

42579

**REGISTRAR OF
COMPANIES**

The Mary Street Estate Limited

Report and Financial Statements

Year Ended

31 December 1996



BDO

BDO Stoy Hayward
Chartered Accountants

THE MARY STREET ESTATE LIMITED

Annual report and financial statements for the year ended 31 December 1996

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Directors

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Directors

E W Davidson
P L Huberman
A D Roscoe
P A Ranger

Secretary and registered office

P L Huberman, 58 Queen Anne Street, London, W1M 9LA.

Company number

42579

Auditors

BDO Stoy Hayward, 8 Baker Street, London, W1M 1DA.

THE MARY STREET ESTATE LIMITED

Report of the directors for the year ended 31 December 1996

The directors present their report together with the audited financial statements for the year ended 31 December 1996.

Results and dividends

The directors consider the profit for the year to be satisfactory.

The directors recommend a dividend of £188.89 (1995 - £55.56) per ordinary share.

It is proposed to transfer the retained profit £33,481 to reserves.

Principal activities, review of business and future developments

The company carries on business as a property investment company. Given trading conditions, the directors consider the performance for the year to be satisfactory and anticipate a similar performance in the forthcoming year.

Significant changes in fixed assets

Movements on fixed assets are set out in the notes to the financial statements.

Directors

The directors of the company during the year were:

E W Davidson
P L Huberman
A D Roscoe
P A Ranger

The directors who held office at 31 December 1996 had no interests in the shares of the company or its fellow subsidiary companies. The interests of the directors in the shares of the company's ultimate parent company are shown in that company's financial statements.

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

THE MARY STREET ESTATE LIMITED

Report of the directors for the year ended 31 December 1996 *(Continued)*

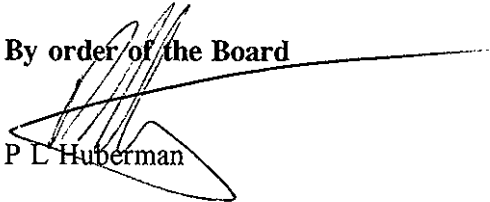
Directors' responsibilities *(Continued)*

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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.

Auditors

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board



P L Huberman

Secretary

Date 27 March 1997

THE MARY STREET ESTATE LIMITED

Report of the auditors

To the shareholders of The Mary Street Estate Limited

We have audited the financial statements on pages 4 to 13 which have been prepared under the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on pages 1 and 2 the company's directors are responsible for the preparation of the 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 as at 31 December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


BDO STOY HAYWARD
Chartered Accountants
and Registered Auditors
London

27 March 1997

THE MARY STREET ESTATE LIMITED**Profit and loss account for the year ended 31 December 1996**

	Note	1996 £	1995 £
Gross rentals	2	7,433,094	5,444,741
Net property outgoings		595,052	371,606
Net rental income		6,838,042	5,073,135
Administrative expenses		998	871
Other operating income		9,964	41,456
Operating profit	3	6,847,008	5,113,720
Profit on sale of investment properties		113,971	73,061
		6,960,979	5,186,781
Interest receivable		312,855	61,827
		7,273,834	5,248,608
Interest payable and similar charges	5	5,148,648	4,381,075
Profit on ordinary activities before taxation		2,125,186	867,533
Tax charge on profit on ordinary activities	6	391,705	58,988
Profit on ordinary activities after taxation		1,733,481	808,545
Dividends	7	1,700,000	500,000
Retained profit for the year	15	33,481	308,545

All amounts relate to continuing activities.

The notes on pages 8 to 13 form part of these financial statements

THE MARY STREET ESTATE LIMITED

Statement of total recognised gains and losses for the year ended 31 December 1996

	Note	1996 £	1995 £
Statement of total recognised gains and losses			
Profit for the financial year		1,733,481	808,545
Unrealised surplus on revaluation of investment properties	8	11,071,448	1,168,707
Creation of deferred taxation provision		(520,000)	-
		<hr/>	<hr/>
Total recognised gains and losses for the year		12,284,929	1,977,252
		<hr/> <hr/>	<hr/> <hr/>

Note of historical cost profits and losses for the year ended 31 December 1996

Reported profit on ordinary activities before taxation		2,125,186	867,533
Realisation of property revaluation gains of previous years	15	720,707	361,626
		<hr/>	<hr/>
Historical cost profit on ordinary activities before taxation		2,845,893	1,229,159
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 8 to 13 form part of these financial statements

