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**COUNTY MALL (CRAWLEY) MANAGEMENT LIMITED  
REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2003**

**DIRECTORS**

B.W. SWEETLAND, LLB, Solicitor, ACol  
D. MONGER, B Soc Sc (Hons), FCIS

**SECRETARY**

D. MONGER, B Soc Sc (Hons), FCIS



**PRINCIPAL ACTIVITY**

During the year the company's principal activity was that of property management. No change in this activity is envisaged in the future.

**RESULTS AND BUSINESS REVIEW**

The company's results for the year are set out on page 5. The directors consider the results for the year to be satisfactory.

**DIVIDENDS**

The directors do not recommend the payment of a dividend for the financial year ended 31 December 2003 (2002: £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		ISIS Asset Management plc ordinary shares 0.1 pence	
	At 1 January 2003	At 31 December 2003	At 1 January 2003	At 31 December 2003
D. Monger	20,178	21,527	-	-
B.W. Sweetland	93,018	94,367	5,000	5,000

Since 31 December 2003, D. Monger and B.W. Sweetland have each acquired a total of 351 shares through monthly subscriptions into the company's Share Incentive Plan ('SIP').

**b. Options over Friends Provident plc ordinary shares of 10 pence**

The directors participate in two Inland Revenue 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') and the Executive Long Term Incentive Plan ('LTIP') on the same terms as other eligible UK employees of the Group.

**COUNTY MALL (CRAWLEY) MANAGEMENT LIMITED**  
**REPORT OF THE DIRECTORS (continued)**

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

	Options at 1 Jan 2003	Granted / (Exercised) during year	Lapsed during year	Options at 31 Dec 2003	Exercise price (pence)	Earliest exercise date	Latest exercise date
<b>D. Monger</b>							
ShareSave 2002	15,358			15,358	107.76	01/10/07	01/04/08
SIP 2002(a)	1,059	(1,073)					
ESOS 2002	11,187			11,187	195	14/03/05	14/03/12
ESOS 2003		39,439		39,439	71	17/03/06	17/03/13
<b>Total</b>	<b>27,604</b>	<b>38,366</b>		<b>65,984</b>			
<b>B.W. Sweetland</b>							
ShareSave 2002	8,815			8,815	107.76	01/10/05	01/04/06
SIP 2002 (a)	1,059	(1,073)					
ESOS 2002	112,821			112,821	195	14/03/05	14/03/12
ESOS 2003		330,988		330,988	71	17/03/06	17/03/13
LTIP 2002	56,410			56,410	10	14/03/05	14/03/12
LTIP 2003		165,494		165,494	10	17/03/06	17/03/13
<b>Total</b>	<b>179,105</b>	<b>495,409</b>		<b>674,528</b>			

(a) Partnership Shares in respect of the 2002 SIP scheme were purchased on 5 October 2003 at the Market Value of 139.80p and are held in the SIP trust. The difference between the options held at 1 January and the options exercised at 5 October reflects the difference in share price at the two dates.

From October 2003 SIP partnership shares are purchased monthly and there is no option granted in relation to these shares.

#### **AUDITORS**

Following the conversion of PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 23 January 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors.

The Board is to recommend that on 20 May 2004 the shareholders approve the appointment of KPMG Audit Plc as the company's auditors in place of PricewaterhouseCoopers LLP. KPMG Audit Plc has indicated its willingness to be appointed from 20 May 2004.

**COUNTY MALL (CRAWLEY) MANAGEMENT LIMITED**  
**REPORT OF THE DIRECTORS (continued)**

**DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year 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 the profit or loss of the company for that period. In preparing those financial statements the directors are required to:

- select the most appropriate accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed with any material departures being 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 confirm that they have complied with these requirements.

The directors are responsible for keeping proper accounting records which 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 1985. They are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Pixham End  
Dorking  
Surrey  
RH4 1QA

16 April 2004

Registered Number 2683317

ON BEHALF OF THE BOARD



D. MONGER  
SECRETARY

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBER OF COUNTY MALL (CRAWLEY) MANAGEMENT LIMITED**

We have audited the financial statements on pages 5 to 8 which have been prepared in accordance with the accounting policies set out on page 7.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the Directors' responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Directors' Report.


