

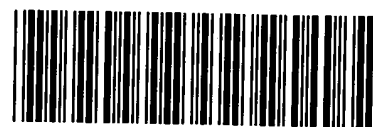
FRIENDS SLOLAC LIMITED

**COMPANY INCORPORATED IN ENGLAND AND WALES
REGISTRATION NUMBER 2638489**

REPORT AND ACCOUNTS

For the year ended 31 December 2015

THURSDAY



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FRIENDS SLOLAC LIMITED
REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2015

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FRIENDS SLOLAC LIMITED

COMPANY INFORMATION

DIRECTORS

A.D. Carr
J.C. Paykel

COMPANY SECRETARY

Friends Life Secretarial Services Limited

REGISTERED OFFICE

Pixham End
Dorking
Surrey
RH4 1QA

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
2 Glass Wharf
Bristol
BS2 0FR

FRIENDS SLOLAC LIMITED**STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015**

The directors present their Strategic Report for Friends SLOLAC Limited ('the Company') for the year ended 31 December 2015.

PRINCIPAL ACTIVITY

The Company's ultimate parent undertaking is Aviva plc ("Aviva").

The Company did not trade in the year ended 31 December 2015, or in the year ended 31 December 2014.

ACQUISITION BY AVIVA GROUP

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

RESULTS AND BUSINESS REVIEW

| | 2015 | 2014 |
|-------------------------------|--------|------|
| | £ | £ |
| Profit before tax | - | - |
| Profit for the financial year | 21,558 | - |

The profit for the year reflects an adjustment to prior year corporation tax liabilities.

EMPLOYEES

Companies within the Aviva Group receive services and administration from Friends Life Services Limited ('FLS'), Friends Life Management Services Limited ('FLMS') and Aviva Employment Services Limited ('AES'). These entities 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 average number of employees of FLS, FLMS and AES is disclosed in the accounts of those entities.

PRINCIPAL RISKS AND UNCERTAINTIES

The strategic aim of the Aviva Group is to develop a sustainable business that meets the needs of customers and delivers cash and appropriate returns to shareholders. As with all businesses, the Aviva Group is exposed to risk in pursuit of its objectives.

FRIENDS SLOLAC LIMITED

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

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

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

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

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

The Company is not considered to be exposed to any significant risks.

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



J.C. Paykel
DIRECTOR

FRIENDS SLOLAC LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2015

DIRECTORS

The directors of the Company at the date of this report are shown on page 2. Appointments and resignations of directors during the year and up to the date of the signing of these financial statements are:

J.S. Moss resigned as a director on 30th November 2015

C.M. O'Neill resigned as a director on 31st December 2015

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

DIVIDENDS

The directors do not recommend the payment of a dividend for the year 31 December 2015 (2014: £nil).

DIRECTORS AND OFFICERS – INDEMNITY AND INSURANCE

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

The directors have the benefit of an 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 in section 234 of the Companies Act 2006.

INDEPENDENT AUDITORS

Following the acquisition by the Aviva Group, the Company's previous auditors, Ernst & Young LLP, resigned on 28 May 2015. PricewaterhouseCoopers LLP were appointed as auditors on 28 May 2015.

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

FRIENDS SLOLAC LIMITED

**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 201
(CONTINUED)**

STATEMENT OF DISCLOSURE OF INFORMATION TO THE AUDITORS

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

STATEMENT OF GOING CONCERN

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

FUTURE OUTLOOK

The Company is not expected to trade in the foreseeable future.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;

FRIENDS SLOLAC LIMITED

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

- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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



J.C. Paykel
DIRECTOR

FRIENDS SLOLAC LIMITED
INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FRIENDS SLOLAC LIMITED

REPORT ON THE FINANCIAL STATEMENTS

Our opinion

In our opinion, Friends SLOLAC Limited's financial statements (the "financial statements"):

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

What we have audited

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

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

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

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

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

FRIENDS SLOLAC LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FRIENDS SLOLAC LIMITED

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Adequacy of accounting records and information and explanations received

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

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

We have no exceptions to report arising from this responsibility.

Directors' remuneration

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

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Our responsibilities and those of the directors

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

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

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

What an audit of financial statements involves

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

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

FRIENDS SLOLAC LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FRIENDS SLOLAC
LIMITED**

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

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

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



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

24 June 2016

FRIENDS SLOLAC LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2015

| | Note | 2015 | 2014 |
|------------------------------------------------------|------|---------------|------|
| | | £ | £ |
| Other interest income and similar income | | - | - |
| Other income | | - | - |
| Profit on ordinary activities before taxation | | - | - |
| Tax credit on profit on ordinary activities | 4 | 21,558 | - |
| Profit for the financial year | | 21,558 | - |

The Company had no recognised gains or losses during the year to 31 December 2015. As such, a statement of other comprehensive income has not been prepared.

The notes on pages 14 to 16 form an integral part of these financial statements.

