

Registered Number: 2638489

FRIENDS SLOLAC LIMITED

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

REPORT AND ACCOUNTS

For the year ended 31 December 2014

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Registered Office: Pixham End, Dorking, Surrey RH4 1QA

FRIENDS SLOLAC LIMITED

REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2014

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FRIENDS SLOLAC LIMITED

REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2014

DIRECTORS

J.S. Moss
A.D. Carr
C.M. O'Neill
J.C. Paykel

SECRETARY

Friends Life Secretarial Services Limited

REGISTERED OFFICE

Pixham End
Dorking
Surrey
RH4 1QA

AUDITOR

Ernst & Young LLP
1 More London Place
London
SE1 2AF

FRIENDS SLOLAC LIMITED**STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2014**

The directors present their Strategic Report for Friends SLOLAC Limited ('the Company') for the year ended 31 December 2014.

PRINCIPAL ACTIVITY

The Company did not trade in the year ended 31 December 2014, nor in the year ended 31 December 2013.

During the period and until 10 April 2015 the Company was part of the Friends Life Group of companies, and references to the Group are to the Group of Companies formerly headed by Friends Life Group Limited ("FLGL"). Following the acquisition of the Friends Life Group by Aviva plc on 10 April 2015 the Company is now a subsidiary of the Aviva Group of companies headed by Aviva plc.

RESULTS AND BUSINESS REVIEW

	2014	2013
	£	£
Profit before tax	-	-
Loss for the financial year	-	(22,484)

The loss for the previous financial year arose as a result of an adjustment to corporation tax liabilities in respect of prior years.

RISK MANAGEMENT

The description of the risk management approach below covers the period from 1 January 2014 to 10 April 2015 when the Company was part of the Friends Life Group. Following the acquisition of the Friends Life Group by Aviva plc on 10 April 2015 there will be a controlled transition to the risk management approach adopted by the Aviva Group.

The strategic aim of the Friends Life Group was to develop a sustainable business that met the needs of customers and delivered cash and appropriate returns to shareholders. As with all businesses, the Group was exposed to risk in pursuit of its objectives.

Enterprise risk management ("ERM") was the discipline by which the Group safeguarded the interests of customers and shareholders. This was 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 met the needs of customers and delivers appropriate returns to shareholders within appropriate and prudent risk boundaries.

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

FRIENDS SLOLAC LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

During 2014, and until the point of acquisition, the Friends Life Group Limited Board were responsible for the Group's risk management framework. 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").

The RCC oversaw and advised the Board on the Group's overall risk appetite, tolerance and strategy, the current and emerging risk exposures of the Group, as well as informing the Board's decision making in relation to risk assessment, any material breaches of risk appetite and adequacy of remedial action plans.

The ERC provided a Group wide and aggregated view of the risks the Group faced at an executive level and managed the implementation and ongoing operation of the risk management and compliance frameworks and associated activities of the Group, ensuring that customer impacts were considered alongside shareholder impacts. It was supported by Divisional Risk committees which ensured that the risks to which the Group was exposed, through their respective Divisions, were identified, measured, efficiently managed and fell within the appetite for those risks specified by the FLGL Board. All risk policies were reviewed and approved annually to ensure they remained relevant to the changing demands of the business, its risk profile and the regulatory environment.

FUTURE OUTLOOK

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

Approved by the Board on 28 May 2015 and signed on its behalf by



J.C. PAYKEL
DIRECTOR

FRIENDS SLOLAC LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2014

DIRECTORS

The directors who served the Company throughout the year are shown below:

A.D. Carr
J.S. Moss

Changes in directors holding office in the period from 1 January 2014 to the date of this report are as follows;

C.M. O'Neill was appointed as a director on the 31 December 2014
J.C. Paykel was appointed as a director on the 31 December 2014
R.D. Smith resigned as a director on the 31 December 2014
M. Potkins resigned as a director on the 31 December 2014

DIVIDENDS

The directors do not recommend the payment of a dividend for the year 31 December 2014 (2013: £nil).

