

3146254

**FRIENDS PROVIDENT THE BLUE LINE LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2006**

DIRECTORS

R G ELLIS MA, APMI, Solicitor
D MONGER, B Soc Sc (Hons), FCIS
SECRETARY
R G ELLIS MA, APMI, Solicitor

PRINCIPAL ACTIVITY

The principal activity of the company was previously the provision of management and administrative services to Friends Provident Life and Pensions Limited in respect of direct marketing and telephone sales service activities

RESULTS AND BUSINESS REVIEW

During the year, the company has not received any income or incurred any liabilities and, consequently, has made neither profit nor loss, it is envisaged that this situation will continue in the future

DIVIDEND

The directors do not recommend the payment of a dividend for the year ended 31st December 2006 (2005 £Nil)

DIRECTORS

The directors named above held office throughout the year

DIRECTORS' INTERESTS

No directors had interests in any other company within the Friends Provident Group other than as disclosed below

(a) Shares

The interests of directors, their spouses and children under the age of eighteen in the shares of companies within the Friends Provident Group are shown in the table below

	Friends Provident plc Ordinary shares 10 pence			F&C Asset Management plc Ordinary shares 0.1 pence		
	At 1 January 2006 (i)	At 31 December 2006	Shares acquired after 31 December 2006 (ii)	At 1 January 2006 (i)	At 31 December 2006	Shares acquired after 31 December 2006
R G Ellis	5,185	5,958	240	-	-	-
D Monger	23,453	29,754	240	-	-	-

(i) Or date of appointment if later

(ii) Changes to directors' interests during the period 1 January 2007 to 30 April 2007 include shares acquired through the Share Incentive Plan (SIP) and options exercised under the Employee Share Option Scheme (ESOS) 2003

WEDNESDAY



A14 09/05/2007 618
COMPANIES HOUSE

FRIENDS PROVIDENT THE BLUE LINE LIMITED
REPORT OF THE DIRECTORS (continued)

DIRECTORS' INTERESTS (continued)

(b) Options over Friends Provident plc ordinary shares of 10 pence

The directors may participate in two HMRC approved share schemes, the ShareSave Scheme (a savings-related share option scheme) and the Partnership Share element of the SIP (formerly the All-Employee Share Ownership Plan) on the same basis as other eligible UK employees of the Group

The directors participate in the Executive Share Option Scheme (ESOS), Deferred Share Plan (DSP) and the Executive Long Term Incentive Plan (LTIP) on the same terms as other eligible UK employees of the Group

The table below provides an analysis of options under each scheme. Further details of the operation of these schemes are contained in the Group Annual Report and Accounts of Friends Provident plc

	Options at 1 Jan 2006	Granted / (Exercised) during year	Lapsed during year	Options at 31 Dec 2006	Exercise price (pence)	Earliest exercise date	Latest exercise date
R.G. Ellis							
ShareSave 2002	15,358			15,358	107 76	01/10/07	01/04/08
ESOS 2002	28,461		(13,092)	15,369	195 00	14/03/05	14/03/12
ESOS 2003	89,790	(89,790)			71 00	17/03/06	17/03/13
ESOS 2004	52,256			52,256	127 00	12/08/07	12/08/14
LTIP 2005	46,348			46,348	10 00	29/03/08	29/03/15
LTIP 2006		50,000		50,000	10 00	24/03/09	24/03/16
Total	232,213	(39,790)	(13,092)	179,331			
D. Monger							
ShareSave 2002	15,358			15,358	107 76	01/10/07	01/04/08
ESOS 2002	11,187		(5,146)	6,041	195 00	14/03/05	14/03/12
ESOS 2003	39,439	(39,439)			71 00	17/03/06	17/03/13
ESOS 2004	18,759			18,759	153 00	15/03/07	15/03/14
ESOS 2005	17,556			17,556	178 00	29/03/08	29/03/15
DSP 2006		3,842		3,842	0 00	24/03/09	24/03/16
Total	102,229	(35,597)	(5,146)	61,556			

