

**TROSTRE RETAIL LIMITED**

**Report and Financial Statements**

**Year ended 31 March 2004**



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**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

J G Kennedy  
I G Seddon

**SECRETARY**

I G Seddon

**REGISTERED OFFICE**

78 Ashley Road  
Hale  
Altrincham  
WA14 2UN

**BANKERS**

Allied Irish Bank

**AUDITORS**

Deloitte & Touche LLP  
Manchester

**DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 March 2004.

**ACTIVITIES**

The principal activity in the company is property investment.

**REVIEW OF DEVELOPMENTS**

During the year the company sold its investment property at Trostre, realising a profit on sale of £12.1 million.

**DIVIDENDS AND TRANSFERS TO RESERVES**

The results of the company for the period are set out on page 5. The directors recommend a dividend of £Nil be paid for the period (2003 - £Nil) and the retained profit of £11,182,390 (2003 loss - £260,637) has been transferred to reserves.

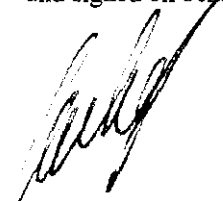
**DIRECTORS AND THEIR INTERESTS**

The directors who served during the period are shown on page 1. None of the directors have any interest in the share capital of the company. The interests of the directors in the share capital of the parent company, PJKI Limited, are shown in that company's accounts.

**AUDITORS**

A resolution to re-appoint Deloitte & Touche LLP as the Company's auditor 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**

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 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.

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.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TROSTRE RETAIL LIMITED

We have audited the financial statements of Trostre Retail Limited for the year ended 31 March 2004 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, 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

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 31 March 2004 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

28 Jan 2005

**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 March 2004**

	Note	Year ended 31 March 2004 £	Sixty seven week period ended 31 March 2003 £
<b>TURNOVER</b>	1	1,317,115	1,859,079
Administrative expenses		(148,246)	(436,222)
<b>OPERATING PROFIT</b>		1,168,869	1,422,857
Profit on disposal of investment property	6	12,054,762	-
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST</b>		13,223,631	1,422,857
Interest payable and similar charges	4	(1,610,950)	(1,683,494)
Interest receivable and similar income	4	356,941	-
Amounts received from subsidiary	7	14,999,391	-
Amounts written off investments in subsidiary	7	(15,764,207)	-
Profit on sale of investments	7	7,584	-
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	3	11,212,390	(260,637)
Tax on profit on ordinary activities	5	(30,000)	-
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED FOR THE FINANCIAL PERIOD</b>	13	11,182,390	(260,637)

The above results relate to a continuing operation.

The company has no recognised gains or losses other than the profit for the financial period. Accordingly a Statement of Total Recognised Gains and Losses has not been prepared.

**BALANCE SHEET**  
**31 March 2004**

	Note	2004 3	£	£	2003 £
<b>FIXED ASSETS</b>					
Investment properties	6	-		25,188,157	
Investments	7	36,158		-	
			36,158		25,188,157
<b>CURRENT ASSETS</b>					
Debtors	8	9,882,162		250,933	
Cash at bank and in hand		23,403,952		311,499	
		33,286,114		562,432	
<b>CREDITORS: amounts falling due within one year</b>	9	(2,002,306)		(5,270,797)	
<b>NET CURRENT ASSETS/(LIABILITIES)</b>			31,283,808		(4,708,365)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			31,319,966		20,479,792
<b>CREDITORS: Amounts falling due after more than one year</b>	10		(20,398,113)		(20,740,329)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	11		-		-
			10,921,853		(260,537)
<b>CAPITAL AND RESERVES</b>					
Called up share capital	12		100		100
Profit and loss account	13		10,921,753		(260,637)
Equity shareholders' funds/(deficit)	17		10,921,853		(260,537)

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

28 January 2005



- Director



**NOTES TO THE ACCOUNTS****Period ended 31 March 2004****1. ACCOUNTING POLICIES**

The financial statements are prepared under the historical cost convention as modified by the revaluation of investment properties and in accordance with applicable United Kingdom accounting standards. The principal accounting policies adopted are described below.

**Turnover**

Turnover represents rental income and service charges made to tenants.

**Investment properties**

In accordance with Statements of Standard Accounting Practice No.19 investment properties are revalued annually by the directors and at least every five years by an external valuer. The aggregate surplus or deficit arising on revaluation is transferred to revaluation reserve except for permanent shortfalls between cost and valuation on individual properties which are charged to profit and loss account.

