

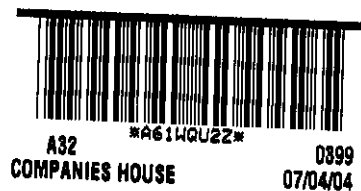
Company registration number: 3042092

NEW STREET ASSET MANAGEMENT LIMITED

DIRECTORS' REPORT AND ACCOUNTS

31ST DECEMBER 2003

KPMG Audit Plc
8 Salisbury Square, London EC4Y 8BB



NEW STREET ASSET MANAGEMENT LIMITED

Directors

R. W. Killingbeck
T.R. Howe
M.C. Ellisdon
M.C. Firth
G.M. Muir

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 2003.

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 £450,000 was paid (2002: £250,000).

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 appear at the head of the report. The directors have served throughout the year, with the exception of Mr D.R. Poole who served as a director of the company until his resignation from the Board on 6th April 2003.

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 T R Howe, R W Killingbeck, G M Muir 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.

As at 31st December 2003, Mr. M.C. Ellisdon held 5,188 Ordinary shares of 12p each in Singer & Friedlander Group PLC (2002: nil) and the following options to subscribe for shares:

11,115 at 142.6p (2002: 18,588 at 92.8p) options granted under the terms of the Singer & Friedlander Group PLC Sharesave Scheme, and 9,800 at 305.7p (2002: 9800) options granted under the terms of the Singer & Friedlander Group PLC Approved Share Option Plan.

The mid market price of an ordinary share of Singer & Friedlander Group PLC at 31st December 2003, was 208.25p, and the range during 2003 was 112.00p to 225.00p.

NEW STREET ASSET MANAGEMENT LIMITED

REPORT OF THE DIRECTORS

(continued)

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

17th February 2004

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 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

17th February 2004

KPMG Audit Plc
8 Salisbury Square
London
EC4Y 8BB

NEW STREET ASSET MANAGEMENT LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 2003

	<u>Notes</u>	<u>2003</u> £	<u>2002</u> £
<i>Continuing operations</i>			
Turnover	2	1,870,623	1,598,755
Administrative expenses		(1,361,868)	(1,059,223)
OPERATING PROFIT		<u>508,755</u>	<u>539,532</u>
Other interest receivable and similar income		48,508	61,938
Profit on ordinary activities before taxation	3	<u>557,263</u>	<u>601,470</u>
Tax on profit on ordinary activities	4	(167,179)	(180,441)
Profit for the financial year		<u>390,084</u>	<u>421,029</u>
Dividends	6	(450,000)	(250,000)
Retained profit for the financial year		(59,916)	171,029
Retained profit brought forward		<u>843,315</u>	<u>672,286</u>
Retained profit carried forward		<u>783,399</u>	<u>843,315</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, 2003

	<u>Notes</u>	<u>2003</u> £	<u>2002</u> £
CURRENT ASSETS			
Debtors	7	152,646	8,399
Cash at bank	8	1,619,858	1,615,665
		<u>1,772,504</u>	<u>1,624,064</u>
CREDITORS: amounts falling due within one year	9	(914,105)	(705,749)
NET CURRENT ASSETS		<u>858,399</u>	<u>918,315</u>
CAPITAL AND RESERVES			
Called up share capital	10	75,000	75,000
Profit and loss account		783,399	843,315
SHAREHOLDERS' FUNDS – EQUITY		<u>858,399</u>	<u>918,315</u>

The accounts were approved by the Board of Directors on 17th February 2004 and signed on its behalf by:



Mr. R.W. Killingbeck
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. TURNOVER

	<u>2003</u> £	<u>2002</u> £
Management fees	1,870,623	1,598,220
Other income	-	535
	<u>1,870,623</u>	<u>1,598,755</u>

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	<u>2003</u> £	<u>2002</u> £
Auditors' remuneration:		
Audit	11,750	12,925
Non audit - regulatory	<u>2,350</u>	<u>-</u>
<i>Bank interest receivable from</i>		
Singer & Friedlander Limited – a fellow group undertaking	<u>(28,872)</u>	<u>(82,019)</u>

NEW STREET ASSET MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS

(continued)

4. TAXATION

	<u>2003</u> £	<u>2002</u> £
Profit on ordinary activities before taxation	<u>557,263</u>	<u>601,470</u>
Implied tax charge thereon at 30% (2002 – 30%)	167,179	180,441
Current tax charge for the year	<u>167,179</u>	<u>180,441</u>

5. STAFF

No Staff were directly employed by the company during the year (2002: nil).

6. DIVIDENDS

	<u>2003</u> £	<u>2002</u> £
Dividends of £6.00 per share paid (2002: £3.33)	<u>450,000</u>	<u>250,000</u>

7. DEBTORS

	<u>2003</u> £	<u>2002</u> £
Trade Debtors	147,661	-
Prepayments and accrued income	4,985	8,399
	<u>152,646</u>	<u>8,399</u>

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

8. CASH AT BANK

	<u>2003</u> £	<u>2002</u> £
Amount owed by Singer & Friedlander Ltd	1,023,680	1,153,531
Cash held at bank and in hand	596,178	462,134
	<u>1,619,858</u>	<u>1,615,665</u>

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

NEW STREET ASSET MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS

(continued)

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>2003</u> £	<u>2002</u> £
Amounts owed to group undertakings	67,977	58,529
Amounts owed to other fund managers	270,974	156,223
Other creditors	24,084	54,348
Corporation tax	167,179	180,441
Settlement balances	383,891	256,208
	<u>914,105</u>	<u>705,749</u>

10. CALLED UP SHARE CAPITAL

	<u>2003</u> £	<u>2002</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>

11. DIRECTORS' EMOLUMENTS

None of the directors received any emoluments during the year in respect of their services to the Company (2002: £nil).

12. SHAREHOLDERS' FUNDS

	<u>2003</u> £	<u>2002</u> £
Profit for the financial year	390,084	421,029
Dividends paid	(450,000)	(250,000)
Net decrease in shareholders' funds	(59,916)	171,029
Opening shareholders' funds	918,315	747,286
Closing shareholders' funds	<u>858,399</u>	<u>918,315</u>

NEW STREET ASSET MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS

(continued)

13. 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, Abbot, 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.

14. 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.