

# **Burford Estate and Property Company Limited**

**Directors' report and financial statements**

**30 November 2005**

Registered number 2080438



# Burford Estate and Property Company Limited

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# Burford Estate and Property Company Limited

## Directors' report

The directors present their report and the audited financial statements for the year ended 30 November 2005.

### Principal activity

The principal activity of the company is to dispose of property freeholds to the occupants of those properties.

### Results and dividends

The profit for the year amounted to £878,000 (year ended Nov 2004: £5,427,000). The directors paid a dividend of £10,542,000 for the year (year ended Nov 2004: £nil). The resulting deficit of £9,664,000 (year ended Nov 2004: profit £5,427,000) has been transferred to reserves.

### Directors and directors' interests

The directors who held office throughout the year and subsequently were as follows:

J Gleek

RJ Anderson

PAM Nicholson

B Porter

Appointed 31 July 2006

S Lewis

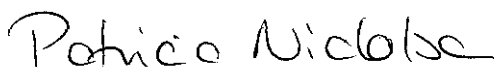
Resigned 21 October 2005

None of the directors had any interest in the share capital of the company.

At 30 November 2005 PAM Nicholson held 44 £1 Ordinary shares in Thayer Properties Limited.

The other directors' interests in the shares of an intermediate holding company, Thayer Properties Limited, are disclosed in the financial statements of that company.

By Order of the Board



**PAM Nicholson**

*Secretary*

20 Thayer Street  
London  
W1U 2DD

22 September 2006

# Burford Estate and Property Company Limited

## Statement of 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 and of the profit or loss of the company for that year.

In preparing those financial statements, the directors are 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; 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 which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985. They also 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.

The above statement should be read in conjunction with the statement of auditors' responsibilities, set out in the audit report on page 3.

KPMG

KPMG Audit Plc  
PO Box 695  
8 Salisbury Square  
London EC4Y 8BB  
United Kingdom

## **Independent auditors' report to the members of Burford Estate and Property Company Limited**

We have audited the financial statements on pages 4 to 10.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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*

The directors are responsible for preparing the directors' 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 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 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 30 November 2005, and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc  
Chartered Accountants  
Registered Auditor

27 September 2006

# Burford Estate and Property Company Limited

## Profit and loss account

for the year ended 30 November 2005

	Note	Year ended 30 Nov 2005 £000	Year ended 30 Nov 2004 £000
<b>Turnover</b>	1	1,120	5,751
Cost of sales		(253)	(342)
<b>Gross profit</b>		<b>867</b>	<b>5,409</b>
Interest receivable		11	18
<b>Profit on ordinary activities before taxation</b>	2	<b>878</b>	<b>5,427</b>
Tax on profit on ordinary activities	4	-	-
<b>Profit for the year</b>	11	<b>878</b>	<b>5,427</b>
Dividend	10		
<b>Equity shareholders</b>		<b>(10,542)</b>	<b>-</b>
<b>Transfer from / (to) reserves</b>	12	<b>9,664</b>	<b>(5,427)</b>

The notes on pages 6 to 10 form part of these financial statements.

All activities derive from continuing operations.

There are no recognised gains and losses other than those reported above.

There is no difference between the results reported and those prepared on a historical cost basis.

# Burford Estate and Property Company Limited

## Balance sheet

at 30 November 2005

	Note	30 Nov 2005 £000	30 Nov 2004 £000
<b>Current assets</b>			
Stocks	5	-	222
<b>Debtors:</b> amounts falling due after more than one year	6	542	10,379
<b>Debtors:</b> amounts falling due within one year	7	41	716
Cash at bank and in hand		2	-
		<u>585</u>	<u>11,317</u>
<b>Creditors:</b> amounts falling due within one year	8	<u>(48)</u>	<u>(1,116)</u>
<b>Net assets</b>		<u>537</u>	<u>10,201</u>
<b>Capital and reserves</b>			
Called up share capital	9	-	-
Profit and loss account	11	537	10,201
<b>Equity shareholders' funds</b>	12	<u>537</u>	<u>10,201</u>

The notes on pages 6 to 10 form part of these financial statements.

These financial statements were approved by the board of directors on 22 September 2006 and were signed on its behalf by:



J Gleek  
Director

# Burford Estate and Property Company Limited

## Notes to the Financial Statements

*(forming part of the financial statements)*

### 1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's statements.

#### ***Basis of preparation***

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

#### ***Consolidation exemption***

The company is exempt by virtue of S228 of the Companies Act 1985 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

#### ***Cash flow statement***

The cash flow statement included in the consolidated financial statements of an intermediate holding company, Burford Holdings Limited, complies with the conditions of Financial Reporting Standard No. 1 (revised 1996) 'Cash flow statements' (FRS1). The company therefore is exempt under FRS1 from the requirement to prepare a separate cash flow statement.

