

Company registration number: 3042092

NEW STREET ASSET MANAGEMENT LIMITED

DIRECTORS' REPORT AND ACCOUNTS

31ST DECEMBER 2004



KPMG Audit Plc  
8 Salisbury Square, London EC4Y 8BB

## NEW STREET ASSET MANAGEMENT LIMITED

### Directors

T.R. Howe  
M.C. Ellisdon  
M.C. Firth  
P.E. Herrington

### Secretary

S.P. Doherty

## REPORT OF THE DIRECTORS

The directors submit their annual report, together with the accounts of the Company for the year ended 31st December 2004.

### REVIEW OF THE YEAR AND PRINCIPAL ACTIVITIES

The Company's principal activity is to act as a manager of collective investment schemes. The results for the year are set out in the profit and loss account on page 4.

During the year an interim dividend of £500,000 was paid (2003: £450,000).

### 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.

### DIRECTORS

The names of the directors of the Company as at the date of this report appear at the head of this page. The directors have served throughout the year, with the exception of Mr P.E. Herrington who has served as a director of the company since his appointment to the Board on 18<sup>th</sup> October 2004, and Mr G.M. Muir who served as a director of the company until his resignation from the Board on 19<sup>th</sup> November 2004.

Mr R.W. Killingbeck resigned as a director of the Company on 7<sup>th</sup> February 2005.

The Company's Articles of Association make no provision for the retirement of directors by rotation.

### DIRECTORS' INTERESTS IN SHARES

The Company is a subsidiary of Singer & Friedlander Investment Management Limited whose ultimate holding company is Singer & Friedlander Group PLC.

Messrs G.M. Muir and R.W. Killingbeck were and Messrs T R Howe and M C Firth are directors of Singer & Friedlander Investment Management 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.

NEW STREET ASSET MANAGEMENT LIMITED

REPORT OF THE DIRECTORS

(continued)

As at 31<sup>st</sup> December 2004, Mr M.C. Ellisdon held 4,610 Ordinary shares of 13.5p each in Singer & Friedlander Group PLC (2003: 5,188 Ordinary shares of 12p each) and the following options to subscribe for shares:

11,115 at 142.6p (2003: 11,115 at 142.6p) options granted under the terms of the Singer & Friedlander Group PLC Sharesave Scheme; 9,800 at 305.7p (2003: 9800) options granted under the terms of the Singer & Friedlander Group PLC Approved Share Option Plan; and 25,000 at 240.3p (2003: nil) options granted under the terms of the Singer & Friedlander Unapproved Share Option Plan.

As at 31<sup>st</sup> December 2004, Mr P.E. Herrington held 5,693 at 115.4p and 6,669 at 142.6p options granted under the terms of the Singer & Friedlander Group PLC Sharesave Scheme; 9,800 at 305.7p options granted under the terms of the Singer & Friedlander Group PLC Approved Share Option Plan; and 15,000 at 240.3p options granted under the terms of the Singer & Friedlander Unapproved Share Option Plan.

The mid market price of an ordinary share of Singer & Friedlander Group PLC at 31<sup>st</sup> December 2004, was 263.50p, and the range during 2004 was 208.00p to 311.00p.

AUDITORS

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BY ORDER OF THE BOARD



S.P. Doherty  
Secretary

Registered Office:  
21 New Street  
Bishopsgate  
London EC2M 4HR  
2<sup>nd</sup> March 2005

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
NEW STREET MANAGEMENT LIMITED

We have audited the financial statements on pages 4 to 9.

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

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor

2<sup>nd</sup> March 2005

KPMG Audit Plc  
8 Salisbury Square  
London  
EC4Y 8BB

NEW STREET ASSET MANAGEMENT LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2004

	<u>Notes</u>	<u>2004</u> £	<u>2003</u> £
<i>Continuing operations</i>			
Turnover		2,195,324	1,870,623
Administrative expenses		(1,749,154)	(1,361,868)
OPERATING PROFIT		<u>446,170</u>	<u>508,755</u>
Other interest receivable and similar income		86,820	48,508
Profit on ordinary activities before taxation	2	<u>532,990</u>	<u>557,263</u>
Tax on profit on ordinary activities	3	(159,865)	(167,179)
Profit for the financial year		<u>373,125</u>	<u>390,084</u>
Dividends	5	(500,000)	(450,000)
Retained deficit for the financial year	11	(126,875)	(59,916)
Retained profit brought forward		<u>783,399</u>	<u>843,315</u>
Retained profit carried forward		<u>656,524</u>	<u>783,399</u>

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

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

NEW STREET ASSET MANAGEMENT LIMITED

BALANCE SHEET AT 31ST DECEMBER, 2004

	<u>Notes</u>	<u>2004</u> £	<u>2003</u> £
CURRENT ASSETS			
Debtors	6	249,184	152,646
Cash at bank and in hand	7	1,551,701	1,619,858
		<u>1,800,885</u>	<u>1,772,504</u>
CREDITORS: amounts falling due within one year	8	(1,069,361)	(914,105)
NET CURRENT ASSETS		<u>731,524</u>	<u>858,399</u>
CAPITAL AND RESERVES			
Called up share capital	9	75,000	75,000
Profit and loss account		656,524	783,399
SHAREHOLDERS' FUNDS – EQUITY	11	<u>731,524</u>	<u>858,399</u>

The accounts were approved by the Board of Directors on 2<sup>nd</sup> March 2005 and signed on its behalf by:



T.R. Howe  
DIRECTOR

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

## NEW STREET ASSET MANAGEMENT LIMITED

### NOTES TO THE ACCOUNTS

#### 1. ACCOUNTING POLICIES

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

##### Basis of preparation

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

##### Turnover

Turnover represents fees for the provision of management of collective investment schemes. All such fees are recognised on an accruals basis.

