

POWER SECURITIES (MANCHESTER) LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2002

Company Number: 01574695



POWER SECURITIES (MANCHESTER) LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2002

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POWER SECURITIES (MANCHESTER) LIMITED

COMPANY INFORMATION

YEAR ENDED 31 MARCH 2002

DIRECTORS

M. B. Hegarty	(Resigned 24 November 2000)
M F. Hill	(Resigned 24 November 2000)
J.A. Leonard	(Resigned 24 November 2000)
R.R. Power	(Resigned 16 May 1995)
D. O'Sullivan	(Appointed 20 June 1995, resigned 24 November 2000)
W. Borgas	(Appointed 24 November 2000, resigned 11 April 2001)
P. Solbeck	(Appointed 11 April 2001)
A. Ryan Murphy	(Appointed 11 April 2001)
P.M. Borgas	(Appointed 24 November 2000)

SECRETARY

W. Borgas

REGISTERED NUMBER OF INCORPORATION

01574965

REGISTERED OFFICE

Southampton House
317 High Holborn
London
WC1V 7NL

AUDITORS

haysmacintyre
Chartered Accountants
Registered Auditors
Southampton House
317 High Holborn
London WC1V 7NL

POWER SECURITIES (MANCHESTER) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2002

The directors present their annual report and the audited financial statements for the year ended 31 March 2002.

PRINCIPAL ACTIVITIES AND DEVELOPMENT

The company owns the long leasehold interest in the Royal Exchange Shopping Centre and continues to operate the shopping centre.

RESULTS FOR THE YEAR

The financial results and details of the company's state of affairs as at 31 March 2002 are set out on pages 6 to 11 respectively.

DIRECTORS AND THEIR INTERESTS

The directors in office during the year and their interests in the company at the balance sheet date and at the beginning of the year (or on appointment if later) were as follows:

		Ordinary shares of 1p each	
		Number of shares	
		2002	2001
P. Solbeck	(Appointed 11 April 2001)	65	-
A. Ryan Murphy	(Appointed 11 April 2001)	-	-
P. M. Borgas	(Appointed 24 November 2000)	-	-

The following directors resigned since the last accounts were filed with the Registrar at Companies House:-

M.B. Hegarty	(Resigned 24 November 2000)
M.F. Hill	(Resigned 24 November 2000)
J.A. Leonard	(Resigned 24 November 2000)
R.R. Power	(Resigned 16 May 1995)
D. O'Sullivan	(Appointed 20 June 1995, resigned 24 November 2000)
W. Borgas	(Appointed 24 November 2000, resigned 11 April 2001)

FIXED ASSETS

Details of movements in fixed assets are given in Note 7 to the financial statements.

POWER SECURITIES (MANCHESTER) LIMITED

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2002

STATEMENT OF 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

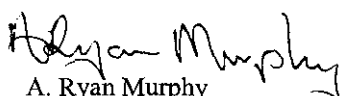
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets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

CHARITABLE AND POLITICAL DONATIONS

The company made no charitable or political donations in the year.

The report of the directors has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the Board


A. Ryan Murphy
Director

Approved by the Board on:- 13 October 2003

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
POWER SECURITIES (MANCHESTER) LIMITED**

We have audited the financial statements of Power Securities (Manchester) Limited for the year ended 31 March 2002 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention as modified to include the revaluation of certain fixed assets and 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 auditor's 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 law and United Kingdom 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. However, the evidence available to us was limited because neither the administrative receivers, who were appointed on 1st November 1996, nor anyone else associated with the company, were able to provide us with the accounting records for the period 1 April 1995 to 31 October 1996. The last audited accounts prepared were in respect of the year ended 31st March 1994. As a result, we have not been able to satisfy ourselves that the opening balances as at 1 April 2000 are properly stated. Consequently, we have been unable to satisfy ourselves that the comparative Profit and Loss Account figures for the year ended 31 March 2001 show a true and fair view. There were no satisfactory audit procedures that we could adopt to confirm the comparative figures. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
POWER SECURITIES (MANCHESTER) LIMITED**

Qualified opinion arising from limitations in audit scope

Except for any adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning the comparative Profit and Loss Account figures, in our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 2002 and of the loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

