

TRAFFORD CENTRE DEVELOPMENTS LIMITED

REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2006

COMPANY NUMBER 1231559



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 F.R.I.C.S.
Peter J. Hosker LL.B.
Andrew C. Simpson A.C.A. (appointed 11th May 2006)

Secretary: Neil Lees A.C.I.S.

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

Registered Number: 1231559

Auditors: Deloitte & Touche LLP, Manchester

Bankers: Barclays Bank

Report of the Directors *for the year ended 31st March 2006*

The directors submit their report together with the audited financial statements of the Company for the year ended 31st March 2006.

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 6 and 7.

The directors have not declared a dividend (2005: £nil).

Directors and their interests in shares and financial instruments

The directors who held office during the year were:

J. Whittaker
P. A. Scott
P. P. Wainscott
A C Simpson
P.J.Hosker

The director appointed subsequent to the year end was:

#A C Simpson (appointed 11th May 2006)

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

The above directors are directors of the holding company, Peel Holdings (Land & Property) Limited, in whose accounts their beneficial interests in the shares and financial instruments of that company, and the ultimate holding company, Tokenhouse Investments (Guernsey) Limited are disclosed.

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 as at the end of the financial year and of the profit or loss of the Company for that year. 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 2006

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.

Statement of disclosure to auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- (a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
- (b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S234ZA of the Companies Act 1985.

Auditors

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



N. Lees
Secretary

19 January 2007

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 2006 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes 1 to 17. 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

Independent Auditors' Report *(continued)*

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
Manchester

26 January 2007

TRAFFORD CENTRE DEVELOPMENTS LIMITED

Profit and Loss Account for the year ended 31st March 2006

	Note	2006 £	2005 £
Operating profit	2	4	491,566
Net interest receivable and similar income	3	974,463	955,123
Profit on ordinary activities before taxation	4	974,467	1,446,689
Tax on profit on ordinary activities	5	(292,291)	(433,745)
Retained profit for the financial year	13	682,176	1,012,944

All the above results derive from continuing activities.

There are no recognised gains or losses other than the result for the year. Accordingly no statement of total recognised gains and losses has been prepared.

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.

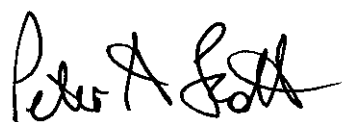
TRAFFORD CENTRE DEVELOPMENTS LIMITED

Balance Sheet
as at 31st March 2006

	Note	2006 £	Restated (see note 12) 2005 £
Fixed assets			
Investments	7	4	4
Current assets			
Debtors	8	20,082,552	17,677,984
Cash at bank and in hand		766,316	362,736
		20,848,868	18,040,720
Creditors (amounts falling due within one year)	9	(10,540,406)	(8,414,434)
Net current assets		10,308,462	9,626,286
Creditors (amounts falling due after more than one year)	10	(6,000,000)	(6,000,000)
Net assets		4,308,466	3,626,290
Financed by capital and reserves			
Called-up share capital	11	100,000	100,000
Share premium account	13	2,365,000	2,365,000
Other Reserves	13	-	325,000
Profit and loss account	13	1,843,466	836,290
Equity Shareholders' funds	14	4,308,466	3,626,290

Approved by the board of directors on 19 January 2007

Director



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

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 with the exception of the adoption of FRS 25 as disclosed in note 12.

Accounting Convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom law and 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 (Land & Property) Limited 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 (Land & Property) Limited group of companies. Peel holdings (Land & Property) Limited 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.

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.

Notes to the Accounts (*continued*)1. Accounting Policies (*continued*)**Financial instruments**

The Company's financial instruments are in respect of 10% Fixed Rate Cumulative Preference shares which have been classified as debt in the current year following adoption of FRS 25, "Financial instruments: Disclosure and Presentation" (see note 12).

Turnover

Trading property sales are accounted for on a legal completion basis.

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

	2006	
	£	
Trading Income	-	492,240
Gross profit	-	492,240
Administration Expenses	4	
Operating profit	4	491,566

All of the Company's operating profit arose on the United Kingdom on its property development activities.

3. Net Interest Receivable and Similar Income

	2006	2005
	£	£
Interest payable on bank loans and overdrafts	(856)	(397)
Interest receivable on bank and other deposits	21,245	6,520
Other Loan Interest	954,074	949,000
Net interest receivable and similar income	974,463	955,123

4. Profit on Ordinary Activities before Taxation

The auditors' remuneration for audit work and non-audit services was borne by Peel Holdings (Land & Property) Limited (2005: same)

Notes to the Accounts (*continued*)

5. Tax on Profit on Ordinary Activities

	2006 £	
Current tax :		
Group relief	(292,340)	(434,007)
Adjustments in respect of prior year:		
Group relief	49	
UK Corporation tax	-	
Total current tax	<u>(292,291)</u>	<u>(433,745)</u>
	2006 £	
Reconciliation of current tax charge:		
Profit on ordinary activities before taxation at 30%	(292,340)	(434,007)
Net disallowable expenditure	-	
Adjustment in respect of prior years	49	262
	<u>(292,291)</u>	<u>(433,745)</u>

There is no deferred taxation in either year.

