

LONDON AND MANCHESTER GROUP LIMITED

**COMPANY REGISTERED IN ENGLAND AND WALES
REGISTRATION NUMBER 1594941**

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2019

LONDON AND MANCHESTER GROUP LIMITED

CONTENTS	PAGE
Company Information	2
Strategic Report	3-5
Directors' Report	6-7
Independent Auditors' Report	8-9
Profit and Loss Account	10
Balance Sheet	11
Statement of Changes In Equity	12
Notes to the Financial Statements	13-17

**LONDON AND MANCHESTER GROUP LIMITED
COMPANY INFORMATION**

DIRECTORS

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

COMPANY SECRETARY

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

REGISTERED OFFICE

Pixham End
Dorking
Surrey
RH4 1QA

INDEPENDENT AUDITORS

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

LONDON AND MANCHESTER GROUP LIMITED
STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their Strategic Report on London and Manchester Group Limited (“the Company”) for the year ended 31 December 2019.

PRINCIPAL ACTIVITY

The Company, a private company limited by shares, incorporated and domiciled in the United Kingdom, acts as an intermediate holding company. The Company is a wholly owned subsidiary of Friends Life FPL Limited (“FPL”) and is incorporated in England and Wales.

RESULTS AND BUSINESS REVIEW

	2019	2018
	£000	£000
Interest receivable and similar income	1	-
Profit/result for the financial year	1	-
Total equity	6,110	6,109

Interest receivable represents interest received from bank deposit accounts.

Section 172 (1) statement

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

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

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

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

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

The Company's culture

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

Key strategic decisions in 2019

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

Stakeholder engagement

(i) Employees

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

LONDON AND MANCHESTER GROUP LIMITED
STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

The Company's engagement mechanisms align with those of Aviva Group, such as employee forums, internal communication channels, and informal meetings with Directors and employee engagement surveys.

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

(ii) Customers

The Company has no customers.

(iii) Suppliers

As an intermediary holding company, the Company has no suppliers. LMG has no critical or important outsourcing arrangements.

(iv) Communities

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

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

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

(v) Shareholders

The Company's ultimate shareholder is Aviva plc and its immediate shareholder is Friends Life FPL Limited. Any matters requiring escalation are escalated by the Board through the Chairman to its parent. Additionally, members of the Aviva plc board can attend board meetings by invitation.

FUTURE OUTLOOK

Following the acquisition of the Friends Life Group by the Aviva Group in 2015 significant integration activity has been undertaken across the combined Group. During 2016 the Company acquired many inactive entities from Friends Life Limited, as a result of the statutory entity rationalisation project undertaken to support integration. Integration activities are continuing across the group during 2019 but the impact of these activities on the Company has yet to be determined. Until any changes are agreed and implemented the Company will continue with its existing activities.

LONDON AND MANCHESTER GROUP LIMITED
STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

PRINCIPAL RISKS AND UNCERTAINTIES

The Company is exposed to financial risk through its financial assets and liabilities in the ordinary course of its business. It is also exposed to an operational risk of loss resulting from internal processes, people and systems, or from external events, including regulatory risk.

The Company 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 8 to the financial statements.

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

The company continues to maintain healthy liquidity and expects to meet its cash requirements. Since the onset of the pandemic the Company has remained operational, with key activities such as cash payments and transaction processing being maintained, IT systems remaining operational, and Group employees including frontline customer facing staff being supported to ensure that that we were there to support our customers when they need us most. As the situation is still evolving it is not practicable to quantify the potential impact of volatile financial markets on expected earnings or the Company at this stage.

Approved by the Board 8 July 2020 and signed on its behalf by:

Aviva Company Secretarial Services Limited
Company Secretary

LONDON AND MANCHESTER GROUP LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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

DIRECTORS

The directors in office at the date of signing of these financial statements are listed on page 2. There were no appointments and resignations of directors during the year.