THE MARY STREET ESTATE LIMITED

Balance sheet at 31 December 1996

	Note	1996	1995
		£	£
Fixed assets			
Investment properties	8	147,645,799	91,249,545
Investment in subsidiary	9	<u>500</u>	<u>500</u>
		147,646,299	91,250,045
Current assets			
Investment in unquoted shares		503,750	-
Debtors	10	8,415,358	2,090,075
Cash at bank and in hand		<u>60,713</u>	<u>117,903</u>
		8,979,821	2,207,978
Creditors: amounts falling due within one year	11	<u>80,784,823</u>	<u>69,587,648</u>
Net current liabilities		(71,805,002)	(67,379,670)
Total assets less current liabilities		75,841,297	23,870,375
Creditors: amounts falling due after more than one year	12	46,273,493	5,407,500
Provisions for liabilities and charges	13	520,000	-
		29,047,804	18,462,875
Capital and reserves			
Called up share capital	14	9,090	9,090
Revaluation reserve	15	24,675,544	14,844,803
Profit and loss account	15	<u>4,363,170</u>	<u>3,608,982</u>
		29,038,714	18,453,785
Shareholders' funds (including non-equity)		29,047,804	18,462,875

The financial statements were approved by the Board on 27 March 1997

P L Huberman
Director

The notes on pages 8 to 13 form part of these financial statements

THE MARY STREET ESTATE LIMITED**Reconciliation of movements in shareholders' funds**

	1996 £	1995 £
Profit for the financial year	1,733,481	808,545
Dividends	(1,700,000)	500,000
	<hr/>	<hr/>
	33,481	308,545
Other recognised gains and losses for the year (net)	10,551,448	1,168,707
	<hr/>	<hr/>
Net addition to shareholders' funds	10,584,929	1,477,252
Opening shareholders' funds	18,462,875	16,985,623
	<hr/>	<hr/>
Closing shareholders' funds	<u>29,047,804</u>	<u>18,462,875</u>

THE MARY STREET ESTATE LIMITED

Notes forming part of the financial statements for the year ended 31 December 1996

1 Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Turnover

Turnover represents sales to outside customers at invoiced amounts less value added tax.

Revaluation of land and buildings

Freehold and long leasehold land and buildings are revalued to market value at intervals not exceeding five years.

Investment property

Purchases and sales of investment properties are accounted for on exchange of contracts.

The investment properties are included at their open market value and no depreciation is provided. The directors consider that this accounting policy results in the financial statements giving a true and fair view.

Deferred taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

Joint venturers

Where the company is a party in a joint venture, the company's share of joint venture assets and liabilities are included in the balance sheet in the proportion in which the company shares joint venture profits. The company's share of turnover, income and expenditure is included in the profit and loss account.

2 Turnover and profit

The turnover and profit before tax is attributable to the company's principal activity and derived from sales in the United Kingdom.

3 Operating profit is stated after charging:

	1996 £	1995 £
Auditors' remuneration - audit services	982	853

THE MARY STREET ESTATE LIMITED

Notes forming part of the financial statements for the year ended 31 December 1996 (*Continued*)

4 Employees

There were no employees during the year. No directors received any emoluments during the year.

5 Interest payable

	1996 £	1995 £
Interest payable on bank loans, overdrafts and other loans repayable within 5 years	2,095,137	635,662
Interest payable to group companies	5,009,047	4,425,632
Interest capitalised	(1,955,536)	(680,219)
	<u>5,148,648</u>	<u>4,381,075</u>

6 Taxation

UK corporation tax charge at 33 % (1995 - 33 %) based on profit for the year	388,490	59,544
Transfer to/(from) deferred tax	3,215	(556)
	<u>391,705</u>	<u>58,988</u>

7 Dividends

Ordinary shares - paid £188.89 per share (1995 - £55.56)	1,700,000	500,000
	<u>1,700,000</u>	<u>500,000</u>

THE MARY STREET ESTATE LIMITED

Notes forming part of the financial statements for the year ended 31 December 1996 *(Continued)*

8 Investment properties

	Freehold commercial properties £	Long leasehold commercial properties £	Total £
At 1 January 1996	86,299,545	4,950,000	91,249,545
Additions	39,809,448	9,975,829	49,785,277
Disposals	(4,460,471)	-	(4,460,471)
Revaluation surplus	10,522,277	549,171	11,071,448
	<hr/>	<hr/>	<hr/>
At 31 December 1996	132,170,799	15,475,000	147,645,799
	<hr/>	<hr/>	<hr/>

Freehold commercial properties include properties under development at historical cost of £2,968,981 (1995 - £15,133,726). All other investment properties were valued at the balance sheet date on an open market basis, by external valuers, Allsop & Co.

