

MWB Fund Management Limited

**Directors' report and financial
statements**

Registered number 04388232

30 June 2003



Directors' report and financial statements

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Directors' report

The Directors present their report and accounts for the period ended 30th June 2003.

The Company was incorporated as Finlaw 332 Limited and changed its name to MWB Fund Management Limited on 21st March 2002.

Principal activity

On 19th December 2002, the Company's principal investments in the Leisure Funds sector were disposed of and the Company's operations were then discontinued.

Results

The results of the Company for the year ended 30th June 2003 are set out on page 4. The Directors recommend the payment of a dividend of £6,900,000 per share.

Directors and Directors' interests

The Directors who held office during the period were as follows:

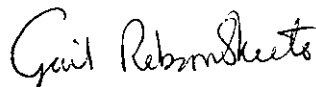
Filex Nominees Limited	(resigned 17 March 2003)
RG Balfour-Lynn	(appointed 29 September 2002)
JW Harrison	(appointed 29 September 2002)
JS Shashou	(appointed 29 September 2002)
AF Blurton	(appointed 29 September 2002)
J Singh	(appointed 29 September 2002)
MA Bibring	(appointed 29 September 2002)

None of the Directors had any interest in the shares of the Company. The interests of the Directors in the shares of the ultimate parent company, Marylebone Warwick Balfour Group Plc, are disclosed in the financial statements of that company.

Auditors

During the period the Directors appointed KPMG Audit Plc as auditors of the Company. 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.

By order of the board



Gail Robson-Skeete
Secretary

1 West Garden Place
Kendal Street
London W2 2AQ

2nd March

2004

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 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;
- 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 to prevent and detect fraud and other irregularities.

KPMG Audit Plc

8 Salisbury Square
London
EC4Y 8BB
United Kingdom

Report of the independent auditors to the members of MWB Fund Management Limited

We have audited the financial statements on pages 4 to 8.

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.

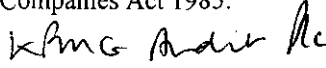
Basis of audit opinion

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 June 2003 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.


KPMG Audit Plc
Chartered Accountants
Registered Auditor

29 April 2004

Profit and loss account
for the period ended 30 June 2003

	<i>Note</i>	Year ended 30 June 2003 £
Turnover	3	2,407,206
Cost of sales		-
Gross profit		2,407,206
Administrative expenses		(2,569,563)
Operating loss		(162,357)
Gain on sale of management contract	4	13,962,357
Profit before interest and taxation		13,800,000
Net interest payable		-
Profit on ordinary activities before taxation	5	13,800,000
Tax on profit on ordinary activities		-
Profit on ordinary activities after taxation		13,800,000
Dividends		(13,800,000)
Retained loss for the year		-

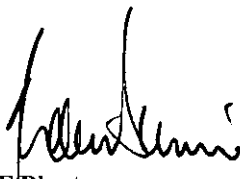
All amounts relate to discontinuing activities.

There is no difference between profits as stated and profits on the historical cost basis.

Balance sheet
at 30 June 2003

	<i>Note</i>	2003 £
Current assets		
Debtors	6	14,513,574
Creditors : amounts falling due within one year	7	(14,513,573)
Net assets		<u>1</u>
Capital and reserves		
Called up share capital	8	1
Profit and loss account		-
Equity shareholders' funds		<u>1</u>

These financial statements were approved by the Board of Directors on *2nd March* 2004 and were signed on its behalf by:


AF Blurton
Director


J Singh
Director

Notes

(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 in accordance with applicable accounting standards and under the historical cost accounting rules.

The Company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

As the Company is a wholly owned subsidiary of Marylebone Warwick Balfour Group Plc, it has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group.

2 Directors and employees

None of the Directors received any emoluments from the Company for their services during the period.

There are no employees other than Directors.

3 Turnover

The turnover of the Company is stated net of value added tax and is derived from fund and project management fees.

4 Gain on sale of management contract

On 19 December 2002, the Company agreed the sale of its contract to manage the MWB Leisure Fund business for £15,492,357.

5 Tax on profit on ordinary activities

The tax charge on the company's profits at the 30% standard rate of tax would have been £4,140,000. Due to the surrender of tax losses by other group companies for no consideration, the charge has been reduced to £nil.

Notes (continued)

6 Debtors

	2003 £
Amounts due from group undertakings	14,162,204
Other debtors	351,370
	<hr/>
	14,513,574
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7 Creditors: amounts falling due within one year

	2003 £
Amounts due to group undertakings	14,513,573
	<hr/>

Notes (*continued*)

8 Called up share capital

	2003 £
<i>Authorised</i>	
1,000 ordinary shares of £1 each	1,000
	<hr/>
<i>Allotted, called up and issued</i>	
1 ordinary share of £1 each	1
	<hr/>

On incorporation, 1 ordinary share was issued at par.

9 Immediate and ultimate parent companies

The Company's immediate parent is MWB Fund Management Holdings Limited. The Company's ultimate parent company is Marylebone Warwick Balfour Group Plc. Both companies are registered in England and Wales.

The only group in which the results of the Company are consolidated is that headed by Marylebone Warwick Balfour Group Plc. Copies of its accounts are available from the Company Secretary, City Group P.L.C., 25 City Road, London EC1Y 1BQ.