

Company No. 3292034

Lonebridge UK Limited

Report and Financial Statements

Year Ended

31 December 2002



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LONEBRIDGE UK LIMITED

Annual report and financial statements for the year ended 31 December 2002

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Directors

E W Davidson
G A Davidson
J D Robertshaw

Secretary and registered office

S M Chia, 58 Queen Anne Street, London W1G 8HW

Company number

3292034

Auditors

BDO Stoy Hayward, 8 Baker Street, London W1U 3LL

LONEBRIDGE UK LIMITED

Report of the directors for the year ended 31 December 2002

The directors present their report together with the audited financial statements for the year ended 31 December 2002.

Results and dividends

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

The directors do not recommend a dividend (2001 - £nil per ordinary share).

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.

Directors

The directors of the company during the year were:

E W Davidson
G A Davidson
J D Robertshaw

The directors who held office at 31 December 2002 had no interests in the shares of the company or its fellow subsidiary companies. J D Robertshaw has no interest in the shares of the company's ultimate parent company. The interests of the other 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.

LONEBRIDGE UK LIMITED

Report of the directors for the year ended 31 December 2002 (*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 were appointed during the year and 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



S M Chia
Secretary

Date 25 March 2003

LONEBRIDGE UK LIMITED

Report of the independent auditors

To the shareholders of Lonebridge UK Limited

We have audited the financial statements of Lonebridge UK Limited for the year ended 31 December 2002 on pages 5 to 15 which have been prepared under the accounting policies set out on pages 8 to 9.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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.

LONEBRIDGE UK LIMITED

Report of the independent auditors (*Continued*)

Opinion

In our opinion the financial statements give a true and fair view of the state of the affairs of the company as at 31 December 2002 and of the company's 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

Date 25 March 2003

LONEBRIDGE UK LIMITED**Profit and loss account for the year ended 31 December 2002**

	Note	2002 £000	2001 £000
Gross rentals	2	601	248
Net property outgoings		(110)	(30)
		<hr/>	<hr/>
Net rental income		491	218
Administrative expenses		-	(32)
		<hr/>	<hr/>
Operating profit	3	491	186
Interest receivable and similar income	5	3	3
Interest payable and similar charges	5	(154)	(208)
		<hr/>	<hr/>
Profit/(loss) on ordinary activities before taxation		340	(19)
Tax on ordinary activities	6	(8)	(10)
		<hr/>	<hr/>
Profit/(loss) on ordinary activities after taxation		332	(29)
Dividends		-	-
		<hr/>	<hr/>
Retained profit/(loss) for the year	13	332	(29)
		<hr/> <hr/>	<hr/> <hr/>

All amounts relate to continuing activities.

The notes on pages 8 to 15 form part of these financial statements

LONEBRIDGE UK LIMITED

Statement of total recognised gains and losses for the year ended 31 December 2002

	Note	2002 £000	2001 £000
Statement of total recognised gains and losses			
Profit/(loss) for the financial year		332	(29)
Unrealised (deficit)/surplus on revaluation of investment properties	7	(300)	797
		<hr/>	<hr/>
Total recognised gains and losses for the year		<hr/> 32 <hr/>	<hr/> 768 <hr/>

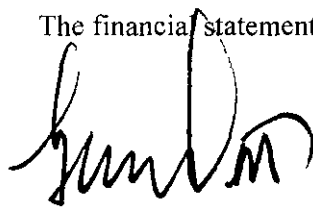
The notes on pages 8 to 15 form part of these financial statements

LONEBRIDGE UK LIMITED

Balance sheet at 31 December 2002

	Note	2002 £000	2001 £000
Fixed assets			
Tangible fixed assets	7	6,400	6,700
Current assets			
Debtors	8	188	10
Creditors: amounts falling due within one year	9	(189)	(83)
Net current liabilities		(1)	(73)
Total assets less current liabilities		6,399	6,627
Creditors: amounts falling due after more than one year	10	(2,773)	(3,041)
Provisions for liabilities and charges	11	(111)	(103)
Net assets		3,515	3,483
Capital and reserves			
Called up share capital	12	-	-
Revaluation reserve	13	3,635	3,935
Profit and loss account	13	(120)	(452)
Shareholders' funds (including non-equity)		3,515	3,483

The financial statements were approved by the Board on 25 March 2003


G A Davidson
 Director

The notes on pages 8 to 15 form part of these financial statements

LONEBRIDGE UK LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002

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:

Investment property and depreciation

In accordance with Statement of Standard Accounting Practice No. 19, investment properties are revalued annually and the aggregate surplus or deficit is transferred to the investment revaluation reserve. 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 Act 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. Depreciation or amortisation 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.

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

Deferred taxation

Deferred taxation is provided in respect of all timing differences that have originated but not reversed at the balance sheet date where an event has occurred that results in an obligation to pay more or less tax in the future by the balance sheet date except that:

- Provision is made for gains on disposals of assets that have been rolled over into replacement assets only where there is a commitment to dispose of the replacement assets.
- Provision is not made for the remittance of a subsidiary, associate or joint venture's earnings that would cause tax to be payable where no commitment has been made to the remittance of the earnings.
- Deferred tax assets are recognised to the extent that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates enacted at the balance sheet date.

LONEBRIDGE UK LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002 (*Continued*)

1 Accounting policies (cont/d)

Operating lease incentives

Following the application of Urgent Issues Task Force (UITF) Abstract 28 (Operating Lease Incentives), all incentives given for lessees to enter into leases (such as contributions to fitting out costs) are treated as revenue costs and rental income is accounted for from the commencement of a lease rather than from the expiry date of any rent free periods. The costs of all incentives, including rent free periods, are offset against the total rent due and allocated to the profit and loss account on a straight line basis over the period from the rent commencement date (or rent free date if sooner) to the date of the next rent review (or lease end date if sooner). This accounting policy has been applied to leases commencing on or after 1 January 2000.

