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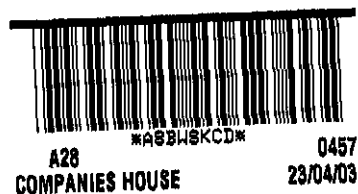
# **TBL (BROMLEY) LIMITED**

## **Annual Report and Accounts**

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**Period from 21 December 2001 to 31 December 2002**

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**Company number: 3840206**

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## **TBL (BROMLEY) LIMITED**

### **REPORT OF THE DIRECTORS for the period from 21 December 2001 to 31 December 2002**

The directors present their Report and Accounts for the period from 21 December 2001 to 31 December 2002. The comparative period was the year ended 20 December 2001.

#### **Principal activity**

The principal activity of the company is that of property investment.

#### **Review of business and prospects**

The business performed in line with expectations during the period. The directors envisage that it will continue to perform satisfactorily.

Details of significant events since the balance sheet date are contained in note 12 of the accounts.

#### **Results and dividends**

The results for the period are set out in the profit and loss account on page 4.

The directors do not recommend the payment of a dividend (2001 - £Nil).

#### **Directors**

The directors who served during the period were:

C Metliss	
R E Bowden	
S M Barzycki	
P C Clarke	(appointed 8 October 2002)
T A Roberts	(resigned 8 October 2002)
N T Earp	(appointed 19 June 2002)
R Howell	
N C Mourant	
J Penfold	
S A Rigby	(resigned 19 June 2002)

The directors' interests in the share and loan capital of the company are set out in note 10 to the accounts.

#### **Statement of directors' responsibilities**

United Kingdom company law requires the directors to prepare accounts for each financial period 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 accounts, 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, and
- prepare the accounts 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 enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for the system of internal control and for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**TBL (BROMLEY) LIMITED**

**REPORT OF THE DIRECTORS  
for the period from 21 December 2001 to 31 December 2002**

**Auditors**

Arthur Andersen resigned as the Company's auditors and the directors used their powers under the Companies Act 1985 to appoint Deloitte & Touche as the Company's auditors to fill the vacancy created. A resolution to re-appoint Deloitte & Touche as auditors will be put to the Annual General Meeting.

This report was approved by the Board on 14/4/03

A handwritten signature in dark ink, appearing to read 'R J Scudamore', written in a cursive style.

**R J Scudamore**  
Secretary

10 Cornwall Terrace  
Regent's Park  
London  
NW1 4QP

**TBL (BROMLEY) LIMITED**

**INDEPENDENT AUDITORS REPORT  
for the period from 21 December 2001 to 31 December 2002**

**To the Shareholders of TBL (BROMLEY) LIMITED**

We have audited the accounts of TBL (Bromley) Limited for the period ended 31 December 2002 which comprise the Profit and loss account, Balance sheet, Statement of total recognised gains and losses and the related notes numbered 1 to 17. These accounts have been prepared under the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in our 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 shareholders, for our audit work, for this report, or for the other 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 annual report and the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the accounts in accordance with United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the accounts 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 accounts, 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 accounts. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the accounts and of whether the accounting policies are appropriate to the circumstances of the company, 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 accounts 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 accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the company at 31 December 2002 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche*

**Deloitte & Touche  
Chartered Accountants and Registered Auditors**

London

*14 April 2003*

**TBL (BROMLEY) LIMITED****PROFIT AND LOSS ACCOUNT**  
**for the period from 21 December 2001 to 31 December 2002**

	Note	Period ended 31 December 2002 £	Year ended 20 December 2001 £
<b>Turnover</b>			
Rental income		1,005,165	975,000
Cost of turnover		(6,592)	29,538
<b>Gross profit</b>		<u>998,573</u>	<u>1,004,538</u>
Administrative expenses		-	-
<b>Operating profit</b>	2	<u>998,573</u>	<u>1,004,538</u>
Profit on disposal of properties		-	-
Interest receivable - external		-	-
Interest payable - Group		(849,776)	(874,011)
<b>Profit on ordinary activities before taxation</b>		<u>148,797</u>	<u>130,527</u>
Taxation	4	(44,639)	(39,158)
<b>Profit on ordinary activities after taxation</b>		<u>104,158</u>	<u>91,369</u>
<b>Retained profit for the period</b>	11	<u><u>104,158</u></u>	<u><u>91,369</u></u>

