

**FRIENDS' PROVIDENT MANAGED PENSION FUNDS LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2009**

DIRECTORS
E B BOURKE, FIA, MBA
D MONGER, B Soc Sc (Hons), FCIS
SECRETARY
D MONGER, B Soc Sc (Hons), FCIS

172756

PRINCIPAL ACTIVITY

Friends' Provident Managed Pension Funds Limited (the Company) is a non-trading wholly owned subsidiary of Friends Provident Investment Holdings plc, which operates as part of the UK Life and Pensions segment of the Friends Provident Group (the Group), which until June 2009 was headed by Friends Provident Limited

Friends Provident Limited (formerly, Friends Provident plc) was de-listed in June 2009 as part of a group reorganisation. A new holding company, Friends Provident Group plc, was inserted as the parent company of the Group at the same time. Friends Provident Limited was re-registered as a private company in November 2009.

On 4 November 2009, Friends Provident Holdings (UK) Limited, a subsidiary of Resolution Limited, acquired a 100% interest in the Group. As such at 31 December 2009, the Company's ultimate parent and controlling company was Resolution Limited.

The Company ceased to transact long-term insurance business in connection with approved pension arrangements on a managed fund basis trade as a life company in 2002. This situation is expected to continue for the foreseeable future.

A fellow subsidiary undertaking, Friends Provident Management Services Limited (FPMS), provides the Company's services and administration and employs all staff. Accordingly, the Company has no direct employees.

RESULTS AND BUSINESS REVIEW

During the year and the preceding year, the Company did not trade and received no income and incurred no expenditure. Consequently, the Company made neither a profit nor a loss.

DIVIDEND

The directors do not recommend the payment of a dividend for the financial year ended 31 December 2009 (2008: £117,000).

DIRECTORS

R G Ellis resigned as director on 31 December 2009. E B Bourke was appointed as a director on 31 December 2009. D Monger held office throughout the year.

DIRECTORS AND OFFICERS – INDEMNITY AND INSURANCE

Friends Provident Holdings (UK) Limited, 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 2009. Copies are available for inspection at the Company's registered office.



FRIENDS' PROVIDENT MANAGED PENSION FUNDS LIMITED
REPORT OF THE DIRECTORS (continued)

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITOR

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 516 of the Companies Act 2006, KPMG Audit Plc has resigned as auditor of the Company on 5 November 2009. The Company has appointed Ernst & Young LLP to take office as auditor of the Company in accordance with section 485 of the Companies Act, the auditor will remain in office pursuant to section 487 of the Companies Act 2006

FRIENDS' PROVIDENT MANAGED PENSION FUNDS LIMITED
REPORT OF THE DIRECTORS (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE REPORT OF THE DIRECTORS AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing 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 UK accounting standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to 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 year. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and 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, and
- 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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.

Pixham End
Dorking
Surrey
RH4 1QA

20 July 2010

Registered Number 172756

ON BEHALF OF THE BOARD



D MONGER
SECRETARY

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FRIENDS' PROVIDENT MANAGED PENSION FUNDS LIMITED

We have audited the financial statements of Friends' Provident Managed Pension Funds Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 6. 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 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 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 (APB'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.

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 2009,
- 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, or



*Stuart Wilson (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London*

22 July 2010

FRIENDS' PROVIDENT MANAGED PENSION FUNDS LIMITED
PROFIT AND LOSS ACCOUNT AND BALANCE SHEET AS AT 31 DECEMBER 2009

PROFIT AND LOSS ACCOUNT

During the financial year and the preceding financial year the company did not trade and received no income and incurred no expenditure. Consequently, there is no profit and loss account to be presented and during those years the company made neither a profit nor a loss.

BALANCE SHEET

	Notes	2009 £000	2008 £000
CURRENT ASSETS			
Debtors			
Amounts due from Group undertakings		1,305	1,305
NET ASSETS		1,305	1,305
CAPITAL AND RESERVES			
Called up share capital	3	500	500
Share premium account	4	25	25
Profit and loss account	4	780	780
TOTAL SHAREHOLDER'S FUNDS – EQUITY	4	1,305	1,305

Approved by the Board on 20 July 2010 and signed on its behalf by



E B BOURKE
DIRECTOR

The notes on pages 6 to 7 form an integral part of these financial statements

FRIENDS' PROVIDENT MANAGED PENSION FUNDS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

Basis of presentation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. As explained in the directors' report, these financial statements have been prepared on the going concern basis.

The Company is a wholly owned subsidiary of Friends Provident Investment Holdings plc and is included in the consolidated financial statements of Friends Provident Group plc, which are publicly available. Consequently the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard (FRS) 1 Cash Flow Statements (Revised 1996).

2 ADMINISTRATIVE EXPENSES

Auditor's remuneration for audit services for 2009 of £1,000 (2008: £1,000) has been borne by FPLP. Fees paid to the Company's auditor, Ernst & Young LLP and its associates for services other than the statutory audit of the Company and other Group undertakings are disclosed in note 7(b) of the consolidated accounts of Friends Provident Group plc.

During the financial year, the Company did not trade and received no income and incurred no expenditure. Consequently, it made neither profit nor loss.

The directors are employed by, and receive their emoluments from, FPMS. The directors consider that their services to the Company were incidental to their other duties within the Friends Provident Group and accordingly no remuneration has been apportioned to this Company. All staff were employed by FPMS.

3 CALLED-UP SHARE CAPITAL

	2009 £000	2008 £000
Authorised		
1,000,000 Ordinary shares of £1 each	1,000	1,000
Allotted and fully paid		
500,000 Ordinary shares of £1 each	500	500

4 RECONCILIATION OF MOVEMENT IN TOTAL SHAREHOLDER'S FUNDS AND STATEMENT OF MOVEMENTS ON RESERVES

	Share capital £000	Share premium account £000	Profit and loss account £000	Total shareholder's funds £000
As at 1 January 2009	500	25	780	1,305
As at 31 December 2009	500	25	780	1,305

FRIENDS' PROVIDENT MANAGED PENSION FUNDS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

5 RELATED PARTY TRANSACTIONS

The Company is a non-trading wholly-owned subsidiary undertaking of Friends Provident Investment Holdings plc. The results of both the Company and Friends Provident Investment Holdings plc are consolidated in the results of Resolution Limited, the Company's ultimate parent and controlling undertaking, whose financial statements are publicly available. Accordingly, the Company is exempt from the requirements of FRS 8 Related Party Disclosures, concerning the disclosure of transactions with other companies which qualify as related parties within the Friends Provident Group.

6 ULTIMATE PARENT UNDERTAKING

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 Provident Group plc. Copies of the Group Report and Accounts of Friends Provident Group plc can be viewed via its website at www.friendsprovident.com.