

4411208

# **Eldon Street (Marcol) Limited**

## **Report and Accounts**

For the year ended 30 November 2003



# Eldon Street (Marcol) Limited

---

Registered No. 04411208

## **DIRECTORS**

J C Blakemore

B Porter

## **SECRETARY**

M Smith

## **AUDITORS**

Ernst & Young LLP

1 More London Place

London

SE1 2AF

## **REGISTERED OFFICE**

25 Bank Street

London

E14 5LE

# Eldon Street (Marcol) Limited

---

## DIRECTORS' REPORT

The directors present their report and accounts for the year ended 30 November 2003.

### RESULTS AND DIVIDENDS

The company's loss for the period is set out on page 5. The directors do not recommend the payment of a dividend (2002 - £nil).

### PRINCIPAL ACTIVITIES

Eldon Street (Marcol) Limited invests in property companies.

### REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

Both the level of business during the period and the financial position of the company at the end of the period were satisfactory.

### DIRECTORS AND THEIR INTERESTS

The directors during the period and at the date of this report were:

J C Blakemore	(appointed 15 July 2004)
W J Killick	(resigned 12 February 2004)
W Y Lee	(resigned 15 July 2004)
A J Pettit	(resigned 29 January 2004)
B Porter	(appointed 15 July 2004)
R K Sadler	(appointed 12 February 2004; resigned 23 February 2005)

There are no directors' interests requiring disclosure under the Companies Act 1985.

### AUDITORS

A resolution to reappoint Ernst & Young LLP as auditors, having been appointed in the period, will be put to the members at the Annual General Meeting.

By order of the board



Director

18 APR 2005

## Eldon Street (Marcol) Limited

---

### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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 period. In preparing those accounts, 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 accounts 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 accounts 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.

**INDEPENDENT AUDITORS' REPORT**  
**to the members of Eldon Street (Marcol) Limited**

We have audited the company's financial statements for the year ended 30 November 2003 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 12. These financial statements have been prepared on the basis of the accounting policies set out therein.

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 auditors' 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**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

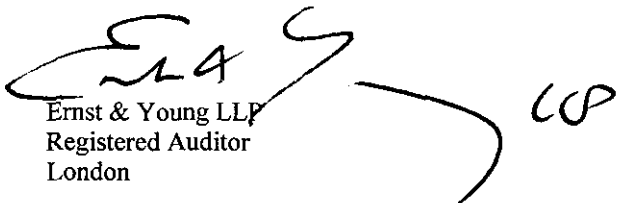
**Basis of audit opinion**

We conducted our audit in accordance with United Kingdom 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 affairs of the company as at 30 November 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
Ernst & Young LLP  
Registered Auditor  
London

18 April 2005

## Eldon Street (Marcol) Limited

### PROFIT AND LOSS ACCOUNT for the period ended 30 November 2003

		<i>Year ended</i> <i>30 November</i> <i>2003</i>	<i>8 April</i> <i>2002 to</i> <i>30 November</i> <i>2002</i>
	<i>Notes</i>	<i>£</i>	<i>£</i>
Administrative expenses		(265,437)	-
Interest payable	2	(1,693)	-
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(267,130)</b>	<b>-</b>
Tax on loss on ordinary activities	5	-	-
<b>LOSS FOR THE FINANCIAL PERIOD</b>	10	<b>(267,130)</b>	<b>-</b>

All results are from continuing activities.

### STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the period ended 30 November 2003

There are no recognised gains or losses other than the loss of £267,130 attributable to the shareholders of the company for the year ended 30 November 2003 (2002 - £Nil).

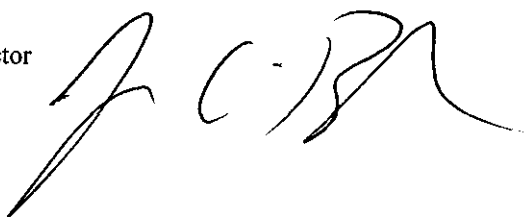
# Eldon Street (Marcol) Limited

## BALANCE SHEET at 30 November 2003

	<i>Notes</i>	<i>2003</i> £	<i>2002</i> £
<b>FIXED ASSETS</b>			
Investments	6	490	—
<b>CURRENT ASSETS</b>			
Debtors	7	1	1
<b>CURRENT LIABILITIES</b>			
Creditors falling due within one year	8	(267,620)	—
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<u>(267,129)</u>	<u>1</u>
<b>NET (LIABILITIES)/ASSETS</b>		<u><u>(267,129)</u></u>	<u><u>1</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	1	1
Profit and loss account	10	(267,130)	—
<b>SHAREHOLDER'S FUNDS</b>		<u><u>(267,129)</u></u>	<u><u>1</u></u>

Approved by the board of directors on **18 APR 2005** and signed on its behalf by

Director



NOTES TO THE ACCOUNTS  
at 30 November 2003

1. **ACCOUNTING POLICIES**

***Accounting convention***

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards, as defined in CA1985 s256.

The directors have taken advantage of the exemption in paragraph 5(a) of Financial Reporting Standard 1 (revised) from producing a cash flow statement.