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**for the period from 21 December 2001 to 31 December 2002**

	Period ended 31 December 2002 £	Year ended 20 December 2001 £
<b>Profit after taxation</b>	104,158	91,369
Unrealised surplus on revaluation of investment properties	1,295,633	
<b>Total recognised gains and losses relating to the financial period</b>	<u><u>1,399,791</u></u>	<u><u>91,369</u></u>

Turnover and results are derived from continuing operations in the United Kingdom.

**TBL (BROMLEY) LIMITED****BALANCE SHEET  
as at 31 December 2002**

	Note	31 December 2002		20 December 2001	
		£	£	£	£
<b>Fixed assets</b>					
Investment properties	5	16,050,000		14,750,000	
		<u>16,050,000</u>		<u>14,750,000</u>	
<b>Current assets</b>					
Debtors	6	178,217			
Cash at bank					
		<u>178,217</u>			
<b>Creditors due within one year</b>	7	(14,595,697)		(14,517,271)	
<b>Net current liabilities</b>		(14,417,480)		(14,517,271)	
<b>Total assets less current liabilities</b>		<u>1,632,520</u>		<u>232,729</u>	
<b>Provision for liabilities and charges</b>	8				
<b>Net assets</b>		<u>1,632,520</u>		<u>232,729</u>	
<b>Capital and reserves</b>					
Called up share capital	9	1		1	
Share premium	11				
Revaluation reserve	11	1,425,633		130,000	
Profit and loss account	11	206,886		102,728	
<b>Equity shareholders' funds</b>	11	<u>1,632,520</u>		<u>232,729</u>	

Non-equity interests are stated in note 14.


  
S M Barzycki


  
N Earp  
Directors

Approved by the Board on 14/4/3.

## **TBL (BROMLEY) LIMITED**

### **Notes to the accounts for the period from 21 December 2001 to 31 December 2002**

#### **1. Accounting policies**

The principal accounting policies are summarised below. They have been applied consistently throughout the current period and the preceding year.

These accounts are designed to cover a wide variety of companies and circumstances. As a result some notes may not be relevant for this company and so may be intentionally left blank.

#### **Accounting basis**

The accounts are prepared in accordance with applicable United Kingdom Accounting Standards and under the historical cost convention as modified by the revaluation of investment properties and as a going concern on the basis that the ultimate holding company will not demand repayment of amounts owed to it within twelve months of the date of signing these accounts.

#### **Cash flow statement**

In accordance with FRS 1 (Revised), the company is exempt from preparing a cash flow statement. The company's cash flow is included in the group cash flow statements prepared by Tesco BL Properties Limited and Tesco BL Holdings Limited.

#### **Turnover**

Turnover represents rental income receivable, net of VAT.

#### **Properties**

*Investment properties* are independently valued each year on an open market basis. Any surplus or deficit arising is transferred to the Revaluation reserve, unless a deficit is expected to be permanent, in which case it is charged to the Profit and loss account. The profit on disposal is based on book value.

In accordance with Statement of Standard Accounting Practice 19 no amortisation or depreciation is provided in respect of freehold or long leasehold properties. The directors consider that this accounting policy, which represents a departure from the statutory accounting rules, is necessary to provide a true and fair view. The financial effect of the departure from these rules cannot reasonably be quantified as depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified. Where properties held for investment are appropriated to trading stock, they are transferred at market value.

#### **Taxation**

Corporation tax payable is provided on taxable profits at the current rate.

On disposal of an investment property the element of tax relating to profit in the year is charged to the Profit and loss account and the element relating to earlier revaluation surpluses is included in the Statement of total recognised gains and losses.

