

Registered Number 01842645

1-5 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

**Annual Report and Financial Statements
for the year ended 24 December 2012**



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

Registered Number 01842645

1-5 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

COMPANY INFORMATION

DIRECTORS

M R Kipling
J-W Tan
M R B Versey

SECRETARY

Friends Life Secretarial Services Limited

AUDITORS

Ernst & Young LLP

1-5 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

DIRECTORS' REPORT

The directors have pleasure in submitting their report together with the audited financial statements for the year ended 24 December 2012

PRINCIPAL ACTIVITIES

1-5 Lowndes Square Management Company Limited ("the Company") has an intermediate leasehold interest in the property at 1-5 Lowndes Square, London SW1. No change to the activities of the Company is anticipated in the foreseeable future. The Company made a gain of £nil (2011 £2,513) during the year.

The Company operates as part of the UK segment of the Friends Life Group ("the Group").

The Company's ultimate parent and controlling company is Resolution Limited.

DIRECTORS

The directors of the Company who served during the year were

M R Kipling
J-W Tan
M R B Versey

INDEMNIFICATION OF DIRECTORS

Friends Life Group plc, a parent company, 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. Copies of the indemnity are available for inspection at the Company's registered office.

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.

AUDITORS

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with Section 485 of the Companies Act 2006.

1-5 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

DIRECTORS' REPORT (CONTINUED)

STATEMENT ON 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 parent undertaking has stated that it will provide continuing financial assistance to the Company for the foreseeable future. Due to the assistance provided by the parent undertaking, the directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

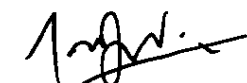
The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

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



J-W Tan

Director

29 July 2013

**1-5 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED
AUDITOR'S REPORT**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF 1-5 LOWNDES
SQUARE MANAGEMENT COMPANY LIMITED**

We have audited the financial statements of 1-5 Lowndes Square Management Company Limited (the "Company") for the year ended 24 December 2012 which comprise the profit and loss account, the balance sheet and the related notes 1 to 13. 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 auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, 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 Report and Accounts 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.

**1-5 LOWNDES SQUARE MANAGEMENT COMPANY 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 24 December 2012 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 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
- the financial statements are not in agreement with the accounting records, 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

1 August
~~10 July~~ 2013

1-5 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

**PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 24 DECEMBER 2012**

| | Note | Year ended 24 December 2012 | Year ended 24 December 2011 |
|------------------------------------|------|-----------------------------------|-----------------------------------|
| | | £ | £ |
| Turnover | 2 | 11,800 | 11,800 |
| Administrative expenses | 3 | (11,800) | (15,219) |
| Loss on ordinary activities | | - | (3,419) |
| Tax on loss on ordinary activities | 4 | - | 906 |
| Loss for the financial year | | - | (2,513) |

All of the above amounts are in respect of continuing operations

The Company has no recognised gains or losses in the current period or the preceding year other than the result for the financial period

The notes on pages 8 to 12 form an integral part of these financial statements

1-5 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

BALANCE SHEET
AS AT 24 DECEMBER 2012

| | Note | 24 December 2012 £ | 24 December 2011 £ |
|---|------|-----------------------------|-----------------------------|
| Current assets | | | |
| Debtors | 5 | 5,279 | 5,279 |
| Cash at bank | | 25 | 25 |
| | | <u>5,304</u> | <u>5,304</u> |
| Creditors: amounts falling due within one year | 6 | <u>(7,791)</u> | <u>(7,791)</u> |
| Net current liabilities | | <u>(2,487)</u> | <u>(2,487)</u> |
| Total assets less current liabilities | | <u>(2,487)</u> | <u>(2,487)</u> |
| Called up share capital | 7 | 26 | 26 |
| Profit and loss account | 8 | <u>(2,513)</u> | <u>(2,513)</u> |
| Shareholders Funds | | <u>(2,487)</u> | <u>(2,487)</u> |

The financial statements were approved by the Board of Directors on 29 July 2013 and signed on its behalf by



M R Kipling
Director
29 July 2013

The notes on pages 8 to 12 form an integral part of these financial statements

1-5 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****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

(b) Income and expenses

Income and expenses are recognised in the financial statements on an accruals basis

(c) Cash Flow Statement

The Company has opted not to prepare a cash flow statement on the grounds that there has been no cash movement in the year

(d) Going Concern

Despite the Company being in a net liability position, the parent undertaking has stated that it will provide continuing financial assistance to the Company for the foreseeable future. Due to the assistance provided by the parent undertaking the Company should have sufficient resources to continue in operational existence for the foreseeable future. Accordingly, the going concern basis is adopted as the basis for preparing the annual report and accounts

2 TURNOVER

| | Year ended 24 December 2012 £ | Year ended 24 December 2011 £ |
|-----------------|--|--|
| Rent receivable | <u>11,800</u> | <u>11,800</u> |

1-5 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 ADMINISTRATIVE EXPENSES

| | Year ended 24 December 2012 £ | Year ended 24 December 2011 £ |
|-------------------|--|--|
| Rent payable | 11,800 | 11,800 |
| Professional fees | - | 3,419 |
| | <u>11,800</u> | <u>15,219</u> |

Audit fees of £2,000 (2011 £1,575) plus non-recoverable VAT have been borne by the lessees of the flats as recoverable service charge expenses. There were no non-audit services provided by the Company's auditors to the Company (2011 £Nil).