DIRECTORS AND OFFICERS – INDEMNITY AND INSURANCE

The Group maintains insurance cover with respect to directors' and officers' liabilities. In addition, qualifying third party indemnity arrangements (as defined in section 234 of the Companies Act 2006) are in force for the benefit of directors within the Group and were in force for the benefit of former directors of the Group during 2014. Copies of the indemnity are available for inspection at the Company's registered office.

EMPLOYEES

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

POST BALANCE SHEET EVENTS

Post balance sheet events impacting the Company are disclosed in note 10.

FRIENDS SLOLAC LIMITED

**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2014
(CONTINUED)**

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITOR

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 auditor is 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 auditor is aware of that information.

INDEPENDENT AUDITOR

Following the change in control of the Friends Life Group of companies it is anticipated that Ernst & Young LLP will resign as the Company's auditors following the Directors' approval of the report and accounts, confirming that there are not matters to be brought to the Company's attention under s519 of the Act. PwC LLP will then be appointed by the directors, and shareholder approval of the appointment sought in due course.

STATEMENT ON GOING CONCERN

Notwithstanding net current liabilities of £21,558 (2013: net current liabilities of £21,558), the directors have presented the financial statements on a going concern basis. It is in their opinion that Friends Life Limited ('FLL') will provide funding necessary to support the business going forward in order that the company meets its financial obligations. This opinion is based on the continued support from FLL since the balance sheet date and a formal letter of support received covering twelve months from the date of approval of these financial statements. The directors are satisfied that FLL has the ability to provide such support. As with any company placing reliance on group entities, the directors acknowledge that there can be no certainty that this support will continue, although at the date of the approval of these financial statements, they have no reason to believe that it will not do so.

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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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.

FRIENDS SLOLAC LIMITED

**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2014
(CONTINUED)**

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; 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.

The directors confirm that they have complied with these requirements.

Pixham End
Dorking
Surrey
RH4 1QA

28 May 2015

ON BEHALF OF THE BOARD



J.C PAYKEL
DIRECTOR

FRIENDS SLOLAC LIMITED

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FRIENDS SLOLAC LIMITED

We have audited the financial statements of Friends SLOLAC Limited for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 11. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 6 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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. In addition, we read all the financial and non-financial information in the Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

FRIENDS SLOLAC LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of its result 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.

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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP,

Andrew R Blackmore (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

29 May 2015

FRIENDS SLOLAC LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014	2013
		£	£
Other interest receivable and similar income		-	-
Other income		-	-
Profit on ordinary activities before tax		-	-
Tax on profit on ordinary activities	4	-	(22,484)
Profit / (Loss) for the financial year		-	(22,484)

The Company had no recognised gains or losses during the year to 31 December 2014 other than those recognised in the profit and loss account. As such, a statement of recognised gains and losses has not been prepared.

There is no difference between the profit on ordinary activities before taxation and the profit for the year stated above and their historical cost equivalents.

The notes on pages 12 to 15 form an integral part of these financial statements.

FRIENDS SLOLAC LIMITED**BALANCE SHEET AS AT 31 DECEMBER 2014**

	Note	2014 £	2013 £
Current assets			
Debtors: amount owed by group undertakings falling due within one year		117,077	117,077
Cash		21,000	21,000
		<u>138,077</u>	<u>138,077</u>
Creditors: amount falling due within one year			
Other creditors	5	<u>(159,635)</u>	<u>(159,635)</u>
Net current liabilities		<u>(21,558)</u>	<u>(21,558)</u>
Net liabilities		<u>(21,558)</u>	<u>(21,558)</u>
Capital and reserves			
Called up share capital	6	1	1
Profit and loss account	7	<u>(21,559)</u>	<u>(21,559)</u>
Total shareholders' funds		<u>(21,558)</u>	<u>(21,558)</u>

Approved by the Board of Directors on 28 May 2015 and signed on its behalf by



J.C. PAYKEL
DIRECTOR

The notes on pages 12 to 15 form an integral part of these financial statements.

FRIENDS SLOLAC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF ACCOUNTING POLICIES

The principal accounting policies are set out below:

(a) Basis of presentation

The financial statements are prepared under the historical cost convention, and in accordance with the Companies Act 2006 and with applicable UK Accounting Standards. As explained in the Report of Directors, these financial statements have been prepared on a going concern basis.

