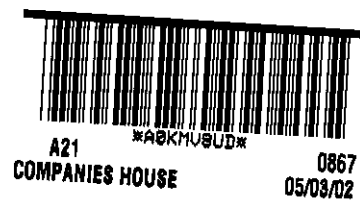




Company registration number: 875947

SINGER & FRIEDLANDER LIMITED
DIRECTORS' REPORT AND ACCOUNTS
31ST DECEMBER 2001





SINGER & FRIEDLANDER LIMITED

Chairman
J. Hodson

Directors

M.E.S. Gibbins	C.B. Price
B.N. Gorst	R.A. Pyman
C.H. Mavor	S.W. Robson
G.M. Muir	J.M. Spence
B.G. Ovenden	

Secretary

S.P. Doherty

Registered Office

21 New Street, Bishopsgate, London, EC2M 4HR.

Assistant Directors

A.J. Hickox	J.G. Cannon	P.W. Morrell	D.A. Griffiths
G. Simkins	D.W. Stevens	A.C. Corfield	S.P. Doherty
K.W. Chalk	C.A. Edwards	B.J. Matthews	D.C. Smith
D.M. Penston	C. Clarke	B. Donnelly	W.C. Desmond
C.S.L. Fergusson-Wood	A. Gent	R.T.H. Morton	S. Peacock
A.H. Borrell	S. Dick	G. Keeler	M. Lewis
I. Stewart	K.D.M. Edwards	P.C. Ashton	



Report of the Directors

The directors submit their annual report, together with the audited accounts of the Company and its subsidiaries for the year ended 31st December 2001.

PRINCIPAL ACTIVITIES

The Company is an authorised institution for the purposes of the Banking Act 1987 and is engaged in the business of merchant banking and related activities.

Other than the withdrawal from property trading and development businesses, there has been no significant change in the activities of Singer & Friedlander Limited and its subsidiaries during the year.

ULTIMATE HOLDING COMPANY

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

DIRECTORS' AND OFFICERS' INSURANCE

The ultimate holding company maintained an insurance policy for the directors and officers against liabilities incurred in the conduct of their duties throughout the year.

RESULTS AND DIVIDENDS

The profit before exceptional items and taxation of the company and its subsidiaries for the year was £23,146,000 (2000: £41,212,000).

Interim dividends of £10,195,000 were declared and paid in respect of the year ended 31st December 2001 (2000: £1,200,000). The directors do not recommend the payment of a final dividend in respect of the year ended 31st December 2001 (2000: £nil).

SHARE CAPITAL

There has been no change in the authorised or issued share capital of the Company during the year.

DIRECTORS

The names of the directors of the Company as at the date of this report appear on page 1. The directors have served throughout the year with the exception of Mr. G. M Muir who has served since his appointment to the Board on 7th November 2001.

The undermentioned served as directors of the Company until their resignations from the Boards.

Mr. R. Fiddemont resigned on 5th February 2001

Mr. S. C. Melling resigned on 29th June 2001

Mr. N. C. England resigned on 31st December 2001

DIRECTORS' INTERESTS

The following directors have the following shareholdings and/or have been granted options to acquire ordinary shares in the capital of Singer & Friedlander Group PLC as follows:-

	<u>Ordinary shares</u>		<u>Options to acquire shares under the terms of the Singer & Friedlander Group PLC Approved Share Option Plan</u>		<u>Options to acquire shares under the terms of the Singer & Friedlander Group PLC Unapproved Share Option Plan</u>	
	<u>31.12.01</u>	<u>31.12.00</u>	<u>31.12.01</u>	<u>31.12.00</u>	<u>31.12.01</u>	<u>31.12.00</u>
C H Mavor	10,301	12,362	-	-	-	-
J M Spence	17,203	14,766	-	-	-	-
B G Ovenden	53,408	54,293	-	-	-	-
S Robson	-	-	9,800	-	20,200	-
R A Pyman	2,000	-	9,800	-	20,200	-

	<u>Options to acquire shares under the terms of the Singer & Friedlander Group PLC Executive Share Option Scheme</u>		<u>Options to acquire shares under terms of the Singer & Friedlander Group PLC Sharesave Option Scheme</u>	
	<u>31.12.01</u>	<u>31.12.00</u>	<u>31.12.01</u>	<u>31.12.00</u>
C H Mavor	-	-	23,574	23,028
J M Spence	-	-	21,430	27,309
B G Ovenden	-	-	21,106	30,904
S Robson	-	-	18,588	18,588
R A Pyman	12,500	12,500	20,097	25,976

During the year the following options in the share capital of Singer & Friedlander Group PLC were exercised by the undermentioned directors of the Company:

Options to acquire shares under the terms of the Singer & Friedlander Group PLC Sharesave Scheme that had been exercised during the year

B G Ovenden	9,798 on 2 May 2001 at 79.6p each
R A Pyman	5,879 on 2 May 2001 at 79.6p each
J M Spence	5,879 on 2 May 2001 at 79.6p each

Messrs. C.H. Mavor, J.M. Spence, B.G. Ovenden, S. Robson and R. A. Pyman had no other interests, other than those shown above, in the share capital of Singer & Friedlander Group PLC at 31st December 2001.

At 31st December 2001 the remaining directors of the Company were directors of Singer & Friedlander Holdings Limited. Accordingly their interests in the share capital of Singer & Friedlander Group PLC and its subsidiary undertakings are not required to be recorded in this Company's register of directors' interests.

FIXED ASSETS

The values of fixed assets held by various of the Company's property subsidiaries, and comprising industrial and office buildings held for long term investment purposes and properties occupied by the group, are stated at valuation as indicated in note 22 to the accounts. Details of all other fixed assets are also shown in note 22.

CHARITABLE AND OTHER DONATIONS

The Group donated the sum of £148,067 (2000: £191,924) for charitable purposes during the year. The Group made no political donations during the year (2000: Nil).

EMPLOYEES

The average number of persons, including directors, employed by the Group (excluding those working wholly or mainly outside the United Kingdom) during the year was 599 (2000: 582).

The Group endeavours to keep employees informed about the progress of the business and encourages them to make known their views. The text of public announcements is made available to employees simultaneously with its release to the press and shareholders. The interest of the staff in the Group's performance is achieved through profit sharing schemes, and the Sharesave Schemes in which staff at all levels participate.

It is the Group's policy not to discriminate against the disabled in recruitment, career development and promotion.

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 the Group and of the profit or loss 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;
- 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and of the Group, and to prevent and detect fraud and other irregularities.

BY ORDER OF THE BOARD

S P Doherty
Secretary

20 February 2002



Independent Auditors' report to the members of Singer & Friedlander Limited

We have audited the financial statements on pages 6 to 35.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND THE AUDITORS

The directors are responsible for preparing the directors' report and, as described on page 4, 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 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 Group'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, 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 affairs of the Company and the Group as at 31st December 2001 and of the profit of the Group 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
London

20 February 2002



Consolidated Profit and Loss Account

For the year ended 31 December 2001		2001	2000
NOTES Prepared under Schedule 9 of the Companies Act 1985		£000	£000
Interest receivable:			
Interest receivable and similar income arising from debt securities		34,742	35,344
Other interest receivable and similar income		102,032	79,333
Less: interest payable		(83,712)	(71,595)
NET INTEREST INCOME		53,062	43,082
Dividend income from equity shares		68	259
Fees and commissions receivable		35,300	54,179
Less: Fees and commissions payable (2000 restated – note 7)		(4,599)	(2,665)
3 Dealing profits		4,190	18,620
4 Other operating income		8,655	17,617
		43,614	88,010
OPERATING INCOME		96,676	131,092
5 Administrative expenses (2000 restated – note 7)		(57,558)	(73,160)
Depreciation and amortisation		(10,447)	(8,315)
17 Provisions for bad and doubtful debts		(4,532)	(7,261)
6 Amounts written off fixed asset investments – securities		(2,134)	(1,271)
7 GROUP OPERATING PROFIT		22,005	41,085
Share of operating profit from associated undertakings		1,141	127
PROFIT ON ORDINARY ACTIVITIES BEFORE NON-OPERATING EXCEPTIONAL ITEMS AND TAXATION		23,146	41,212
Continuing Operations (2000 restated)		25,713	29,359
10 Terminated/Discontinued Operations (2000 restated)		(2,567)	11,853
10 Non – operating exceptional items		(2,632)	(9,636)
10 Share of associated undertakings' non-operating exceptional items		1,592	-
PROFIT ON ORDINARY ACTIVITIES AFTER EXCEPTIONAL ITEMS AND BEFORE TAXATION		22,106	31,576
11 Taxation on ordinary activities excluding non-operating exceptional items and associates		(6,756)	(12,833)
11 Share of associated undertakings' taxation		(320)	(23)
11 Taxation on non-operating exceptional items		(379)	(825)
		(7,455)	(13,681)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		14,651	17,895
Minority interests – equity		13	(4,008)
PROFIT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO SHAREHOLDERS		14,664	13,887
13 Dividends		(10,195)	(1,200)
RETAINED PROFIT FOR THE YEAR		4,469	12,687

Historical cost profit is not materially different to the profit reported above.