The historical cost of all investment commercial properties is £119,481,275 (1995 - £52,981,815) including interest capitalised of £2,344,833 (1995 - £1,034,625).

Long leasehold commercial properties include 58 Queen Anne Street, London, W1, which is partly occupied by the group for its own use.

9 Investment in subsidiary

The investment relates to Asda St James Limited, a company registered in England.

The company is exempt from preparing group accounts under section 228(2) of the Companies Act 1985. These financial statements present information about the company as an individual undertaking and not about its group.

THE MARY STREET ESTATE LIMITEDNotes forming part of the financial statements for the year ended 31 December 1996 *(Continued)***10 Debtors**

	1996 £	1995 £
Due within one year:		
Rental debtors	705,764	503,919
Trade and other debtors	51,571	3,233
Amounts due from subsidiary	7,333,236	1,056,673
Taxation and social security	308,377	263,956
Mortgage loan	-	255,605
Prepayments and accrued income	16,410	3,474
Deferred tax	-	3,215
	<hr/>	<hr/>
	8,415,358	2,090,075
	<hr/>	<hr/>

11 Creditors: amounts falling due within one year

Bank loans and overdrafts (secured, see note 12)	37,000	1,928,862
Rents in advance	2,469,364	1,464,286
Trade creditors	1,082,172	566,590
Amounts owed to parent company	67,149,000	60,514,386
Taxation and social security	80,647	36,792
Accruals and deferred income	9,966,640	5,076,732
	<hr/>	<hr/>
	80,784,823	69,587,648
	<hr/>	<hr/>

12 Creditors: amounts falling due after more than one year

Bank loans (secured)		
Due within two to five years	46,273,493	5,407,500
	<hr/>	<hr/>

The company's bank loans and overdrafts are secured on certain investment properties of the company.

THE MARY STREET ESTATE LIMITED

Notes forming part of the financial statements for the year ended 31 December 1996 *(Continued)*

13 Deferred taxation

	1996		1995	
	Unprovided £	Provided in accounts £	Unprovided £	Provided in accounts £
Revaluation surplus	5,840,354	520,000	3,249,334	-
Excess of capital allowances over depreciation	1,018,661	-	680,094	-
	<u>6,859,015</u>	<u>520,000</u>	<u>3,929,428</u>	<u>-</u>

14 Share capital

	Authorised		Allotted, called up and fully paid	
	1996 £	1995 £	1996 £	1995 £
9,000 ordinary shares of 1p each	90	90	90	90
9,000 deferred shares of £1 each	9,000	9,000	9,000	9,000
	<u>9,090</u>	<u>9,090</u>	<u>9,090</u>	<u>9,090</u>

15 Reserves

	Revaluation reserve £	Profit and loss account £
At 1 January 1996	14,844,803	3,608,982
Revaluation surplus	11,071,448	-
Deferred taxation provision	(520,000)	-
Eliminated on disposal	(720,707)	720,707
Profit for year	-	33,481
	<u>24,675,544</u>	<u>4,363,170</u>
At 31 December 1996		

THE MARY STREET ESTATE LIMITED

Notes forming part of the financial statements for the year ended 31 December 1996 *(Continued)*

16 Contingent liabilities

The company has guaranteed jointly with other group companies bank advances to the group amounting to £389,346 (1995 - £5,268,388).

At 31 December 1996 certain properties included in investment properties were charged as security for advances to other group companies covered by the above guarantees. In addition, certain properties were charged as security for £30,000,000 First Mortgage Debenture Stock 2020 of the ultimate parent company in issue at 31 December 1996.

The company is a party to two unincorporated joint ventures. These are owned and managed on a 50/50 basis. At 31 December 1996 the company's share of Focusjust joint venture's assets and liabilities was £1,461,073 and £1,145,105 respectively (1995 - £1,526,985 and £1,167,095). The company's share of Sweetvale joint venture's assets and liabilities was £12,204,138 and £7,790,734 (1995 - £8,028,549 and £4,574,298).

17 Capital commitments

Contracted £	1996 Authorised but not contracted £		Contracted £	1995 Authorised but not contracted £	
	Total £			Total £	
-	5,236,500	5,236,500	10,330,454	620,000	10,950,454

18 Ultimate parent company

The ultimate parent company is Asda Property Holdings PLC, a company registered in England.

19 Related Party Transactions

The company has taken advantage of the exemption conferred by FRS 8 "Related Party Transactions" not to disclose transactions with group companies, on the basis that its ultimate parent company prepares consolidated financial statements.