

Company registration number: 1437775

ANCOMASS LIMITED  
DIRECTORS' REPORT AND ACCOUNTS  
31ST DECEMBER 2003

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



ANCOMASS LIMITED

Directors

J. Hodson - Chairman  
A.P. Shearer

Secretary

S.P.Doherty

REPORT OF THE DIRECTORS

The directors submit their annual report, together with the financial statements of the Company, for the year ended 31st December 2003.

PRINCIPAL ACTIVITY

The Company is an investment holding company, which holds the whole of the issued share capital of Singer & Friedlander Holdings Limited.

Singer & Friedlander Holdings Limited has one principal subsidiary, Singer & Friedlander Limited, an authorised institution for the purposes of the Banking Act 1987.

ULTIMATE PARENT UNDERTAKING

The Company is a wholly owned subsidiary undertaking of Singer & Friedlander Group PLC.

DIRECTORS' AND OFFICERS' INSURANCE

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

RESULTS AND DIVIDENDS

The results for the year are set out in the profit and loss account on page 4.

During the year interim dividends totalling £20,000,000 were paid in respect of the year ended 31st December 2003 (2002: £13,000,000).

The Directors do not recommend payment of a final dividend in respect of the year ended 31st December 2003 (2002: £ nil).

DIRECTORS

The names of the directors of the Company as at the date of this report are shown at the head of this report. The Company's articles of association make no provision for the retirement of directors by rotation. Mr A.P. Shearer was appointed on 1 July 2003 and Mr M.E.S. Gibbins resigned on 31 December 2003. All the other directors served throughout the year.

DIRECTORS' INTERESTS

Messrs J. Hodson and A.P. Shearer are directors of this Company's parent undertaking, Singer & Friedlander Group PLC. Accordingly their interests in the share capital of Singer & Friedlander Group PLC and its subsidiaries are not required to be recorded in this company's register of director's interests.

AUDITORS

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditor of the Company is to be proposed at the forthcoming General Meeting.

ANCOMASS LIMITED

REPORT OF THE DIRECTORS

(Continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit 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 discrepancies 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 detect fraud and other irregularities.

BY ORDER OF THE BOARD



S.P.Doherty  
Secretary

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

25<sup>th</sup> February 2004

INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF ANCOMASS LIMITED

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

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND THE 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 judgments 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 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 31st December 2003 and of its profit 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  
8 Salisbury Square  
London  
EC4Y 8BB

25<sup>th</sup> February 2004

ANCOMASS LIMITEDPROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST DECEMBER 2003

	<u>Note</u>	<u>2003</u> £	<u>2002</u> £
<i>Continuing Operations</i>			
Income from shares in subsidiary undertakings	1	20,000,000	13,000,000
Administrative expenses		-	1,175
Operating profit		20,000,000	13,001,175
Other interest receivable and similar income		10,439	12,109
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	20,010,439	13,013,284
Taxation on profit on ordinary activities	3	(3,132)	(3,985)
PROFIT FOR THE FINANCIAL YEAR		20,007,307	13,009,299
Dividends		(20,000,000)	(13,000,000)
RETAINED PROFIT FOR THE FINANCIAL YEAR		7,307	9,299
RETAINED PROFIT BROUGHT FORWARD		96,365	87,066
RETAINED PROFIT CARRIED FORWARD		103,672	96,365


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

The notes on pages 7 to 9 form part of these financial statements.

ANCOMASS LIMITEDBALANCE SHEET AT 31ST DECEMBER 2002

	<u>Note</u>	<u>2003</u> £	<u>2002</u> £
FIXED ASSETS			
Investment in subsidiary undertakings	6	83,630,089	83,630,089
CURRENT ASSETS			
Amount due from Singer & Friedlander Limited		353,248	346,334
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Corporation tax		7,117	3,985
Accruals and deferred income		-	3,525
		7,117	7,510
NET CURRENT ASSETS		346,131	338,824
TOTAL ASSETS LESS CURRENT LIABILITIES		83,976,220	83,968,913
CREDITORS - Amounts falling due after more than one year	8	(6,700,000)	(6,700,000)
NET ASSETS		77,276,220	77,268,913
CAPITAL AND RESERVES			
Called up share capital	9	36,000,000	36,000,000
Share Premium	10	24,023,948	24,023,948
Capital Reserves	10	17,148,600	17,148,600
Profit & Loss Account	10	103,672	96,365
SHAREHOLDERS' FUNDS - EQUITY	10	77,276,220	77,268,913

The financial statements were approved by the board of directors on 25<sup>th</sup> February 2004 and signed on its behalf by:



J. HODSON  
DIRECTOR

The notes on pages 6 to 9 form part of these financial statements.

ANCOMASS LIMITEDNOTES TO THE FINANCIAL STATEMENTS1. ACCOUNTING POLICIES

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

Basis of preparation

The financial statements have been prepared under the historical cost convention, adjusted by the revaluation of the investment in subsidiary undertakings in prior years, and are in accordance with applicable accounting standards.

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.

Group Financial Statements

The company is exempt by virtue 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.

Taxation

The charge for taxation is based on the profits for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19.

Income from shares in subsidiary undertakings

This represents income from shares in subsidiary undertakings on a receipt basis.

Investment in Subsidiary Undertakings

The Company's investment in its subsidiaries are stated at the directors' valuation.

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities is stated after charging/(crediting) the following:-

	<u>2003</u>	<u>2002</u>
	£	£
Auditor's remuneration - audit work	-	3,525
Interest receivable	(10,439)	(12,109)
	<u>=====</u>	<u>=====</u>

The Auditor's remuneration for audit work has been borne by the company's ultimate parent company. The fee was £2,000 exclusive of value added tax.