The notes on pages 10 to 35 form part of these accounts.



Consolidated Statement of Total Recognised Gains and Losses

	2001	2000
	£000	£000
For the year ended 31st December 2001		
Prepared under Schedule 9 of the Companies Act 1985		
Profit for the financial year attributable to shareholders	14,664	13,887
Exchange rate translation differences	84	(105)
Revaluation of properties net of deferred tax	136	3,880
Total recognised gains and losses relating to the year	14,884	17,662

The detailed movement in the Capital and Reserves is set out in Note 32 to these accounts.

The notes on pages 10 to 35 form part of these accounts.



Consolidated Balance Sheet

NOTES At 31 st December 2001		2001	2000
Prepared under Schedule 9 of the Companies Act 1985		£000	£000
ASSETS			
	Cash and balances at central banks	398	891
15	Loans and advances to banks	284,311	277,193
16	Loans and advances to customers	967,385	746,579
18	Debt securities	610,984	555,455
19	Equity shares	3,238	4,760
20	Other participating interests	453	1,070
22	Tangible fixed assets	90,056	103,132
23	Intangible fixed assets	8,839	5,743
24	Other assets	35,646	54,143
	Prepayments and accrued income	14,537	13,925
14	Total assets	2,015,847	1,762,891
LIABILITIES			
25	Deposits by banks	415,052	227,582
26	Customer accounts	1,226,351	1,171,935
	Settlement balances	-	498
27	Debt securities in issue	83,574	87,463
28	Subordinated loan stock	5,000	-
29	Other liabilities	32,021	28,675
	Accruals and deferred income	25,622	24,084
30	Deferred taxation	8,598	7,858
	Equity minority interests	144	-
31	Called up share capital	50,000	50,000
	Other reserves	37,286	35,090
	Profit and loss account	132,199	129,706
32	Equity shareholders' funds	219,485	214,796
14	Total liabilities and shareholders' funds	2,015,847	1,762,891
MEMORANDUM ITEMS			
Contingent liabilities:			
	Acceptances and endorsements	71,273	77,684
	Guarantees, irrevocable letters of credit and assets pledged as security	61,129	56,614
		132,402	134,298
36	Commitments	249,206	210,638

Approved by the Board of Directors on 20 February, 2002 and signed on its behalf by:

 J. HODSON Chairman

The notes on pages 10 to 35 form part of these accounts.

Balance Sheet

NOTES	At 31 st December 2001	2001	2000
	Prepared under Schedule 9 of the Companies Act 1985	£000	£000
ASSETS			
	Cash and balances at central banks	114	188
15	Loans and advances to banks	251,867	255,590
16	Loans and advances to customers	870,373	716,097
18	Debt securities	565,593	483,703
19	Equity shares	761	814
21	Investment in Group undertakings	61,769	48,977
22	Tangible fixed assets	4,560	4,117
24	Other assets	7,431	18,864
	Prepayments and accrued income	8,519	12,213
14	Total assets	1,770,987	1,540,563
LIABILITIES			
25	Deposits by banks	570,752	340,533
26	Customer accounts	968,911	1,004,306
27	Debt securities in issue	53,609	57,500
28	Subordinated loan stock	10,000	5,000
29	Other liabilities	2,459	3,909
	Accruals and deferred income	19,413	21,577
31	Called up share capital	50,000	50,000
	Other reserves	2,913	2,913
	Profit and loss account	92,930	54,825
32	Shareholders' funds	145,843	107,738
14	Total liabilities and shareholders' funds	1,770,987	1,540,563
MEMORANDUM ITEMS			
	Contingent liabilities:		
	Acceptances and endorsements	71,273	77,684
	Guarantees, irrevocable letters of credit and assets pledged as security	28,934	48,925
		100,207	126,609
36	Commitments	249,206	209,610

Approved by the Board of Directors on 20 February, 2002 and signed on its behalf by:



J. HODSON Chairman

The notes on pages 10 to 35 form part of these accounts.



Notes to the Accounts

1 ACCOUNTING BASIS

Basis of preparation of accounts

The accounts are prepared under the historical cost convention modified to include properties at market value and in accordance with applicable accounting standards and the Companies Act 1985 except as stated under Tangible Fixed Assets outlined in note 2h below. The accounts are drawn up in accordance with the special provisions of Part VII of the Companies Act 1985 relating to banking groups, and applicable accounting standards have been consistently applied.

The accounts are prepared on a going concern basis as the directors are satisfied that the Group has sufficient resources to continue in business for the foreseeable future.

2 ACCOUNTING POLICIES

(a) *Consolidated accounts*

The consolidated profit and loss account and balance sheet include the accounts of the Company and all subsidiary undertakings. Unless otherwise stated, the acquisition method of accounting has been used. Under this method the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

An associate is an undertaking in which the Group has a long term interest, usually from 20% to 50% of the equity voting rights, and over which it exercises significant influence. The Group's share of the profits less losses of associates is included in the profit and loss account and its interest in their net assets is included in the consolidated balance sheet.

(b) *Interest receivable and payable*

Interest receivable and interest payable includes all income arising out of banking activities, namely lending and deposit taking business and interest on related hedging transactions. Interest flows arising from funding of trading activities are also included in interest receivable.

(c) *Fees and commissions*

Commissions are recognised on deal date and fees when due.

(d) *Dealing income*

Dealing income includes coupons or dividends and net profits or losses from principal securities trading and market making reported on a mark to market basis after deduction of related funding costs, agency, brokerage and other clearing charges.

(e) *Provision for bad and doubtful debts*

Specific provisions against bad and doubtful debts are made on the basis of regular reviews of exposures. General provisions are made in relation to losses which, although not specifically identified, may exist in the banking portfolio. Loans and advances are written down to estimated realisable value when there is no realistic prospect of recovery of the full amount outstanding. Provisions are charged directly to the profit and loss account. Interest and fees of doubtful collectability are excluded from the profit and loss account and credited to a suspense account. Recovery expenses are written off as incurred unless there is a reasonable chance of their recovery.

(f) *Debt securities and equity shares*

Debt securities and equity shares are held for both trading and investment purposes. Listed equity shares held for investment purposes are stated at cost less any provision for permanent diminution in value. Unlisted equity shares held for investment purposes are stated at the lower of cost and directors' valuation. Investment securities are intended for use on a continuing basis by the Group and have been identified as such. The cost of debt securities held for investment purposes is adjusted for the systematic amortisation of premiums or accretion of discounts over the period to maturity.

The amortisation of premiums or accretion of discounts is included in interest income in the profit and loss account. Debt and equity positions resulting from securities dealing and market making activities have been valued at market value and profits and losses arising from this valuation are taken to the profit and loss account.

(g) *Net investment in finance leases*

The net investments in finance leases (being leases that transfer substantially all the risks and rewards of ownership of an asset to the lessee) represents the future lease rentals receivable less profit and costs allocated to future periods. The profit and costs are allocated to provide a constant rate of return on the net investment in each lease.

(h) *Tangible fixed assets*

Furniture, fixtures and equipment are depreciated on a straight line basis to estimated residual value over a period of four years.

Depreciation is charged on group occupied buildings at 1% per annum on a straight line basis. Investment properties are included in the balance sheet at open market value with the aggregate surplus or deficit being transferred to revaluation reserve. No depreciation or amortisation is provided in respect of other freehold properties and leasehold investment properties with over 20 years to run.

This treatment, as regards the Company's investment properties, departs from the requirements of the Companies Act 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. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Notes to the Accounts

2. ACCOUNTING POLICIES (continued)

(i) *Rates of exchange*

Monetary assets and liabilities in foreign currencies and the balance sheets of overseas subsidiaries are expressed in sterling at exchange rates ruling at the balance sheet date. The results of overseas subsidiary undertakings are translated at average rates of exchange for the year.

Exchange differences resulting from the translation of opening net assets of overseas subsidiary undertakings and from the restatement of their results from average to year-end rates are taken to reserves. All other exchange differences are included in operating profit.

(j) *Taxation*

Taxation represents the current and deferred liabilities in respect of the profit for the year, adjusted for under or over provision in previous years. Full provision is made for deferred tax, at the appropriate rate of taxation for all timing differences except where, in the directors' opinion, these are likely to continue for the foreseeable future. No provision has been made for deferred tax on those investment properties which are held for long term investment purposes, or for the additional UK or foreign taxation which might arise on the distribution of the retained earnings of certain overseas subsidiaries.

