

**FRIENDS ASLH LIMITED**

**Directors' Report and Financial Statements**

**for the year ended 31 December 2012**

Registered Office Pixham End, Dorking, Surrey RH4 1QA

WEDNESDAY



\*A2EPT969\*

A08

14/08/2013

#143

COMPANIES HOUSE

**FRIENDS ASLH LIMITED**

**COMPANY INFORMATION**

---

**DIRECTORS**

J M BLACK  
L C J'AFARI-PAK

**SECRETARY**

Friends Life Secretarial Services Limited

**REGISTERED OFFICE**

Pixham End  
Dorking  
Surrey  
RH4 1QA

**AUDITORS**

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

**FRIENDS ASLH LIMITED****DIRECTORS' REPORT**

The directors have pleasure in submitting their report together with the audited financial statements for the year ended 31 December 2012

**PRINCIPAL ACTIVITIES**

The Company is a holding company for a number of heritage AXA companies acquired from the AXA UK group in 2010

**REVIEW OF ACTIVITIES**

During December 2012 the Company received £550k from Friends AELLAS Ltd in respect of a new intercompany loan, received £4.4m from Friends WUKH Limited in respect of a new intercompany loan and paid £6.25m to Friends Life Group plc in respect of a new intercompany loan

**BUSINESS PERFORMANCE**

	<b>2012</b>	2011
	<b>£'000</b>	£'000
Income	-	60,558
Profit Before Tax	-	54,954
Tax Charge	<b>(4,379)</b>	(14,791)
(Loss)/Profit after tax	<b>(4,379)</b>	40,163

**DIVIDENDS**

The directors do not recommend the payment of a dividend for the year ended 31 December 2012 (2011 interim cash dividend £2,449,228,281, final nil)

**PRINCIPAL RISKS AND UNCERTAINTIES**

A description of the key business risks affecting the Company are set out below

Members of the Company's senior management are responsible for identifying and evaluating key risks facing their areas of the business. Directors manage risks at both a segmental and individual business level.

The Board of Directors of the Group has overall responsibility for the Group's risk management framework and for approving risk management policy and risk appetite. The Board discharges its accountability for risk management through the Board Risk and Compliance Committee ("BRCC") which carries an oversight function on its behalf and reports back to the Board.

**FRIENDS ASLH LIMITED**

**DIRECTORS' REPORT (CONTINUED)**

---

The BRCC is supported by the Executive Risk Committee ("ERC") into which Divisional Risk Committees ("DRCs") report. These DRCs have replaced the Operational Risk Committee ("ORC") previously in place. The new DRCs consider on an integrated basis all types of risk at local divisional and business unit levels, consistent with the Group's approach that line management, rather than the risk function, is responsible for ensuring effective risk management within their businesses. The Financial Risk Committee ("FRC") previously in place will continue to exist until the assessment of Financial Risks is fully embedded in the DRCs.

All risk management policies are reviewed regularly by the relevant committee, on at least an annual basis, to ensure they remain relevant to the changing demands of the business and the regulatory environment.

*Financial Risk*

The key risk to the company arises from credit risk in respect of intercompany loans. This is controlled by monitoring of the financial strength of the counterparty company.

**FUTURE OUTLOOK**

No change in the activities of the Company is planned in the foreseeable future.

**DIRECTORS & OFFICERS**

The directors of the Company at the date of this report are shown on page 1.

J M Black was appointed as director of the Company on 21 September 2012.

A M Parsons and E B Bourke resigned as directors of the Company on 30 March 2012 and 21 September 2012 respectively.

D E Hynam resigned as a director on 5 July 2013.

**INDEMNIFICATION OF DIRECTORS**

Friends Life Group plc, maintains insurance cover in respect of 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 the directors within the Group and were in force for the benefit of former directors of the Group during 2012. Copies are available for inspection at the Company's registered office.

**PAYMENT OF CREDITORS**

All trade purchases are dealt with through Friends Life Services Limited ("FLS").

