


# Friends Life Holdings plc

Registered in England and Wales No. 06986155

## Interim Financial Statements as at 8 December 2016

WEDNESDAY



\*S5LT93GR\*

SPE	14/12/2016	#138
COMPANIES HOUSE		
A23	10/01/2017	#176
COMPANIES HOUSE		
-----		
*L5LSE2VL*		
LD3	14/12/2016	#11
COMPANIES HOUSE		

WED

## Income Statement

For the period ended 8 December 2016

		Period ended 8 December 2016 £m	Period ended 8 December 2015 £m	Year to 31 December 2015 £m
	Note			
<b>Revenue</b>				
Net investment income	2	156	740	753
<b>Total revenue</b>		<b>156</b>	<b>740</b>	<b>753</b>
Other expenses		-	(18)	(19)
Impairment of subsidiaries		-	(20)	(20)
Finance costs	3	(158)	(96)	(110)
<b>Total expenses</b>		<b>(158)</b>	<b>(134)</b>	<b>(149)</b>
<b>(Loss)/profit before tax</b>		<b>(2)</b>	<b>606</b>	<b>604</b>
Tax credit		1	-	-
<b>(Loss)/profit for the period</b>		<b>(1)</b>	<b>606</b>	<b>604</b>

## Statement of Comprehensive Income

For the period ended 8 December 2016

	Period ended 8 December 2016 £m	Period ended 8 December 2015 £m	Year to 31 December 2015 £m
<b>(Loss)/profit for the period</b>	<b>(1)</b>	<b>606</b>	<b>604</b>
Items that maybe reclassified subsequently to profit and loss			
Investments classified as available for sale - fair value losses	(6)	(34)	(35)
Tax relating items that may be reclassified to profit or loss	1	6	6
<b>Total comprehensive (loss)/income, net of tax</b>	<b>(6)</b>	<b>578</b>	<b>575</b>

## Condensed Statement of Changes in Equity

For the period ended 8 December 2016

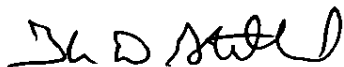
	Note	Ordinary share capital £m	Other reserves £m	Retained earnings £m	Total £m	STICS holders £m	Total £m
<b>At 1 January 2016</b>		<b>515</b>	<b>(35)</b>	<b>71</b>	<b>551</b>	<b>-</b>	<b>551</b>
Profit for the period		-	-	(1)	(1)	-	(1)
Other comprehensive loss		-	(6)	1	(5)	-	(5)
Total comprehensive loss		-	(6)	-	(6)	-	(6)
Transfer between capital and reserves	4	(250)	-	250	-	-	-
<b>At 8 December 2016</b>		<b>265</b>	<b>(41)</b>	<b>321</b>	<b>545</b>	<b>-</b>	<b>545</b>

		Ordinary share capital £m	Other reserves £m	Retained earnings £m	Total £m	STICS holders £m	Total £m
<b>At 1 January 2015</b>		<b>515</b>	<b>414</b>	<b>3,900</b>	<b>4,829</b>	<b>488</b>	<b>5,317</b>
Profit for the period		-	-	584	584	20	604
Other comprehensive loss		-	(35)	6	(29)	-	(29)
Total comprehensive loss		-	(35)	590	555	20	575
Dividends paid		-	(435)	(4,423)	(4,858)	-	(4,858)
Interest paid on STICS		-	-	-	-	(7)	(7)
Appropriations of profits		-	(435)	(4,423)	(4,858)	(7)	(4,865)
Capital contributions		-	21	-	21	-	21
Reclassification of 2005 STICS to financial liability		-	-	-	-	(285)	(285)
Tax relief on STICS		-	-	4	4	-	4
Funding of EBT		-	-	8	8	-	8
Transfer of 2003 STICS to Awva plc		-	-	(8)	(8)	(216)	(224)
<b>At 31 December 2015</b>		<b>515</b>	<b>(35)</b>	<b>71</b>	<b>551</b>	<b>-</b>	<b>551</b>

## Statement of Financial Position As at 8 December 2016

	8 December 2016 £m	31 December 2015 £m
<b>Assets</b>		
<b>Non-current assets</b>		
Financial investments	1,443	1,342
Current tax assets	-	14
Deferred tax assets	7	6
<b>Current assets</b>		
Financial investments	-	226
Receivables and other financial assets	35	72
Cash and cash equivalents	341	53
<b>Total assets</b>	<b>1,826</b>	<b>1,713</b>
<b>Equity</b>		
Ordinary share capital	265	515
Other reserves	(41)	(35)
Retained earnings	321	71
<b>Total equity</b>	<b>545</b>	<b>551</b>
<b>Liabilities</b>		
<b>Non current liabilities</b>		
Loans and borrowings	1,130	1,061
<b>Current liabilities</b>		
Payables and other financial liabilities	112	56
Other liabilities	39	45
<b>Total liabilities</b>	<b>1,281</b>	<b>1,162</b>
<b>Total equity and liabilities</b>	<b>1,826</b>	<b>1,713</b>

