TRAFFORD CENTRE DEVELOPMENTS LIMITED

REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 1998

COMPANY NUMBER 1231559

A07 *AM5HVA4R* 516
COMPANIES HOUSE 03/10/98

TRAFFORD CENTRE DEVELOPMENTS LIMITED

DIRECTORS, PROFESSIONAL ADVISERS AND REGISTERED OFFICE

Directors:	John Whittaker Robert E. Hough Peter A. Scott Paul P. Wainscott Michael G. Butterworth Nicholas M. Blake
Secretary:	Paul P. Wainscott
Registered Office:	Quay West Trafford Wharf Road Manchester M17 1PL
Auditors:	Binder Hamlyn
Bankers:	Barclays Bank Plc Bank of Scotland
Solicitors:	Stephenson Harwood, London Berwin Leighton, London Addleshaw Booth, Leeds

TRAFFORD CENTRE DEVELOPMENTS LIMITED

REPORT OF THE DIRECTORS
for the year ended 31st March 1998

The directors submit their report together with the audited financial statements of the company for the year ended 31st March 1998.

Principal Activities

The principal activity of the company is property development.

Review of Business, Developments and Prospects

The company continues to develop The Trafford Centre, a regional shopping, leisure and sports complex in Manchester. Its other development activities have now been concluded.

Results and Dividends

The company's results and financial position are set out in the profit and loss account and balance sheet on pages 4 and 5.

An ordinary dividend of 76p per share was paid on 31st March 1998.

Fixed Assets

The market value of fixed assets is not materially different from the values in these accounts.

Directors and their interests in shares and financial instruments

The directors who held office during the year were:

# J. Whittaker	M.G. Butterworth
# R.E. Hough	N.M. Blake
# P.A. Scott	
# P.P. Wainscott	

The directors had no interests in the share capital of the company.

The above directors are also directors of the intermediate holding company, Peel Holdings p.l.c., in whose accounts their beneficial interests in the shares and financial instruments of that company, companies within the Peel Holdings p.l.c. group and the ultimate holding company, Tokenhouse Holdings Limited, are disclosed.

M.G. Butterworth has no interests in the share capital of any group company. N.M. Blake holds a beneficial interest in 8,000 options (1997: 54,000) on ordinary shares in Peel Holdings p.l.c. He has no other interests in the shares of any group company.

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 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.

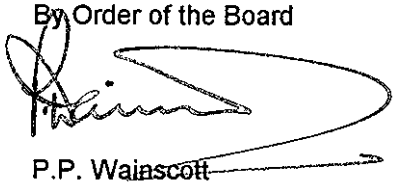
REPORT OF THE DIRECTORS (continued)
for the year ended 31st March 1998

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.

Year 2000

The company is part of the Peel Holdings p.l.c. group of companies which is dealing with Year 2000 requirements on a group basis, details of which may be found in the group financial statements.

By Order of the Board



P.P. Wainscott
Secretary

30th June 1998

TRAFFORD CENTRE DEVELOPMENTS LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 31st March 1998

	Note	1998 £	1997 £
Turnover	2	-	8,264,806
Operating profit	2	-	8,071,956
Net interest receivable	4	-	9,662
Profit on ordinary activities before taxation		-	8,081,618
Tax on profit on ordinary activities	5	(50,233)	(2,730,218)
(Loss)/profit on ordinary activities after taxation		(50,233)	5,351,400
Dividends on equity share capital	6	(76,203)	(6,000,000)
Absorbed loss for the financial year transferred from reserves	15	(126,436)	(648,600)

All the above results derive from continuing activities and there were no acquisitions in the year.

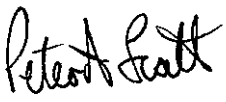
The statement of accounting policies and the notes on pages 7 to 13 form an integral part of these financial statements.

