



**POWER CORPORATION PROPERTY
LIMITED**

Report and Financial Statements

4 October 1995 to 31 December 1996

**Deloitte & Touche
Hill House
1 Little New Street
London EC4A 3TR**





REPORT AND FINANCIAL STATEMENTS 1996

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REPORT AND FINANCIAL STATEMENTS 1996

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Adrian J Pink (appointed 27 March 1996)
John A Rae (appointed 17 September 1996)
Guy Fortin (appointed 20 January 1996, resigned 27 March 1996)
Temple Direct Ltd (appointed 5 October 1995, resigned 20 January 1996)

SECRETARY

Temple Secretarial Limited

REGISTERED OFFICE

12 Gough Square
London
EC4A 3DE

BANKERS

C Hoare & Co

SOLICITORS

Withers & Co
12 Gough Square
London EC4A 3DE

AUDITORS

Deloitte & Touche
Chartered Accountants
Hill House
1 Little New Street
London EC4A 3TR

**DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the period from 4 October 1995 to 31 December 1996.

ACTIVITIES

The company's principal activity is to hold property for the use of a parent company director.

REVIEW OF DEVELOPMENTS

The directors are satisfied with the company's progress in the period. They expect its activities to continue at a similar level in the future.

DIVIDENDS AND TRANSFERS TO RESERVES

The results for the year are set out in detail on page 6. The directors do not recommend the payment of a dividend and the retained loss for the year of £84,790 has been transferred to reserves.

DIRECTORS

A list of directors who served during the period is shown on page 1.

No directors had any interest in the shares of the company during the period.

AUDITORS

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

Secretary

**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 as at the end of the financial year 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
- 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. 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.



Chartered Accountants

Deloitte & Touche
Hill House
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AUDITORS' REPORT TO THE MEMBERS OF

POWER CORPORATION PROPERTY LIMITED

We have audited the financial statements on pages 5 to 10 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 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 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 at 31 December 1996 and of its profit for the period between 4 October 1995 and 31 December 1996 and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Chartered Accountants and Registered Auditors

4 July 1997.

PROFIT AND LOSS ACCOUNT
Period from 4 October 1995 to 31 December 1996

	Note	1996 £
Administrative expenses		(219,399)
Operating loss - continuing operations		(219,399)
Profit on sale of freehold property - continuing operations	4	253,350
Interest receivable and similar income		45,961
Interest payable and similar charges	5	(91,170)
		(45,209)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(11,258)
Tax on loss on ordinary activities		(73,532)
LOSS FOR THE FINANCIAL YEAR		<u>(84,790)</u>

There are no recognised gains or losses for the period other than as stated in the profit and loss account.

BALANCE SHEET
31 December 1996

	Note	1996 £
FIXED ASSETS		
Tangible assets	7	4,244,926
Investments	8	508,760
		<u>4,753,686</u>
CURRENT ASSETS		
Debtors	9	3,938
Cash at bank and in hand		320,521
		<u>324,459</u>
CREDITORS: amounts falling due within one year	10	<u>(5,162,933)</u>
NET CURRENT LIABILITIES		<u>(4,838,474)</u>
TOTAL NET LIABILITIES		<u>(84,788)</u>
CAPITAL AND RESERVES		
Called up share capital	11	2
Profit and loss account		(84,790)
TOTAL EQUITY SHAREHOLDERS' FUNDS	12	<u>(84,788)</u>

These financial statements were approved by the Board of Directors on
 Signed on behalf of the Board of Directors

4/7/1997.

AS Paul
 Director

NOTES TO THE ACCOUNTS
Period ended 31 December 1996

1. ACCOUNTING POLICIES

The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Land and Buildings	2% per annum
Fixtures, fittings & equipment	25 % per annum
Motor vehicles	33 1/3% per annum

No depreciation has been charged on land and buildings or furniture, fittings and equipment in the current financial period because the items have not been brought into use.

Investments

Investments held as fixed assets are stated at cost less provision for any diminution in value.

Deferred taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

No director received any emoluments in the period ended 31 December 1996. The company had no employees during the period.

3. OPERATING LOSS

	1996 £
Operating loss is after charging:	
Depreciation	
Owned assets	39,195
Auditors' remuneration	4,500
	<u> </u>

NOTES TO THE ACCOUNTS
Period ended 31 December 1996

4. EXCEPTIONAL ITEMS

	1996 £
Profit on sale of freehold property	253,350

5. INTEREST PAYABLE AND SIMILAR CHARGES

	1996 £
Bank loans, overdrafts and other loans repayable within five years	91,170

6. TAX ON LOSS ON ORDINARY ACTIVITIES

	1996 £
United Kingdom corporation tax at 33%	73,532

The company is subject to corporation tax on profits arising from the disposal of properties and on its interest income.