#### ***Related party transactions***

As more than 90% of the company's voting rights are controlled within the Lehman Brothers Group, it has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties).

#### ***Turnover***

Turnover represents gross proceeds receivable on sales of trading properties during the year.

#### ***Recognition of profit***

Purchases and sales of properties are accounted for upon exchange of unconditional contracts.

#### ***Stocks***

Properties held for resale are valued at the lower of cost and net realisable value which is based on the estimated selling price less costs expected to be incurred prior to completion and disposal.

### 2. Profit on ordinary activities before taxation

The auditors' remuneration was borne by a fellow subsidiary, Burford Group Limited.



# Burford Estate and Property Company Limited

## Notes continued

### 3. Staff numbers and costs

No director received any remuneration from the company during the current year or the preceding year. Other than the directors, the company employed no staff during the current year or the preceding year.

### 4. Taxation

	Year ended 30 Nov 2005 £000	Year ended 30 Nov 2004 £000
UK corporation tax charge at 30% on the profit for the period on ordinary activities	-	-

Losses surrendered by other group companies, for no consideration, have eliminated any tax charge that could have arisen in the company.

#### Factors affecting the tax charge for the year

	Year ended 30 Nov 2005 £000	Year ended 30 Nov 2004 £000
Profit on ordinary activities before taxation	878	5,427
Profit on ordinary activities multiplied by standard rate of corporation tax in UK of 30% (2004: 30%)	263	1,628
<i>Effects of:</i>		
Non-taxable	(3)	-
Losses surrendered by other group companies	(260)	(1,628)
	-	-

### 5. Stocks

	30 Nov 2005 £000	30 Nov 2004 £000
Properties held for resale	-	222

# Burford Estate and Property Company Limited

## Notes continued

### 6. Debtors: amounts falling due after more than one year

	30 Nov 2005 £000	30 Nov 2004 £000
Amounts owed by group undertakings	542	10,379

### 7. Debtors: amounts falling due within one year

	30 Nov 2005 £000	30 Nov 2004 £000
Trade debtors	41	699
Other debtors	-	17
	41	716

### 8. Creditors: amounts falling due within one year

	30 Nov 2005 £000	30 Nov 2004 £000
Corporation tax	-	1,056
Trade creditors	48	60
	48	1,116

### 9. Called up share capital

	30 Nov 2005 £	30 Nov 2004 £
<b>Authorised</b>		
1,000 Ordinary shares of £1 each	1,000	1,000
<b>Allotted, called up and fully paid</b>		
2 Ordinary shares of £1 each	2	2

# Burford Estate and Property Company Limited

## Notes continued

### 10. Dividend

	30 Nov 2005 £000	30 Nov 2004 £000
Dividend paid of £5,271,006 per ordinary share (2004: nil)	<u>10,542</u>	<u>-</u>

### 11. Reserves

	Profit and Loss Account £000
At 1 December 2004	10,201
Profit for the year	878
Dividend paid	(10,542)
At 30 November 2005	<u>537</u>

### 12. Reconciliation of movement in shareholders' funds

	30 Nov 2005 £000	30 Nov 2004 £000
Profit for the year	878	5,427
Dividend paid	(10,542)	-
Net (decrease) / increase in shareholders' funds	<u>(9,664)</u>	<u>5,427</u>
Opening shareholders' funds	<u>10,201</u>	<u>4,774</u>
Closing shareholders' funds	<u>537</u>	<u>10,201</u>

# Burford Estate and Property Company Limited

## **Notes** continued

### **13. Ultimate holding company**

The company's ultimate holding company is Lehman Brothers Holdings Inc., a company incorporated in the state of Delaware in the USA.

The largest group in which the results of the company are consolidated is that headed by Lehman Brothers Holdings Inc. The smallest group in which they are consolidated is that headed by Burford Holdings Limited, a company registered in England and Wales.

The consolidated financial statements of these companies are available to the public from 745, Seventh Avenue, New York, USA and from 25 Bank Street, London respectively.

### **14. Transactions with directors**

On 25 November 2005 the company entered into an agreement to sell a portfolio of ground rents to Cabot Property Partnership, which is owned by two trusts whose beneficiaries are directors of this company, J Gleek and RJ Anderson. The ground rents were carried at market value in the company's accounts.

A valuation was obtained from Debenham Tie Leung as at 8 November, which estimated the market value of the ground rents at £0.7 million, in accordance with the appraisal and valuation standards of the Royal Institution of Chartered Surveyors. The agreement to sell the ground rents was reached following arm's length negotiations between the directors of the company, J Gleek and RJ Anderson, and this company, which was represented by the other directors of Burford Holdings Limited, an intermediate holding company. The amount paid for the ground rents was £0.66 million.