FUTURE OUTLOOK

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

DIVIDENDS

The directors do not recommend the payment of a dividend for the year ended 31 December 2019 (2018: £nil).

STATEMENT OF GOING CONCERN

The financial statements have been prepared on a going concern basis. In assessing whether the going concern basis is appropriate, the directors have considered the information contained in the financial statements of the Company. The directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future and at least 12 months from the approval of the financial statements.

EMPLOYEES

Companies within the Group receive services and administration from Aviva Employment Services Limited ("AES"). This entity either employs staff engaged in these activities or outsources the provision of these services to external outsourced service providers. The Company has no direct employees. The average number of employees of AES is disclosed in the accounts of that entity.

STATEMENT OF DISCLOSURE OF INFORMATION TO THE AUDITORS

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

- 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 steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditors are aware of that information.

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

FINANCIAL RISK MANAGEMENT

Details of financial risk management are discussed in the principal risks and uncertainties section of the Strategic Report and note 8 to the financial statements.

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.

LONDON AND MANCHESTER GROUP LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

QUALIFYING INDEMNITY PROVISIONS

Aviva plc, the Company's ultimate parent, granted in 2004 an indemnity to the directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985, which continue to apply in relation to any provision made before 1 October 2007. This indemnity is a "qualifying third party indemnity" for the purposes of sections 309A to 309C of the Companies Act 1985. These qualifying third party indemnity provisions were in force throughout the year and at the date of approving the 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.

These qualifying third-party indemnity provisions were extended to the directors of the Company following an acquisition.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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
8 July 2020

LONDON AND MANCHESTER GROUP LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LONDON AND MANCHESTER GROUP LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion, London and Manchester Group Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2019; the profit and loss account, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and 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.

LONDON AND MANCHESTER GROUP LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LONDON AND MANCHESTER GROUP 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 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and 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 set out on page 7, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

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

9 July 2020

LONDON AND MANCHESTER GROUP LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £'000	2018 £'000
Interest receivable and similar income		1	-
Profit/result before tax		1	-
Tax on profit/result	4	-	-
Profit/result for the financial year		1	-

The Company has no other comprehensive income.

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

LONDON AND MANCHESTER GROUP LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2019

	Note	2019 £'000	2018 £'000
Fixed assets			
Shares in group undertakings	5	<u>5,750</u>	5,751
		5,750	5,751
Current assets			
Loans to group undertaking		97	97
Amounts owed by group undertakings		8	-
Cash at bank and in hand		<u>255</u>	263
		360	360
Current liabilities			
Amounts owed to group undertakings		-	(1)
Tax liabilities		<u>-</u>	(1)
		-	(2)
Net current assets		<u>360</u>	358
Total assets less current liabilities		<u>6,110</u>	6,109
Capital and reserves			
Called up share capital	6	5,000	5,000
Profit and loss account		<u>1,110</u>	1,109
Total equity		<u>6,110</u>	6,109

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

The financial statements on pages 10 to 17 were approved by the board of directors on 8 July 2020 and signed on its behalf by:

D. Rose
Director

LONDON AND MANCHESTER GROUP LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital	Profit and loss account	Total shareholders' funds
	£'000	£'000	£'000
At 1 January 2019	5,000	1,109	6,109
Profit for the financial year	-	1	1
At 31 December 2019	5,000	1,110	6,110

	Called up share capital	Profit and loss account	Total shareholders' funds
	£'000	£'000	£'000
At 1 January 2018	5,000	1,109	6,109
Result the financial year	-	-	-
At 31 December 2018	5,000	1,109	6,109

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

LONDON AND MANCHESTER GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF ACCOUNTING POLICIES

A) Basis of presentation

The financial statements have been prepared in accordance with The Companies Act 2006, as applicable to companies using Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). The financial statements have been prepared under the historical cost convention, except for investments in subsidiaries that have been measured at fair value through profit and loss.