The Companies Act 1985 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The directors consider that, because their properties are not held for consumption but for their investment potential, to depreciate them would not give as true and fair view, and that it is necessary to adopt SSAP 19 in order to give a true and fair view.

If this departure from the Act had not been made, the profit for the financial year would have been reduced by depreciation. However, the amount of depreciation cannot reasonably be quantified because depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

**Investments**

Investments in subsidiaries are stated at cost. Provision is made for any impairment. Group accounts are not produced as the company is itself a subsidiary of an entity which produces consolidated accounts.

**Taxation**

Current tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted at the balance sheet date.

Deferred taxation is provided in full on timing differences which represent a liability at the balance sheet date at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets.

**Cashflow statement**

The company has taken advantage of the exemption contained in FRS 1 (revised) – “Cashflow Statements” in not producing a cashflow statement as its cashflows are included in the consolidated cashflow statement of its parent company, PJKI Limited.

**2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

Other than the directors there were no employees. The directors received no emoluments during the current and preceding year from this company.

**NOTES TO THE ACCOUNTS**  
**Period ended 31 March 2004**

**3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

	Year ended 31 March 2004 £	Sixty seven week period ended 31 March 2003 £
Profit on ordinary activities before taxation is after charging:		
Auditors' remuneration - audit	10,000	2,500

**4. INTEREST PAYABLE AND SIMILAR CHARGES**

	Year ended 31 March 2004 £	Sixty seven week period ended 31 March 2003 £
Group loan interest	144,541	195,198
Bank loan interest	1,466,409	1,488,296
	<u>1,610,950</u>	<u>1,683,494</u>
Interest receivable and similar income		
Bank interest received	<u>356,941</u>	<u>-</u>

**5. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES**

	2004 £	2003 £
United Kingdom corporation tax at 30% based on the profit/(loss) for the year/period	<u>30,000</u>	<u>-</u>

## NOTES TO THE ACCOUNTS

Period ended 31 March 2004

## 5. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES (continued)

Circumstances affecting the current tax charge:

The standard rate of current tax for the year, based on the UK standard rate of corporation tax, is 30%. The current tax charge for the year is lower than 30% for the reasons set out in the following reconciliation.

	Year ended 31 March 2004 £	Sixty seven week period ended 31 March 2003 £
Profit/(loss) on ordinary activities before taxation	11,212,390	(260,637)
Tax at 30%	(3,363,717)	78,191
Utilisation of tax losses	(392,880)	(77,570)
Expenses not deductible for tax purposes	-	(621)
Dividend in specie	4,499,817	-
Amounts written off investment in subsidiary	(4,729,262)	-
Group relief	(53,955)	-
Profit on sale of investments	2,275	-
Gain on disposal of investment property relieved by capital loss	3,635,312	-
Indexation relief on disposal of investment property	372,410	-
Current tax charge for the year	<u>(30,000)</u>	<u>-</u>

## 6. INVESTMENT PROPERTY

	Investment property £
Valuation	
At 1 April 2003	25,188,157
Addition	985,929
Disposal	<u>(26,174,086)</u>
At 31 March 2004	<u>-</u>

During the year the company sold its investment property realising a gain of £12,054,762. The tax effect of the profit on the sale was £nil.

**NOTES TO THE ACCOUNTS**  
**Period ended 31 March 2004**

**7. INVESTMENTS**

<b>Cost</b>	<b>Unlisted investments £</b>	<b>Shares in subsidiary £</b>	<b>Total £</b>
At 1 April 2003	-	-	-
Addition	14,999,391	15,800,365	30,799,756
Disposals	(14,999,391)	-	(14,999,391)
	<u>-</u>	<u>15,800,365</u>	<u>15,800,365</u>
At 31 March 2004	-	15,800,365	15,800,365
<b>Provisions</b>			
At 1 April 2003	-	-	-
Provided in the year	-	(15,764,207)	(15,764,207)
	<u>-</u>	<u>(15,764,207)</u>	<u>(15,764,207)</u>
At 31 March 2004	-	(15,764,207)	(15,764,207)
<b>Net book value</b>			
At 31 March 2004	-	36,158	36,158
	<u>-</u>	<u>36,158</u>	<u>36,158</u>
At 31 March 2003	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>

During the year the company acquired 65% of the ordinary issued share capital of Trostre Investments (Unlimited), a company registered in England and Wales whose principal activity is investment. At 31 March 2004 the net assets of Trostre Investments were £55,628.