(k) *Goodwill*

Purchased goodwill (both positive and negative) arising on consolidation in respect of acquisitions before 1st January 1998, when FRS 10 Goodwill and Intangible Assets was adopted, was written off to reserves in the year of acquisition. When a subsequent disposal occurs any related goodwill previously written off to reserves is written back through the profit and loss account as part of the profit or loss on disposal.

Purchased goodwill (representing the excess of the fair value of the consideration and associated costs given over the fair value of the separable net assets acquired) arising on consolidation in respect of acquisitions since 1st January 1998 is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life, normally 20 years.

On the subsequent disposal or termination of a business acquired since 1st January 1998, the profit or loss on disposal or termination is calculated after charging the unamortised amount of any related goodwill.

In the company's financial statements, investments in subsidiary undertakings and associates are stated at cost less any impairment in value.

(l) *Pension costs*

Contributions to defined benefit pension schemes are charged to the profit and loss account so as to spread the cost of pensions over the average remaining service lives of employees. The contributions are assessed in accordance with the advice of a qualified actuary on the basis of valuations using the attained age method. Contributions in respect of defined contribution schemes are charged to the profit and loss account as they become payable. The assets of the scheme are held separately from those of the group.

(m) *Leasing*

Assets acquired under a finance lease are recorded in the balance sheet as tangible fixed assets with corresponding obligations to pay future rentals. The assets are valued at the present value of the minimum lease payments at the rate implicit in the lease.

Rentals payable are apportioned between a finance charge and a reduction of the outstanding obligation for future amounts payable. The total finance charge is allocated to accounting periods during the lease term so as to produce a constant periodic rate of charge on the outstanding obligation throughout the lease.

Payments under all other leases, known as operating leases, are charged to the profit and loss account in equal annual amounts over the period of the lease.

(n) *Cash Flow*

The company is a wholly owned subsidiary of a parent undertaking which prepares consolidated financial statements including a consolidated cash flow statement. It is therefore exempt under Financial Reporting Standard 1 from preparing its own cash flow statement.

(o) *Derivative Transactions*

Derivative transactions, entered into for the purpose of hedging, are accounted for in the same way as the items being hedged.

Derivative instruments traded on the Group's own account are valued at market prices and the resultant profits and losses are included in 'Dealing profits'. All other derivative transactions are entered into on behalf of clients or for corporate finance transactions and the resultant profits are included in 'Fees and commissions'.

(p) *Sale and repurchase transactions*

Securities which have been sold with an agreement to repurchase continue to be shown on the balance sheet and the sale proceeds are recorded as a deposit. Securities acquired in reverse sale and repurchase transactions are not recognised in the balance sheet and the purchase price is treated as a loan. The difference between the sale and repurchase price is accrued evenly over the life of the transaction and charged or credited to the profit and loss account as interest payable or receivable.

(q) *Property dealing activities*

Dealing properties and investments in jointly developed properties, all of which are held for realisation are included at the lower of cost and the directors' estimate of realisable value. All costs incurred on properties in the course of development are capitalised. The costs include purchase price, materials, labour and an appropriate amount of overheads.

Loans relating to jointly developed properties are included in property when the legal charge over the property gives the company access to the risks and rewards associated with the legal ownership of the property.

Due to the nature of the property dealing agreements with third parties regarding the development of certain properties, the Group's share of profits on such properties cannot be determined until they are sold.

Except where the outcome of the jointly developed properties can reasonably be foreseen, rental income is not recognised until the sale of the respective property.



Notes to the Accounts (continued)

3 DEALING PROFITS

The net gain from trading in financial assets and financial liabilities for the period to 31st December 2000 can be analysed as follows:

	2001 £000	2000 £000
Securities dealing	344	15,584
Foreign exchange profits	1,048	1,915
Trading in non financial assets (properties)	4,911	5,231
Funding costs	(2,113)	(4,110)
	4,190	18,620

The main products used to generate the financial asset/financial liability dealing profits include debt securities, equity shares, equity options and preference shares within "Securities dealing" and forward foreign currency contracts within "Foreign exchange".

4 OTHER OPERATING INCOME

	2001 £000	2000 £000
Rental income	2,326	3,336
Disposal of fixed assets and investment securities	3,320	11,330
Sundry income	3,009	2,951
	8,655	17,617

5 ADMINISTRATIVE EXPENSES

	2001 £000	2000 £000
Staff costs:		
Wages and salaries	32,461	46,045
Social security costs	1,957	3,366
Other pension costs (note 9)	3,371	3,107
Other administrative expenses (2000 restated – note 7)	19,769	20,642
	57,558	73,160

6 AMOUNTS WRITTEN OFF FIXED ASSET INVESTMENTS

	2001 £000	2000 £000
Investment in debt securities (note 18)	1,340	1,250
Investment in equity shares (note 19)	794	21
	2,134	1,271

7 GROUP PROFIT ON ORDINARY ACTIVITIES BEFORE TAX

Is stated after:

	2001 £000	2000 £000
<i>Crediting:</i>		
Aggregate rentals receivable under finance leases	30,747	21,827
Aggregate rentals receivable under hire purchase agreements	107,737	83,036
Operating lease income	10,511	6,712
Income from listed investments	5,455	5,617
<i>Charging:</i>		
<u>Audit work</u>	<u>GROUP</u>	<u>COMPANY</u>
	£000	£000
Fees paid and payable to Auditors		
2001	302	119
2000	283	126
<u>Non-Audit work</u>		
Fees paid and payable to the Auditor and its associates		
2001	463	384
2000	234	229

In previous years the commission payable to brokers for the introduction of business to certain of the Group's asset finance companies has been included within administrative expenses. In 2001 these costs have been included within fees and commissions payable. The 2000 figures have been restated accordingly.



8 EMOLUMENTS OF DIRECTORS

Emoluments paid to those persons who served as directors of the Company during the year (excluding pension contributions) amounted to £5,113,335 (2000: £5,899,058). The number of directors to whom retirement benefits are accruing under the Group's defined benefit pension schemes was 9 (2000:10).

The highest paid director who served during the year received £1,125,787 (2000:£1,161,892).

One director (2000: two), who is also a director of the ultimate parent company, is employed under contracts of service which are of more than one year's duration.

Information relating to directors' options is given under the directors' share interests in the Directors' Report.

9 PENSION COSTS

The principal pension scheme operated by Singer & Friedlander Group PLC (this company's ultimate holding company) is the Singer & Friedlander Limited Pension & Assurance Scheme ("S&F PAS") which is a funded defined benefit scheme. In addition to the defined benefit scheme, certain companies within the Group operate defined contribution schemes.

S&F PAS is a multi-employer scheme (i.e. the scheme has members who are employed by different Singer & Friedlander Group PLC companies) and as such the company is not able to identify its share of the underlying assets of the scheme.

The latest independent actuarial valuation of the S&F PAS was performed as at 30th September 2000 and showed the actuarial value of the scheme's assets to be 103.7% of the benefits that had accrued to members, after allowing for expected increases in earnings. However, using the valuation criteria required by FRS 17 the S&F PAS showed a deficit as at 31st December 2001 of £33,266,000.

The difference between the figures produced as at 31 December 2001 under FRS 17 and the figures per the latest triennial actuarial valuation is largely due to the volatility of the stock market in the period since the latest triennial actuarial valuation coupled with the assumptions required to be used under FRS 17 crystallising scheme liabilities earlier than would have been the case using the assumptions used for the triennial actuarial valuation.

During the year the company incurred costs relating to the S&F PAS of £2,460,502 (2000 : £2,312,484).

The total contributions made to the defined contribution schemes operated within the Group were £489,706 (2000: £267,217). There were no outstanding or prepaid contributions outstanding at 31 December 2001.

10 NON-OPERATING EXCEPTIONAL ITEMS AND TERMINATED/DISCONTINUED ACTIVITIES

The composition of non-operating exceptional items included in the profit and loss account is set out below:

	2001 £000	2000 £000
Loss arising from closure of Singer & Friedlander Factors Ltd	(420)	-
Loss arising from transfer of Singer & Friedlander (Jersey) Ltd outside the Group (see below)	(913)	-
(Loss)/profit arising from sale of investment properties	(1,299)	3,334
Loss on sale of subsidiary to parent company	-	(12,970)
	(2,632)	(9,636)
Share of associated undertakings' non-operating exceptional items	1,592	-
	(1,040)	(9,636)

During 2001 Singer & Friedlander Limited's investment in Singer & Friedlander (Jersey) Limited was transferred to Singer & Friedlander Holdings Limited (the company's immediate parent company) by way of a dividend, with the result that the net assets of the Singer & Friedlander Limited group declined by £913,000.

In 2000 the group disclosed the sale of Collins Stewart Limited as a discontinued activity. Whilst in 2001 the group has taken the decision to withdraw from the business carried out by Singer & Friedlander Factors Limited this has not been disclosed as a discontinued activity as it does not meet the criteria as set out in Financial Reporting Standard 3. Reporting Financial Performance. However, the loss incurred by Singer & Friedlander Factors during the year has been separately disclosed in the profit and loss account as a terminated activity and the 2000 comparative has been restated accordingly.