In respect alone of the limitation on our work relating to comparative figures:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit:
and
- we were unable to determine whether proper accounting records had been maintained.

haysmacintyre

**haysmacintyre
Chartered Accountants
Registered Auditors**

13 October 2003

**Southampton House
317 High Holborn
London
WC1V 7NL**

POWER SECURITIES (MANCHESTER) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2002

	Notes	2002 £	2001 £
TURNOVER	1	1,364,471	511,361
Cost of sales		1,919,368	1,716,478
GROSS LOSS		(554,897)	(1,205,117)
Operating expenses		(29,914)	(1,602,772)
Interest payable	3	-	(5,769,082)
Other income	4	-	3,302
OPERATING LOSS		(584,811)	(8,573,669)
Exceptional item	5	-	158,088,898
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION (2001: PROFIT)		(584,811)	149,515,229
Tax	6	-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION (2001: PROFIT)		(584,811)	149,515,229
Profit and loss account brought forward		(15,732,357)	(165,247,586)
PROFIT AND LOSS ACCOUNT CARRIED FORWARD		<u>£(16,317,168)</u>	<u>£(15,732,357)</u>

Continuing operations

All of the company's activities relate to continuing activities and none were discontinued in either accounting period.

POWER SECURITIES (MANCHESTER) LIMITED

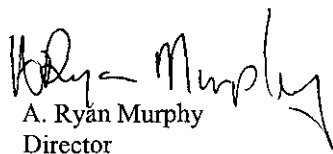
BALANCE SHEET

AT 31 MARCH 2002

	Note	£	2002 £	£	2001 £
FIXED ASSETS					
Tangible assets	7		4,600,000		4,600,000
CURRENT ASSETS					
Debtors	8	210,608		111,550	
Cash at bank		38,001		-	
		<u>248,609</u>		<u>111,550</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	<u>(1,381,642)</u>		<u>(659,772)</u>	
NET CURRENT LIABILITIES			<u>(1,133,033)</u>		<u>(548,222)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			3,466,967		4,051,778
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	10		<u>(18,000,000)</u>		<u>(18,000,000)</u>
			<u>£(14,533,033)</u>		<u>£(13,948,222)</u>
CAPITAL AND RESERVES					
Called up share capital	11		2		2
Profit and loss account			(16,317,168)		(15,732,357)
Revaluation reserve	12		1,784,133		1,784,133
Shareholders' Fund - all equity	13		<u>£(14,533,033)</u>		<u>£(13,948,222)</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

The financial statements were approved by the board of directors on 13 October 2003 and signed on its behalf by:


A. Ryan Murphy
Director

The notes on pages 8 to 11 form part of these financial statements

POWER SECURITIES (MANCHESTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

1. ACCOUNTING POLICIES

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000) and under the historical cost convention as modified to include the revaluation of certain fixed assets.

Going concern

The accounts have been prepared on a going concern basis in the expectation that the company will continue to receive financial support from its loan creditor, directors and shareholders.

Cash flow

The financial statements do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare, such a statement under Financial Reporting Standard 1 (Revised) "Cash Flow Statements."

Turnover

Turnover represents the total invoice value, excluding value added tax, of rents and service charges receivable during the year.

Fixed assets and depreciation

In accordance with Statement of Standard Accounting Practice No. 19, investment properties are included in the Balance Sheet at open market value. Revaluation surpluses and deficits are transferred to the revaluation reserve and no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to expiry. This treatment is a departure from the requirements of the Companies Acts concerning the depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences to the extent they are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing difference will reverse.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into Sterling Pounds at the rates ruling at the balance sheet date.

2. DIRECTORS REMUNERATION

There were no director's emoluments in either financial period.

POWER SECURITIES (MANCHESTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2002

3. INTEREST PAYABLE	2002	2001
	£	£
Interest on bank loans, overdraft and other loans	£ -	£5,769,082
	<u>£ -</u>	<u>£5,769,082</u>
4. OTHER INCOME	2002	2001
	£	£
Interest receivable	£ -	£3,302
	<u>£ -</u>	<u>£3,302</u>
5. EXCEPTIONAL ITEM	2002	2001
	£	£
Provision against investments	-	(14,489,199)
Reduction in creditors following Company Voluntary Arrangement	-	172,578,097
	<u>£ -</u>	<u>£158,088,898</u>

The company went into administrative receivership on 1st November 1996. The company's investments which were represented by shares in group company's were written down to their recoverable amount in 2001.