TRAFFORD CENTRE DEVELOPMENTS LIMITED

BALANCE SHEET
as at 31st March 1998

	Note	1998 £	1997 £
Fixed assets			
Tangible assets			
Other fixed assets	8	124,924	15,800
Investments	9	4	2
		124,928	15,802
Current assets			
Stocks	10	164,600,985	55,097,382
Debtors due within one year	11	62,269,332	64,098,191
Cash at bank and in hand		59,428	369,055
		226,929,745	119,564,628
Creditors (amounts falling due within one year)	12	(218,101,447)	(110,503,798)
Net current assets		8,828,298	9,060,830
Total assets less current liabilities		8,953,226	9,076,632
Provision for liabilities and charges	13	(3,030)	-
Net assets		8,950,196	9,076,632
Financed by capital and reserves			
Called up share capital	14	6,100,000	6,100,000
Share premium account		2,365,000	2,365,000
Profit and loss account	15	485,196	611,632
Shareholders' funds		8,950,196	9,076,632
Analysis of shareholders' funds			
Equity		2,950,196	3,076,632
Non-equity		6,000,000	6,000,000
		8,950,196	9,076,632

Approved by the board of directors on 30th June 1998

P.A. Scott  Director

The statement of accounting policies and the notes on pages 7 to 13 form an integral part of these financial statements.

TRAFFORD CENTRE DEVELOPMENTS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31st March 1998

There have been no recognised gains and losses other than the result for the year.

NOTE OF HISTORICAL COST PROFITS
for the year ended 31st March 1998

There is no material difference between the result as reported and on an historical cost basis.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
for the year ended 31st March 1998

	Note	1998 £	1997 £
Profit for the financial year		-	5,351,400
Dividend paid	6	(76,203)	(6,000,000)
Net movement in shareholders' funds		(76,203)	(648,600)
Shareholders' funds at 1st April 1997/1st April 1996		9,076,632	9,725,232
Shareholders' funds at 31st March 1998/31st March 1997		9,000,429	9,076,632

The statement of accounting policies and the notes on pages 7 to 13 form an integral part of these financial statements.

NOTES TO THE ACCOUNTS
for the year ended 31st March 1998

1. Accounting Policies

Accounting Convention

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

Group accounts have not been prepared as permitted by Section 228 of the Companies Act 1985 as the company itself is a wholly owned subsidiary of a body corporate incorporated in the United Kingdom. The financial statements thus provide information about the company as a single entity and not about its group.

Related party disclosures

The company has taken advantage of the exemption in paragraph 3(c) of Financial Reporting Standard No. 8 "Related party disclosures" and has not disclosed details of transactions with fellow wholly-owned undertakings within the Peel Holdings p.l.c. group of companies.

Cash Flow Statement

The financial statements do not include a cash flow statement as the holding company is a wholly owned subsidiary undertaking of the Peel Holdings p.l.c. group of companies. Peel Holdings p.l.c. is a company incorporated and registered in England which produces group financial statements in accordance with the Companies Act 1985, which include a consolidated group cash flow statement.

Interest

Interest attributable to property trading and development activities and investment properties in the course of development is included in the cost thereof provided the directors consider it prudent having regard to the prevailing market conditions. Interest is capitalised on a simple interest basis without allowing for any tax relief thereon.

Depreciation

Plant and vehicles are depreciated by equal annual instalments over their expected useful economic lives at rates varying between 15% and 25% per annum.

Fixed Asset Investments in Subsidiary Undertakings

Fixed asset investments in subsidiary undertakings are stated at cost less amounts provided for permanent diminutions in value. Cost represents the aggregate cash consideration, costs incurred and either the fair value or the nominal value of shares issued.

Stocks

Stocks are stated at the lower of cost, including attributable overheads, to the group or estimated net realisable value. Land for development and properties acquired are accounted for with effect from the date of legal completion of the contract to purchase.

