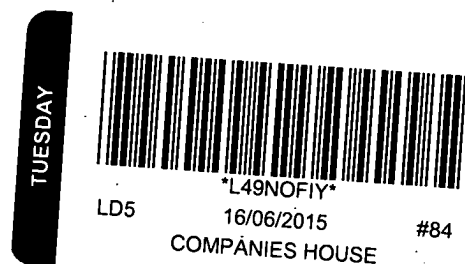


# **FRIENDS ASLH LIMITED**

**COMPANY INCORPORATED IN ENGLAND AND WALES  
REGISTRATION NUMBER 3479251**

## **REPORT AND ACCOUNTS**

For the year ended 31 December 2014



**FRIENDS ASLH LIMITED**

**REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2014**

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<b>CONTENTS</b>	<b>PAGE</b>
Directors, Company Secretary, Registered Office, Auditor	1
Strategic Report	2
Report of the Directors	4
Statement of Directors' Responsibilities	5
Independent Auditor's Report	6
Profit and Loss Account	8
Balance Sheet	9
Notes to the Financial Statements	10

**FRIENDS ASLH LIMITED**

**COMPANY INFORMATION**

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**DIRECTORS**

A. D. Carr  
J. S. Moss  
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 ASLH LIMITED****STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2014**

The directors present their Strategic Report on Friends ASLH Limited ("the Company") for the year ended 31 December 2014.

**PRINCIPAL ACTIVITIES**

The Company is a holding company for a number of non-trading companies. No change in activity is envisaged in the future.

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. 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****Business Performance**

	2014	2013
	£000	£000
Interest income	106	103
Interest payable	(82)	(81)
Profit before tax	24	22
Tax credit/(charge)	2,128	(5)
Profit after tax	2,152	17

The Company has made a profit of £2.2m in 2014 (2013: £17k profit). This increase in profit for 2014 is due to a prior year tax credit (see note 6).

The interest income of £106k reflects interest receivable on the loan to FLH issued on 31 December 2012. This is partially offset by interest incurred on the loan from Friends WUKH Limited and Friends AELLAS Limited received on the same date.

**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 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") is, and will continue to be, the discipline by which the Group safeguarded 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 met 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 supported management's decision making and helps management to deal effectively with uncertainty.

**FRIENDS ASLH LIMITED**

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

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**RISK MANAGEMENT (CONTINUED)**

The Friends Life Group Limited ("FLGL") 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.

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



J. C. Paykel

Director

## **FRIENDS ASLH LIMITED**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2014**

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The directors present their report and the financial statements of the Company for the year ended 31 December 2014.

#### **DIRECTORS**

M. Potkins and R. D. Smith resigned as directors on 31 December 2014.  
C. M. O'Neill and J. C. Paykel were appointed as directors on 31 December 2014.  
J.S. Moss and A. D. Carr held office throughout the year.

#### **DIVIDEND**

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

#### **COMPANY SECRETARY**

Friends Life Secretarial Services Limited acted as Company Secretary throughout the year.

#### **DIRECTORS AND OFFICERS – INDEMNITY AND INSURANCE**

The Group 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 directors within the Group and were in force for the benefit of former directors of the Group during 2014. Copies are available for inspection at the Company's registered 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. The directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future.

#### **EMPLOYEES**

Companies within the Group receive services and administration from either 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.

#### **STATEMENT OF DISCLOSURE OF INFORMATION TO 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 auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

#### **AUDITOR**

Following the change in control of the Friends Life Group of companies it is anticipated that EY 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.

**FRIENDS ASLH LIMITED**

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

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**POST BALANCE SHEET EVENTS**

Post balance sheet events impacting the Company are disclosed in note 13.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, the 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 the profit or loss of the company for that period.

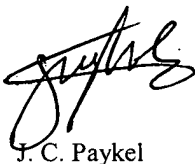
In preparing these financial statements, the directors are required to:

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

The directors confirm that they have complied with these requirements.

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



J. C. Paykel

Director

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

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We have audited the financial statements of Friends ASLH Limited ("the Company") for the year ended 31 December 2014, which comprise the Profit and Loss Account and the Balance Sheet and the related notes 1 to 14. 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 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 Strategic Report and the Report of the Directors 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.

### **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 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.

### **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.



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

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**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 ASLH LIMITED****PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Notes	<b>2014 £000</b>	<b>2013 £000</b>
Other interest receivable and similar income	2	106	103
Interest payable and similar charges	3	(82)	(81)
<b>Profit on ordinary activities before taxation</b>		<b>24</b>	<b>22</b>
Tax credit/(charge) on profit on ordinary activities	6	2,128	(5)
<b>Profit on ordinary activities after taxation</b>		<b>2,152</b>	<b>17</b>

There are no gains or losses other than those disclosed above and as such, a statement of total recognised gains and losses has not been presented.

There is no difference between the results disclosed above and those on a historical cost basis.

The notes on pages 10 to 14 form an integral part of these financial statements.