**FRIENDS ASLH LIMITED**

**DIRECTORS' REPORT (CONTINUED)**

---

**STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS**

Each director in office at the date of approval of this report confirms that

- (a) so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- (b) they have 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 Company's auditors are aware of that information

**AUDITOR**

In accordance with section 487 of the Companies Act 2006, the Company has dispensed with the obligation to reappoint its auditor annually and Ernst & Young LLP (E&Y) will therefore continue in office

**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 and the current reorganisation plans for the Company.

The directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. Key information in respect of the Company's business activities, financial performance (including financial strength), and risks is set out on page 2 of the financial statements.

**FRIENDS ASLH LIMITED**

**DIRECTORS' REPORT (CONTINUED)**

---

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

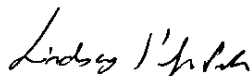
The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

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

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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;
- 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.

By Order of the Board



L C J'AFARI-PAK  
Director  
24 July 2013

**FRIENDS ASLH LIMITED****AUDITOR'S REPORT**

---

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FRIENDS ASLH LIMITED**

We have audited the financial statements of Friends ASLH Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet, and the related notes 1 to 15. 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 Directors' Responsibilities Statement set out on page 5, 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 Directors' report and Financial Statements 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 ASLH LIMITED**

**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 2012 and of its loss 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 Directors' Report 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

30 July 2013



**FRIENDS ASLH LIMITED****PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Notes	<b>2012</b> <b>£'000</b>	<b>2011</b> <b>£'000</b>
Administrative expenses		-	(165)
<b>Operating loss</b>		-	(165)
Other interest receivable and similar income	3	-	1,226
Profit on sale of subsidiary companies		-	59,332
Amounts written off investments		-	(1,385)
Interest payable and similar charges	4	-	(4,054)
<b>Profit on ordinary activities before taxation</b>		-	54,954
Tax charge on profit on ordinary activities	8	<b>(4,379)</b>	(14,791)
<b>(Loss) / profit on ordinary activities after taxation</b>		<b>(4,379)</b>	40,163

The Company had no recognised gains or losses during the year to 31 December 2012 other than those recognised in the profit and loss account

The information on pages 11 to 17 forms an integral part of these financial statements

**FRIENDS ASLH LIMITED****RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

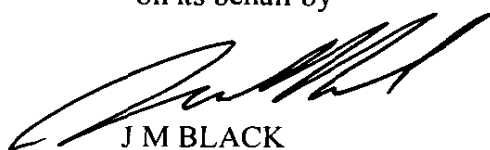
	Notes	<b>2012</b> <b>£'000</b>	2011 £'000
(Loss)/Profit for the financial year		<b>(4,379)</b>	40,163
Shareholders' funds at 1 January		<b>18,970</b>	2,428,035
Dividends paid		-	(2,449,228)
<b>Shareholders' funds at 31 December</b>	<b>13</b>	<b>14,591</b>	<b>18,970</b>

The information on pages 11 to 17 forms an integral part of these financial statements

**FRIENDS ASLH LIMITED****BALANCE SHEET AS AT 31 DECEMBER 2012**

	Notes	2012 £'000	2011 £'000
<b>Fixed assets investments</b>			
Shares in group undertakings	9	3,949	3,949
<b>Current assets</b>			
Debtors amounts falling due within one year	10	10,825	13,707
Cash at bank and in hand		4,932	1,479
		<u>15,757</u>	<u>15,186</u>
<b>Creditors: amounts falling due within one year</b>			
Amount owed to group undertakings	11	(5,115)	(165)
<b>Net current assets</b>		<u>10,642</u>	<u>15,021</u>
<b>Total assets less current assets</b>		<u>14,591</u>	<u>18,970</u>
<b>Net assets</b>		<u>14,591</u>	<u>18,970</u>
<b>Capital and reserves</b>			
Called up share capital	12	-	-
Profit and loss account	13	14,591	18,970
<b>Shareholders' funds</b>		<u>14,591</u>	<u>18,970</u>

The financial statements were approved by the Board of Directors on 24 July 2013 and signed on its behalf by



J M BLACK  
Director

The information on pages 11 to 17 forms an integral part of these financial statements

**FRIENDS ASLH LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

---

**1. 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 and the current reorganisation plans for the Company.

The directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. Key information in respect of the Company's business activities, financial performance, and risks is set out on page 2 of the financial statements.