Deferred tax assets and liabilities arise from timing differences between the recognition of gains and losses in the accounts and their recognition in a tax computation. Previously, the Group's accounting policy was only to provide for deferred tax to the extent that liabilities or assets were expected to be payable or receivable in the foreseeable future.

In accordance with FRS19, deferred tax is now provided in respect of all timing differences that have originated, but not reversed, at the balance sheet date that may give rise to an obligation to pay more or less tax in the future. Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the accounts. Deferred tax is measured on a non-discounted basis.

**TBL (BROMLEY) LIMITED**

**Notes to the accounts  
for the period from 21 December 2001 to 31 December 2002**

**1. Accounting policies (continued)**

**Operating lease incentives**

Operating lease incentives include rent free periods and other incentives (such as contributions towards fitting out costs) given to lessees on entering into lease agreements. Previously, the Group's accounting policy was to recognise income as the rent fell due and to capitalise appropriate incentives.

In accordance with UITF28 rent receivable in the period from lease commencement to the earlier of the first rent review to the prevailing market rate and the lease end date, is now spread evenly over the period. The cost of other incentives is spread on a straight-line basis over a similar period.

**2. Operating profit on ordinary activities before taxation**

	<b>Period ended 31 December 2002</b>	<b>Year ended 20 December 2001</b>
Profit on ordinary activities before taxation is stated after charging:		

Amortisation and depreciation

Auditors' remuneration for audit services

Auditors' remuneration for non-audit services

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Audit fees and other fees payable to Deloitte & Touche are borne by Tesco BL Properties Limited, the parent company.



**TBL (BROMLEY) LIMITED**

**Notes to the accounts**  
**for the period from 21 December 2001 to 31 December 2002**

**3. Staff costs**

Period ended	Year ended
31 December	20 December
2002	2001
£	£

Wages and salaries  
 Social security costs  
 Pension costs

<u>          </u>	<u>          </u>
<u>          </u>	<u>          </u>

No director received any remuneration for services to the company in either period or year.  
 Average number of employees, including directors, of the company during the period was Nil  
 (2001 - Nil).

**4. Taxation**

Period ended	Year ended
31 December	20 December
2002	2001
£	£

UK corporation tax  
 Adjustments in respect of prior years

44,639	39,158
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Total current tax

<u>44,639</u>	<u>39,158</u>
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Deferred tax

**Total taxation (effective tax rate – 30.0%; 2001 – 30.0%)**

<u>44,639</u>	<u>39,158</u>
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**Tax reconciliation**

Profit on ordinary activities before taxation

<u>148,797</u>	<u>130,527</u>
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Tax on profit on ordinary activities at UK corporation tax rate (30%; 2001:30%)

44,639	39,158
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Effects of:

Capital allowances

Tax losses and other timing differences

Expenses not deductible for tax purposes

Adjustments in respect of prior years

**Current tax charge**

<u>44,639</u>	<u>39,158</u>
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Further taxation that might become payable if the properties were sold at open market value is estimated at £0.1m (2001 - £Nil). This unprovided taxation is stated after taking account of the FRS19 capital allowance deferred tax provision of £Nil (2002 - £Nil) recorded in the balance sheet.

This unprovided taxation could be reduced by tax losses, the amount and availability of which is currently uncertain.

**TBL (BROMLEY) LIMITED**

**Notes to the accounts  
for the period from 21 December 2001 to 31 December 2002**

**5. Investment and development properties**

	<b>Freehold £</b>
<b>Cost and valuation</b>	
21 December 2001	14,750,000
Additions	4,367
Disposals	
Revaluation surplus	1,295,633
<b>31 December 2002</b>	<b>16,050,000</b>
<b>Analysis of cost and valuation</b>	
<b>31 December 2002</b>	
Historical cost	14,624,367
Revaluation	1,425,633
Net book value	<b>16,050,000</b>
<b>Analysis of cost and valuation</b>	
21 December 2001	
Historical cost	14,620,000
Revaluation	130,000
Net book value	<b>14,750,000</b>

Freehold properties were externally valued at 31 December 2002 by CB Hillier Parker Limited, Chartered Surveyors, on the basis of open market value in accordance with the Appraisal and Valuation Manual published by The Royal Institution of Chartered Surveyors.

