

TRAFFORD CENTRE DEVELOPMENTS LIMITED

**REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2003**

COMPANY NUMBER 1231559



TRAFFORD CENTRE DEVELOPMENTS LIMITED

DIRECTORS, PROFESSIONAL ADVISERS AND REGISTERED OFFICE

Directors: John Whittaker
Peter A. Scott F.C.C.A.
Paul P. Wainscott A.C.I.S.
Michael G. Butterworth

Secretary: Paul P. Wainscott A.C.I.S.

Registered Office: Peel Dome
The Trafford Centre
Manchester M17 8PL

Auditors: Deloitte & Touche LLP, Manchester

Bankers: Barclays Bank

TRAFFORD CENTRE DEVELOPMENTS LIMITED

REPORT OF THE DIRECTORS

for the year ended 31st March 2003

The directors submit their report together with the audited financial statements of the company for the year ended 31st March 2003.

Principal Activities

The principal activity of the company is property development.

Review of Business, Developments and Prospects

The directors expect the current level of business activity to continue for the foreseeable future.

Results and Dividends

The company's results and financial position are set out in the profit and loss account and balance sheet on pages 5 and 6.

The directors do not recommend the payment of a dividend (2002: £nil).

Directors and their interests in shares and financial instruments

The directors who held office during the year were:

J. Whittaker
R. E. Hough (resigned 1st November 2002)
P. A. Scott
P. P. Wainscott
M. G. Butterworth

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.

Peter J. Hosker was appointed a director on 31st July 2003.

Directors' Responsibilities

United Kingdom 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.

TRAFFORD CENTRE DEVELOPMENTS LIMITED

REPORT OF THE DIRECTORS (continued) for the year ended 31st March 2003

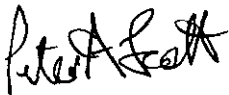
Directors Responsibilities (continued)

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time, the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

On 31st July 2002 Arthur Andersen resigned as auditors of the company and the directors appointed Deloitte & Touche to fill the casual vacancy. On 1st August 2003 Deloitte & Touche transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1st August 2003 under the provisions of section 26(5) of the Companies Act 1989. The Company has elected to dispense with the obligation to appoint auditors annually and, accordingly, Deloitte & Touche LLP shall be deemed to be re-appointed as auditors for a further term under the provisions of section 386(2) of the Companies Act 1985.

On behalf of the Board



P. A. Scott
Director

30th September 2003

TRAFFORD CENTRE DEVELOPMENTS LIMITED

INDEPENDENT AUDITORS' REPORT

To the members of Trafford Centre Developments Limited

We have audited the financial statements of Trafford Centre Developments Limited for the year ended 31st March 2003 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 15. These financial statements have been prepared under 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 United Kingdom legal and regulatory requirements and 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 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 for the above year and consider the implications for our report if we become aware of any apparent misstatements.

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 the Company's affairs as at 31st March 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Manchester

30th September 2003

TRAFFORD CENTRE DEVELOPMENTS LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31st March 2003

	Note	2003 £	2002 £
Operating profit	2	75,872	-
Profit on ordinary activities before interest and taxation	3	<u>75,872</u>	<u>-</u>
Net interest receivable/(payable) and similar income	4	71	(138)
Profit/(loss) on ordinary activities before taxation		<u>75,943</u>	<u>(138)</u>
Tax on profit on ordinary activities	5	(22,800)	-
Retained profit/(absorbed loss) for the financial year	12	<u><u>53,143</u></u>	<u><u>(138)</u></u>

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

There are no recognised gains or losses or other movements in shareholders' funds other than the result for the year. There is no material difference between the results as reported and on a historical cost basis.

The accompanying notes form an integral part of these financial statements.

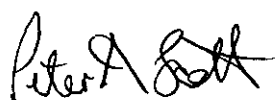
TRAFFORD CENTRE DEVELOPMENTS LIMITED

BALANCE SHEET

as at 31st March 2003

	Note	2003 £	2002 £
Fixed assets			
Investments	7	4	4
Current assets			
Stocks	8	85,076	85,076
Debtors	9	71,356,668	83,211,591
Cash at bank and in hand		260	9,659
		71,442,004	83,306,326
Creditors (amounts falling due within one year)	10	(62,831,137)	(74,748,602)
Net current assets		8,610,867	8,557,724
Net assets		8,610,871	8,557,728
Financed by capital and reserves			
Called-up share capital	11	6,100,000	6,100,000
Share premium account		2,365,000	2,365,000
Profit and loss account	12	145,871	92,728
Shareholders' funds		8,610,871	8,557,728
Analysis of shareholders' funds			
Equity		2,610,871	2,557,728
Non-equity		6,000,000	6,000,000
		8,610,871	8,557,728

Approved by the board of directors on 30th September 2003.



