

**MANCHESTER COMMERCIAL BUILDINGS
COMPANY LIMITED**

Financial Statements 2001

Co. Reg. No. 2069



MANCHESTER COMMERCIAL BUILDINGS COMPANY LIMITED

Directors' report

The directors present their report and financial statements for the year ended 30 September 2001. The result for the year is shown in the attached profit and loss account.

The principal activity of the company is property investment. The directors foresee no material change in the scope or nature of the company's activities.

Directors who have served during the year were:

Mr S J East
 Mr R J Exley
 Mr S McGarrity
 Mr N J Thompson (resigned 31 December 2000)
 Mr I R Watters

Except as outlined below no director had any interest in the ordinary share or loan capital of any group company as at 30 September 2001.

	At 30 September 2001		At 1 October 2000	
	Leconport Estates Loan Notes of £1 each	96p Non- cumulative Preference Shares (B shares)	Leconport Estates Loan Notes of £1 each	96p Non- cumulative Preference Shares (B shares)
Mr S J East	14,108	-	14,108	-
Mr R J Exley	12,082	-	12,082	682
Mr S McGarrity	8,772	-	8,772	-
Mr I R Watters	77,659	-	77,659	1,560

The Company secretary is MEPC Secretaries Limited who was appointed on 31 December 2001. The previous Company secretary Mr D B J Price resigned on 31 December 2001.

On 30 October 2000 MEPC plc re-registered as a private limited company and changed its name to MEPC Limited.

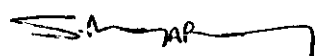
Directors' responsibilities in respect of the preparation of financial statements

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 these 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 maintaining 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.

By order of the board



S McGARRITY
 Director
 31 January 2002

**Auditors report to the members of
MANCHESTER COMMERCIAL BUILDINGS COMPANY LIMITED**

We have audited the financial statements on pages 3 to 7.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 1, 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. 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, are 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 September 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit plc
KPMG Audit plc
Chartered Accountants
Registered Auditor
London
31 January 2002

MANCHESTER COMMERCIAL BUILDINGS COMPANY LIMITED**Profit and loss account****For the year ended 30 September 2001**

	<u>Notes</u>	<u>2001</u> £	<u>2000</u> £
Net income/(expenditure) on properties	2	21,128	(36,605)
Administrative expenses	3	-	-
Operating profit/(loss)		21,128	(36,605)
Gain on disposal of fixed assets	4	-	9
Profit/(loss) on ordinary activities before and after taxation		21,128	(36,596)

There is no difference between the reported results and the results restated on an historic cost basis.

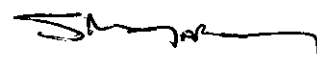
There were no other gains or losses apart from the results shown in the profit and loss account.

Details of reserve movements are in note 8.

MANCHESTER COMMERCIAL BUILDINGS COMPANY LIMITED**Balance sheet****As at 30 September 2001**

	<u>Notes</u>	<u>2001</u> £	<u>2000</u> £
Fixed assets			
Investment properties	5	55	55
Current assets			
Debtors: Amounts falling due within one year	6	54,575	64,526
Amount falling due after more than one year	6	116,233,125	116,202,046
		<u>116,287,755</u>	<u>116,266,627</u>
Capital and reserves			
Called up share capital	7 & 8	250,000	250,000
Revaluation reserve	8	15	15
Other reserves	8	-	73,654,873
Profit and loss account	8	116,037,740	42,361,739
Shareholders' funds		<u>116,287,755</u>	<u>116,266,627</u>

Approved by the Board of Directors
on 31 January 2002
and signed on its behalf by:



S McGARRITY
Director

MANCHESTER COMMERCIAL BUILDINGS COMPANY LIMITED
Notes (forming part of the financial statements)

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties and in accordance with section 226 of, and Schedule 4 to, the Companies Act 1985 and, in accordance with applicable accounting standards.

Properties

Investment properties are included at directors valuation.

All surpluses and deficits against book value arising on the valuation are transferred to the revaluation reserve except for those deficits expected to be permanent, which are included in the profit and loss account and then transferred to other reserves.

Net gains or losses on disposal of properties are calculated by reference to book value at date of disposal.

Amortisation

In accordance with Statement of Standard Accounting Practice No 19, (i) investment properties are revalued and the aggregate surplus or deficit is transferred to a revaluation reserve; and (ii) no amortisation is provided in respect of leasehold investment properties with over 20 years to expiry. This treatment may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, the properties are not held for consumption but for investment and the directors consider that systematic amortisation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Amortisation is only one of the many factors reflected in the valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Taxation

With effect from 1 October 1997, the taxation charges or credits attributable to the results of all wholly owned UK subsidiaries of MEPC Limited are charged or credited in a single subsidiary company, MEPC UK Holdings as part of a group arrangement. No deferred taxation is provided in these accounts since any future corporation tax liability or asset that might crystallise will be reflected in the accounts of MEPC UK Holdings in accordance with the arrangement referred to above. Provision for deferred taxation has been made in the accounts of MEPC UK Holdings, having regard to the group deferred taxation position.

Cash flow

Under FRS 1 Cash Flow statement (revised 1996), the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly-owned subsidiary undertaking.

MANCHESTER COMMERCIAL BUILDINGS COMPANY LIMITED
Notes (continued)

2 Net income/(expenditure) on properties

	<u>2001</u> £	<u>2000</u> £
Gross rental income and other charges (UK)	2,207	1,025
Gross rental income	1,850	1,025
<u>Less:</u> Ground rents	2,202	21,320
Other property outgoings less recoveries from tenants	(21,480)	16,310
	(19,278)	37,630
	21,128	(36,605)

3 Administrative expenses

The directors of the company received no remuneration during the year. The company did not employ any other persons as it is administered by employees of MEPC Limited. Audit fees are paid by MEPC Limited and are accounted for on a group basis.

4 Gain on disposal of fixed assets

	<u>2001</u> £	<u>2000</u> £
Prior year adjustment	-	9

5 Investment properties

At internal valuation	Long Leasehold £
1 October and 30 September	55

The historical cost of properties was £40 (2000:£40).

6 Debtors

	<u>2001</u> £	<u>2000</u> £
Amounts falling due within one year:		
Other debtors	54,575	64,526
Amount falling due after more than one year:		
Amount due from intermediate holding company: MEPC Limited	116,233,125	116,202,046

7 Called up share capital

	Authorised		Allotted, issued and fully paid			
	2001	2000	2001		2000	
			No	£	No	£
Ordinary shares of £1 each	£500,000	£500,000	250,000	£250,000	250,000	£250,000

MANCHESTER COMMERCIAL BUILDINGS COMPANY LIMITED
Notes (continued)

8 Capital and reserves

	Share Capital £	Revaluation Reserve £	Other Reserves £	Profit & Loss £	2001 £	2000 £
1 October	250,000	15	73,654,873	42,361,739	116,266,627	116,303,223
Retained profit/(loss)				21,128	21,128	(36,596)
Transfer between reserves			(73,654,873)	73,654,873	-	-
30 September	250,000	15	-	116,037,740	116,287,755	116,266,627

9 Ultimate parent company and intermediate holding company

- The ultimate parent company and largest group in which the results of the company are consolidated is that headed by Leconport Estates. The consolidated accounts of this group will in due course be available from Clarges House, 6-12 Clarges Street, London, W1J 8DH.

The intermediate holding company and smallest group in which the results of the company are consolidated is that headed by MEPC Limited. The consolidated accounts of this group are available from 103 Wigmore Street, London, W1H 9AB.