Deferred Taxation

Provision is made for deferred taxation only to the extent that, in the opinion of the directors, a liability is expected to arise in the foreseeable future. Advance corporation tax which is not expected to be relieved against taxation liabilities arising within 12 months of the balance sheet date or which cannot be offset against the deferred tax provision is charged to the profit and loss account.

1. Accounting Policies (continued)

Turnover

Property trading and development turnover comprises property disposals (which are accounted for on a legal completion basis) together with rental income, including rental premiums, and development fees.

Turnover excludes sales related taxes.

2. Segmental Analysis of Turnover and Operating Profit

	1998 £	1997 £
Turnover		
Gross rental income	-	14,492
Trading property sales	-	8,250,314
	-	8,264,806
Direct costs		
Irrecoverable property costs	-	(3,063)
Trading property costs	-	(1,283)
	-	(4,346)
Gross profit	-	8,260,460
Administration expenses	-	(202,801)
Other income	-	14,297
Operating profit	-	8,071,956

All of the company's turnover and operating profit arose in the United Kingdom on its property development activities.

3. Profit on Ordinary Activities before Interest and Taxation

	1998 £	1997 £
Profit on ordinary activities before interest and taxation is stated after charging:		
Auditors remuneration	-	-
Depreciation	-	3,012

4. Net Interest Receivable

	1998 £	1997 £
Interest payable on bank loans and overdrafts	(188,338)	(61)
Interest receivable and similar income	190,650	106,053
Less : Transferred to work in progress	(2,312)	(96,330)
	-	9,662

5. Tax on Profit on Ordinary Activities

	1998 £	1997 £
Group relief	47,203	-
Corporation tax	-	2,730,218
Deferred taxation - current year	2,371	-
Deferred taxation - prior years	659	-
	50,233	2,730,218

6. Dividends

	1998 £	1997 £
Equity		
Ordinary 76p per share (1997:600p per share)	76,203	6,000,000

The immediate holding company, Peel Holdings p.l.c., has waived its rights to the current year redeemable preference dividend.

7. Particulars of Staff

	1998 £	1997 £
Staff costs		
Wages and salaries	484,091	500,409
Social security costs	45,552	45,930
Pension costs	-	-
	529,643	546,339
Less: Capitalised	(529,643)	(342,629)
	-	203,710

Staff costs include an amount of £Nil recharged from Peel Investments (North) Limited (1997:£203,710).

NOTES TO THE ACCOUNTS (continued)
for the year ended 31st March 1998

7. Particulars of Staff (continued)

The average number of persons employed by the company during the year, exclusive of executive directors was 18 (1997: 15). No director received any emoluments for their services to the company (1997: £Nil).

8. Other Fixed Assets

	Plant and vehicles
	£
Cost:	
At 1st April 1997	19,005
Additions	135,258
Inter group transfers	12,255
At 31st March 1998	166,518
Depreciation:	
At 1st April 1997	3,205
Charge for the year	30,735
Inter group transfers	7,654
At 31st March 1998	41,594
Net Book Value:	
At 31st March 1998	124,924
At 31st March 1997	15,800

9. Fixed Asset Investments

	Subsidiary undertakings
	£
At 1st April 1997	2
Additions	2
At 31st March 1998	4

Details of investments of the company in its principal subsidiary undertakings are given on page 14.

10. Stocks

	1998	1997
	£	£
Land held for development	87,345	185,750
Work in progress and materials	164,513,640	54,911,632
	164,600,985	55,097,382

Stocks include £256,959 of capitalised interest (1997: £259,271)

NOTES TO THE ACCOUNTS (continued)
for the year ended 31st March 1998

11. Debtors due within one year

	1998	1997
	£	£
Trade debtors	99,251	1,249,071
Amounts owed by group undertakings	62,030,214	62,824,624
Other debtors	14,791	24,420
Development deposits and prepaid costs	125,076	76
	62,269,332	64,098,191