The financial statements have been prepared on a going concern basis. In assessing whether the going concern basis is appropriate, the directors have considered the information contained in the financial statements of the Company. The directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future and at least 12 months from the approval of the financial statements.

The financial statements are stated in sterling, which is the Company's functional and presentational currency. Unless otherwise noted, the amounts shown in these financial statements are in thousands of pounds sterling (£'000).

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2019. These policies have been consistently applied to all years presented, unless otherwise stated.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) the requirements of paragraphs 10(d) and 111 of IAS 1 Presentation of Financial Statements to include a statement of cash flows and the requirements of IAS 7 Statement of Cash Flows;
- (b) the requirements of paragraph 16 of IAS 1 to make a statement of compliance with the international accounting standards;
- (c) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to disclose when an entity has not applied a new accounting standard that has been issued but is not yet effective;
- (d) the requirements of paragraph 17 of IAS 24 Related Party Disclosure to disclose key management personnel compensation;
- (e) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group.
- (f) the requirements in paragraph 4(a) of IFRS 10, Consolidated Financial Statements, and under Section 400 of the Companies Act 2006, to disclose where an entity has elected not to present consolidated financial statements. These financial statements present information about the Company as an individual undertaking and not about its group. Information on the ultimate controlling parent can be found in note 10.

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

B) Shares in group undertakings

Subsidiaries are group undertakings over which the Company has control, defined as power, directly or indirectly, to govern the financial and operating policies so as to obtain economic benefits, generally accompanying a shareholding of more than one half of the voting rights. Shares in and loans to Group undertakings are held at historical cost less any provision for impairment. Any provision for impairment is charged to the profit and loss account.

LONDON AND MANCHESTER GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)**C) Interest receivable and similar income**

Dividends, interest or other income receivable include any withholding tax but exclude any other taxes, such as attributable credits, not payable wholly on behalf of the Group. Interest income is recognised as it accrues.

D) Administration expenses

Companies within the Aviva Group receive services and administration from group service companies, as described in the Directors' report. These group service companies either employ staff engaged in these activities or outsource the provision of these services to external outsourced service providers. Accordingly, the Company has no direct employees. The staff costs and average number of employees of the group service companies are disclosed in the financial statements of those entities.

E) Taxation**Income taxes**

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

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

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

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

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

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

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Company's financial statements, in accordance with FRS 101, requires management to make judgements, estimates and assumptions in applying the accounting policies that affect the reported amounts of assets, liabilities, income and expenses. There are no major areas of judgement on policy application for the Company.

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.

LONDON AND MANCHESTER GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

3. AUDITORS' REMUNERATION

The auditors' remuneration for audit services for 2019 of £2,000 (2018: £2,000) was borne by other companies within the Group. Fees paid to the Company's auditors, PricewaterhouseCoopers LLP (PwC) and their associates for services other than the statutory audit of the Company and other Group undertakings are disclosed in the consolidated financial statements of Aviva plc.

4. TAX**(a) Tax charged to the income statement**

The total charge comprises:

	2019	2018
	£'000	£'000
Current tax		
For this year	-	-
Prior period adjustments	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of temporary differences	-	-
Changes in tax rates or tax laws	-	-
Total deferred tax	-	-
Total tax charged to the income statement	-	-

(b) Tax charged to other comprehensive income

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

(c) Tax reconciliation

The tax on the company's profit/result before tax is the same as (2018; same as) the theoretical amount that would arise using the tax rate of the United Kingdom as follows:

	2019	2018
	£'000	£'000
Profit/result before tax	1	-
Tax calculated at standard UK corporation tax rate of 19% (2018: 19%)	-	-
Total tax charge to income statement	-	-

Finance Act 2016 introduced legislation reducing the UK corporation tax rate from 1 April 2020 to 17%. In the Budget of 11 March 2020 the UK Government reversed this rate reduction, announcing that the UK corporation tax rate will remain at 19% from 1 April 2020 and this was substantively enacted on 17 March 2020.