(b) Cash flow statement

Under Financial Reporting Standard 1 Cash flow statements (revised 1996), the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a subsidiary undertaking of a parent undertaking which produces a consolidated cash flow statement which is publicly available.

(c) 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.

Deferred tax is recognised on timing differences arising between the recognition of gains and losses in the financial statements and their recognition in a tax computation. The tax rates used are the rates that have been enacted or substantively enacted by the balance sheet date.

Full provision is made for deferred tax liabilities. Deferred tax assets are recognised to the extent that they are more likely than not to be regarded as recoverable against suitable taxable profits. The deferred tax balances are not discounted.

Current and deferred taxation are 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 total recognised gains and losses, or equity, as applicable.

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

Expenses including staff costs have been borne by Friends Life Services Limited, a fellow Group subsidiary undertaking that employs and pays staff within the Group. It is not possible to identify separately the amount of staff costs relating to this entity. Staff costs and average number of employees are disclosed in the accounts of FLS.

3. AUDITORS REMUNERATION

Fees for the audit of these financial statements of £4,000 (2013: £4,000 in respect of the 2013 fees) have also been borne by FLS. Fees paid to the Company's auditor, Ernst & Young LLP and its associates for services other than the statutory audit of the Company and other Group undertakings are disclosed in the note headed 'Administrative and other expenses' within the consolidated accounts of Friends Life Holdings plc.

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2014 £	2013 £
UK corporation tax	-	-
Prior year adjustments	-	(22,484)
Tax on profit on ordinary activities	<u>-</u>	<u>(22,484)</u>

The tax charge for the period is equivalent to (2013: higher than) the standard rate of corporation tax in the UK of 21.5% (2013: 23.25%) as set out below:

	2014 £	2013 £
Profit on ordinary activities before tax	<u>-</u>	<u>-</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (2013: 23.25%)	-	-
Prior year adjustments	-	(22,484)
	<u>-</u>	<u>(22,484)</u>

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

	2014 £	2013 £
Corporation tax payable	<u>159,635</u>	<u>159,635</u>

6. CALLED UP SHARE CAPITAL

	2014 £	2013 £
Allotted and Issued		
1 Ordinary Share of £1 (2013: 1 ordinary share of £1 each), fully paid	<u>1</u>	<u>1</u>

7. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share Capital £	Profit and Loss Account £	Total £
At 1 January 2014	1	(21,559)	(21,558)
Result for the financial year	-	-	-
At 31 December 2014	<u>1</u>	<u>(21,559)</u>	<u>(21,558)</u>

8. REMUNERATION OF DIRECTORS AND EMPLOYEES

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

FRIENDS SLOLAC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. RELATED PARTY TRANSACTIONS

As the Company is a wholly owned subsidiary it has taken advantage of the exemption granted under FRS 8, where subsidiary undertakings do not have to disclose transactions with group companies qualifying as related parties provided that consolidated financial statements are publicly available.

10. POST BALANCE SHEET EVENTS

On 19 January 2015, Friends Life Group Limited, the ultimate parent company of the Company at that time, 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 by way of a Scheme of Arrangement in accordance with Guernsey company law.

The acquisition received the approval of FLGL and Aviva's shareholders, and by the Guernsey Court on 26 March 2015. The Scheme became effective on 10 April 2015 and at that point the Company became part of the Aviva Group, with FLGL becoming a wholly-owned subsidiary of Aviva Group Holdings Limited.

On 13th April 2015 the former Friends Life Group companies were transferred within the Aviva group of companies, such that FLGL is no longer a parent company of the Company.

11. IMMEDIATE AND ULTIMATE PARENT COMPANY

The immediate parent undertaking is Friends Life Limited, a company incorporated and domiciled in the United Kingdom. The ultimate parent undertaking and controlling party is Aviva plc, a company incorporated and domiciled in the United Kingdom.

For the period to 31 December 2014, the smallest group into which the results of the Company have been consolidated is that formerly headed by Friends Life Holdings plc. The largest group into which the results have been consolidated is that formerly headed by Friends Life Group Limited. These consolidated financial statements are available on www.aviva.com or by application to the Group Company Secretary, Aviva plc, St. Helen's, 1 Undershaft, London EC3P 3DQ.