

Burford Treasury Limited

Directors' report and financial statements

30 November 2003

Registered number 04191021



Burford Treasury Limited

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Burford Treasury Limited

Directors' report

The directors present their report and the audited financial statements for the year ended 30 November 2003.

Principal activity and business review

The company's principal activity is managing the group treasury function.

Results and dividends

The loss for the year of £105,446 (year ended Nov 2002: loss £62,361) has been transferred to reserves. No dividends were paid during the year or during the preceding period.

Directors and directors' interest

The directors who held office throughout the year and subsequently were as follows:

J Gleek
RJ Anderson

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

The directors' interest in the shares of an intermediate holding company, Thayer Properties Limited, are disclosed in the accounts of that company.

By Order of the Board


J Gleek
Director

20 Thayer Street
London
W1U 2DD

25 August 2004

Burford Treasury Limited

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985. They also have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The above statement should be read in conjunction with the statement of auditors' responsibilities, set out in the audit report on page 3.

kpmg

KPMG Audit Plc
PO Box 695
8 Salisbury Square
London EC4Y 8BB
United Kingdom

Independent auditors' report to the members of Burford Treasury 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 30 November 2003 and of its loss for the year ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc
Chartered Accountants
Registered Auditor

25 August 2004

Burford Treasury Limited

Profit and loss account

for the year ended 30 November 2003

	Note	Year ended 30 Nov 2003 £	Year ended 30 Nov 2002 £
Bank interest receivable		6,219	31,275
Interest payable and similar charges	2	<u>(111,665)</u>	<u>(93,636)</u>
(Loss)/profit on ordinary activities before taxation	3	(105,446)	(62,361)
Taxation	5	-	-
Retained loss for the period	10	<u>(105,446)</u>	<u>(62,361)</u>

All activities are continuing.

There is no material difference between the results disclosed in the profit and loss account and the results on a historical cost basis.

There were no recognised gains and losses other than those reported above.

Burford Treasury Limited

Balance sheet

at 30 November 2003

	Note	30 Nov 2003 £	30 Nov 2002 £
Current assets			
Debtors	6	5,345,188	3,478,131
Creditors: amounts falling due within one year	7	<u>(5,505,543)</u>	<u>(3,533,159)</u>
Net current liabilities		<u>(160,355)</u>	<u>(55,028)</u>
Net liabilities		<u>(160,355)</u>	<u>(55,028)</u>
Capital and reserves			
Called up share capital	8	1	1
Profit and loss account	9	<u>(160,356)</u>	<u>(55,029)</u>
Equity shareholders' deficit	10	<u>(160,355)</u>	<u>(55,028)</u>

These financial statements were approved by the board of directors on 25 August 2004 and were signed on its behalf by:



J Gleek
Director

Burford Treasury Limited

Notes to the Accounts

(forming part of the financial statements)

1. Accounting policies

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

Basis of preparation

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

Cash flow statement

The cash flow statement included in the consolidated financial statements of an intermediate holding company, Burford Holdings Limited, complies with the conditions of Financial Reporting Standard No. 1 (revised 1996) 'Cash flow statements' (FRS1). The company therefore is exempt under FRS1 from the requirement to prepare a separate cash flow statement.

Related party transactions

As the company is a wholly owned subsidiary of Lehman Brothers Holdings Inc., it has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances which form part of the group (or investees of the group qualifying as related parties).

Going concern

An intermediate holding company, Burford Holdings Limited, has provided an undertaking that it will provide such financial or other assistance as the company may require, to meet its financial obligations as they fall due for payment. This undertaking is to remain in force, for a period of at least 12 months, from the date of signature of these accounts.

2. Interest payable and similar charges

	30 Nov 2003 £	30 Nov 2002 £
Finance fees and bank charges	10,646	45,594
Bank interest	101,019	48,042
	<hr/> 111,665	<hr/> 93,636

3. Profit on ordinary activities before taxation

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

Burford Treasury Limited

Notes continued

4. Staff numbers and costs

Other than the directors, the company had employed no staff during the current and preceding period.

No director received any remuneration for their services as directors of the company during the current and preceding period.

5. Taxation

	Year ended 30 Nov 2003 £	Year ended 30 Nov 2002 £
UK corporation tax	-	-

Losses surrendered by other group companies, for no consideration, have eliminated any tax charge that could have arisen in the company.

No reconciliation of current tax on ordinary activities for the year and prior period, to the current tax charge that would result from applying a relevant standard rate of tax to the profit on ordinary activities before tax, has been presented because the only reconciling item is losses surrendered to other group companies.

6. Debtors

	30 Nov 2003 £	30 Nov 2002 £
Trade debtors	7,437	7,434
Amounts due from group undertakings	5,333,720	3,466,666
Accrued income	4,031	4,031
	<u>5,345,188</u>	<u>3,478,131</u>

7. Creditors: amounts falling due within one year

	30 Nov 2003 £	30 Nov 2002 £
Corporation tax	3,141	3,141
Accrued and deferred income	15,288	7,223
Bank overdraft	5,487,114	3,522,795
	<u>5,505,543</u>	<u>3,533,159</u>

Burford Treasury Limited

Notes continued

8. Called up share capital

	30 Nov 2003 £	30 Nov 2002 £
Authorised		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

9. Reserves

	Profit and loss account £
At 1 December 2002	(55,029)
Retained loss for the financial period	<u>(105,327)</u>
At 30 November 2003	<u>(160,356)</u>

10. Reconciliation of movements in shareholders' funds

	30 Nov 2003 £	30 Nov 2002 £
Loss for the financial period	<u>(105,446)</u>	<u>(62,361)</u>
Net decrease in shareholders' funds	<u>(105,446)</u>	<u>(62,361)</u>
Opening shareholders' (deficit)/funds	<u>(55,028)</u>	<u>7,333</u>
Closing shareholders' deficit	<u>(160,474)</u>	<u>(55,028)</u>

Burford Treasury Limited

Notes continued

11. Ultimate holding company

The company's ultimate holding company is Lehman Brothers Holdings Inc., a company incorporated in the state of Delaware in the USA.

The largest group in which the results of the company are consolidated is that headed by Lehman Brothers Holdings Inc. The smallest group in which they are consolidated is that headed by Burford Holdings Limited, a company registered in England and Wales.

The consolidated accounts of these companies are available to the public from 745, Seventh Avenue, New York, USA and from 25 Bank Street, London respectively.