The property was charged to secure bank borrowings.

**6. Debtors**

	<b>31 December 2002 £</b>	<b>20 December 2001 £</b>
Trade debtors		
Amounts owed by group companies		
Other debtors	178,217	
Prepayments and accrued income		
	<b>178,217</b>	

**7. Creditors due within one year**

	<b>31 December 2002 £</b>	<b>20 December 2001 £</b>
Bank overdraft		2,218
Trade creditors		
Amounts owed to group companies	14,305,795	14,460,847
Corporation tax	22,454	40,781
Other taxation and social security	42,657	
Other creditors		13,425
Accruals and deferred income	224,791	
	<b>14,595,697</b>	<b>14,517,271</b>

**TBL (BROMLEY) LIMITED**

**Notes to the accounts  
for the period from 21 December 2001 to 31 December 2002**

**8. Provision for liabilities and charges**

	<b>Deferred Taxation</b>
	<b>£</b>
21 December 2001	
Changed to the profit and loss account	
<b>31 December 2002</b>	

Deferred tax is provided as follows	<b>31 December 2002</b>	<b>20 December 2001</b>
	<b>£</b>	<b>£</b>
Accelerated capital allowances		
Tax losses		
Other timing differences		

The deferred tax provision relates primarily to capital allowances claimed on plant and machinery within investment properties. When a property is sold and the agreed disposal value for this plant and machinery is less than original cost there is a release of the surplus part of the provision.

**9. Share capital**

	<b>31 December 2002</b>	<b>20 December 2001</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
1000 ordinary shares of £1 each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>
<b>Allotted, called up and fully paid</b>		
1 ordinary share of £1 each issued at par	1	1
	<u>1</u>	<u>1</u>

**10. Directors' interests in share and loan capital**

No director held a beneficial interest in the share capital of the company.

**11. Reconciliation of movements in shareholders' funds**

	<b>Share capital</b>	<b>Revaluation reserve</b>	<b>Profit and loss account</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Opening shareholders' funds</b>	1	130,000	102,728	232,729
Retained profit for the period			104,158	104,158
Revaluation of properties		1,295,633		1,295,633
<b>Closing shareholders' funds</b>	<u>1</u>	<u>1,425,633</u>	<u>206,886</u>	<u>1,632,520</u>

## **TBL (BROMLEY) LIMITED**

### **Notes to the accounts for the period from 21 December 2001 to 31 December 2002**

#### **12. Subsequent events**

On 27 March 2003, The British Land Company PLC transferred its interest in Tesco BL Holdings Limited, the ultimate holding company, to British Land (Joint Ventures) Limited, a wholly owned subsidiary of The British Land Company PLC.

#### **13. Related parties**

Related party disclosures noted below are in respect of transactions between the Group and its related parties as defined by Financial Reporting Standard 8.

During the period, rent received from Tesco Stores Limited amounted to £1.0m (2001 - £1.0m)

Tesco Stores Limited is a subsidiary of Tesco Plc a joint venture parent company of Tesco BL Holdings Limited the ultimate holding company.

#### **14. Non-equity interests**

Shareholders' funds includes non-equity interests of £Nil (2001 - £Nil).

#### **15. Capital Commitments**

The company had capital commitments contracted at 31 December 2002 of £Nil (2001 - £Nil).

#### **16. Contingent liabilities**

The company is jointly and severally liable with Tesco BL Holdings Limited, the ultimate holding company, and fellow subsidiaries for all monies falling due under the group VAT registration.

#### **17. Ultimate holding company**

Tesco BL Properties Limited is the smallest group and Tesco BL Holdings Limited is the largest group for which group accounts are available and which include the company.

The immediate parent company is Tesco BL Properties Limited.

The ultimate holding company is Tesco BL Holdings Limited, a joint venture between British Land (Joint Ventures) Limited, which is a wholly owned subsidiary of The British Land Company PLC and Tesco PLC, and which is incorporated in Great Britain.