##### Cash flow

The company is a wholly owned subsidiary of an ultimate 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.

##### 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.

#### 2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit before taxation is stated after charging/(crediting) the following items:

		<u>2004</u>	<u>2003</u>
		£	£
Auditors' remuneration:	Audit	11,760	11,750
	Non audit - regulatory	-	2,350
	Tax compliance	1,500	-
<i>Bank interest receivable from</i>			
<i>Singer &amp; Friedlander Limited – a fellow group undertaking</i>		<u>(47,740)</u>	<u>(28,872)</u>

NEW STREET ASSET MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS

(continued)

3. TAXATION

	<u>2004</u> £	<u>2003</u> £
Profit on ordinary activities before taxation	<u>532,990</u>	<u>557,263</u>
Implied tax charge thereon at 30% (2003 - 30%)	159,897	167,179
Adjustments in respect of prior periods	(32)	-
Current tax charge for the year	<u>159,865</u>	<u>167,179</u>

4. STAFF

No Staff were directly employed by the company during the year (2003: nil).

5. DIVIDENDS

	<u>2004</u> £	<u>2003</u> £
Dividends of £6.66 per share paid (2003: £6.00)	<u>500,000</u>	<u>450,000</u>

6. DEBTORS

	<u>2004</u> £	<u>2003</u> £
Trade Debtors - investors	102,755	-
- trustees	140,658	147,661
Prepayments and accrued income	<u>5,771</u>	<u>4,985</u>
	<u>249,184</u>	<u>152,646</u>

Trade debtors represents management fees receivable from collective investment schemes where the Company acts as Manager.

7. CASH AT BANK AND IN HAND

	<u>2004</u> £	<u>2003</u> £
Amount owed by Singer & Friedlander Ltd	959,715	1,023,680
Cash at bank and in hand	<u>591,986</u>	<u>596,178</u>
	<u>1,551,701</u>	<u>1,619,858</u>

Singer & Friedlander Limited, a fellow group undertaking, provides banking services to Group companies. All services are provided on an arm's length basis.

£600,000 (2003: £nil) of the amount owed by Singer & Friedlander Ltd is in connection with cash balances held on deposit for a term of one week.

NEW STREET ASSET MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS

(continued)

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>2004</u> £	<u>2003</u> £
Amounts owed to group undertakings	67,892	67,977
Amounts owed to other fund managers	328,113	270,974
Other creditors	38,585	24,084
Corporation tax	161,419	167,179
Trade creditors - investor	473,352	383,891
	<u>1,069,361</u>	<u>914,105</u>

9. CALLED UP SHARE CAPITAL

	<u>2004</u> £	<u>2003</u> £
<i>Authorised:</i>		
Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
<i>Allotted, called up and fully paid:</i>		
Ordinary shares of £1 each	<u>75,000</u>	<u>75,000</u>

10. DIRECTORS' EMOLUMENTS

None of the directors received any emoluments during the year in respect of their services to the Company (2003: £nil).

11. SHAREHOLDERS' FUNDS

	<u>2004</u> £	<u>2003</u> £
Profit for the financial year	373,125	390,084
Dividends paid	(500,000)	(450,000)
Net decrease in shareholders' funds	(126,875)	(59,916)
Opening shareholders' funds	858,399	918,315
Closing shareholders' funds	<u>731,524</u>	<u>858,399</u>

## NEW STREET ASSET MANAGEMENT LIMITED

### NOTES TO THE ACCOUNTS

(continued)

#### 12. RELATED PARTY DISCLOSURES

Turnover as noted on page 4 is entirely attributable to management fees receivable in respect of collective investment schemes, where the Company acts as a Manager or Authorised Corporate Director for Devonshire Trust, Mishka Trust, Notts Trust, Norfolk Trust, Capital Balanced Trust, Diversified Trust, Hiscox UK Opportunities, Hiscox International Growth, Hiscox Insurance Portfolio, BM Balanced Income, BM Special Reserve, Enterprise, Futura Growth, Futura Balanced, Wessex Portfolio, Gloucester Portfolios, Staffordshire Portfolios and Millennium Trust.

Financial Reporting Standard 8, Related Party Disclosures, has been applied to these financial statements. FRS 8 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 the subsidiary is included in publicly available consolidated financial statements. The directors of the Company have taken advantage of this exemption in respect of transactions between the Company and other qualifying group undertakings.

#### 13. PARENT AND ULTIMATE HOLDING COMPANIES

The Company's immediate parent is Singer & Friedlander Investment Management Limited, a company incorporated in England and Wales. The Company's results are included in the consolidated financial statements of Singer & Friedlander Group PLC, its ultimate parent undertaking, a company incorporated in England and Wales. Copies of the group financial statements of Singer & Friedlander Group PLC, which is the smallest and largest group in which the results of the company are consolidated, can be obtained from this company's registered office at 21 New Street, London EC2M 4HR.