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

	Notes	2014 £000	2013 £000
<b>Fixed assets investments</b>			
Shares in group undertakings	7	<u>3,949</u>	<u>3,949</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	8	13,156	10,923
Cash at bank and in hand		<u>4,768</u>	<u>4,932</u>
		<u>17,924</u>	<u>15,855</u>
<b>Creditors: amounts falling due within one year</b>			
Amount owed to group undertakings	9	(5,113)	(5,196)
<b>Net current assets</b>		<u>12,811</u>	<u>10,659</u>
<b>Total assets less current liabilities</b>		<u>16,760</u>	<u>14,608</u>
<b>Net assets</b>		<u>16,760</u>	<u>14,608</u>
<b>Capital and reserves</b>			
Called up share capital	10	-	-
Profit and loss account	11	<u>16,760</u>	<u>14,608</u>
<b>Shareholders' funds</b>		<u>16,760</u>	<u>14,608</u>

The notes on pages 10 to 14 form an integral part of these financial statements.

Authorised and approved for issue by the Board on 28 May 2015 and signed on its behalf by:



J. C. Paykel  
Director

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

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**1. ACCOUNTING POLICIES**

The principal accounting policies are set out below.

**(a) Basis of Preparation**

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 FLH which prepares consolidated financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The Company has applied all applicable accounting standards and interpretations effective as at 31 December 2014.

**(b) Income and expense recognition**

Income and expenses are recognised when earned and incurred, respectively, on an accruals basis.

**(c) Current 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 it is attributable to a gain or loss recognised outside the profit and loss account, in which case the current tax is recognised in the statement of total recognised gains and losses, or equity, as applicable.

**(d) Deferred Taxation**

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.

Deferred taxation is recognised in the profit and loss account for the period, except to the extent that it is attributable to a gain or loss recognised outside the profit and loss account, in which case the deferred tax is recognised in the statement of total recognised gains and losses, or equity, as applicable. The deferred tax balances are not discounted.

**(e) 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.

**(f) 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.

**FRIENDS ASLH LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****1. ACCOUNTING POLICIES (continued)****(g) Interest Receivable and Payable**

Interest receivable and payable is accounted for on an accruals basis.

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

	2014 £000	2013 £000
Interest on loans receivable from group companies	106	103

**3. INTEREST PAYABLE AND SIMILAR CHARGES**

	2014 £000	2013 £000
Interest on loans payable to group companies	(82)	(81)

**4. AUDITOR REMUNERATION**

The following table provides analysis of the total fees, excluding VAT, in respect of services provided to the company during the year ended 31 December 2014.

	2014 £000	2013 £000
<b>Audit services</b>		
Audit of these financial statements	4	4
<b>Total fees</b>	4	4

Fees paid to the Company's auditor, EY 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 FLH.

**5. 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.

The Directors are employed by, and receive their emoluments from, 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 ASLH LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****6. TAX ON PROFIT ON ORDINARY ACTIVITIES****(a) Analysis of the tax charge for the period**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Current tax on income for the period	(5)	(5)
Adjustment in respect of previous periods	2,133	-
<b>Total current taxation credit/(charge)</b>	<b>2,128</b>	<b>(5)</b>

The £2.1m adjustment in respect of previous periods relates to transfer pricing adjustments made between 2010 and 2012.

**(b) Factors affecting the tax charge for the period**

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

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Profit on ordinary activities before taxation	24	22
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (2013: 23.25%)	(5)	(5)
Adjustment to tax credit in respect of previous periods	2,133	-
<b>Total current taxation credit/(charge)</b>	<b>2,128</b>	<b>(5)</b>

**(c) Factors that may affect future tax charges**

Reductions to the corporation tax rate to 20% (effective from 1 April 2015) were enacted in 2013. This will reduce the Company's future current tax accordingly.

**7. 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>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
<b>At 1 January &amp; 31 December</b>	<b>3,949</b>	<b>3,949</b>

**FRIENDS ASLH LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****8. DEBTORS**

	2014 £000	2013 £000
<b>Amounts falling due within one year:</b>		
Amounts owed by group undertakings	6,708	6,603
Corporation tax receivable	6,448	4,320
	<b>13,156</b>	<b>10,923</b>

On 31 December 2012 the Company issued a loan of £6.25m to FLH. 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 2015 or upon demand.

A loan has previously been made to Suntrust Limited, which currently has a balance of £250k. This loan is repayable upon demand and is interest free.

**9. CREDITORS**

	2014 £000	2013 £000
<b>Amounts falling due within one year:</b>		
Amounts owed to group undertakings	5,113	5,196

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 2015 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 2015 or upon demand.

**10. SHARE CAPITAL**

	2014 £	2013 £
<b>Allotted, called up and fully paid</b>		
1 ordinary share of £1 each	1	1

**11. MOVEMENTS IN SHAREHOLDERS' FUNDS**

	Share Capital £000	Profit and Loss Account £000	Total £000
At 1 January 2014	-	14,608	14,608
Profit for the financial year	-	2,152	2,152
<b>At 31 December 2014</b>	<b>-</b>	<b>16,760</b>	<b>16,760</b>

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

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**12. RELATED PARTIES**

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.

**13. POST BALANCE SHEET EVENTS**

On 19 January 2015, Friends Life Group Limited ("FLGL"), 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 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.

**14. ULTIMATE PARENT COMPANY**

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](http://www.aviva.com) or by application to the Group Company Secretary, Aviva plc, St. Helen's, 1 Undershaft, London EC3P 3DQ.

The immediate parent undertaking is FLGL, 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.