FRIENDS SLOLAC LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2015

| | Note | 2015 £ | 2014 £ |
|------------------------------------------------------------------------|------|------------|-----------------|
| Current assets | | | |
| Debtors: amount owed by group undertakings falling due within one year | | - | 117,077 |
| Cash at bank and in hand | | - | 21,000 |
| | | <u>-</u> | <u>138,077</u> |
| Current Liabilities | | | |
| Creditors: amount falling due within one year | | | |
| Other creditors including Taxation and Social Security | 5 | - | (159,635) |
| Net current liabilities | | <u>-</u> | <u>(21,558)</u> |
| Net assets liabilities | | <u>-</u> | <u>(21,558)</u> |
| Capital and reserves | | | |
| Called up share capital | 6 | 1 | 1 |
| Profit and loss account | | <u>(1)</u> | <u>(21,559)</u> |
| Total shareholders' funds | | <u>-</u> | <u>(21,558)</u> |

The notes on pages 14 to 16 form an integral part of these financial statements.

The financial statements on pages 11 to 16 were approved by the board of directors on 24 June 2016 and signed on its behalf by:



J. C. Paykel

Director

FRIENDS SLOLAC LIMITED**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015**

| | Called up share capital | Profit & Loss Account | Total |
|-----------------------------|------------------------------------|------------------------------------------|--------------|
| | £ | £ | £ |
| Balance at 1 January 2015 | 1 | (21,559) | (21,558) |
| Profit for the year | - | 21,558 | 21,558 |
| Balance at 31 December 2015 | 1 | (1) | - |

| | Called up share capital | Profit & Loss Account | Total |
|-----------------------------|------------------------------------|------------------------------------------|--------------|
| | £ | £ | £ |
| Balance at 1 January 2014 | 1 | (21,559) | (21,558) |
| Profit for the year | - | - | - |
| Balance at 31 December 2014 | 1 | (21,599) | (21,558) |

The notes on pages 14 to 16 form an integral part of these financial statements.

FRIENDS SLOLAC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The principal accounting policies are set out below:

(a) Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. The financial statements are stated in sterling which is the Company's functional and presentation currency.

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

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

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

- (a) the requirements of paragraphs 10(d) and 111 of IAS 1 Presentation of Financial Statements to include a statement of cash flows and the requirements of IAS 7 Statement of Cash Flows;
- (b) the requirements of paragraph 16 of IAS 1 to make a statement of compliance with the international accounting standards;
- (c) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to disclose when an entity has not applied a new accounting standard that has been issued but is not yet effective;
- (d) the requirements in IAS 24 to disclose related party transactions entered into between two or more members of a group.

(b) Taxation

Taxation is based on the profits and income for the period as determined in accordance with the relevant tax legislation, together with adjustments to provisions for prior periods. Tax payable is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Current taxation is recognised in the profit and loss account for the period, except to the extent that they are attributable to a gain or loss recognised outside the profit and loss account, in which case the tax is recognised in the statement of comprehensive income, or equity, as applicable.

FRIENDS SLOLAC LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****2. ADMINISTRATIVE EXPENSES**

Companies within the Group receive services and administration from either FLS, FLMS or both. These entities 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 FLS and FLMS are disclosed in the accounts of those entities.

3. AUDITORS' REMUNERATION

The auditors' remuneration for audit services for 2015 of £4,000 (2014: £4,000) has been borne by FLMS. Fees paid to the Company's auditors, PricewaterhouseCoopers LLP (PwC) and its associates for services other than the statutory audit of the Company and other Group undertakings are disclosed in the consolidated financial statements of Aviva plc.

4. TAX ON PROFIT ON ORDINARY ACTIVITIES**a) Current year tax charge**

| | 2015 £ | 2014 £ |
|----------------------------------------------------|---------------|-----------|
| Prior year adjustments | 21,558 | - |
| Tax credit on profit on ordinary activities | 21,558 | - |

b) Factors affecting the tax charge

| | 2015 £ | 2014 £ |
|----------------------------------------------------------------------------------------------------------------|---------------|-----------|
| Profit on ordinary activities before taxation | - | - |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014: 21.5%) | - | - |
| Prior year adjustments | 21,558 | - |
| Tax credit on profit on ordinary activities | 21,558 | - |

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

FRIENDS SLOLAC LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****5. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY**

| | 2015 £ | 2014 £ |
|-------------------------|-----------|-----------|
| Corporation tax payable | - | 159,635 |

6. CALLED UP SHARE CAPITAL

| | 2015 £ | 2014 £ |
|------------------------------------------------------------------------|-----------|-----------|
| Allotted and Issued | | |
| 1 Ordinary Share of £1 (2014: 1 ordinary share of £1 each), fully paid | 1 | 1 |

7. DIRECTORS' EMOLUMENTS

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

8. RELATED PARTY TRANSACTIONS

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

9. ULTIMATE PARENT COMPANY

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