors UK Index Tracking Fund	68%	OEIC
Aviva Investors UK Opportunities Fund (OEIC)	95%	OEIC
Aviva Investors Us Equity Index Fund	66%	Collective Investment Scheme
Capital Residential Fund - Life Co Holdings Only	88%	Unit Trust
Cardiff Bay Limited Partnership Closed	100%	Limited Partnership
Chesterford Park	50%	Limited Partnership
Cornetford Ltd Npv	100%	Ordinary Shares
Paddington Central 3 Unit Trust Closed	100%	Unit Trust
Parkridge Sarl	100%	Limited Partnership
Rugby Radio	50%	Limited Partnership
Whitgift Shopping Centre Unit Trust Closed	100%	Unit Trust
Aviva Investors 30 70 Global Eq Ccy Hedged Ind Fund	99%	Collective Investment Scheme
Aviva Investors 40 60 Global Equity Index Fund	100%	Collective Investment Scheme

**Aviva Life Holdings UK Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2018 (continued)**

Aviva Investors 50 50 Global Equity Index Fund	100%	Collective Investment Scheme
Aviva Investors 60 40 Global Equity Index Fund	100%	Collective Investment Scheme
Aviva Investors Asia Pacific Ex Japan Fund	100%	Collective Investment Scheme
Aviva Investors Balanced Life Fund	100%	Collective Investment Scheme
Aviva Investors Balanced Pension Fund	100%	Collective Investment Scheme
Aviva Investors Cautious Pension Fund	100%	Collective Investment Scheme
Aviva Investors Continental Euro Equity Index Fund	100%	Collective Investment Scheme
Aviva Investors Continental European Eq Alpha Fund	100%	Collective Investment Scheme
Aviva Investors Dev Asia Pacific Ex Japan Eq Ind Fund	72%	Collective Investment Scheme
Aviva Investors Dev Euro Ex UK Equity Index Fund	59%	Collective Investment Scheme
Aviva Investors Dev World Ex UK Equity Index Fund	96%	Collective Investment Scheme
Aviva Investors Developed Overseas Gov Bd Ex UK Ind Fd	49%	Collective Investment Scheme
Aviva Investors Distribution Life Fund	100%	Collective Investment Scheme
Aviva Investors Europe Equity Ex UK Fund	52%	Collective Investment Scheme
Aviva Investors Global Equity Alpha Fund	100%	Collective Investment Scheme
11-12 Hanover Square Lp Property Unit Trust	50%	Limited Partnership
130 Fenchurch Street Lp Property Unit Trust	50%	Limited Partnership
30-31 Golden Square S Lp Property Unit Trust	50%	Limited Partnership
Aviva Investors Japan Equity Alpha Fund	100%	Collective Investment Scheme
Aviva Investors Non-Gilt Bond Up To 5 Years Index Fd	100%	Collective Investment Scheme
Aviva Investors Pacific Ex Japan Equity Index Fund	100%	Collective Investment Scheme
Aviva Investors Uk Equity Ex Tobacco Fund	100%	Collective Investment Scheme
Aviva Investors Uk Gilts Up To 5 Years Index Fund	100%	Collective Investment Scheme
Barrat House Lp Property Unit Trust	50%	Limited Partnership
Cannock Consortium Llp Unit Trust Closed	100%	Ordinary Shares
Global Equity Endurance Fund	100%	OEICs
Gobafoss Equity Value – 1	100%	Limited Partnership
Aviva Special PFI Limited Partnership	100%	Limited Partnership
Aviva Investors UK Opportunities Fund	91%	OEICs

**Aviva Life Holdings UK Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2018 (continued)**

<b>Artemis Fund Managers Limited, 57-59 St James's Street, London SW1A 1LD,</b>		
Artemis UK Special Situations Fund	22%	Unit trust
<b>1 Poultry, LONDON, EC2R 8EJ, United Kingdom</b>		
Ascot Real Estate Investments Lp	50%	Limited Partnership
Igloo Regeneration Partnership	40%	Limited Partnership
SUE Developments Limited Partnership	50%	Limited Partnership
<b>12 Throgmorton Avenue,</b>		
Blackrock Market Advantage Fund Class X Accu Gbp	52%	Unit Trust
Blackrock Us Dynamic	21%	Unit Trust
<b>Wellington House, East Road, Cambridge CB1 1BH</b>		
Cambridge Research + Innovatio Ord Shares	100%	Private Equity
<b>Middlesex, UK</b>		
Middlesex Hospital Site Property Unit Trust Open	50%	PLP
<b>USA</b>		
<b>200 Clarendon Street, 55th Floor, Boston, Massachusetts</b>		
Aep Feeder Fund V	100%	Private Equity
<b>200 Clarendon Street, 55th Floor, Boston, Massachusetts</b>		
Three Charles River Place, Needham, Massachusetts	100%	Private Equity