On 18th December 2000 the company entered into a Company Voluntary Arrangement whereby the company's bank loan creditors and other creditors agreed to receive less than full value for the liabilities. The resultant reduction in total creditors amounted to £172,578,097 and has been credited to the profit and loss account on page 6.

6. TAX	2002	2001
	£	£
Tax charge for the year	£ -	£ -
	<u>£ -</u>	<u>£ -</u>

No liability to corporation tax arises in the year due to losses incurred and losses brought forward.

At 31 March 2002 the company had the following tax losses to carry forward:-

	£
On loan relationships	37,626,842
Excess management expenses	38,523,648
Schedule A	1,760,014

POWER SECURITIES (MANCHESTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2002

7. INVESTMENT PROPERTY	Long leasehold Properties £	Total £
Valuation		
A 1 April 2001 and 31 March 2002	<u>£4,600,000</u>	<u>£4,600,000</u>
Cost		
A 1 April 2001 and 31 March 2002	<u>£2,815,867</u>	<u>£2,815,867</u>

The company's investment property was valued as at 31 March 2002 by the directors, having taking appropriate professional advice, at its open market value.

At 31 March 2002, the tax which would have become payable in the event of the sale of the freehold and long leasehold property at its revalued amount would amount to approximately £Nil. (2001: £Nil)

8. DEBTORS	2002 £	2001 £
Trade debtors	155,247	21,221
Other debtors and prepayments	55,361	90,329
	<u>£210,608</u>	<u>£111,550</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2002 £	2001 £
Trade creditors	40,377	-
Other creditors	1,341,265	659,772
	<u>£1,381,642</u>	<u>£659,772</u>

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	2002 £	2001 £
Loans	<u>£18,000,000</u>	<u>£18,000,000</u>

Loans are secured on the company's investment property, and are repayable in more than five years. The loan is currently interest free.

11. SHARE CAPITAL	2002 £	2001 £
Authorised		
10,000 (2001: 100) Ordinary shares of 1p each (2001: 100 £1 each)	<u>100</u>	<u>100</u>
Called up and fully paid		
200 (2001: 2) Ordinary shares of 1p each (2001: £1 each)	<u>2</u>	<u>2</u>

On 4 April 2001 the company's shares were subdivided into 200 1p ordinary shares.

POWER SECURITIES (MANCHESTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2002

12. REVALUATION RESERVE	2002 £	2001 £
Balance at 1 April 2001	1,784,133	2,844,934
Deficit on revaluation of tangible assets	-	(1,060,801)
Balance at 31 March 2002	<u>£1,784,133</u>	<u>£1,784,133</u>
13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS	2002 £	2001 £
Loss for the year (2001: Profit)	(584,811)	149,515,229
Revaluation of fixed assets	-	(1,060,801)
Net reduction of shareholders' funds (2001: addition)	(584,811)	148,454,428
Opening shareholders funds	(13,948,222)	(162,402,650)
Closing shareholders funds	<u>£(14,533,033)</u>	<u>£(13,948,222)</u>
Represented by:		
Equity interests	<u>£(14,533,033)</u>	<u>£(13,948,222)</u>

14. CAPITAL COMMITMENTS

No material capital commitments existed at the balance sheet date (2001: £Nil).

15. RELATED PARTY DISCLOSURES

Included in other creditors are amounts due to shareholders as follows:

	2002 £	2001 £
Shareholders loans	<u>£1,078,357</u>	<u>£360,096</u>

The loans are repayable within one year and are interest free.

16. OTHER FINANCIAL COMMITMENTS

The company has operating lease commitments under which the minimum annual rentals are as follows:

	2002 £	2001 £
Land and buildings:		
More than 5 years	<u>£675,000</u>	<u>£675,000</u>

17. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is considered to be Wilman Enterprises Limited, a company registered in the British Virgin Islands.