12. Creditors (amounts falling due within one year)

	1998	1997
	£	£
Unsecured bank loans and overdrafts	151,943	9
Trade creditors	10,617,209	6,940,761
Anticipated development costs to site completion	170,278	170,278
Amounts owed to group undertakings	199,609,006	95,996,858
Other creditors	7,527,194	7,360,213
Other taxes and social security	17,182	11,471
Accruals and deferred income	8,635	24,208
	218,101,447	110,503,798

13. Provision for Liabilities and Charges

	1998	1997
	£	£
Deferred taxation		
At 1st April 1997/1st April 1996	-	-
Profit and loss account	3,030	-
At 31st March 1998/31st March 1997	3,030	-

14. Called up Share Capital

Authorised Allotted and Fully Paid Number		1998 £	1997 £
	Equity share capital		
100,000	Ordinary shares of £1 each	100,000	100,000
	Non-equity share capital		
6,000,000	Preference shares of £1 each	6,000,000	6,000,000
6,100,000		6,100,000	6,100,000

The holders of 10% net Cumulative Redeemable preference shares ('Preference Shares') are entitled to be paid, in priority to any other class of share, a fixed cumulative preference dividend at the rate of 10% (net) per annum on the amount for the time being paid up or credited as paid up thereon, payable half yearly in equal amounts.

The holders of preference shares are entitled to receive notice of and attend any General Meeting, but are not entitled to vote on any resolution (other than a resolution to wind up the company or to reduce its share capital or to vary the rights attaching to such shares) unless at the date of the notice convening such meeting, the preferential dividend is 12 months or more in arrears.

On winding up of the company, or other return of capital, the holders of preference shares are entitled to receive, ranking in priority to any other class of shares of the company, the capital paid up on such preference shares together with a sum equal to any arrears or accruals of the fixed dividend.

The company shall redeem all or any of the unredeemed preference shares on 31st December 2000, and shall be entitled to redeem any preference shares earlier at the option of the company in tranches of 500,000 shares. On redemption the holders are entitled to receive any accrual or arrears of preference dividend.

15. Reserves

	Profit and loss account £
At 1st April 1997	611,632
Absorbed loss for the year	(126,436)
At 31st March 1998	485,196

16. Contingent Liabilities

a) At 31st March 1998 the company's banks had provided road bonds and guarantees amounting to £52,145 (1997: £52,145).

NOTES TO THE ACCOUNTS (continued)
for the year ended 31st March 1998

17. Holding Companies

The ultimate holding company is Tokenhouse Holdings Limited, a company incorporated in Guernsey.

The largest group of undertakings, of which the group is a member, that produces consolidated accounts is Peel Holdings p.l.c., a company registered in England. Its group accounts are available from the Company Secretary, Peel Holdings p.l.c. at Quay West, Trafford Wharf Road, Manchester M17 1PL.

TRAFFORD CENTRE DEVELOPMENTS LIMITED

SUBSIDIARY UNDERTAKINGS

Subsidiary Undertaking

The subsidiary undertakings as at 31st March 1998 which were wholly-owned were:

Incorporated, registered and operating in:	Company	Principal activities
United Kingdom	Peel Developments (Cambuslang) Limited	Dormant
United Kingdom	Maxstar Securities Limited	Dormant

Shares in the subsidiary undertakings at 31st March 1998 represented ordinary shares.

AUDITORS' REPORT
to the shareholders of Trafford Centre Developments Limited

We have audited the financial statements on pages 4 to 13 which have been prepared under the historical cost accounting convention and the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

As described on page 2, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

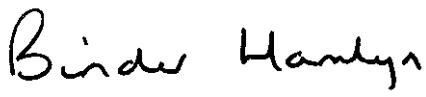
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the company, 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 31st March 1998 and of the result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Binder Hamlyn,
Chartered Accountants
Registered Auditors
Bank House
9 Charlotte Street
Manchester
M1 4EU



30th June 1998