**2. 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. The Company has taken advantage of section 400 of the Companies Act 2006 and has not produced consolidated financial statements on the basis that it is a subsidiary undertaking of Friends Life Group plc which prepares consolidated financial statements.

**(b) Income and expense recognition**

Investment income is recognised on an accruals basis. Expenses incurred and interest payable in the management of investments are recognised on an accruals basis.

**(c) Investments**

Investments in subsidiary undertakings are included at cost, but are subject to reviews for impairment with reference to net asset value. Movements in the valuation are included in the profit and loss account.

**(d) 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.

**FRIENDS ASLH LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****2. ACCOUNTING POLICIES (CONTINUED)****(e) Taxation**

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax liabilities, using the incremental liability method, on material timing differences, including revaluation gains and losses on investments recognised in the profit and loss account. Deferred tax is calculated using rates substantively enacted at the balance sheet date. Deferred tax balances have not been discounted.

**3. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>2012</b> <b>£'000</b>	<b>2011</b> <b>£'000</b>
Interest on loans receivable from group companies	-	1,224
Bank interest receivable	-	2
	<u>-</u>	<u>1,226</u>

**4. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2012</b> <b>£'000</b>	<b>2011</b> <b>£'000</b>
Interest on loans payable to group companies	-	4,054

**5. AUDITOR'S REMUNERATION**

	<b>2012</b> <b>£'000</b>	<b>2011</b> <b>£'000</b>
<b>Audit services</b>		
Audit of the Company's statutory accounts	<u>35</u>	<u>35</u>
<b>Total fees</b>	<u>35</u>	<u>35</u>

**FRIENDS ASLH LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****6. ADMINISTRATIVE EXPENSES**

Expenses including staff costs have been borne by FLS, a fellow 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 are disclosed in the accounts of FLS.

Audit fees of £35,000 (2011: £35,000) have also been borne by FLS.

**7. DIRECTORS' EMOLUMENTS**

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

**8. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	2012 £'000	2011 £'000
Corporation tax at 24.5% (2011: 26.5%)	-	(793)
Adjustments in respect of previous periods	4,379	(100)
Total current tax charge / (credit)	<u>4,379</u>	<u>(893)</u>
Origination and reversal of timing differences	-	15,587
Adjustments in respect of previous periods	-	97
Total deferred tax charge	<u>-</u>	<u>15,684</u>
Tax charge on profit on ordinary activities	<u>4,379</u>	<u>14,791</u>

**FRIENDS ASLH LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****8. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)****Factors affecting the tax charge**

The tax assessed for the year is higher (2011 higher) than the standard rate of corporation tax in the UK of 24.5% (2011 26.5%) The differences are set out below

	<b>2012</b> <b>£'000</b>	<b>2011</b> <b>£'000</b>
<b>Profit on ordinary activities before tax</b>	<u>-</u>	<u>54,954</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011 26.5%)	-	14,563
Expenses not deductible for tax purposes	-	(57)
Other timing differences	-	(15,299)
Adjustment to tax credit in respect of previous periods	(4,379)	(100)
<b>Current tax charge for the period</b>	<u>(4,379)</u>	<u>(893)</u>
<b>Deferred tax asset</b>		
	<b>2012</b> <b>£'000</b>	<b>2011</b> <b>£'000</b>
Deferred tax asset at start of period	-	(15,587)
Deferred tax charge in profit and loss account for period	-	15,587
<b>Deferred tax asset at the end of the period</b>	<u>-</u>	<u>-</u>

**FRIENDS ASLH LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****9. SUBSIDIARY COMPANIES**

The company has a number of subsidiaries as listed below

**Shareholder Investments**

Friends AELLAS Limited  
 Friends SLUA Limited  
 Friends SLPM Limited  
 Friends WUKH Limited  
 Friends PPPLTC Limited

All subsidiaries are incorporated and registered in England and Wales. Each company has ordinary shares of one class which are 100% owned by the Company. All companies operate principally in the country of incorporation.

