

Burford Euro Limited

Directors' report and financial statements

30 November 2004

Registered number 4208961



Burford Euro Limited

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Burford Euro Limited

Directors' report

The directors present their report and the audited financial statements for the year ended 30 November 2004.

Principal activity and business review

The company's principal activity is property investment.

Results and dividends

The loss for the year of £91,000 (year ended Nov 2003: loss £6,527,000) has been transferred to reserves. No dividends were paid during the year (year ended Nov 2003: £nil).

Directors and directors' interest


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

J Gleek
RJ Anderson

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

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

By Order of the Board



PAM Nicholson
Secretary

20 Thayer Street
London
W1U 2DD

01 September 2005

Burford Euro Limited

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period 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 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, 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 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 Euro Limited

We have audited the financial statements on pages 4 to 12.

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 2004, and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc
Chartered Accountants
Registered Auditor

01 September 2005

Burford Euro Limited

Profit and loss account

for the year ended 30 November 2004

	Note	Year ended 30 Nov 2004 £000	Year ended 30 Nov 2003 £000
Turnover	1	97	-
Cost of sales		-	-
Gross profit		97	-
Interest receivable		-	3
Interest payable and similar charges	4	9	-
Loss on disposal of fixed assets	5	(197)	(6,530)
Loss on ordinary activities before taxation	2	(91)	(6,527)
Taxation	6	-	-
Retained loss for the year	12	(91)	(6,527)

All activities are continuing.

There is no material difference between the results disclosed in the profit and loss account and the results on a historical cost basis.

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

Burford Euro Limited

Balance sheet

at 30 November 2004

	Note	30 Nov 2004 £000	30 Nov 2003 £000
Fixed assets			
Investments	7	-	-
		-	-
Current assets			
Debtors	8	-	121
Creditors: amounts falling due within one year	9	(103)	(92)
Net current (liabilities)/assets		(103)	29
Total assets less current liabilities		(103)	29
Creditors: amounts falling due after more than one year	10	(1,590)	(1,631)
Net liabilities		(1,693)	(1,602)
Capital and reserves			
Called up share capital	11	-	-
Revaluation reserve	12	-	-
Profit and loss account	12	(1,693)	(1,602)
Equity shareholders' (deficit)/funds	13	(1,693)	(1,602)

These financial statements were approved by the board of directors on 01 September 2005 and were signed on its behalf by:


J Gleek
Director

Burford Euro Limited

Notes to the Accounts

(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 financial statements.

Consolidation exemption

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

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules, modified to include the revaluation of investment property.

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 which form part of the group (or investees of the group qualifying as related parties).

Properties

Investment properties and properties in the course of development for investment purposes are included in the balance sheet at their open market value at the balance sheet date on the basis of a professional valuation. Aggregate surpluses or deficits arising on valuation are transferred to a revaluation reserve.

Additions to development properties include the cost of finance charges gross of taxation directly attributable to development properties. For this purpose, the interest rate is either the actual rate payable on specific borrowings to fund the project or, if financed out of general funds, the average interest rate payable on borrowings in the year.

Development properties are treated as complete and are transferred to investment properties at the earliest of:

- i. the date when income exceeds outgoings, other than development costs;
- ii. the date when the property is substantially let and income producing; and
- iii. the practical completion.

Burford Euro Limited

Notes continued

1. Accounting policies continued

Properties continued

In accordance with SSAP 19 (as amended) no depreciation or amortisation is provided in respect of leasehold investment properties with more than 20 years to run, nor in respect of freehold investment properties. This treatment is a departure from the requirements of Companies Act 1985 concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the Directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Deprecation or amortisation is only one of the factors reflected in valuation, and the amount which might otherwise have been shown cannot be separately identified or quantified.

The investment property surplus statement shows the surplus or deficit on investment properties arising in the year, less any provisions for deferred taxation and any amounts attributable to other parties in joint ventures. The statement distinguishes between realised surpluses, less impairments in the value of investment properties, which are distributable and therefore transferred to the profit and loss account, and unrealised surpluses which cannot be distributed and are transferred to the revaluation reserve.