***Related Party Transactions***

The company has taken advantage of the exemption in paragraph 3(c) of Financial Reporting Standard 8 from disclosing transactions with related parties that are part of the Lehman Brothers Spain Holdings Limited group.

***Fixed Asset Investments***

Unlisted investments are stated at historic cost unless, in the opinion of the directors there has been a permanent diminution in value, in which case an appropriate adjustment is made.

***Deferred taxation***

Deferred tax is recognised in respect of all timing differences, at the rates of taxation anticipated to apply when these differences crystallize, arising from the inclusion of items of income and expenditure in taxation computations in periods different from those for which they are included in the financial statements.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

***Going concern***

The financial statements of the company have been prepared on the basis that the company is a going concern. The directors have obtained confirmation of the intentions of Lehman Brothers UK Holdings Limited, the company's immediate undertaking, to maintain its financial support to enable the company to meet its liabilities as they fall due.



# Eldon Street (Marcol) Limited

## NOTES TO THE ACCOUNTS at 30 November 2003

### 2. INTEREST PAYABLE

	<i>Period ended 30 November</i>	
	<i>2003</i>	<i>2002</i>
	<i>£</i>	<i>£</i>
Interest payable to related parties	1,693	—

### 3. ADMINISTRATIVE EXPENSES

Auditors' remuneration for the period in respect of audit services was borne by a fellow subsidiary.

Eldon Street (Marcol) Limited had no employees during the period.

### 4. DIRECTORS' EMOLUMENTS

The directors are also employees of the group and are compensated for their services as employees. There were no directors' emoluments in the period.

### 5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<i>Year ended 30 November 2003</i>	<i>Period ended 30 November 2002</i>
	<i>£</i>	<i>£</i>
UK Corporation tax on profits for the period	—	—
Loss on ordinary activities before tax	(267,130)	—
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30 % (2002 – 30%)	(80,139)	—
Less: group relief surrendered for nil consideration	80,139	—
Current tax charge for the period	—	—

# Eldon Street (Marcol) Limited

## NOTES TO THE ACCOUNTS at 30 November 2003

### 6. FIXED ASSET INVESTMENTS

	2003 £	2002 £
At 30 November 2002	—	—
Additions	490	—
At 30 November 2003	490	—

The following information as at 30 November 2003 relates to the fixed asset investments of Eldon Street (Marcol) Limited, all of which are registered in England and Wales.

In the opinion of the directors, the aggregate value of the fixed asset investments is not less than the amount at which they are stated in the accounts.

<i>Name of company</i>	<i>Description of shares held by company</i>	<i>Proportion of nominal value and voting rights of shares held</i>	<i>Principal business</i>
Industrial Securities Ventures Limited	Ordinary	49%	Real Estate development

The following information is taken from the accounts of the company's joint venture at 31<sup>st</sup> December, 2003.

	<i>Industrial Securities Ventures Limited £</i>
Capital and reserves	(77,336)
Loss for the period	(52,076)

### 7. DEBTORS

	2003 £	2002 £
Amounts due from parent	1	1
Amounts due from joint venture	265,437	—
Provision against amount due from joint venture	(265,437)	—
	1	1

# Eldon Street (Marcol) Limited

## NOTES TO THE ACCOUNTS at 30 November 2003

Eldon Street (Marcol) Limited has previously advanced an amount of £265,437 to Industrial Securities Fund Limited, for the purpose of acquiring property.

A provision has been made against the amounts due from the Joint Venture due to the uncertainty over its recoverability. Advanced sales negotiations are ongoing in respect to the property within the Joint Venture, however, the directors consider that uncertainty remains over the recoverability of amounts due from the Joint Venture until the property is sold.

### 8. CREDITORS: AMOUNTS FALLING DUE IN LESS THAN ONE YEAR

	2003 £	2002 £
Amounts due to parent company	267,620	—
	<u>267,620</u>	<u>—</u>

### 9. SHARE CAPITAL

	2003 £	2002 £
Authorised: 1000 Ordinary shares of £1 each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>

	2003 £	2002 £
Allotted, called up and fully paid: 1000 Ordinary shares of £1 each	1	1
	<u>1</u>	<u>1</u>

On 8 April 2002 one ordinary share was issued for £1. The money is held on deposit by Eldon Street Holdings Limited, which is the parent company of Eldon Street (Marcol) Limited.

## Eldon Street (Marcol) Limited

### NOTES TO THE ACCOUNTS at 30 November 2003

#### 10. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total shareholders' funds</i>
	£	£	£
At Incorporation	1	—	1
Profit for the period	—	—	—
At 30 November 2002	1	—	1
Loss for the year	—	(267,130)	(267,130)
At 30 November 2003	1	(267,130)	(267,129)

#### 11. ULTIMATE PARENT COMPANY

The ultimate parent company of Eldon Street (Marcol) Limited is Lehman Brothers Holdings Inc., which is incorporated in the State of Delaware in the United States of America.

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 Lehman Brothers Spain Holdings Limited registered in England and Wales. The consolidated accounts of these groups are available to the public from 745 Seventh Avenue, New York, USA and from 25 Bank Street, London respectively.

#### 12. POST BALANCE SHEET EVENTS

After the year end the Joint Venture company sold part of its property portfolio for £3.76million, yielding a profit of £440,232.