Notes to the Accounts (continued)

11 TAX ON GROUP PROFIT ON ORDINARY ACTIVITIES

	2001 £000	2000 £000
UK Corporation tax		
Current tax on income for the period at 30% (2000: 30%)	6,349	9,791
Adjustments in respect of prior periods	447	(454)
Double tax relief	(1,115)	(6)
Deferred tax	374	2,326
Foreign tax		
Current tax on income for the period	778	1,237
Adjustments in respect of prior periods	(77)	(61)
	6,756	12,833
Share of associated undertakings' taxation	320	23
Taxation on non-operating exceptional items	379	825
	7,455	13,681

12 GROUP PROFIT DEALT WITH IN THE ACCOUNTS OF SINGER & FRIEDLANDER LIMITED

Group profit after taxation includes £48,300,000 (2000: £7,419,000) which is dealt with in the accounts of Singer & Friedlander Limited. A separate profit and loss account dealing with the results of the Company only has not been included, as permitted by Section 230 of the Companies Act 1985.

13 DIVIDENDS

	2001 pence per share	2000 pence per share	2001 £000	2000 £000
Interim (paid)	20.4	2.4	10,195	1,200
Final (proposed)	-	-	-	-
	20.4	2.4	10,195	1,200

14 ASSETS & LIABILITIES

	2001 Group £000	2001 Company £000	2000 Group £000	2000 Company £000
Denominated in sterling	1,634,265	1,514,133	1,469,597	1,334,712
Denominated in currencies other than sterling	381,582	256,854	293,294	205,851
Total assets	2,015,847	1,770,987	1,762,891	1,540,563
Denominated in sterling	1,606,257	1,495,315	1,446,581	1,325,542
Denominated in currencies other than sterling	409,590	275,672	316,310	215,021
Total liabilities	2,015,847	1,770,987	1,762,891	1,540,563

15 LOANS AND ADVANCES TO BANKS

	2001 Group £000	2001 Company £000	2000 Group £000	2000 Company £000
Remaining maturity:				
Repayable on demand	39,743	7,299	27,787	6,184
<i>Other loans and advances</i>				
Remaining maturity:				
Three months or less but not repayable on demand	244,189	244,189	246,170	246,170
One year or less but over three months	379	379	486	486
Five years or less but over one year	-	-	2,750	2,750
	284,311	251,867	277,193	255,590



Notes to the Accounts (continued)

16 LOANS AND ADVANCES TO CUSTOMERS

	2001 Group £000	2001 Company £000	2000 Group £000	2000 Company £000
Remaining maturity:				
Repayable on demand	209,340	228,979	170,119	211,460
<i>Other loans and advances</i>				
Remaining maturity:				
Three months or less but not repayable on demand	145,538	365,110	137,725	300,258
One year or less but over three months	167,660	62,955	112,047	34,783
Five years or less but over one year	405,080	184,388	280,588	135,032
Over five years	62,169	46,325	63,483	50,902
General and specific bad and doubtful debt provisions (Note 17)	(22,402)	(17,384)	(17,383)	(16,338)
	967,385	870,373	746,579	716,097
Due from subsidiary undertakings: Unsubordinated		360,640		299,713
			2001 Group £000	2000 Group £000
<i>Assets leased to customers (included above)</i>				
Loans and advances to customers:				
Finance leases			77,679	67,964
Hire purchase agreements			233,227	195,343
Cost of assets acquired for letting under finance leases			42,411	25,540
Cost of assets acquired for letting under hire purchase agreements			186,392	145,678



Notes to the Accounts (continued)

17 PROVISIONS FOR BAD AND DOUBTFUL DEBTS

<i>Group</i>	2001 Specific £000	2001 General £000	2001 Total £000
At 1 st January 2001	13,791	3,592	17,383
Charge against profits	3,055	1,477	4,532
Subsidiary undertakings acquired	176	780	956
Amounts written off	(316)	(153)	(469)
At 31st December 2001	16,706	5,696	22,402

<i>Group</i>	2000 Specific £000	2000 General £000	2000 Total £000
At 1 st January 2000	6,793	3,806	10,599
Charge against profits	7,314	(53)	7,261
Suspended interest	56	-	56
Transfer to debt securities	91	(142)	(51)
Amounts written off	(463)	(19)	(482)
At 31st December 2000	13,791	3,592	17,383

At 31st December 2001 £9,877,358 of loans and advances were deemed to be non performing and an amount of £7,928,279 had been provided against these.

<i>Company</i>	2001 Specific £000	2001 General £000	2001 Total £000
At 1 st January 2001	13,588	2,750	16,338
Charge against profits	46	1,000	1,046
At 31st December 2001	13,634	3,750	17,384

<i>Company</i>	2000 Specific £000	2000 General £000	2000 Total £000
At 1 st January 2000	10,070	2,750	12,820
Charge against profits	3,476	-	3,476
Suspended interest	56	-	56
Written off	(14)	-	(14)
At 31st December 2000	13,588	2,750	16,338

At 31st December 2001 £9,452,795 of loans and advances were deemed to be non-performing and an amount of £9,452,795 had been provided against these.



18 DEBT SECURITIES

<i>Group</i>	2001 Balance Sheet £000	2001 Market Value £000	2000 Balance Sheet £000	2000 Market Value £000
<i>Issued by public bodies</i>				
Investment securities:				
Government securities	499	523	498	529
Other public sector securities	409	314	400	410
	908	837	898	939
<i>Issued by other issuers</i>				
Investment securities:				
Bank and building society certificates of deposit	525,125	525,204	482,934	482,951
Other debt securities	76,923	75,763	61,046	58,836
Other securities:				
Other debt securities	8,028	8,028	10,577	10,577
	610,076	608,995	554,557	552,364
Total debt securities	610,984	609,832	555,455	553,303
Due within one year	545,014		493,777	
Due one year and over	65,970		61,678	
Total debt securities	610,984		555,455	
Investment securities:				
Listed on a recognised UK exchange	39,386	39,302	32,384	32,054
Listed elsewhere	18,191	17,332	7,471	7,397
Unlisted	545,379	545,170	505,023	503,275
	602,956	601,804	544,878	542,726
Other debt securities:				
Listed on a recognised UK exchange	778	778	3,163	3,163
Listed elsewhere	-	-	78	78
Unlisted	7,250	7,250	7,336	7,336
Sub total	8,028	8,028	10,577	10,577
Total debt securities	610,984	609,832	555,455	553,303
Of the total debt securities £15,653,000 is subordinated.				
<i>Group</i>	Cost £000	Discounts And premiums £000	Provisions £000	Carrying value £000
Investment securities:				
At 1 st January 2001	547,751	(750)	(2,123)	544,878
Exchange adjustments	227	-	(4)	223
Acquisitions	226,345	44	-	226,389
Disposals	(167,234)	22	234	(166,978)
Provisions made	-	-	(1,340)	(1,340)
Amortisation of discounts and premiums	-	(216)	-	(216)
At 31st December 2001	607,089	(900)	(3,233)	602,956



Notes to the Accounts (continued)

18 DEBT SECURITIES (continued)

<i>Company</i>	2001 Balance Sheet £000	2001 Market Value £000	2000 Balance Sheet £000	2000 Market Value £000
Investment securities:				
Bank and building society certificates of deposit	503,039	503,118	439,504	439,521
Other debt securities	54,526	53,485	33,622	33,234
Other securities:				
Other debt securities	8,028	8,028	10,577	10,577
Total debt securities	565,593	564,631	483,703	483,332
Due within one year	520,113		448,817	
Due one year and over	45,480		34,886	
Total debt securities	565,593		483,703	
Investment securities:				
Listed on a recognised UK exchange	34,292	34,202	26,781	26,546
Listed elsewhere	16,782	15,989	6,066	5,931
Unlisted	506,491	506,412	440,279	440,278
	557,565	556,603	473,126	472,755
Other securities:				
Listed on a recognised UK exchange	778	778	3,163	3,163
Listed elsewhere	-	-	78	78
Unlisted	7,250	7,250	7,336	7,336
	8,028	8,028	10,577	10,577
Total	565,593	564,631	483,703	483,332

<i>Company</i>	Cost £000	Discounts And Premiums £000	Provisions £000	Carrying Value £000
Investment securities:				
At 1 st January 2001	474,027	(733)	(168)	473,126
Exchange differences	108	(1)	(4)	103
Acquisitions	96,414	44	-	96,458
Disposals	(11,208)	55	-	(11,153)
Provisions made	-	-	(740)	(740)
Amortisation of discounts and premiums	-	(229)	-	(229)
At 31st December 2001	559,341	(864)	(912)	557,565



Notes to the Accounts (continued)

