
TBL (MAIDSTONE) LIMITED

Annual Report and Accounts

Year ended 31 December 2003



Company number: 3854615

TBL (MAIDSTONE) LIMITED

**REPORT OF THE DIRECTORS
for the year ended 31 December 2003**

The directors present their Report and Accounts for the year ended 31 December 2003. The comparative period was from 21 December 2001 to 31 December 2002.

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 year. 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 financial statements.

Results and dividends

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

The directors do not recommend the payment of a dividend (2002 - £Nil).

Directors

The directors who served throughout the year, except as noted, were:

C Metliss
R E Bowden
S M Barzycki
P C Clarke
N T Earp
R Howell
N C Maurant
J Penfold

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

Statement of directors' responsibilities

United Kingdom company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and the group at the end of the financial period and of the profit or loss of the group 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; 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 enable them to ensure that the financial statements 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 of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

TBL (MAIDSTONE) LIMITED

REPORT OF THE DIRECTORS
for the year ended 31 December 2003

Auditors

On 1 August 2003 Deloitte & Touche transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989. A resolution to re-appoint Deloitte & Touche LLP as auditors will be put to the Annual General Meeting.

This report was approved by the Board on **26 MAY 2004**

A handwritten signature in dark ink, appearing to read 'R J Scudamore', is written over the printed name and title.

R J Scudamore
Secretary

10 Cornwall Terrace
Regent's Park
London
NW1 4QP

TBL (MAIDSTONE) LIMITED

**INDEPENDENT AUDITORS REPORT
for the year ended 31 December 2003**

To the members of TBL (MAIDSTONE) LIMITED

We have audited the financial statements of TBL (Maidstone) Limited for the year ended 31 December 2003 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 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 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 members as a body, 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 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 whether the financial statements have been 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 or material inconsistencies with the financial statements.

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 judgments made by the directors in the preparation of the financial statements 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 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 affairs of the company at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

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

London

Date: *26 May 2004*

TBL (MAIDSTONE) LIMITED**PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2003**

	Note	Year ended 31 December 2003 £	Period ended 31 December 2002 £
Turnover			
Rental income		968,920	869,322
Cost of turnover		(19,863)	(17,648)
Gross profit		<u>949,057</u>	<u>851,674</u>
Administrative expenses			
Operating profit	2	<u>949,057</u>	<u>851,674</u>
Profit on disposal of properties			
Interest receivable - external			
Interest payable - Group		(702,959)	(737,812)
Profit on ordinary activities before taxation		<u>246,098</u>	<u>113,862</u>
Taxation	4	(73,803)	(34,158)
Profit on ordinary activities after taxation		<u>172,295</u>	<u>79,704</u>
Retained profit for the year	11	<u><u>172,295</u></u>	<u><u>79,704</u></u>

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2003**

	Year ended 31 December 2003 £	Period ended 31 December 2002 £
Profit after taxation	172,295	79,704
Unrealised surplus on revaluation of investment properties	2,000,000	1,647,035
Total recognised gains and losses relating to the financial year	<u><u>2,172,295</u></u>	<u><u>1,726,739</u></u>

Turnover and results are derived from continuing operations in the United Kingdom. The company has only one significant class of business.

TBL (MAIDSTONE) LIMITED**BALANCE SHEET
as at 31 December 2003**

	Note	2003 £	£	2002 £	£
Fixed assets					
Investment properties	5	16,700,000		14,700,000	
		<u>16,700,000</u>		<u>14,700,000</u>	
Current assets					
Debtors	6	141,286		3,046	
Cash at bank					
		<u>141,286</u>		<u>3,046</u>	
Creditors due within one year	7	(11,702,996)		(11,747,655)	
		<u>(11,702,996)</u>		<u>(11,747,655)</u>	
Net current liabilities		(11,561,710)		(11,744,609)	
Total assets less current liabilities		<u>5,138,290</u>		<u>2,955,391</u>	
Provision for liabilities and charges	8	(72,733)		(62,129)	
		<u>(72,733)</u>		<u>(62,129)</u>	
Net assets		<u>5,065,557</u>		<u>2,893,262</u>	
Capital and reserves					
Called up share capital	9		1		1
Share premium	11				
Revaluation reserve	11	4,697,035		2,697,035	
Profit and loss account	11	368,521		196,226	
		<u>5,065,557</u>		<u>2,893,262</u>	
Equity shareholders' funds	11	<u>5,065,557</u>		<u>2,893,262</u>	

Non-equity interests are stated in note 14.

These financial statements were approved by the Board on

26 MAY 2004

and signed on its behalf by:

S M Barzycki



N Earp
Directors



TBL (MAIDSTONE) LIMITED

Notes to the accounts for the year ended 31 December 2003

1. Accounting policies

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

These financial statements 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 financial statements 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 financial statements.

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.

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. Deferred tax is 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 financial statements. Deferred tax is measured on a non-discounted basis.