6. Particulars of Staff and Directors' Remuneration

The company has no employees other than the directors (2005: £nil).

No director received any remuneration for their services to the Company (2005: £nil).

7. Fixed Asset Investments

	Subsidiary undertakings £
At 1st April 2004 and 31st March 2005	<u>4</u>

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

Notes to the Accounts (*continued*)

8. Debtors

	2006	2005
	£	£
Amounts owed by group companies	20,057,926	17,426,854
Other debtors	24,626	251,130
	<u>20,082,552</u>	<u>17,677,984</u>

9. Creditors (amounts falling due within one year)

	2006	2005
	£	£
Trade creditors	279,620	-
Development costs to site completion	695,027	434,850
Amounts owed to group companies	292,293	456,967
Other creditors	7,348,777	7,382,617
Accruals and deferred income	1,924,689	140,000
	<u>10,540,406</u>	<u>8,414,434</u>

The other creditor is in respect of amount payable on demand to the Olayan Group which is a major shareholder of the intermediate parent company, Peel Holdings (Land and Property) Limited.

10. Creditors (amounts falling due after more than one year)

	2006	Restated 2005
	£	£
Preference Shares	<u>6,000,000</u>	<u>6,000,000</u>

11. Called-up Share Capital

	Number	2006 £	2005 £
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.

Notes to the Accounts (*continued*)**11. Called-up Share Capital (*continued*)**

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 preference shares have been classified as debt in the year as a result of adoption of FRS 25 (see note 12).

12. Restatement of comparatives – FRS 25, “Financial Instruments – Disclosure and Presentation”

Historically, under FRS 4, “Capital Instruments”, the preference shares were presented within share capital and reserves as non-equity shares.

FRS 25 requires that the preference shares of the company are classified as liabilities. The right to any dividend has been waived by the shareholders.

As a result of the change in accounting policy the comparatives have been adjusted as follows:

	Creditors: due More than one year £	Share Capital £	Shareholders’ Funds £
At 1 April 2005	-	6,100,000	9,626,290
Reclassification of preference share	6,000,000	(6,000,000)	(6,000,000)
Restated 1 April 2005	<u>6,000,000</u>	<u>100,000</u>	<u>3,626,290</u>

13. Reserves

	Other reserves £	Share premium account £	Profit and loss account £
At 1st April 2005	325,000	2,365,000	836,290
Other Reserves	(325,000)	-	325,000
Retained Profit for the year	-	-	682,176
At 31st March 2006	<u>-</u>	<u>2,365,000</u>	<u>1,843,466</u>

The transfer from other reserves arises on the disposal of investment properties which have previously been revalued.

14. Reconciliation of Movements in Shareholders’ Funds

	2006 £	Restated 2005 £
Profit for the financial year	682,176	1,012,944
Unrealised Profit on intergroup property disposal	-	(325,000)
Other Reserve	-	325,000
Shareholders’ funds at 1st April 2005/1st April 2004	<u>3,626,290</u>	<u>2,613,346</u>
Shareholders’ funds at 31st March 2006/31st March 2005	<u>4,308,466</u>	<u>3,626,290</u>

Notes to the Accounts (*continued*)**15. Contingent Liability**

At 31st March 2005 the company's banks had provided road bonds and guarantees amounting to £1,002,145 (2005: £3,252,145).

16. Capital Commitments

	2006	2005
	£	£
Capital expenditure contracted for but not provided for in these accounts	250,000	250,000

17. Ultimate Holding Company

The ultimate holding company in the period to 12th October 2005 was Tokenhouse Holdings Limited, a company incorporated in Guernsey. On 12th October 2005, Tokenhouse Investments (Guernsey) Limited, a company incorporated in Guernsey, became the ultimate holding company. Both Tokenhouse Holdings Limited and Tokenhouse Investments (Guernsey) Limited are controlled by the 1997 Billown Settlement Trust.

The largest group of undertakings, of which the Company is a member, that produces consolidated accounts is Peel Holdings (Land and Property) Limited, a company registered in England. Its group accounts are available from the Company Secretary, Peel Holdings (Land and Property) Limited at Peel Dome, The Trafford Centre, Manchester, M17 8PL.

The smallest group of undertakings, of which the Company is a member, that produces consolidated accounts is Peel Land and Property Holdings Limited, a company registered in England. Its group accounts are available from the Company Secretary, Peel Land and Property Holdings Limited at Peel Dome, The Trafford Centre, Manchester, M17 8PL.

Notes to the Accounts *(continued)*

Subsidiary Undertakings

The subsidiary undertakings as at 31st March 2004 which were wholly-owned were:

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

Shares in the subsidiary undertakings at 31st March 2006 represented ordinary shares.