7. TANGIBLE FIXED ASSETS

	Freehold property £	Long leasehold property £	Motor vehicles £	Fixtures, fittings, and furniture £	Total £
Cost					
At 1 January 1996	-	-	-	-	-
Additions in year	4,961,764	3,414,147	117,586	752,388	9,245,885
Disposals in year	(4,961,764)	-	-	-	(4,961,764)
At 31 December 1996	4,961,764	3,414,147	117,586	752,388	4,284,121
Accumulated depreciation					
At 1 January 1996	-	-	-	-	-
Charge in year	-	-	39,195	-	39,195
At 31 December 1996	-	-	39,195	-	39,195
Net book value					
At 31 December 1996	-	3,414,147	78,391	752,388	4,244,926

NOTES TO THE ACCOUNTS
Period ended 31 December 1996

8. INVESTMENTS HELD AS FIXED ASSETS

	Other investments other than loans £
Cost or valuation	
Additions during period	508,760
At 31 December 1996	<u>508,760</u>

Investments comprise items of antique furniture and other artefacts. They have been shown at cost. The directors feel that no diminution in value has occurred and therefore a provision is not considered necessary.

9. DEBTORS

	1996 £
Called up share capital unpaid	2
Prepayments and accrued income	3,936
	<u>3,938</u>

All amounts are due within one year.

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1996 £
Bank loans and overdrafts	1,096,255
Amounts owed to group undertakings	3,320,476
Directors' current accounts	17,196
Corporation tax	73,532
Other creditors	451,149
Accruals and deferred income	204,325
	<u>5,162,933</u>

The bank overdraft is repayable on demand. It is secured over the leasehold property.

NOTES TO THE ACCOUNTS
Period ended 31 December 1996

11. CALLED UP SHARE CAPITAL

	1996 £
Authorised 100 ordinary shares of £1 each	100
Called up and allotted 2 ordinary shares of £1 each	2

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1996 £
Loss attributable to members of the company	(286,302)
Share capital subscribed	2
Opening shareholders' funds	-
Closing shareholders' funds	(286,300)

13. ULTIMATE PARENT COMPANY

In the opinion of the directors, the ultimate parent company of Power Corporation Property Limited is Power Corporation of Canada, a company incorporated under Canadian law.

Group accounts are available from 751 Victoria Square, Montreal, H2Y 2J3, Canada.

14. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption available under section 3(c) of FRS 8 not to disclose details of transactions with fellow group companies.

During the year a director of the parent company, Mrs Demaris purchased furniture for the company to the value of £17,196. The amount is shown within creditors as a director's current account.

**ADDITIONAL INFORMATION**

The additional information on pages 12 to 13 has been prepared from the accounting records of the company. While it does not form part of the statutory financial statements, it should be read in conjunction with them and the auditors' report thereon.



TRADING PROFIT AND LOSS ACCOUNT

Period ended 31 December 1996

	Note	1996 £
INCOME		
LESS OVERHEAD EXPENSES		
Office	1	458
Establishment	2	128,519
Motor	3	39,195
General	4	51,227
Financial	5	91,170
		<hr/> 310,569
NET (LOSS)/PROFIT FOR THE YEAR		 (310,569)
ADD: OTHER INCOME		
Interest receivable and similar income	6	45,961
Profit on sale of freehold property	7	253,350
		<hr/> 299,311
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		 <hr/> (11,258)



NOTES TO THE TRADING PROFIT AND LOSS ACCOUNT
Period ended 31 December 1996

	1996 £
1. OFFICE EXPENSES	
Telephone	458
2. ESTABLISHMENT EXPENSES	
Service charges	30,999
General rates	3,542
Aborted property development	20,272
Light and heat	1,400
Household goods	36,211
Rent	32,755
Other expenses	3,340
	<u>128,519</u>
3. MOTOR EXPENSES	
Depreciation on motor vehicles	39,195
4. GENERAL EXPENSES	
General insurance	146
Legal	43,976
Audit and accountancy	4,500
Bank charges	5,085
Sundry expenses	(2,480)
	<u>51,227</u>
5. FINANCIAL EXPENSES	
Interest payable	
Bank overdraft	91,170
6. INTEREST RECEIVABLE & SIMILAR INCOME	
Bank interest	45,961
7. EXCEPTIONAL ITEMS	
Profit on sale of freehold property	253,350