Deferred taxation

Deferred taxation is provided under the liability method in respect of the taxation effect of all timing differences which have arisen but not reversed at the balance sheet date that may give rise to an obligation to pay more or less tax in the future except as otherwise required by FRS19. Deferred tax is not recognised when fixed assets are revalued unless there is a binding agreement to sell the revalued assets. Deferred tax is measured on a non-discounted basis.

Turnover

Turnover represents rents receivable during the year (excluding value added tax).

Going concern

An intermediate holding company, Burford Holdings Limited, has provided an undertaking that it will provide such financial or other assistance as the company may require, to meet its financial obligations as they fall due for payment. This undertaking is to remain in force, for a period of at least 12 months, from the date of signature of these accounts.

2. Profit on ordinary activities before taxation

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

3. Staff numbers and costs

Other than the directors, the company employed no staff during the current and the preceding year. No director received any remuneration for their services as directors of the company during the current and the preceding year.

Burford Euro Limited

Notes continued

4. Interest payable and similar charges

	Year ended 30 Nov 2004 £000	Year ended 30 Nov 2003 £000
Other interest	9	3
Interest payable to other group companies	-	-
	<u>9</u>	<u>3</u>

5. Loss on disposal of fixed assets

	Year ended 30 Nov 2004 £000	Year ended 30 Nov 2003 £000
Provision for impairment in value of subsidiary	-	(2,574)
Loss on sale of investment property	(197)	(3,956)
	<u>(197)</u>	<u>(6,530)</u>

The loss on the sale of investment property during the current year results from additional sale costs with respect to an investment property sale in a prior year.

6. Taxation

	Year ended 30 Nov 2004 £000	Year ended 30 Nov 2003 £000
UK corporation tax at 30%	-	-

Burford Euro Limited

Notes continued

6. Taxation continued

Factors affecting tax charge for the year:

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	30 Nov 2004 £000	30 Nov 2003 £000
Loss on ordinary activities before tax	197	(6,527)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003: 30%)	(59)	(1,958)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	-	-
Utilisation of capital losses	-	-
Tax relief on loss not provided	59	1,958
	-	-

7. Investments

	Investment in subsidiaries £
Cost:	
At 1 December 2003	2,574,230
Additions	-
Disposals	-
At 30 November 2004	2,574,230
Impairment:	
At 1 December 2003	(2,574,130)
Charged during the year	-
At 30 November 2004	(2,574,130)
Net book values:	
At 30 November 2004	100
At 30 November 2003	100

Burford Euro Limited

Notes continued

7. Investments continued

The company owns the entire issued share capital of Burford Euro Shares Limited. At the year end the value of the investment is the nominal value of the issued share capital.

8. Debtors

	30 Nov 2004 £000	30 Nov 2003 £000
Other debtors	-	121
	-	121

9. Creditors: amounts falling due within one year

	30 Nov 2004 £000	30 Nov 2003 £000
Trade creditors	25	14
Corporation tax	78	78
	103	92

10. Creditors: amounts falling due after more than one year

	30 Nov 2004 £000	30 Nov 2003 £000
Amounts due to group undertakings	1,590	1,631

Burford Euro Limited

Notes continued

11. Called up share capital

	30 Nov 2004 £	30 Nov 2003 £
Authorised		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

12. Reserves

	Revaluation Reserve £000	Profit and loss account £000
At 1 December 2003	-	(1,602)
Realised on revaluation in the year	-	-
Retained loss for the financial year	-	(91)
At 30 November 2004	<u>-</u>	<u>(1,693)</u>

13. Reconciliation of movements in shareholders' funds

	30 Nov 2004 £000	30 Nov 2003 £000
Loss for the year	(91)	(6,527)
Revaluation of investment property	<u>-</u>	<u>-</u>
Net (decrease)/increase in shareholders' funds	(91)	(6,527)
Opening shareholders' funds	<u>(1,602)</u>	<u>4,925</u>
Closing shareholders' (deficit)/funds	<u>(1,693)</u>	<u>(1,602)</u>

Burford Euro Limited

Notes continued

14. 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 accounts of these companies are available to the public from 745, Seventh Avenue, New York, USA and from 25 Bank Street, London respectively.