3. TAXATION

	<u>2003</u>	<u>2002</u>
	£	£
Corporation tax at 30% (2000: 30%)	3,132	3,985
	<u>=====</u>	<u>=====</u>

The effective tax rate charged to the Company's profits is 30% as per the statutory UK rate excluding dividends from UK subsidiaries.

ANCOMASS LIMITEDNOTES TO THE FINANCIAL STATEMENTS  
(continued)4. DIRECTORS' LOANS AND OTHER INTERESTS

None of the directors had during the year, directly or indirectly, a material beneficial interest in any contract to which the Company, or any of its subsidiary undertakings, was party, and which is or was significant in relation to the business of the Company or any of its subsidiary undertakings.

There were no amounts outstanding at 31st December 2003 to be disclosed under the provisions of the Companies Act 1985 in respect of loans made to the Company's directors and/or persons (including bodies corporate) connected with them by the Company's banking subsidiary.

5. DIRECTORS' EMOLUMENTS

The emoluments of the directors of the Company in respect of their service as directors are paid by the ultimate parent company for the year ended 31st December 2003.

6. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

In the opinion of the directors the aggregate value of these investments is not less than the value at which they are stated in the balance sheet.

	<u>2003</u>	<u>2002</u>
	<u>£</u>	<u>£</u>
Valuation at 1st January and 31 <sup>st</sup> December	83,630,089	83,630,089
	<u>=====</u>	<u>=====</u>

The cost of the investment in subsidiaries at 31st December 2003 was £52,795,455 (2002: £52,795,455).



ANCOMASS LIMITEDNOTES TO THE FINANCIAL STATEMENTS

(Continued)

7. GROUP UNDERTAKINGS

At 31st December 2003 the Company owned all the issued share capital of Singer & Friedlander Holdings Limited which itself owned all the issued share capital of Singer & Friedlander Limited. Both companies are registered in England. The principal subsidiary undertakings of Ancomass Limited, which are owned directly (marked \*) or through other subsidiaries are:

	<u>Country of incorporation/ registration</u>	<u>Proportion of Share capital owned and effective Interest of the Company %</u>
Singer & Friedlander Holdings Limited*	ENGLAND	100
Singer & Friedlander 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 (Isle of Man) Limited	ISLE OF MAN	100
Appledale Limited	ISLE OF MAN	100
Singer & Friedlander AG	SWITZERLAND	100
Singer & Friedlander Leasing Limited	ENGLAND	100
Singer & Friedlander Insurance Finance Limited	ENGLAND	100
Singer & Friedlander Finance Limited	ENGLAND	100
Singer & Friedlander Commercial Finance Limited	SCOTLAND	100
Sinjul Investments Limited	ENGLAND	100
Melbreck Securities Limited	ENGLAND	100
Singer & Friedlander Properties PLC	ENGLAND	100
Singer & Friedlander Investment Properties Limited	ENGLAND	100
Northill Properties (Houndsitch) Limited	ENGLAND	100
Peaston Emerson's Green Limited	ENGLAND	100
Hillgrove Estates Limited	ENGLAND	100
Quinarius Investments Limited	ENGLAND	100
Hillgrove Developments Limited	ENGLAND	100

8. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

On 22nd September, 1987 the Company issued £6,700,000 Interest-free Irredeemable Unsecured Loan Stock at a premium of £2,000,000. The premium was used to create the Ancomass Employee Trust, a discretionary trust to provide benefits to employees in the form of options to purchase ordinary shares in Singer & Friedlander Group PLC.

9. SHARE CAPITAL

	<u>Authorised</u>		<u>Issued and fully paid</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
	£	£	£	£
'A' ordinary shares of 50p	36,987,400	36,987,400	35,988,546	35,988,546
'B' ordinary shares of 50p	3,700	3,700	3,700	3,700
'C' ordinary shares of 50p	1,000	1,000	-	-
'D' ordinary shares of 50p	200	200	54	54
Deferred shares of 50p	7,700	7,700	7,700	7,700
	<u>37,000,000</u>	<u>37,000,000</u>	<u>36,000,000</u>	<u>36,000,000</u>

ANCOMASS LIMITEDNOTES TO THE FINANCIAL STATEMENTS  
(Continued)10. COMBINED RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS  
AND STATEMENT OF MOVEMENT ON RESERVES

	Issued Share Capital	Share Premium	Capital Reserves	Profit & Loss Account	2003 £ Total	2002 £ Total
At January	36,000,000	24,023,948	17,148,600	96,365	77,268,913	77,259,614
Profit for the financial year	-	-	-	20,007,307	20,007,307	13,009,299
Dividends Paid	-	-	-	(20,000,000)	(20,000,000)	(13,000,0000)
	<u>36,000,000</u>	<u>24,023,948</u>	<u>17,148,600</u>	<u>103,672</u>	<u>77,276,220</u>	<u>77,268,913</u>

11. RELATED PARTY DISCLOSURES

Financial Reporting Standard No. 8: Related Party Disclosures grants a partial exemption to subsidiary undertakings from its requirements, provided that 90% or more of the voting rights of the Company are controlled within the group, and where the subsidiary is included in publicly available consolidated financial statements. The ultimate controlling party is Singer & Friedlander Group PLC.

The directors of the Company have taken advantage of this exemption in respect of transactions between the Company and other qualifying group undertakings.

12. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking of Ancomass Limited is Singer & Friedlander Group PLC which is incorporated in Great Britain and registered in England and Wales. Copies of the group financial statements of the ultimate parent undertaking in which the results of this company are consolidated, can be obtained from its registered office at 21 New Street, Bishopsgate, London.