19 EQUITY SHARES

<i>Group</i>	2001 Balance Sheet £000	2001 Market Value £000	2000 Balance Sheet £000	2000 Market Value £000
Investment securities:				
Listed on a recognised UK exchange	500	290	607	1,786
Listed elsewhere	50	50	939	1,501
Unlisted	1,927	1,927	2,507	2,507
	2,477	2,267	4,053	5,794
<i>Group</i>	2001 Balance Sheet £000	2001 Market Value £000	2000 Balance Sheet £000	2000 Market Value £000
Other securities:				
Listed on a recognised UK exchange	301	301	540	540
Listed elsewhere	-	-	-	-
Unlisted	460	460	167	167
Total	761	761	707	707
Total equity shares	3,238	3,028	4,760	6,501
<i>Group</i>		Cost £000	Provisions £000	Carrying Value £000
Investment securities:				
At 1 st January 2001		5,358	(1,305)	4,053
Exchange adjustments		25	-	25
Acquisitions		319	-	319
Disposals		(1,126)	-	(1,126)
Provisions made		-	(794)	(794)
At 31st December 2001		4,576	(2,099)	2,477
<i>Company</i>	2001 Balance Sheet £000	2001 Market Value £000	2000 Balance Sheet £000	2000 Market Value £000
Investment securities:				
Listed on a recognised UK exchange	-	-	107	1,378
	-	-	107	1,378
<i>Company</i>	2001 Balance Sheet £000	2001 Market Value £000	2000 Balance Sheet £000	2000 Market Value £000
Other securities:				
Listed on a recognised UK exchange	301	301	540	540
Unlisted	460	460	167	167
Total	761	761	707	707
Total equity shares	761	761	814	2,085



Notes to the Accounts (continued)

19 EQUITY SHARES (continued)

<i>Company</i>	Cost	Provisions	Carrying Value
	£000	£000	£000
Investment securities:			
At 1 st January 2001	107	-	107
Disposals	(107)	-	(107)
At 31st December 2001	-	-	-

20 INTEREST IN ASSOCIATED UNDERTAKINGS

	Group £000	Company £000
At 1 st January 2001	1,070	-
Additional investment in associated undertakings	-	-
Disposals	-	-
Retained profits (after dividend receipt of £2,525,000)	(617)	-
At 31st December 2001	453	-

The principal associated undertaking is:

	NATURE OF BUSINESS	ISSUED SHARE CAPITAL AT 31/12/01	LOCATION OF REGISTERED OFFICE	ACCOUNTING REFERENCE DATE	GROUP INTEREST %	PRINCIPLE AREA OF OPERATION AND COUNTRY OF INCORPORATION
Marriott Singer Limited	Investment Management	50,000 £1 Ordinary shares	Isle of Man	31 December	50	Isle of Man

The associated undertaking is held by a subsidiary undertaking of the Company.

21 INVESTMENT IN GROUP UNDERTAKINGS

<i>Company</i>	£000
At 1 st January 2001	48,977
Acquisitions	12,892
Disposals	(100)
At 31st December 2001	61,769

On the historical cost basis, investment in Group undertakings would have been included as follows:

	2001 £000	2000 £000
Cost and net book value	61,769	48,977



21 INVESTMENT IN GROUP UNDERTAKINGS (continued)

The following information is given in respect of the principal subsidiary undertakings of the Company.

	Country of incorporation, registration and principal area of operation	Proportion of ordinary share capital owned and effective interest of the Company %
Principal subsidiary undertakings		
<i>Banking companies</i>		
Singer & Friedlander Leasing Limited*	England	100
Singer & Friedlander Finance Limited*	England	100
Singer & Friedlander Insurance Finance Limited*	England	100
Singer & Friedlander Commercial Finance Limited*	England	100
Singer & Friedlander (Isle of Man) Holdings Limited*	Isle of Man	100
Singer & Friedlander (Isle of Man) Limited	Isle of Man	100
Singer & Friedlander Trust Company (IOM) Limited	Isle of Man	100
Singer & Friedlander AG*	Switzerland	100
Sinjul Investments Limited*	England	100
Hermes Group Limited*	England	100
<i>Property companies</i>		
Singer & Friedlander Properties PLC	England	100
Singer & Friedlander Investment Properties Limited	England	100
Hillgrove Developments Limited	England	100
Quinarius Investments Limited	England	100
Peaston Emerson's Green Limited	England	100
Millwalk Limited	England	100
Peninsular Park Developments Limited	England	100
Straker Brothers Limited	England	100

- (i) All the above subsidiary undertakings are included in the consolidated accounts
(ii) Apart from the Company, Singer & Friedlander (Isle of Man) Limited is the only other banking institution.

- Held directly by the Company.

Companies within the Group acquired the following companies in the year :

<u>Company</u>	<u>Date of acquisition</u>
Union Transport Network Limited	17 January 2001
WH Jones Limited	25 January 2001
Hermes Group Limited	14 December 2001

Acquisition accounting has been used for these companies. The book values of these acquisitions at the time of purchase and consideration paid is as follows :

	£'000
Consideration – cash	13,569
Consideration – preference shares	609
Total consideration	14,178
Fixed assets	498
Loans and advances to banks	309
Loans and advances to customers	55,663
Other assets	1,557
Total assets	58,027
Bank loans and overdrafts	38,719
Block discounting arrangements	4,209
Other creditors	2,911
Total liabilities	45,839
Net assets of subsidiaries acquired	12,188
Goodwill arising on acquisition of subsidiary undertakings	1,990
Goodwill arising on acquisition of businesses	1,484
Total goodwill arising in the year (per note 23)	3,474



22 TANGIBLE FIXED ASSETS

Group	Freehold Property £000	Long Leasehold Property £000	Short Leasehold Property £000	Plant and Machinery £000	Furniture & Fittings £000	Total £000
<i>Cost or valuation</i>						
1 st January 2001	54,152	10,177	203	53,954	3,934	122,420
Additions	63	1,477	148	24,151	646	26,485
Disposals	(20,985)	(8,653)	-	(940)	(4)	(30,582)
Transfer	-	-	53	439	346	838
31st December 2001	33,230	3,001	404	77,604	4,922	119,161
<i>Depreciation</i>						
1 st January 2001	-	789	30	15,336	3,133	19,288
Charge	139	454	62	8,841	573	10,069
Disposals	-	(154)	-	(678)	(1)	(833)
Transfer	-	-	14	413	293	720
Revaluation	(139)	-	-	-	-	(139)
31st December 2001	-	1,089	106	23,912	3,998	29,105
Net book value at:						
31st December 2000	54,152	9,388	173	38,618	801	103,132
31st December 2001	33,230	1,912	298	53,692	924	90,056

Included in the accounts at their 31st December 2001 values are investment properties, which have a net book value of £755,000 (2000: £30,402,100).

The amounts at which the properties are stated are based on valuations as at 31st December 2001 provided by Mr B N Gorst, who is a director of Singer & Friedlander Holdings Limited, and is a fellow of the Royal Institution of Chartered Surveyors. The valuation was on the basis of Open Market Value for Existing Use in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors. Group occupied properties (which are not classified as investment properties) include 21 New Street which has been valued on the basis of Open Market Value for Existing Use being a 25 year lease to Singer & Friedlander Limited.

	2001 £000	2000 £000
On the historical cost basis, land and buildings would have been included as follows:		
Cost	11,092	31,606
Accumulated depreciation	(2,062)	(1,923)
	9,030	29,683

**22 TANGIBLE FIXED ASSETS (continued)**

There is no material difference between the depreciation charged in the profit and loss account and the charge based on the historical cost of the relevant assets.

Company	Long Leasehold Property £000	Plant and Machinery £000	Furniture & Fittings £000	Total £000
<i>Cost</i>				
1 st January 2001	1,527	8,954	2,896	13,377
Additions	1,435	768	198	2,401
Transfer	-	373	-	373
Disposals	(226)	(426)	(4)	(656)
31st December 2001	2,736	9,669	3,090	15,495
<i>Depreciation</i>				
1 st January 2001	789	6,076	2,395	9,260
Charge	454	1,065	228	1,747
Transfer	-	373	-	373
Disposals	(154)	(290)	(1)	(445)
31st December 2001	1,089	7,224	2,622	10,935
Net book value at:				
31st December 2000	738	2,878	501	4,117
31st December 2001	1,647	2,445	468	4,560

23 INTANGIBLE FIXED ASSETS – GOODWILL

<i>Group</i>	Total £000
Cost or valuation	
1st January 2001	5,816
Addition	3,474
	9,290
Amortisation	
1 st January 2001	73
Charge	378
	451
Net book value at:	
31st December 2000	5,743
31st December 2001	8,839

24 OTHER ASSETS

	2001 Group £000	2001 Company £000	2000 Group £000	2000 Company £000
Deferred tax assets – other timing differences	1,945	1,384	1,587	954
Taxation recoverable	3,787	4,532	1,752	1,995
Trade debtors	18,173	-	18,010	13,471
Dealing properties	3,012	-	30,471	-
Other assets	9,754	1,515	2,323	2,444
	36,671	7,431	54,143	18,864



25 DEPOSITS BY BANKS

	2001 Group £000	2001 Company £000	2000 Group £000	2000 Company £000
Repayable on demand	2,244	39,500	1,933	38,429
<i>Other deposits</i>				
Remaining maturity:				
Three months or less but not repayable on demand	371,868	502,967	210,308	282,381
One year or less but over three months	24,519	28,265	15,341	19,703
Five years or less but over one year	16,421	20	-	20
	415,052	570,752	227,582	340,533

Deposits by banks with the Company include £243,943,000 (2000: £151,181,927) from Singer & Friedlander (Isle of Man) Limited, a wholly owned subsidiary undertaking.