Cash flow exemption

The company has taken advantage of exemptions conferred under Financial Reporting Standard 1 (Revised) not to prepare a cash flow statement on the basis that it is a small company.

2 Turnover and profit

Rental income is attributable to the company's principal activity and derived from operations in the United Kingdom. Turnover and profit on property trading relates to the activities of one of the company's joint arrangements and is derived from sales in the United Kingdom.

3 Operating profit is stated after charging:

	2002 £000	2001 £000
Auditors' remuneration - audit services	-	-

4 Employees

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

LONEBRIDGE UK LIMITEDNotes forming part of the financial statements for the year ended 31 December 2002 (*Continued*)**5 Interest payable and similar charges**

	2002 £000	2001 £000
Interest payable on bank loans and overdrafts	-	143
Interest payable to group companies	154	65
	<u>154</u>	<u>208</u>

Interest receivable and similar income

Bank interest	3	3
	<u>3</u>	<u>3</u>

6 Taxation

	2002 £000	2001 £000
Analysis of tax charge in the year		
The charge for taxation comprises:		
<i>UK corporation tax:</i>		
- Current year	-	-
	<u>-</u>	<u>-</u>
Total current tax	-	-
	<u>-</u>	<u>-</u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences in respect of:		
Accelerated capital allowances	8	10
	<u>8</u>	<u>10</u>
Total deferred tax	8	10
	<u>8</u>	<u>10</u>
Tax on profit on ordinary activities	8	10
	<u>8</u>	<u>10</u>
Factors affecting tax charge for the period		
Profit on ordinary activities before taxation	340	(19)
	<u>340</u>	<u>(19)</u>

LONEBRIDGE UK LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002 *(Continued)*

6 Taxation (cont/d)

	2002 £000	2001 £000
Corporation tax at 30%	102	(6)
Current tax losses not utilised	-	7
Capital and industrial building allowances	(8)	(10)
Accounting depreciation not eligible for tax purposes	-	9
Allowable deduction not taken to profit & loss account	(94)	-
	<hr/>	<hr/>
Current tax charge	-	-
	<hr/>	<hr/>

7 Tangible fixed assets

	Long leasehold commercial properties £000
At 1 January 2002	6,700
Revaluation deficit	(300)
	<hr/>
At 31 December 2002	6,400
	<hr/>

All investment properties were valued at the balance sheet date on an open market basis, by external valuers, Allsop & Co.

The historical cost of the property is £2,765,000 (2001 - £2,765,000).

LONEBRIDGE UK LIMITEDNotes forming part of the financial statements for the year ended 31 December 2002 *(Continued)***8 Debtors**

	2002 £000	2001 £000
Due within one year:		
Rental debtors	187	10
Sundry debtors	1	-
	<u>188</u>	<u>10</u>

9 Creditors: amounts falling due within one year

	2002 £000	2001 £000
Rents in advance	151	62
Rental creditors	12	-
Trade creditors	-	10
Taxation and social security	26	11
	<u>189</u>	<u>83</u>

10 Creditors: amounts falling due after more than one year

	2002 £000	2001 £000
Amounts owed to parent company	2,773	3,041
	<u>2,773</u>	<u>3,041</u>

LONEBRIDGE UK LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002 *(Continued)*

11 Provisions for liabilities and charges

	2002 £000	2001 £000
At 1 January 2002	103	93
Deferred tax charge in the profit and loss account for the period	8	10
	<hr/>	<hr/>
At 31 December 2002	111	103
	<hr/>	<hr/>

Deferred tax is provided in respect of accelerated capital allowances.

The amount of deferred taxation not provided in the accounts is as follows:

Unrealised surpluses on revaluation of investment properties	958	1,076
	<hr/>	<hr/>

Unprovided taxation may become payable if the investment property was sold at the net amount at which it is stated in the financial statements.

12 Share capital

	Authorised 2002 £	2001 £
1,000 ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
	Issued allotted, called up and fully paid 2002 £	2001 £
2 ordinary shares of £1 each	2	2
	<hr/>	<hr/>

LONEBRIDGE UK LIMITEDNotes forming part of the financial statements for the year ended 31 December 2002 *(Continued)***13 Reserves**

	Revaluation reserve £000	Profit and loss account £000
At 1 January 2002	3,935	(452)
Revaluation deficit	(300)	-
Retained profit for the year	-	332
	<hr/>	<hr/>
At 31 December 2002	3,635	(120)
	<hr/>	<hr/>

14 Reconciliation of movements in shareholders' funds

	2002 £000	2001 £000
Profit for the financial year	332	(29)
Other recognised gains and losses for the year (net)	(300)	797
	<hr/>	<hr/>
Net addition to shareholders' funds	32	768
Opening shareholders' funds	3,483	2,715
	<hr/>	<hr/>
Closing shareholders' funds	3,515	3,483
	<hr/>	<hr/>

LONEBRIDGE UK LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002 (*Continued*)

15 Ultimate parent company

The ultimate parent company is BL Davidson Limited, a company registered in England. This is the parent company of the smallest and largest group for which group accounts are prepared. BL Davidson Limited is owned as to 50% by Union Property Holdings (London) Limited, a subsidiary of The British Land Company plc and as to 50% by Mr E W Davidson, Mrs B Davidson, the Trustees of the Manny Davidson Trust and the Trustees of the Brigitta Davidson Trust. The immediate parent company of the group of which the company is a member is Asda Property Holdings Limited.

Copies of the accounts of the ultimate parent company are available from The Secretary, BL Davidson Limited, 58 Queen Anne Street, London W1G 8HW.

16 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 that are publicly available.