**BASIS OF AUDIT OPINION**

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**OPINION**

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2003 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
PRICEWATERHOUSECOOPERS LLP  
Chartered Accountants and Registered Auditors  
Southwark Towers  
32 London Bridge Street  
London  
SE1 9SY

27 April 2004

**COUNTY MALL (CRAWLEY) MANAGEMENT LIMITED**  
**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2003**

	Notes	2003 £	2002 £
<b>Continuing operations</b>			
Turnover	2	780,640	781,001
Cost of sales	3	(772,460)	(772,821)
<b>GROSS PROFIT</b>		8,180	8,180
Administrative expenses	4	(8,180)	(8,180)
<b>RESULT FOR THE FINANCIAL YEAR</b>		-	-

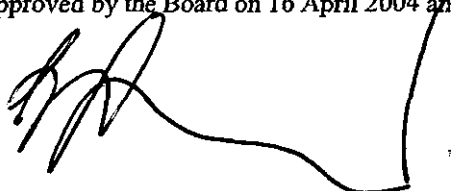
The above profit and loss account includes all recognised gains and losses.

The notes on pages 7 & 8 form an integral part of these accounts.

**COUNTY MALL (CRAWLEY) MANAGEMENT LIMITED**  
**BALANCE SHEET AS AT 31 DECEMBER 2003**

	Notes	2003 £	2002 £
<b>CURRENT ASSETS</b>			
Debtors	5	70,997	74,212
<b>CREDITORS: Amounts falling due within one year</b>	6	(70,995)	(74,210)
<b>NET CURRENT ASSETS</b>		<u>2</u>	<u>2</u>
<b>CAPITAL AND RESERVES</b>			
<b>CALLED-UP SHARE CAPITAL - EQUITY</b>	7	<u>2</u>	<u>2</u>

Approved by the Board on 16 April 2004 and signed on its behalf by



**B.W. SWEETLAND**  
**DIRECTOR**

The notes on page 7 & 8 form an integral part of the accounts.

**COUNTY MALL (CRAWLEY) MANAGEMENT LIMITED**  
**NOTES TO THE ACCOUNTS**

**1. ACCOUNTING POLICIES**

- (i) The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.
- (ii) The company is a wholly owned subsidiary of Friends Provident Life and Pensions Limited 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. TURNOVER**

Turnover comprises gross management charges receivable from fellow group undertakings.

**3. COST OF SALES**

	2003 Number	2002 Number
The average number of persons employed by the company during the year was :		
Office management	4	4
Administration	56	55
	2003 £	2002 £
Staff costs during the year amounted to:		
Wages and salaries	705,405	708,227
Social security costs	61,956	59,494
Other pension costs	5,100	5,100
	772,461	772,821

**4. ADMINISTRATIVE EXPENSES**

Administrative expenses are paid by way of a management charge to Friends Provident Management Services Limited, a fellow group undertaking. The charge includes auditors' remuneration of £1,000 (2002: £1,000.)

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.

**5. DEBTORS**

	2003 £	2002 £
Amount owed by group undertakings	70,995	74,210
Called-up share capital not paid	2	2
	70,997	74,212

**COUNTY MALL (CRAWLEY) MANAGEMENT LIMITED**  
**NOTES TO THE ACCOUNTS (continued)**

**6. CREDITORS: Amounts falling due within one year**

	2003 £	2002 £
Amount owed to group undertakings	70,995	74,210

**7. CALLED UP SHARE CAPITAL**

	2003 £	2002 £
Authorised:		
1,000,000 ordinary shares of £1 each	1,000,000	1,000,000
Allotted, issued and not fully paid:		
2 ordinary shares of £1 each	2	2

**8. RELATED PARTY TRANSACTIONS**

The company is a wholly owned subsidiary undertaking of Friends Provident Life and Pensions Limited ('FPLP'). The results of both the company and FPLP 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.

**9. 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 [www.friendsprovident.com](http://www.friendsprovident.com)