4 TAXATION

(a) Analysis of tax charge for the period

| | Year ended 24 December 2012 £ | Year ended 24 December 2011 £ |
|---|--|--|
| Current tax | | |
| UK corporation tax credit on losses for the period | - | 906 |
| | <u>-</u> | <u>906</u> |

(b) Factors affecting the tax charge for the period

| | Year ended 24 December 2012 £ | Year ended 24 December 2011 £ |
|--|--|--|
| Loss on ordinary activities before tax | - | (3,419) |
| Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24.5 % (2011 26.5 %) | <u>-</u> | <u>906</u> |

1-5 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 DEBTORS

| | 24 December 2012 £ | 24 December 2011 £ |
|-----------------|--------------------------|--------------------------|
| Trade debtors | 2,074 | 400 |
| Other debtors | 2,299 | 3,973 |
| Corporation tax | 906 | 906 |
| | <u>5,279</u> | <u>5,279</u> |

6 CREDITORS

| | 24 December 2012 £ | 24 December 2011 £ |
|------------------------------|--------------------------|--------------------------|
| Amounts due to group company | 6,369 | 6,369 |
| Tenant deposits | 1,422 | 1,422 |
| | <u>7,791</u> | <u>7,791</u> |

7 SHARE CAPITAL

| | 24 December 2012 £ | 24 December 2011 £ |
|--|--------------------------|--------------------------|
| Issued: | | |
| 26 "A" (2011 26) ordinary shares of £0.25 each, fully paid | 6 | 6 |
| 78 "B" (2011 78) ordinary shares of £0.25 each, fully paid | 20 | 20 |
| | <u>26</u> | <u>26</u> |

The voting rights of the holders of all ordinary shares are the same and all the ordinary shares rank pari passu on a winding up

1-5 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****8 RESERVES**

| | Profit and loss account £ |
|---------------------|---------------------------------|
| At 24 December 2011 | (2,513) |
| Loss for the year | - |
| | <hr/> |
| At 24 December 2012 | <u>(2,513)</u> |

9 STAFF COSTS

The average number of employees of the Company during the period was nil (2011 nil) Staff costs for the year were £nil (2011 £nil)

10 RELATED PARTY TRANSACTIONS

During the period, the Company was charged ground rent of £11,800 (2011 £11,800), by its intermediate parent Friends Life Assurance Society Limited, the freehold owner of the property In turn, the Company charged ground rent of £11,800 (2011 £11,800) to its lessees, who are all shareholders of the Company Of this, £800 (2011 £800) was in respect of the lessee, Friends SL Nominees Limited, the immediate parent company

Amounts due from and to related parties at the year end were as follows

| | 24 December 2012 £ | 24 December 2011 £ |
|---|--------------------------|--------------------------|
| Within debtors | | |
| Minority shareholders | 400 | 400 |
| Intermediate parent Friends Life Assurance Society Limited | 68 | 68 |
| | <hr/> | <hr/> |
| | <u>468</u> | <u>468</u> |

1-5 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

| | * 24 December 2012 £ | 24 December 2011 £ |
|---|----------------------------|--------------------------|
| Within creditors | | |
| Intermediate parent Friends Life Assurance Society Limited | 6,369 | 6,369 |

11 DIRECTORS' EMOLUMENTS

The directors are employed by, and receive their emoluments from, Friends Life Services Limited or Friends Life Management Services Limited. 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.

12 IMMEDIATE AND ULTIMATE PARENT

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.

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.

The Company's immediate parent is Friends SL Nominees Limited.

13 POST BALANCE SHEET EVENT

The Company's immediate parent company, Friends SL Nominees Limited, is owned by Friends Life Assurance Society Limited ("FLAS"). On 28 December 2012, the long-term business of FLAS along with all shareholder fund assets were transferred to Friends Life Limited ("FLL") via a Business Transfer Scheme under Part VII of the Financial Services and Markets Act 2000 ("FSMA"). The assets and liabilities transferred included FLAS shareholding in Friends SL Nominees Limited and as such from that date the Company's intermediate parent company has become FLL.