26 CUSTOMER ACCOUNTS

	2001 Group £000	2001 Company £000	2000 Group £000	2000 Company £000
Remaining maturity:				
Repayable on demand	422,457	296,278	359,740	204,563
<i>Other customer accounts</i>				
Remaining maturity:				
Three months or less but not repayable on demand	764,148	639,744	776,017	769,019
One year or less but over three months	29,627	22,789	32,318	27,084
Five years or less but over one year	10,119	10,100	3,860	3,640
	1,226,351	968,911	1,171,935	1,004,306
Amounts include:				
Due to subsidiary undertakings		171,815		197,494
Due to parent undertakings	61,539		9,640	

27 DEBT SECURITIES IN ISSUE

	2001 Group £000	2001 Company £000	2000 Group £000	2000 Company £000
Other debt securities in issue by remaining maturity:				
Three months or less but not repayable on demand	53,609	53,609	27,700	27,700
One year or less but over three months	-	-	28,800	28,800
Five years or less but over one year	-	-	1,000	1,000
Over five years	29,965	-	29,963	-
	83,574	53,609	87,463	57,500

In order to secure long-term funding for the property division £29.949 million was raised on 10th March 1994 by the issue of £30.0 million 8.8% debenture stock maturing 2019. Interest is due in equal half yearly instalments in arrears on 30th September and 31st March each year until redemption. The redemption date of the original stock is 31st March 2019 at par. If the stock is redeemed prior to this date the redemption price will be determined by reference to the Gross Redemption Yield on the Benchmark Gilt, being 8.75% Treasury Stock 2017.

The debenture was previously secured against properties held by the Group. On 6 February 2002 a variation to the security arrangements was completed whereby the debenture is now secured on 21 New Street, London, EC2M 4HR together with a cash deposit of £10,000,000.

**28 SUBORDINATED LOAN STOCK**

	2001 Group £000	2001 Company £000	2000 Group £000	2000 Company £000
Subordinated loan stock	5,000	10,000	-	5,000

On 30th December 1994, Singer & Friedlander Limited issued £5,000,000 of subordinated loan stock to Singer & Friedlander (Isle of Man) Limited. The loan is repayable in 2005 and carries an interest rate of LIBOR plus 1½ per cent.

On 14th December 2001 Singer & Friedlander Limited issued £5,000,000 of subordinated loan stock to Singer & Friedlander Group PLC. The loan is repayable in 2008 and carries an interest rate of LIBOR.

29 OTHER LIABILITIES

	2001 Group £000	2001 Company £000	2000 Group £000	2000 Company £000
Trade creditors	7,392	259	8,369	260
Taxation	4,743	-	6,421	-
Other liabilities	19,886	2,200	13,885	3,649
	32,021	2,459	28,675	3,909

30 DEFERRED TAXATION

	2001 Group £000	2001 Company £000	2000 Group £000	2000 Company £000
Provision for deferred taxation				
Capital allowances	6,068	-	4,472	-
Other timing differences	2,530	-	3,386	-
	8,598	-	7,858	-
At 1 st January 2001	7,858	-	4,065	-
Exchange adjustments	3	-	51	-
Charge/(release) to profit and loss account	732	-	3,044	-
Other	5	-	698	-
At 31st December 2001	8,598	-	7,858	-

The provision for UK deferred taxation relating to capital allowances has been made at 30% (2000: 30%) being the rate of corporation tax at which the liability is expected to crystallise. Unprovided potential deferred taxation liabilities in respect of unrealised capital gains amount to £5,512,000 (2000: £5,587,000).

Provision has also been made for deferred UK income and foreign withholding taxes that will be triggered by the future remittance of earnings by overseas subsidiary undertakings.

Provision is not made for any liability which might arise in the event of non investment properties being realised at balance sheet values. Most of these properties are occupied for the purposes of the Group's trade and any gains arising on disposal are normally rolled-over.

31 CALLED UP SHARE CAPITAL

	2001 Number of shares	2001 £000	2000 Number of shares	2000 £000
Authorised, issued and fully paid Ordinary shares of £1 each	50,000,000	50,000	50,000,000	50,000



32 COMBINED RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENTS ON RESERVES

Group

	Issued Share Capital £000	Capital Reserve £000	Profit and Loss Account £000	Total 2001 £000	Total 2000 £000
1 st January 2001	50,000	35,090	129,706	214,796	188,626
Profit attributable to shareholders	-	-	14,664	14,664	13,887
Dividends	-	-	(10,195)	(10,195)	(1,200)
Foreign exchange translation difference	-	-	84	84	(105)
Net write back of goodwill	-	-	-	-	9,708
Transfer arising on disposal of investment properties	-	2,060	(2,060)	-	-
Property revaluation net of deferred tax	-	136	-	136	3,880
31st December 2001	50,000	37,286	132,199	219,485	214,796

Company

	Issued Share Capital £000	Capital Reserve £000	Profit and Loss Account £000	Total 2001 £000	Total 2000 £000
1 st January 2001	50,000	2,913	54,825	107,738	100,319
Profit attributable to shareholders after dividends	-	-	38,105	38,105	7,419
31st December 2001	50,000	2,913	92,930	145,843	107,738

33 SEGMENTAL INFORMATION

In the opinion of the Directors, the Group has Banking as its primary business focus. This business was substantially conducted within Great Britain and the Isle of Man. Following the sale of the Group's interest in Collins Stewart Limited in 2000 the Group no longer conducts Stockbroking business.

In previous years the segmental analysis has disclosed operating income from Asset Management, which income arose from a management charge levied by Singer & Friedlander Limited on its sister company Singer & Friedlander Investment Management Limited. In 2001 this management charge and the related profit has been disclosed within "Other" as the Directors feel this better reflects the nature of the relationship. The 2000 comparatives have been restated to reflect this change and to reflect the restatement as disclosed in note 7.

Further, the Directors consider the Group's investment in property as being a re-deployment of the capital of the Group's banking business. Therefore the results and closing position of those companies within the Group which have benefited from this re-deployment of capital have been included within the results from Banking. This is a change from prior years.

The 2000 comparative figures have been restated accordingly and to reflect the restatement as disclosed in note 7. The results of these segments and the Group's net assets may be analysed as follows:

	2001 Banking £000	2001 Stockbroking (Discontinued) £000	2001 Other £000	2001 Total £000
Operating income	77,342	-	19,334	96,676
Pre-tax profit on ordinary activities	21,862	-	1,284	23,146
Non-operating exceptional items before taxation and minority interests	(1,040)	-	-	(1,040)
Total assets	2,015,847	-	-	2,015,847
Net assets	219,485	-	-	219,485
Restated	2000 Banking £000	2000 Stockbroking (Discontinued) £000	2000 Other £000	2000 Total £000
Operating income	77,770	32,571	20,751	131,092
Pre-tax profit on ordinary activities	23,605	13,135	4,472	41,212
Non-operating exceptional items before taxation and minority interests	(9,636)	-	-	(9,636)
Total assets	1,762,891	-	-	1,762,891
Net assets	219,683	-	(4,887)	214,796



34 RELATED PARTIES

Set out below are transactions with related parties as required by FRS8 'Related Party Disclosures'.

Subsidiary undertakings

Details of the principal subsidiary undertakings are shown in Note 22. In accordance with Financial Reporting Standard No. 8 "Related Party Disclosures", transactions or balances between Group entities that have been eliminated on consolidation are not reported.

Associated undertakings

Singer & Friedlander Properties PLC owns 50% of the share capital of Clarke London Limited. At 31st December 2001 Clarke London Limited had funds on deposit with Singer & Friedlander Limited of £83,250 (2000: £348,304). The deposit is on normal commercial terms.

The Singer & Friedlander Pension and Assurance Scheme ("Scheme")

Singer & Friedlander Limited recharges the Scheme with the cost of administration services incurred by it and the total amount recharged in the year ended 31st December 2001 was £139,146 (2000: £162,000).

