

Company registration number: 1109958

MELBRECK SECURITIES LIMITED  
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS  
31ST DECEMBER 2000

KPMG Audit Plc  
8 Salisbury Square, London, EC4Y 8BB



MELBRECK SECURITIES LIMITED

Directors

B.N. Gorst

Secretary

S.P. Doherty

REPORT OF THE DIRECTOR

The director submits his annual report, together with the financial statements of the company, for the year ended 31<sup>st</sup> December 2000.

REVIEW OF THE YEAR

The principal activity of the company is property investment. At 31<sup>st</sup> December 2000 the company had no property investments. During the year the company paid dividends of £3,100,000. (1999: £1,700,000). The director does not recommend the payment of a final dividend in respect of this year.

The company has two subsidiary undertakings whose principal activities are insurance management, property investment and development. The results of these undertakings are not consolidated into this company's financial statements for the reasons stated in note 1 of the financial statements. In the opinion of the director, both undertakings have a net worth in excess of the figure at which they are included in the company's balance sheet.

DIRECTOR'S AND OFFICER'S INSURANCE

The ultimate parent undertaking maintained an insurance policy for the director and officer against any liabilities incurred in the conduct of their duties throughout the year.

DIRECTOR

The name of the sole director of the company appears at the head of this report. The director has served throughout the year.

DIRECTOR'S INTERESTS

The company is a wholly owned subsidiary of Singer & Friedlander Limited whose ultimate holding company is Singer & Friedlander Group PLC.

Mr B.N. Gorst is a director of Singer & Friedlander Holdings Limited which is this company's intermediate parent undertaking. Accordingly, his interest in the share and loan capital of Singer & Friedlander Group PLC is not required to be recorded in this company's register of director's interests.

MELBRECK SECURITIES LIMITED  
REPORT OF THE DIRECTORS  
(Continued)

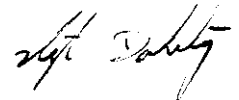
STATEMENT OF DIRECTOR'S RESPONSIBILITIES

Company law requires the director to prepare financial statements for each financial year which 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 period. In preparing those financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

BY ORDER OF THE BOARD



S.P. Doherty  
Secretary

Registered Office:  
21 New Street,  
Bishopsgate,  
LONDON EC2M 4HR.

16 February 2001

AUDITOR'S REPORT TO THE MEMBERS OF

MELBRECK SECURITIES LIMITED

We have audited the financial statements on pages 4 to 7.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTOR AND AUDITORS

The director is responsible for preparing the director's report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. We also report to you if, in our opinion, the director's 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 director's remuneration and transactions with the company is not disclosed.

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 as at 31<sup>st</sup> December 2000 and its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor

KPMG Audit Plc  
8 Salisbury Square  
LONDON  
EC4Y 8BB

16 February, 2001

MELBRECK SECURITIES LIMITED  
PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST DECEMBER 2000

	Note	<u>2000</u> £	<u>1999</u> £
<i>Continuing Operations</i>			
Dividend received from subsidiary undertakings		<u>3,100,000</u>	<u>1,700,000</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		3,100,000	1,700,000
Taxation		—	—
PROFIT FOR THE FINANCIAL YEAR		3,100,000	1,700,000
Dividends paid	2	<u>(3,100,000)</u>	<u>(1,700,000)</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR		-	-
RETAINED PROFIT BROUGHT FORWARD		-	-
RETAINED PROFIT CARRIED FORWARD		<u>-</u>	<u>-</u>

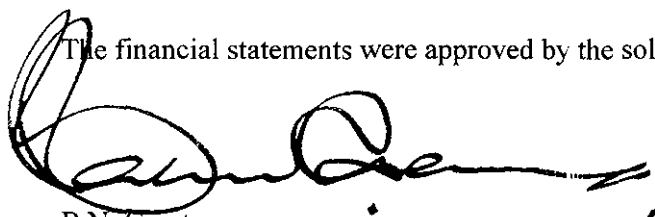
The notes on pages 6 and 7 form part of these financial statements.

There were no recognised gains or losses other than those included in the profit and loss account.

MELBRECK SECURITIES LIMITEDBALANCE SHEET AT 31ST DECEMBER 2000

	<u>Note</u>	<u>2000</u> £	<u>1999</u> £
FIXED ASSETS			
Investment in subsidiary undertakings	3	<u>1,181,231</u>	<u>1,181,231</u>
CURRENT ASSETS			
Amounts owed by Singer & Friedlander Limited		8,827	8,827
Prepayments and accrued income		<u>151</u>	<u>151</u>
		<u>8,978</u>	<u>8,978</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Amounts owed to subsidiary undertakings		<u>628,492</u>	<u>628,492</u>
NET CURRENT LIABILITIES		<u>(619,514)</u>	<u>(619,514)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>561,717</u>	<u>561,717</u>
CAPITAL AND RESERVES			
Called up share capital	4	100	100
Capital reserve		561,617	561,617
Profit and loss account		<u>-</u>	<u>-</u>
SHAREHOLDERS' FUNDS – EQUITY	5	<u>561,717</u>	<u>561,717</u>

The financial statements were approved by the sole Director on 16 February 2001.



B.N. Gorst  
Director

The notes on page 6 and 7 form part of these financial statements.

MELBRECK SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

5. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<u>2000</u>	<u>1999</u>
	£	£
Profit for financial year	-	-
Opening shareholders' funds	<u>561,717</u>	<u>561,717</u>
Closing shareholders' funds	<u>561,717</u>	<u>561,717</u>

6. DIRECTOR'S EMOLUMENTS

The director received no emoluments during the year (1999: £nil) in respect of his services to the company.

7. RELATED PARTY DISCLOSURES

Financial Reporting Standard No. 8: Related Party Disclosures (FRS 8) has been applied to these financial statements.

FRS 8 grants a partial exemption to subsidiary undertakings from its requirements, provided that 90% or more of the voting rights of the company are controlled within the group, and the subsidiary is included in publicly available consolidated financial statements.

The director of the company has taken advantage of this exemption in respect of the transactions between the company and other qualifying group undertakings.

8. PARENT AND ULTIMATE PARENT UNDERTAKINGS

The company's results are included in the consolidated financial statements of Singer & Friedlander Limited. The company's ultimate parent undertaking is Singer & Friedlander Group PLC. Both companies are incorporated in Great Britain and registered in England and Wales.

Copies of the group financial statements of Singer & Friedlander Limited and Singer & Friedlander Group PLC, which are those of the smallest and largest groups in which the results of this company are consolidated, can be obtained from this company's registered office.