As the company has no deferred tax assets or liabilities, any future changes in tax rates have no impact on the net assets of the Company as at 31 December 2019.

Tax assets and liabilities**(a) Current tax**

Current tax liabilities payable in more than one year are nil thousand (2018: £1 thousand).

LONDON AND MANCHESTER GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

5. SHARES IN GROUP UNDERTAKINGS

	Shares in group undertakings
Cost and carrying value:	£'000
At 1 January 2019	5,751
Additions	-
Disposals	(1)
At 31 December 2019	5,750
Cost and carrying value:	
At 1 January 2018	5,789
Additions	-
Disposals	(38)
At 31 December 2018	5,751

The group undertakings (unlisted) are all wholly owned subsidiaries incorporated in England & Wales and have only one class of issued ordinary shares, as follows:

Subsidiary undertaking	Activity	Holding	Registered Address Reference
Friends Life FPLMA Limited	Insurance	100%	1
Friends Provident Managed Pension Funds Limited	Dormant	100%	1
Friends Provident Pension Scheme Trustees Ltd	Dormant	100%	2
Friends Provident Life Assurance Ltd	Dormant	100%	1
Friends Provident Investment Holdings Ltd	Holding	100%	1
Undershaft FPLLA Ltd	Dormant	100%	1
Undershaft FAL Limited	Dormant	100%	1
Friends AELLAS Limited	Dormant	100%	1
Friends Life Assurance Society Ltd	Dormant	100%	1
Friends Life Company Limited	Dormant	100%	1
Friends Life Distribution Limited	In Liquidation	100%	3
Friends Life WL Limited	Dormant	100%	1
Friends Life and Pensions Limited	Dormant	100%	1
Friends Life Limited	Dormant	100%	1
Friends Provident Distribution Holdings Limited	In Liquidation	100%	3
Defined Returns Limited	In Liquidation	28.52%	4
NDF Administration Limited B Shares	In Liquidation	28.50%	4
NDF Administration Limited Ordinary Shares	In Liquidation	33.33%	4

Registered office address reference:

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

LONDON AND MANCHESTER GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

6. CALLED UP SHARE CAPITAL

	2019	2018
	£'000	£'000
The allotted, called up and fully paid share capital of the Company was: 20,000,000 (2018: 20,000,000) ordinary shares of 25p each	5,000	5,000

7. DIRECTORS' EMOLUMENTS

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

8. RISK MANAGEMENT

The ultimate parent company, Aviva plc, and its subsidiaries, joint ventures and associates (collectively known as "the Group") operate a risk management framework, which forms an integral part of the management and board processes and decision-making framework across the Group. The key elements of its risk management framework comprise risk strategy and risk appetite, risk policy categorisation, enterprise-wide approach to managing risks, including how to identify, measure, manage, monitor and report risks, and risk governance and oversight (including boards and board committees, risk policies and business standards, delegated authorities and management committees, and roles and responsibilities). The Group's approach to risk management ensures that significant existing or emerging risks are actively identified, measured, managed, monitored and reported on a continuous basis.

9. RELATED PARTIES

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

10. ULTIMATE PARENT COMPANY

The Company's ultimate parent undertaking is Aviva plc, which is also the parent company of the smallest and largest group of companies, of which the Company is a wholly owned subsidiary, for which group financial statements are drawn up. Copies of the Group Report and Financial Statements of Aviva plc can be viewed via its web site at www.aviva.com.

11. SUBSEQUENT EVENTS

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

The company continues to maintain healthy liquidity and expects to meet its cash requirements. Since the onset of the pandemic the Company has remained operational, with key activities such as cash payments and transaction processing being maintained, IT systems remaining operational, and Group employees including frontline customer facing staff being supported to ensure that that we were there to support our customers when they need us most. As the situation is still evolving it is not practicable to quantify the potential impact of volatile financial markets on expected earnings or the Company at this stage.