Pixham End
Dorking
Surrey
RH4 1QA

30 April 2007

Registered Number 3146254

ON BEHALF OF THE BOARD



R G ELLIS
SECRETARY

FRIENDS PROVIDENT THE BLUE LINE LIMITED
BALANCE SHEET AS AT 31ST DECEMBER 2006

	Notes	2006 £	2005 £
CURRENT ASSETS			
DEBTORS: Amounts falling due within one year	4	1	1
		1	1
CREDITORS: Amounts falling due within one year			
Amounts due to group undertakings		(6,036,413)	(6,036,413)
NET CURRENT LIABILITIES		(6,036,413)	(6,036,413)
CAPITAL AND RESERVES			
Called-up share capital	5	1	1
Profit and loss account	6	(6,036,413)	(6,036,413)
TOTAL SHAREHOLDER'S FUNDS – EQUITY	6	(6,036,412)	(6,036,412)

For the year to 31 December 2006, the company was entitled to exemption from audit under section 249AA(1) of the Companies Act 1985 (the 'Act') and the sole member has not required the company to obtain an audit in accordance with section 249B(2) of the Act in relation to these accounts

The directors acknowledge their responsibility for

- i ensuring the company keeps accounting records which comply with section 221 of the Act, and
- ii preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year, and of its profit or loss for the financial year, in accordance with the requirements of section 226 of the Act, and which otherwise comply with the requirements of the Act relating to accounts, so far as applicable to the company

Approved by the Board on 30 April 2007 and signed on its behalf by



D MONGER
DIRECTOR

The notes on pages 4 to 5 form an integral part of these financial statements

FRIENDS PROVIDENT THE BLUE LINE LIMITED
NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historical cost convention and in with applicable accounting standards

The company is a wholly owned subsidiary of Friends Provident Investment Holdings plc and is included in the consolidated financial statements of Friends Provident 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 1 (Revised 1996)

2 PROFIT AND LOSS ACCOUNT

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

3 DIRECTORS AND EMPLOYEES

All directors are employed by, and receive their emoluments from, Friends Provident Management Services Limited (FPMS). The directors holding office during the year consider that their services to the company are incidental to their other duties within the Friends Provident Group and accordingly no remuneration has been apportioned to this company.

4 DEBTORS Amounts falling due within one year

	2006 £	2005 £
Amounts due from group undertakings	1	1
	1	1

5 CALLED-UP SHARE CAPITAL

	2006 £	2005 £
Authorised		
10,000,000 ordinary shares of £1 each	10,000,000	10,000,000
Allotted and fully paid		
1 ordinary share of £1 each	1	1

6 MOVEMENT IN TOTAL SHAREHOLDER'S FUNDS

There have been no movements in total shareholder's funds during the year.

FRIENDS PROVIDENT THE BLUE LINE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

7 RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary undertaking of FP Investment Holdings plc. The results of both the company and Friends Provident Investment Holdings plc are consolidated in the results of Friends Provident plc, the company's ultimate parent and controlling undertaking, whose financial statements are publicly available. Accordingly, the company is exempt from the requirements of Financial Reporting Standard 8 concerning the disclosure of transactions with other companies, which qualify as related parties within the Friends Provident Group.

There were no other material related party transactions.

Friends Provident Investment Holdings plc, the company's immediate parent undertaking, has agreed to provide support to the company for at least 12 months from the date these accounts are approved.

8 ULTIMATE PARENT UNDERTAKING

The company's ultimate parent undertaking is Friends Provident plc which is incorporated in the United Kingdom. Copies of the Group Report and Accounts of Friends Provident plc can be obtained by writing to its Secretary at Pixham End, Dorking, Surrey, RH4 1QA and can be viewed via its website at www.friendsprovident.com.