The amount in the Company's balance sheet for shares in group undertakings is

	<b>2012</b>	2011
	<b>£'000</b>	£'000
<b>At 1 January</b>	<b>3,949</b>	3,021,874
Disposals in year	-	(3,016,540)
Write off of investment in Friends WUKH Limited	-	(1,385)
<b>At 31 December</b>	<b>3,949</b>	3,949

**10. DEBTORS**

	<b>2012</b>	2011
	<b>£'000</b>	£'000
<b>Amounts falling due within one year:</b>		
Amounts owed by group undertakings	<b>6,500</b>	500
Corporation tax receivable	<b>4,325</b>	13,207
	<b>10,825</b>	13,707

On 31 December 2012 the Company issued a loan of £6.25m to Friends Life Group plc. The interest is due on the loan at a rate of 1% above the 6 month LIBOR rate, payable in arrears by yearly instalments. The repayment of the loan is due on 31 December 2014 or upon demand.

A loan has previously been made to Suntrust Limited. £250k was repaid during the year leaving a balance of £250k. This loan is repayable upon demand and is interest free.



**FRIENDS ASLH LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****11. CREDITORS**

	2012 £'000	2011 £'000
<b>Amounts falling due within one year:</b>		
Amounts owed to group undertakings	<u>5,115</u>	<u>165</u>
	<u>5,115</u>	<u>165</u>

On 31 December 2012 the Company received a loan of £4 4m from Friends WUKH Limited. The interest is due on the loan at a rate of 1% above the 6 month LIBOR rate, payable in arrears by yearly instalments. The repayment of the loan is due on 31 December 2014 or upon demand.

On 31 December 2012 the Company received a loan of £550k from Friends AELLAS Limited. The interest is due on the loan at a rate of 1% above the 6 month LIBOR rate, payable in arrears by yearly instalments. The repayment of the loan is due on 31 December 2014 or upon demand.

**12. CALLED UP SHARE CAPITAL**

	2012 Paid-up £	2011 Paid-up £
<b>Allotted and Issued:</b>		
Fully paid shares of £1 each	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>

**13. MOVEMENTS IN SHAREHOLDERS' FUNDS**

	Share Capital £'000	Profit and Loss Account £'000	Total £'000
<b>At 1 January 2012</b>	-	18,970	18,970
Loss for the financial year	-	(4,379)	(4,379)
<b>At 31 December 2012</b>	<u>-</u>	<u>14,591</u>	<u>14,591</u>

**FRIENDS ASLH LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

---

**14. RELATED PARTIES**

As the Company is a wholly-owned subsidiary it has taken advantage of the exemption granted under Financial Reporting Standard 8 (Related Party Disclosures) where subsidiary undertakings do not have to disclose transactions with Group companies qualifying as related parties provided that consolidated financial statements are publicly available. There are no material external related party transactions.

**15. ULTIMATE PARENT COMPANY**

The Company's ultimate parent undertaking is Resolution Limited, which is incorporated in Guernsey. Copies of the Group Report and Accounts of Resolution Limited can be viewed via its website at [www.resolution.gg](http://www.resolution.gg).

The smallest group in which the results of the Company are consolidated is that headed by Friends Life Group plc. Copies of the Group Report and Accounts can be viewed via its website at [www.friendslife.co.uk](http://www.friendslife.co.uk).

The Company's immediate parent is Friends Life Group plc.