

Burford Fountain Shares Limited

Directors' report and financial statements

30 November 2004

Registered number 4220191



Burford Fountain Shares Limited

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Burford Fountain Shares 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 profit for the year of £581 (year ended Nov 2003: loss £743,000) 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
P Nicholson

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

At 30 November 2004, P Nicholson held 44 £1 Ordinary shares in Thayer Properties Limited, an intermediate holding company. The other directors' interests in the shares 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

14 September 2005

Burford Fountain Shares 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 Fountain Shares Limited

We have audited the financial statements on pages 4 to 11.

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.

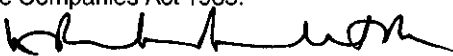
Basis of audit opinion

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 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

14 September 2005

Burford Fountain Shares Limited

Profit and loss account

for the year ended 30 November 2004

	<i>Note</i>	Year ended 30 Nov 2004 £000	Year ended 30 Nov 2003 £000
Turnover	<i>1</i>	-	152
Cost of sales		-	(49)
Gross profit		-	103
Other income	<i>2</i>	1	
Interest payable and similar charges	<i>3</i>	-	(50)
Investment property sales		-	(796)
Profit/(loss) on ordinary activities before taxation	<i>4</i>	1	(743)
Taxation	<i>5</i>	-	-
Retained profit/(loss) for the year	<i>11</i>	1	(743)

All activities are discontinued.

Burford Fountain Shares Limited

Statement of total recognised gains and losses

for the year ended 30 November 2004

	Year ended 30 Nov 2004 £000	Year ended 30 Nov 2003 £000
Profit/(loss) for the year	1	(743)
Unrealised deficit on revaluation of investment properties	-	-
Total recognised profit/(loss)	1	(743)

Investment property surplus statement

for the year ended 30 November 2004

	Year ended 30 Nov 2004 £000	Year ended 30 Nov 2003 £000
Realised investment property loss on book value	-	(796)
Realisation of property revaluation deficit of prior year	-	(604)
Realised investment property deficit	-	(1,400)
Unrealised investment property deficit on revaluation of investment property	-	-
Total investment property deficit	-	(1,400)

Note of historical cost profits and losses

for the year ended 30 November 2004

	Year ended 30 Nov 2004 £000	Year ended 30 Nov 2003 £000
Reported profit/(loss) on ordinary activities before taxation	1	(743)
Realisation of property revaluation, net of attributable tax	-	(604)
Historical cost profit/(loss) on ordinary activities before taxation	1	(1,347)
Historical cost profit/(loss) for the year retained after tax and dividend	1	(1,347)

Burford Fountain Shares Limited

Balance sheet

at 30 November 2004

	Note	30 Nov 2004 £000	30 Nov 2003 £000
Fixed assets			
Investment in subsidiaries	6	-	-
		-	-
Current assets			
Creditors: amounts falling due within one year	7	(7)	(7)
Net current liabilities		(7)	(7)
Total assets less current liabilities		(7)	(7)
Creditors: amounts falling due after more than one year	8	(1,327)	(1,328)
Net liabilities		(1,334)	(1,335)
Capital and reserves			
Called up share capital	9	-	-
Profit and loss account	10	(1,334)	(1,335)
Equity shareholders' deficit	11	(1,334)	(1,335)

These financial statements were approved by the board of directors on 14 September 2005 and were signed on its behalf by:


J Gleek
Director

Burford Fountain Shares 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 the 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.

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.

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).

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).

Burford Fountain Shares Limited

Notes continued

2. Other income

	Year ended 30 Nov 2004 £	Year ended 30 Nov 2003 £
Purchase ledger credit	346	-
Repayment supplement	235	-
	<hr/> 581	<hr/> -

3. Interest payable and similar charges

	Year ended 30 Nov 2004 £000	Year ended 30 Nov 2003 £000
Interest payable to other group companies	<hr/> -	<hr/> 50

4. Profit/(loss) on ordinary activities before taxation

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

Other than the directors, the company had 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 Fountain Shares Limited

Notes continued

5. Taxation

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

Factors affecting tax charge for the year:

	Year ended 30 Nov 2004 £000	Year ended 30 Nov 2003 £000
Profit/(loss) on ordinary activities before taxation	1	(743)
Profit on ordinary activities multiplied by the standard rate of corporation tax in UK of 30% (2003: 30%)	-	223
<i>Effects of:</i>		
Disallowables	-	(6)
Effect of capital items	-	(239)
Tax charge absorbed via group relief	-	22
	-	-

6. Investment in subsidiaries

	Investment in subsidiaries £
At 1 December 2003 and at 30 November 2004	2

The company owns the entire share capital of Burford Fountain Shares 1 Limited and Burford Fountain Shares 2 Limited.

Burford Fountain Shares Limited

Notes continued

7. Creditors: amounts falling due within one year

	30 Nov 2004 £000	30 Nov 2003 £000
Corporation tax	7	7
	<u>7</u>	<u>7</u>

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

	30 Nov 2004 £000	30 Nov 2003 £000
Amounts due to group undertakings	1,327	1,328
	<u>1,327</u>	<u>1,328</u>

9. Called up share capital

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

10. Reserves

	Profit and loss account £000
At 1 December 2003	(1,335)
Retained loss for the financial year	1
At 30 November 2004	<u>(1,334)</u>

Burford Fountain Shares Limited

Notes continued

11. Reconciliation of movements in shareholders' funds

	30 Nov 2004 £000	30 Nov 2003 £000
Profit/(loss) for the year	1	(743)
Net increase/(decrease) in shareholders' funds	1	(743)
Opening shareholders' funds	(1,335)	(592)
Closing shareholders' deficit	(1,334)	(1,335)

12. 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.