P. A. Scott
Director

The accompanying notes form an integral part of these financial statements.

TRAFFORD CENTRE DEVELOPMENTS LIMITED

NOTES TO THE ACCOUNTS

1. Accounting Policies

The principal accounting policies are summarised below. The policies have been applied consistently throughout the year and the preceding year.

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

As permitted by Financial Reporting Standard No. 1 (revised) "cash flow statements", the Company has not prepared a cash flow statement as the 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.

Fixed Asset Investments

Fixed asset investments in subsidiary undertakings are stated at cost less provision for impairment. 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, or estimated net realisable value.

Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or the right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements.

Deferred tax is measured on a non-discounted basis.

TRAFFORD CENTRE DEVELOPMENTS LIMITED

NOTES TO THE ACCOUNTS (continued)

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.

Interest

Interest directly attributable to both investment and trading properties in the course of development is included in the cost thereof. Interest is capitalised on a simple interest basis without allowing for any tax relief thereon.

2. Analysis of Operating Profit

	2003 £	2002 £
Turnover	-	-
Direct costs	75,821	-
Gross profit	75,821	-
Administration income	51	-
Operating profit	75,872	-

3. Profit on Ordinary Activities before Interest and Taxation

The auditors' remuneration for audit work was borne by Peel Holdings p.l.c.

4. Net Interest Receivable/(Payable) and Similar Income

	2003 £	2002 £
Interest payable on bank loans and overdrafts	(55)	(158)
Interest receivable and similar income	126	20
Net interest receivable/(payable) and similar income	71	(138)

5. Tax on Profit/(Loss) on Ordinary Activities

	2003 £	2002 £
Corporation tax	22,800	-
Reconciliation of tax charge:		
Profit/(loss) on ordinary activities before taxation at 30%	22,783	(41)
Net disallowable expenditure	17	41
	22,800	-

TRAFFORD CENTRE DEVELOPMENTS LIMITED

NOTES TO THE ACCOUNTS (continued)

6. Particulars of Staff

The company has no employees other than the directors. No director received any emoluments for their services to the company (2002: £nil).

7. Fixed Asset Investments

Subsidiary
undertakings
£
4

At 1st April 2002 and 31st March 2003

Details of investments of the company in its principal subsidiary undertakings are given on page 12.

8. Stocks

	2003	2002
	£	£
Land held for development	<u>85,076</u>	<u>85,076</u>

9. Debtors

	2003	2002
	£	£
Amounts owed by group undertakings	71,356,668	83,210,573
Other debtors	-	1,018
	<u>71,356,668</u>	<u>83,211,591</u>

10. Creditors (amounts falling due within one year)

	2003	2002
	£	£
Anticipated development costs to site completion	1,315,585	1,608,385
Amounts owed to group undertakings	54,166,661	65,791,440
Income tax	114	-
Other creditors	7,348,777	7,348,777
	<u>62,831,137</u>	<u>74,748,602</u>

TRAFFORD CENTRE DEVELOPMENTS LIMITED

NOTES TO THE ACCOUNTS (continued)

11. Called-up Share Capital

	Number	2003 £	2002 £
Authorised, Allotted and Fully Paid			
Equity Share Capital			
Ordinary shares of £1 each	100,000	100,000	100,000
Non-equity share capital			
Preference shares of £1 each	6,000,000	6,000,000	6,000,000
	<u>6,100,000</u>	<u>6,100,000</u>	<u>6,100,000</u>

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.

12. Reserves

	Profit and loss account £
At 1st April 2002	92,728
Retained profit for the year	53,143
At 31st March 2003	<u>145,871</u>

13. Contingent Liability

At 31st March 2003 the company's banks had provided road bonds and guarantees amounting to £3,512,145 (2002: £1,012,145).

14. Capital Commitments

	2003 £	2002 £
Capital expenditure contracted for but not provided for in these accounts	<u>1,388,000</u>	<u>-</u>

TRAFFORD CENTRE DEVELOPMENTS LIMITED

NOTES TO THE ACCOUNTS (continued)

15. Ultimate Holding Company

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

The largest and smallest group of undertakings, of which the company 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 Peel Dome, The Trafford Centre, Manchester M17 8PL.

TRAFFORD CENTRE DEVELOPMENTS LIMITED

SUBSIDIARY UNDERTAKINGS

The subsidiary undertakings as at 31st March 2003 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 2003 represented ordinary shares.