Directors and Officers Loans

There were no amounts outstanding at 31st December 2001 under transactions, arrangements and agreements made by authorised institutions within the Group from those who were directors (including connected persons) or officers of Singer & Friedlander Limited during the year (2000 : £1,000).

35 EMPLOYEES

The average number of persons employed by the Group during the year was made up as follows:

	2001 Number	2000 Number
Managers	198	184
Clerical staff	327	310
Others	74	88
	599	582

All employees are based within Great Britain and the Isle of Man.



36 COMMITMENTS

Group:	2001 Notional Principal £000	2000 Notional Principal £000
<i>Commitments</i>		
Documentary credits and short-term trade -related transactions	14,885	29,082
Undrawn formal standby facilities, credit lines and other commitments to lend:		
1 year and over	79,981	57,172
Less than 1 year	154,340	123,356
Other	-	1,028
	249,206	210,638
Company:	2001	2000
	Notional Principal £000	Notional Principal £000
<i>Commitments</i>		
Documentary credits and short-term trade -related transactions	14,885	29,082
Undrawn formal standby facilities, credit lines and other commitments to lend:		
1 year and over	79,981	57,172
Less than 1 year	154,340	123,356
	249,206	209,610

37 DERIVATIVE TRANSACTIONS

In the normal course of business, the Group enters into a low volume of derivative transactions in the foreign exchange and interest rate markets largely for the purposes of hedging Group exposures. The counterparties in the Group's derivatives transactions are largely banks and other financial institutions.

Ultimate responsibility for the control of risk rests with directors of the Group. However, the day to day operational management of risk is delegated to the operating entities within the Group, which operates within prescribed limits. The methodology of managing risk varies across the Group, reflecting the complexity of the relevant businesses.

The notional principal amounts for trading and non-trading derivatives as at 31st December 2001 and 31st December 2000 were:

	2001 Trading £000	2001 Non- Trading £000	2000 Trading £000	2000 Non- Trading £000
<i>Interest rate contracts:</i>				
Forward rate agreements	-	32,000	-	1,000
Future contracts	76,000	19,000	22,500	48,000
Interest rate swaps	31,820	206,604	20,662	114,767
Options	30,000	145,769	63,950	176,686
<i>Exchange rate contracts</i>				
Forward agreements	39,771	121,500	57,677	74,867
Options	5,180	-	3,849	-

**37 DERIVATIVE TRANSACTIONS (continued)**

At 31st December 2001 and 31st December 2000, the notional principal and replacement cost, by maturity, from over the counter (OTC) and non-margined exchange traded contracts was:

	2001 Notional Principal £000	2001 Replacement Cost £000	2000 Notional Principal £000	2000 Replacement Cost £000
Remaining Maturity:				
Over five years	3,936	108	3,936	110
Between one and five years	284,867	310	302,676	326
Less than one year	157,390	146	70,453	142

The following table analyses the replacement cost of all over the counter and non-margined exchange traded contracts at 31st December 2001 and 31st December 2000 between financial and non-financial counterparties:

	2001 Replacement Cost £000	2000 Replacement Cost £000
Remaining Maturity:		
Financial	564	578
Non-financial	-	-

38 OPERATING LEASE COMMITMENTS

<i>Group</i>	2001 Land and Buildings £000	2000 Land and Buildings £000
At 31 st December, annual commitments under non-cancellable operating leases expiring:		
Within one year	90	-
Between one and five years	585	243
In five years or more	703	1,118
	1,378	1,361
<i>Company</i>	2001 Land and Buildings £000	2000 Land and Buildings £000
At 31 st December, annual commitments under non-cancellable operating leases expiring:		
In five years or more	2,285	2,285
	2,285	2,285



39 RISK MANAGEMENT

The Group enters into contracts involving financial instruments during the normal course of its business. Such contracts may be entered into in order to facilitate customer requirements, to take trading positions on the Group's own book or to hedge exposures arising either as a result of customer business or proprietary positions. The Group primarily enters into financial instrument contracts involving deposits, loans, bonds, shares (including equity shares and preference shares), contingent liabilities and derivative financial instruments (including forward contracts, futures, swaps and options). In addition, certain financial instruments such as trade debtors and trade creditors arise directly from the Group's operations.

Derivative contracts are used primarily for non-trading purposes. However, the Group does occasionally enter into derivative transactions for trading purposes. The risk management disclosures made below apply to both the trading and non-trading elements of derivative contracts.

The use by business units of financial instruments (other than those which arise directly from the Group's operations) must be approved in advance by senior management. Approval will either be considered on a case by case basis or by the setting of limits within which financial instruments must be managed. These limits are split between financial instruments held for trading purposes and financial instruments held for non-trading purposes. The exposures which result from holding such financial instruments are managed in order that the cumulative interest rate mismatch and the maturity and currency profiles of the financial instruments are maintained within approved limits.

The Group's trading activities include providing financial instruments to clients, market-making, taking proprietary positions and their related hedges. The Group's non-trading activities include traditional lending and deposit-taking, asset/liability and liquidity management, investment activity and related hedges.

Risk exposures arising from financial instruments are monitored against the approved limits on at least a daily basis either by local management or by central risk management. Further, there is at least monthly review of the exposures by central risk management.

The main risks likely to arise from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and equity price risk. The exposure to and management of these risks is summarised below.

The year-end figures reported in these financial statements for financial instruments are reflective of the position held throughout the year and are consistent with the objectives, policies and strategies approved by the Board. With the exception of the currency risk disclosures, the numerical disclosures provided in these notes for financial instruments have not included the effect of short-term debtors and creditors that relate to non-banking activities.

Credit risk

The Group manages credit risk by setting procedures for the establishment of new/renewed credit exposures as well as setting limits for credit risk, split between direct credit exposure, credit equivalent exposure and settlement exposure. Further, limits are set for the tenor, country and currency of exposure as well as for total exposures to certain categories of business.

The credit limits are monitored by local, independent management as well as by the Group's Risk Review Committee.

Interest rate risk

The Group's exposure to interest rate fluctuations on its borrowings and deposits is primarily managed by limiting interest rate mismatches and through using derivative instruments as described above. The limits for exposure to interest rate risk are set at local business unit level. The interest rate risk profiles of the Group as at 31st December 2001 and 31st December 2000 are summarised below.

Part of the Group's return on financial instruments is obtained from running a mis-match between the maturity or the next interest rate fixing date of assets compared to the maturity of liabilities. The tables below summarises these repricing mismatches on the Group's non-trading book as at 31st December 2001 and 31st December 2000. Items are allocated to time bands by reference to the earlier of the next interest rate repricing date and the maturity date.



39 RISK MANAGEMENT (continued)

Interest rate sensitivity gap analysis as at 31st December 2001

	Not more than 3 months	More than 3 months but not more than 6 months	More than 6 months but not more than 1 year	More than 1 year but not more than 5 years	More than 5 years	Non interest bearing	Total held on the trading book	Total included in balance sheet
	£000	£000	£000	£000	£000	£000	£000	£000
Assets								
Cash and balances at central banks and cheques in course of collection	398	-	-	-	-	-	398	398
Loans and advances to banks	283,932	379	-	-	-	-	284,311	284,311
Loans and advances to customers	564,785	111,356	79,187	210,611	1,446	-	967,385	967,385
Debt securities	524,808	8,106	4,849	54,745	10,448	-	602,956	610,984
Equity shares including interest in associated undertakings	-	-	-	-	-	2,930	2,930	3,691
Non financial assets						149,078	149,078	149,078
Total assets	1,373,923	119,841	84,036	265,356	11,894	152,008	2,007,058	2,015,847
Liabilities								
Deposits by banks	374,112	10,561	13,958	16,421	-	-	415,052	415,052
Customer accounts	1,186,605	21,230	8,396	10,120	-	-	1,226,351	1,226,351
Debt securities in issue	53,609	-	-	-	29,965	-	83,574	83,574
Subordinated liabilities	-	5,000	-	-	-	-	5,000	5,000
Minority interests	-	-	-	-	-	144	144	144
Shareholders' funds	-	-	-	-	-	219,485	219,485	219,485
Non financial liabilities	-	-	-	-	-	66,241	66,241	66,241
Total liabilities	1,614,326	36,791	22,354	26,541	29,965	285,870	2,015,847	2,015,847
Off balance sheet items	139,038	23,504	5,000	(163,606)	(3,936)	-	-	-
Interest rate sensitivity gap	(101,365)	106,554	66,682	75,209	(22,007)	(133,862)	(8,789)	8,789
Cumulative interest rate sensitivity gap	(101,365)	5,189	71,871	147,080	125,073	(8,789)	-	-