During the year, Trostre Investments declared and paid a dividend in specie of a capital redemption policy to the company of £14,999,391. As a result the net assets of Trostre Investments were reduced permanently and therefore a provision of £15,764,207 was made to reduce the carrying value of the investment to the company's share of the net assets.

Trostre Retail Limited surrendered the policy for £15,006,975 in the year resulting in a gain of £7,584.

**8. DEBTORS**

	<b>2004 £</b>	<b>2003 £</b>
Amounts due from group undertakings	6,825,078	-
Trade debtors	-	192,115
Prepayments and accrued income	-	58,818
Other debtors	1,057,084	-
Corporation tax recoverable	2,000,000	-
	<u>9,882,162</u>	<u>250,933</u>

## NOTES TO THE ACCOUNTS

Period ended 31 March 2004

## 9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £	2003 £
Bank loans (see note 10)	380,736	353,245
Trade creditors	34,320	56,678
Amounts owed to group undertakings	-	4,062,075
Other creditors	-	11,422
Accruals and deferred income	1,557,250	710,873
Taxation and social security	-	76,504
Corporation tax	30,000	-
	<u>2,002,306</u>	<u>5,270,797</u>

## 10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2004 £	2003 £
Bank loan	<u>20,398,113</u>	<u>20,740,329</u>

The bank loan is secured over the assets of the company and bears interest at 6.95%.

The maturity of the bank loan is as follows:

	2004 £	2003 £
Due within one year	380,736	353,245
Due between one and two years	407,895	378,596
Due between two and five years	1,406,711	1,306,627
Due after five years	<u>18,583,507</u>	<u>19,055,106</u>
	<u>20,778,849</u>	<u>21,093,574</u>

## 11. PROVISIONS FOR LIABILITIES AND CHARGES

There is no deferred tax provided or unprovided in the company.

## 12. CALLED UP SHARE CAPITAL

	2004 £	2003 £
Authorised		
95 'A' ordinary shares of £1 each	95	95
5 'B' ordinary shares of £1 each	<u>5</u>	<u>5</u>
	<u>100</u>	<u>100</u>
Called up, allotted and fully paid		
95 'A' ordinary shares of £1 each	95	95
5 'B' ordinary shares of £1 each	<u>5</u>	<u>5</u>
	<u>100</u>	<u>100</u>

The shares rank pari passu in all respects.

**NOTES TO THE ACCOUNTS**

Period ended 31 March 2004

**13. RESERVES**

	Profit and loss account £
At 1 April 2003	(260,637)
Retained profit for the period	11,182,390
	<hr/>
At 31 March 2004	10,921,753
	<hr/>

**14. CONTINGENT LIABILITIES**

The company is liable under the group election scheme for the value added tax liabilities of other group companies. The contingent liability at 31 March 2004 amounted to £nil.

**15. ULTIMATE PARENT COMPANY**

Up to 31 March 2002 the company's immediate and ultimate parent company was P J Kennedy Investments Limited, a company registered and incorporated in the Isle of Man.

The issued share capital of P J Kennedy Investments Limited is held in trusts for members of the family of Mr P J Kennedy and Mr J G Kennedy.

On 31 March 2002, the whole of the issued share capital of the company was sold by P J Kennedy Investments Limited to PJKI Limited, a company incorporated and registered in England and Wales. PJKI Limited is now the immediate parent company and P J Kennedy Investments Limited is the ultimate holding company.

**16. RELATED PARTY TRANSACTIONS**

Details of transactions with the company's 65% owned subsidiary, Trostre Investments are disclosed in note 7.

There were no other related party transactions which require disclosure.

## NOTES TO THE ACCOUNTS

Period ended 31 March 2004

## 17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2004 £	2003 £
Profit/(loss) for the financial period	11,182,390	(260,637)
Shares issued	-	100
	<hr/>	<hr/>
Increase/(decrease) in equity shareholders' funds	11,182,390	(260,537)
Opening shareholders' deficit	(260,537)	-
	<hr/>	<hr/>
Closing shareholders' funds/(deficit)	<u>10,921,853</u>	<u>(260,537)</u>