

FRIENDS ASLH LIMITED

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

REPORT AND ACCOUNTS

For the year ended 31 December 2013

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FRIENDS ASLH LIMITED**REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2013**

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FRIENDS ASLH LIMITED

COMPANY INFORMATION

DIRECTORS

A D Carr
J S Moss
M Potkins
R D Smith

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 2013**

The directors present their Strategic Report on Friends ASLH Limited (the Company) for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The Company is a holding company for a number of non-trading companies.

The Company's ultimate parent undertaking is Friends Life Group Limited (FLG) which was formerly known as Resolution Limited.

The smallest Group in which the results of the Company are consolidated is that headed by Friends Life Holdings plc (FLH) which was formerly known as Friends Life Group plc.

RESULTS AND BUSINESS REVIEW**Business Performance**

	2013	2012
	£000	£000
Interest Receivable	103	-
Interest payable	(81)	-
Profit before tax	22	-
Tax charge	(5)	(4,379)
Profit /(loss) after tax	17	(4,379)

The Company has made a profit of £17k in 2013 (2012: £4,379k loss).

The interest income of £103k 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.

PRINCIPAL RISKS AND UNCERTAINTIES

Following the announcement made to the London Stock Exchange on 10 January 2013, the FLG and FLH Boards were streamlined. Until 28 March 2013, the FLG Board delegated responsibility for the Group's risk management framework to the FLH board. With effect from close of business on 28 March 2013 the FLG Board took on direct responsibility for the Group's risk management framework, with the FLG Risk and Compliance Committee ('RCC') taking over responsibility for overseeing risk management across the Group from the FLH Board Risk and Compliance Committee ('BRCC'). The FLH BRCC was and the FLG RCC is supported by the Executive Risk Committee ('ERC').

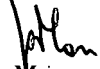
The RCC oversees and advises the Board on the Company's overall risk appetite, tolerance and strategy and the current risk exposures of the Company, as well as informing the Board's decision making in relation to risk assessment, any material breaches of risk appetite and adequacy of remedial action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

FRIENDS ASLH LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

The ERC provides a Group wide and aggregated view of the risks the Group faces at an executive level and manages the implementation and ongoing operation of the risk management and compliance frameworks and associated activities of the Group, ensuring that customer impacts are considered alongside shareholder impacts. It is supported by Divisional Risk committees which ensure that the enterprise risks to which the Group is exposed, through their respective Divisions, are identified, measured, efficiently managed and fall within the appetite for those risks specified by the FLG board. All risk policies are reviewed and approved annually to ensure they remain relevant to the changing demands of the business, its risk profile and the current regulatory environment.

Approved by the Board on 28 May 2014 and signed on its behalf by


J. S. Moss
DIRECTOR

FRIENDS ASLH LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present their report and the financial statements of the Company for the year ended 31 December 2013.

DIRECTORS

J.S. Moss was appointed as director of the Company on 30 July 2013.

A.D. Carr, M Potkins and R D Smith were appointed as directors on 27 September 2013.

L.C. J'Afari-Pak resigned as a director on 1 August 2013.

J.M. Black resigned as directors of the Company on 27 September 2013.

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

DIVIDEND

The directors do not recommend the payment of a dividend for the year ended 31 December 2013 (2012: 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 2013. 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

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 (EY) will therefore continue in office.

FRIENDS ASLH LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

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.

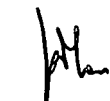
In preparing these financial statements, the directors are required to:

- 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.

By Order of the Board



J S Moss
Director
28 May 2014

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

We have audited the financial statements of Friends ASLH Limited (the Company) for the year ended 31 December 2013, which comprise the Profit and Loss Account and 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 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 2013 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)

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

~~May~~ 2014

20 June

FRIENDS ASLH LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Notes	2013 £000	2012 £000
Other interest receivable and similar income	2	103	-
Interest payable and similar charges	3	(81)	-
Profit on ordinary activities before taxation		22	-
Tax charge on profit on ordinary activities	6	(5)	(4,379)
Profit/(loss) on ordinary activities after taxation		17	(4,379)

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 2013**

	Notes	2013 £000	2012 £000
Fixed assets investments			
Shares in group undertakings	7	<u>3,949</u>	<u>3,949</u>
Current assets			
Debtors: amounts falling due within one year	8	10,923	10,825
Cash at bank and in hand		<u>4,932</u>	<u>4,932</u>
		15,855	15,757
Creditors: amounts falling due within one year			
Amount owed to group undertakings	9	(5,196)	(5,115)
Net current assets		<u>10,659</u>	<u>10,642</u>
Total assets less current assets		<u>14,608</u>	<u>14,591</u>
Net assets		<u>14,608</u>	<u>14,591</u>
Capital and reserves			
Called up share capital	10	-	-
Profit and loss account	11	<u>14,608</u>	<u>14,591</u>
Shareholders' funds		<u>14,608</u>	<u>14,591</u>

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

Authorised and approved for issue by the Board on 28 May 2014 and signed on its behalf by:


A D Carr

Director

FRIENDS ASLH 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. 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 plc 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 2013.

(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

	2013 £000	2012 £000
Interest on loans receivable from group companies	103	-

3. INTEREST PAYABLE AND SIMILAR CHARGES

	2013 £000	2012 £000
Interest on loans payable to group companies	(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 2013.

	2013 £000	2012 £000
Audit services		
Audit of these financial statements	4	35
Total fees	4	35

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**

	2013	2012
	£000	£000
Current tax on income for the period	(5)	-
Adjustment in respect of previous periods	-	(4,379)
Total current taxation (charge)/credit	(5)	(4,379)

(b) Factors affecting the tax charge for the period

The tax charge for the period is equivalent to (2012: higher than) the standard rate of corporation tax in the UK of 23.25% (2012:24.5%) as set out below:

	2013	2012
	£000	£000
Profit on ordinary activities before taxation	22	-
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012: 24.5%)	(5)	-
Adjustment to tax credit in respect of previous periods	-	(4,379)
Total current taxation (charge)/credit	(5)	(4,379)

(c) Factors that may affect future tax charges

Reductions to corporation tax rate to 21% (effective from 1 April 2014) and 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:

	2013	2012
	£000	£000
At 1 January & 31 December	3,949	3,949

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

	2013	2012
	£000	£000
Amounts falling due within one year:		
Amounts owed by group undertakings	6,603	6,500
Corporation tax receivable	4,320	4,325
	10,923	10,825

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 2014 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

	2013	2012
	£000	£000
Amounts falling due within one year:		
Amounts owed to group undertakings	5,196	5,115

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.

10. SHARE CAPITAL

	2013	2012
	£	£
Allotted, called up and fully paid		
1,000 ordinary shares of £1 each	1	1

11. MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share Capital	Profit and Loss	Total
	£000	Account	£000
		£000	
At 1 January 2013	-	14,591	14,591
Profit for the financial year	-	17	17
At 31 December 2013	-	14,608	14,608

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

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. ULTIMATE PARENT COMPANY

The Company's ultimate parent undertaking is FLG (formerly known as Resolution Limited), which is incorporated in Guernsey. Copies of the Group Report and Accounts of FLG can be viewed via its website at www.friendslifegroup.com.

The smallest Group in which the results of the Company are consolidated is that headed by FLH (formerly known as Friends Life Group plc), which is incorporated in England and Wales. Copies of the Group Report and Accounts of FLH can be viewed via its website at www.friendslifegroup.com.