39 RISK MANAGEMENT (continued)

Interest rate sensitivity gap analysis as at 31st December 2000

	Not more than 3 months	More than 3 months but not more than 6 months	More than 6 months but not more than 1 year	More than 1 year but not more than 5 years	More than 5 years	Non interest bearing	Total	Held on the trading book	Total included in balance sheet
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Assets									
Cash and balances at central banks and cheques in course of collection	891	-	-	-	-	-	891	-	891
Loans and advances to banks	276,958	235	-	-	-	-	277,193	-	277,193
Loans and advances to customers	467,355	77,379	53,476	146,741	1,628	-	746,579	-	746,579
Debt securities	484,843	7,637	3,111	44,841	11,782	-	552,214	3,241	555,455
Equity shares including interest in associated undertakings	-	-	-	-	-	5,290	5,290	540	5,830
Non financial assets	-	-	-	-	-	176,943	176,943	-	176,943
Total assets	1,230,047	85,251	56,587	191,582	13,410	182,233	1,759,110	3,781	1,762,891
Liabilities									
Deposits by banks	212,241	4,282	11,059	-	-	-	227,582	-	227,582
Customer accounts	1,136,742	15,202	17,295	2,696	-	-	1,171,935	-	1,171,935
Settlement balances	-	-	-	-	-	498	498	-	498
Debt securities in issue	27,700	2,500	26,300	1,000	29,963	-	87,463	-	87,463
Shareholders' funds	-	-	-	-	-	214,796	214,796	-	214,796
Non financial liabilities	-	-	-	-	-	60,617	60,617	-	60,617
Total liabilities	1,376,683	21,984	54,654	3,696	29,963	275,911	1,762,891	-	1,762,891
Off balance sheet items	96,359	14,618	(10,750)	(96,291)	(3,936)	-	-	-	-
Interest rate sensitivity gap	(50,277)	77,885	(8,817)	91,595	(20,489)	(93,678)	(3,781)	3,781	-
Cumulative interest rate sensitivity gap	(50,277)	27,608	18,791	110,386	89,897	(3,781)	-	-	-



39 RISK MANAGEMENT (continued)

Liquidity risk

The Group's objective is to maintain funding which is both flexible and which has a range of maturities. Liquidity risk is primarily managed by the Group's central treasury operations with reference to liquidity limits set internally by senior management and by external regulators. The Group has reference to regular reports which summarise the current liquidity position, thus helping to ensure that the Group has sufficient liquid assets to be able to meet its future expected cash outflows.

Currency risk

The Group mainly operates in the UK.

The Group policy is not to run significant structural and transactional currency exposures.

The table below shows the Group's non-trading currency exposures, being those transactional (or non-structural) exposures that give rise to the net currency gains and losses recognised in the profit and loss account. Such exposures comprise the monetary assets and monetary liabilities of the Group that are not denominated in the functional currency of the operating unit involved. As at 31st December 2001 and 2000 these exposures were:

Net foreign currency monetary assets/(liabilities) in £000s

	Euro	US Dollar	Swiss Francs	Other	Total
Functional currency of Group operation					
As at 31st December 2001					
Sterling	876	3,387	381	572	5,216
As at 31st December 2000					
Sterling	(53)	686	374	(867)	140

The amounts shown in the above table take into account the effect of any currency swaps, forward contracts and other derivatives entered into to manage these currency exposures.

Fair values of financial assets and financial liabilities

The tables below set out a comparison by category of book values and fair values of the Group's actively tradeable financial assets and financial liabilities as at 31st December 2001 and 31st December 2000.

As at 31 st December 2001	Net book value £000	Net fair value £000	Positive fair value (for trading items only) £000	Negative fair value (for trading items only) £000
Held on the trading book				
Interest rate swaps	101	101	392	(291)
Interest rate caps, collars and floors	(31)	(31)	308	(339)
Interest rate futures	7	7	36	(29)
Forward foreign currency contracts	31	31	174	(143)
Foreign currency options	24	24	29	(5)
Debt securities	8,028	8,028	8,028	-
Equity shares	761	761	761	-
	8,921	8,921	9,728	(807)
Non-trading book				
Interest rate swaps and forward rate agreements	(337)	(643)		
Interest rate caps, collars and floors	713	1,137		
Forward currency agreements	(88)	(88)		
Interest rate futures	57	(7)		
Bank/Building Society certificates of deposit held	525,125	525,204		
Certificates of deposit issued	(54,218)	(54,218)		
Floating rate note	609	609		
Public sector debt securities	908	837		
Debenture issued	(29,965)	(41,800)		
Other actively tradeable debt securities	76,923	75,763		
Actively tradeable equity shares	550	340		
	520,277	507,134		



39 RISK MANAGEMENT (continued)

As at 31 st December 2000	Net book value	Net fair value	Positive fair value (for trading items only)	Negative fair value (for trading items only)
	£000	£000	£000	£000
Held on the trading book				
Interest rate swaps	86	86	270	(184)
Interest rate caps, collars and floors	(10)	(10)	327	(337)
Interest rate futures	73	73	73	-
Forward foreign currency contracts	(28)	(28)	283	(311)
Debt securities	44	44	55	(11)
Equity shares	10,577	10,577	10,577	-
Other non-derivatives (short positions)	707	707	707	-
	11,449	11,449	12,292	(843)
Non-trading book				
Interest rate swaps	(123)	(529)		
Interest rate caps, collars and floors	1,412	884		
Forward currency agreements	53	53		
Futures	(23)	(50)		
Bank/Building Society certificates of deposit held	482,934	482,951		
Certificates of deposit issued	(57,500)	(57,500)		
Public sector debt securities	898	939		
Debenture issued	(29,963)	(40,000)		
Other actively tradeable debt securities	61,046	58,836		
Actively tradeable equity shares	1,546	3,287		
	460,280	448,871		

Market values have, wherever possible, been used to determine the fair value of all swaps, forward foreign currency contracts, interest rate caps, collars and floors and all listed/publicly quoted securities. Where market values are not available values have been obtained by discounting cash flows at market rates. Certain other financial assets/liabilities have been valued at their carrying amount as this is not considered to be materially different to fair value.

39 RISK MANAGEMENT (continued)

Hedging disclosures

As explained above, the Group's policy is to hedge the following exposures:

- Interest rate risk – using interest rate swaps, caps, floors and collars, currency swaps and forward foreign currency contracts;
- Transactional currency exposures – using currency swaps and forward foreign currency contracts.

Gains and losses on instruments used for hedging are not recognised until the gain/loss on the exposure being hedged is itself recognised. As at 31st December 2001 the Group had an unrecognised cumulative aggregate gain on derivative financial assets and liabilities for which hedge accounting had been used. This aggregate gain on derivative contracts may be analysed as approximately £2,110,000 (2000: £Nil) of gains and £1,942,000 (2000: £961,000) of losses. In addition, carried forward at the balance sheet date pending recognition in the profit and loss account are approximate realised gains on settled derivative contracts of approximately £482,000 (2000: £146,000) and losses of £713,000 (2000: £1,465,000).

On the basis of the relevant yield curves at 31st December 2001 £1,362,000, (2000: £1,044,000) of gains and £1,435,000 (2000: £1,269,000) of losses are expected to be recognised in the profit and loss account for the year ended 31st December 2002 in respect of settled and outstanding derivative contracts. Again on the basis of relevant yield curves as at 31 December 2000, gains of approximately £1,044,000 (2000: £607,000) and losses of approximately £1,269,000 (2000: £240,000) have been recognised in the profit and loss account which arose in previous years but which had previously been unrecognised.

Exposure to market risk of trading book

The Group's trading book exposure to market risk predominantly comprises equity price risk; whilst the Group has some interest rate and currency risk exposures these are relatively small. The Group uses sensitivity analysis to manage the market price risk in its trading book. This estimates the effect on profit before tax over various periods of a range of possible changes in interest rates and underlying equity prices.

The sensitivity analysis models used for this purpose make no assumptions about any interrelationships between such prices/rates or about the way in which such changes may affect the economies involved. The figures quoted below are based on end of day positions. The figures do not reflect any intra-day movements which could give rise to gains/losses greater than the end of day positions. As a consequence, figures derived from the Group's sensitivity analysis models should be used by the reader of the financial statements in conjunction with other information about the Group's risk profile.

The Group accepts a degree of interest rate risk and security price risk as long as the effects of various changes in rates and prices, as calculated using its sensitivity analysis models, remain within certain prescribed ranges. The figures disclosed below are well within those ranges.

The maximum, minimum and average effect of a rise/fall in equity prices of ten percent, would be a rise/fall in profit before tax of £1.1million, £0.9million and £1.0million respectively (2000: £3.5million, £1.0million and £2.1million) and as at 31st December 2001 would be an increase/decrease in profit before tax of £0.9million (2000: £1.0 million).

The Group's market risk exposure to interest rate risk and currency risk is not material.

40 ULTIMATE PARENT UNDERTAKING

The Company's immediate parent undertaking is Singer & Friedlander Holdings Limited. The ultimate parent undertaking is Singer & Friedlander Group PLC which is incorporated in Great Britain and registered in England and Wales. Copies of their Group financial statements can be obtained from this Company's registered office.