Approved by the Board on 13 December 2016



Director

## Statement of Cash Flows

As at 8 December 2016

	8 December 2016 £m	31 December 2015 £m
<b>Cash flows from investing activities</b>		
Collateral received	78	34
Disposal/(purchase) of financial investments	211	(9)
Interest received	91	101
Dividend income	-	610
<b>Net cash inflow from investing activities</b>	<b>380</b>	<b>736</b>
<b>Cash flows from financing activities</b>		
Receipt of partial repayment of loan to AGH	-	145
Repayment of 2005 STICS	-	(285)
Finance costs	(95)	(91)
Funding EBT	-	8
STICS interest	-	(7)
Repayment of loan to FLP	-	(260)
Dividends paid to equity holders of the Company	-	(376)
Amounts repaid to fellow Group companies	(18)	(35)
Amounts repaid from fellow Group companies	21	25
<b>Net cash outflow from financing activities</b>	<b>(92)</b>	<b>(876)</b>
Total net cash increase/(decrease) in cash and cash equivalents	<b>288</b>	<b>(140)</b>
Cash and cash equivalents as at 1 January	<b>53</b>	<b>193</b>
<b>Cash and cash equivalents as at 8 December/ 31 December</b>	<b>341</b>	<b>53</b>

## Notes to the financial statements

### 1. Basis of preparation

The results for the period ended 8 December 2016 have been prepared on a basis of the accounting policies set out in Friends Life Holdings plc's Annual Report and Accounts for 2015. The results for the period ended 8 December 2016 and 8 December 2015 are unaudited.

The interim financial statements do not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The auditor has reported on the 2015 financial statements and the report was unqualified and did not contain a statement under section 498(2) or (3) of the Companies Act 2006. The Company's 2015 Report and Accounts have been filed with the Registrar of Companies.

The interim financial statements of the Company have been prepared using International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union (EU). These include IAS 34, *Interim Financial Reporting*, which specifically addresses the contents of the interim condensed financial statements.

### 2. Net investment income

	Period ended 8 December 2016 £m	Period ended 8 December 2015 £m	Year to 31 December 2015 £m
<b>Dividend income from subsidiaries</b>	-	610	610
<b>Interest and other similar income</b>			
Interest income due to loans from fellow subsidiaries	65	77	81
Interest income due from AFS investments	22	32	32
	<u>87</u>	<u>109</u>	<u>113</u>
<b>Other income from investments designated as trading</b>			
Gains arising in the year	70	17	27
Unrealised gains	<u>70</u>	<u>17</u>	<u>27</u>
<b>Other income from investments designated as other than trading</b>			
Realised gains	2	-	-
Gains arising in the year	-	4	3
Gains recognised in prior years and now realised	(3)	-	-
Unrealised gains	<u>(3)</u>	<u>4</u>	<u>3</u>
	<u>(1)</u>	<u>4</u>	<u>3</u>
<b>Total income</b>	<u>156</u>	<u>740</u>	<u>753</u>

### 3. Finance costs

	Period ended 8 December 2016 £m	Period ended 8 December 2015 £m	Year to 31 December 2015 £m
Interest on subordinated debt	(93)	(81)	(87)
Retranslation of foreign currency borrowings	(65)	(13)	(21)
Interest due on loans from fellow subsidiaries	-	(2)	(2)
<b>Total finance costs</b>	<b>(158)</b>	<b>(96)</b>	<b>(110)</b>

### 4. Ordinary share capital

#### (a) Details of the Company's ordinary share capital are as follows

	8 December 2016 £m	31 December 2015 £m
<b>Allotted, called and fully paid</b>		
265 million (31 December 2015 515 million) ordinary shares of £1 each	<b>265</b>	<b>515</b>

The Companies Act 2006 abolished the requirement for a company to have an authorised share capital with effect from 1 October 2009. Whilst there is no longer any limitation on the number of shares that the Company may issue, the directors will still be limited as to the number of shares they can allot because authority to allot continues to be required under the Companies Act 2006.

Ordinary shares in issue in the Company rank par passu. All the ordinary shares in issue carry the same right to receive all dividends and other distributions declared, made or paid by the Company.

#### (b) Movements in the year comprise

	Number of shares	Share capital £m
At 1 January 2016 and 31 December 2015	515,000,000	515
Transfer between capital and reserves	(250,000,000)	(250)
At 8 December 2016	<b>265,000,000</b>	<b>265</b>

On 7 December 2016, the Company undertook a capital reduction under the provisions of section 654(1) of the Companies Act 2006. Following this reduction, the ordinary share capital account has been reduced by £250 million. Distributable reserves have increased by a corresponding amount.