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Spareco 4 Limited

Directors' report and financial statements

30 November 2002

Registered number 04191175



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<i>Contents</i>	<i>Page</i>
Directors' report	1
Statement of directors' responsibilities	2
Independent auditors' report	3
Balance sheet	4
Profit and loss account	5
Notes to the Accounts	6-7

Spareco 4 Limited

Directors' report

The directors present their report and the audited financial statements for the year ended 30 November 2002.

Principal activity

The company's principal activity is property investment.

Results and dividends

The company did not trade during the year or the preceding period and therefore no profit and loss account has been prepared in either period.

Directors and directors' interests

The directors who held office during the year were as follows:

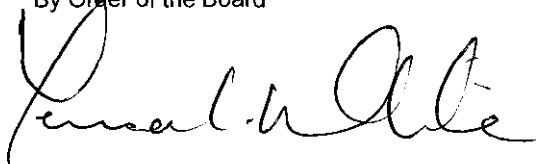
J Gleek

RJ Anderson

None of the directors had any interests 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



T White

Secretary

20 Thayer Street
London
W1U 2DD

10 September 2003

Spareco 4 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 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 Spareco 4 Limited

We have audited the financial statements on pages 4 to 7.

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 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 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 2002 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc
Chartered Accountants
Registered Auditor

10 September 2003

Spareco 4 Limited

Balance sheet

as at 30 November 2002

	Note	30 Nov 2002	30 Nov 2001
		£	£
Debtors: amounts falling due after more than one year	4	<u>1</u>	<u>1</u>
Net assets		<u>1</u>	<u>1</u>
Capital and reserves			
Called up share capital	5	<u>1</u>	<u>1</u>
Equity shareholders' funds	6	<u>1</u>	<u>1</u>

These financial statements were approved by the board of directors on 10 September 2003 and were signed on its behalf by:



J Gleek
Director

Spareco 4 Limited

Profit and loss account

for the year ended 30 November 2002

During the financial year and the preceding financial period, the company did not trade and received no income and incurred no expenditure. Consequently, during both financial periods the company made neither a profit nor a loss.

Spareco 4 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 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 more than 90% of the company's voting rights are controlled within the Lehman Brothers Group, 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).

2. Staff numbers and costs

Other than the directors, the company employed no staff during the current year or the preceding period. None of the directors received any remuneration during the current year or the preceding period.

3. Auditors' remuneration

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

4. Debtors: amounts falling due after more than one year

	30 Nov 2002 £	30 Nov 2001 £
Amount due from group undertakings	1	1

Spareco 4 Limited

Notes continued

5. Called up share capital

	30 Nov 2002 £	30 Nov 2001 £
Authorised		
100 Ordinary shares of £1 each	100	100
Allotted, called up and fully paid		
1 Ordinary share of £1	1	1

6. Reconciliation of movements in shareholders' funds

	30 Nov 2002 £	30 Nov 2001 £
Opening shareholders' funds	1	1
Closing shareholders' funds	1	1

7. 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 One Broadgate, London respectively.