TBL (MAIDSTONE) LIMITED

**Notes to the accounts
for the year ended 31 December 2003**

1. Accounting policies (continued)

Net rental income

Rental income is recognised on an accruals basis. Rent increases arising from rent reviews are taken into account when such reviews have been settled with tenants. Where a lease incentive does not enhance the property, it is amortised on a straight-line basis over the period from the date of lease commencement to the earlier of the first rent review to the prevailing market rent, the first break option, or the end of the lease term. On new leases with rent free periods, rental income is allocated evenly over the period from the date of lease commencement to the earlier of the first rent review to the prevailing market rate and the lease end date.

2. Operating profit on ordinary activities before taxation

Year ended 31 December 2003	Period ended 31 December 2002
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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 LLP are borne by Tesco BL Properties Limited, the parent company.

TBL (MAIDSTONE) LIMITED

**Notes to the accounts
for the year ended 31 December 2003**

3. Staff costs

Year ended 31 December 2003 £	Period ended 31 December 2002 £
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Wages and salaries
Social security costs
Pension costs

No director received any remuneration for services to the company in the year.
Average number of employees, including directors, of the company during the year was Nil
(2002 - Nil).

4. Taxation

Year ended 31 December 2003 £	Period ended 31 December 2002 £
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Current tax

UK corporation tax
Adjustments in respect of prior years

63,199	19,534
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Total current tax charge (credit)

63,199	19,534
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Deferred tax

Origination and reversal of timing differences
Prior year items

10,604	14,624
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Total deferred tax charge (credit)

10,604	14,624
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Total taxation (effective tax rate – 30.0%; 2002 – 30.0%)

73,803	34,158
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Tax reconciliation

Profit on ordinary activities before taxation

246,098	113,862
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Tax on profit on ordinary activities at UK corporation tax rate of 30% (2002 - 30%)

73,830	34,159
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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

(10,631)	(14,624)
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Current tax charge

63,199	19,535
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Where the company currently owns properties, further taxation that might become payable if the properties were sold at open market value is estimated at £1.0m (2002 - £0.6m). This unprovided taxation is stated after taking account of the FRS19 capital allowance deferred tax provision of £0.07m (2002 - £0.06m) recorded in the balance sheet.

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

TBL (MAIDSTONE) LIMITED**Notes to the accounts
for the year ended 31 December 2003****5. Investment and development properties**

	Freehold £
Cost and valuation	
1 January 2003	14,700,000
Additions	
Disposals	
Revaluation surplus	2,000,000
31 December 2003	<u><u>16,700,000</u></u>
Analysis of cost and valuation	
31 December 2003	
Historical cost	12,002,965
Revaluation	4,697,035
Net book value	<u><u>16,700,000</u></u>
Analysis of cost and valuation	
1 January 2003	
Historical cost	12,002,965
Revaluation	2,697,035
Net book value	<u><u>14,700,000</u></u>

Freehold properties were externally valued at 31 December 2003 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.

6. Debtors

	31 December 2003 £	31 December 2002 £
Trade debtors	138,173	3,046
Amounts owed by group companies - current accounts		
Other debtors		
Prepayments and accrued income	3,113	
	<u><u>141,286</u></u>	<u><u>3,046</u></u>

7. Creditors due within one year

	31 December 2003 £	31 December 2002 £
Trade creditors		
Amounts owed to group companies - current accounts	11,440,951	11,511,024
Corporation tax	31,699	8,288
Other taxation and social security	37,378	35,553
Other creditors		
Accruals and deferred income	192,968	192,790
	<u><u>11,702,996</u></u>	<u><u>11,747,655</u></u>

TBL (MAIDSTONE) LIMITED

**Notes to the accounts
for the year ended 31 December 2003**

8. Provision for liabilities and charges

	Deferred Taxation
	£
1 January 2003	62,129
Charged to the profit and loss account	<u>10,604</u>
31 December 2003	<u>72,733</u>

Deferred tax is provided as follows

	31 December 2003	31 December 2002
	£	£
Accelerated capital allowances	72,733	62,129
Tax losses		
Other timing differences		
	<u>72,733</u>	<u>62,129</u>

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

	31 December 2003	31 December 2002
	£	£
Authorised		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
1 ordinary share of £1 each	<u>1</u>	<u>1</u>
	<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

	Share capital	Revaluation reserve	Profit and loss account	Total
	£	£	£	£
Opening shareholders' funds	1	2,697,035	196,226	2,893,262
Retained profit for the year			172,295	172,295
Revaluation of properties		2,000,000		2,000,000
Closing shareholders' funds	<u>1</u>	<u>4,697,035</u>	<u>368,521</u>	<u>5,065,557</u>

TBL (MAIDSTONE) LIMITED

Notes to the accounts for the year ended 31 December 2003

12. Subsequent events

There were no subsequent events arising.

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 year, rent received from Tesco Stores Limited amounted to £0.9m (2002 - £0.8m).

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 (2002 – £Nil).

15. Capital Commitments

The company had capital commitments contracted at 31 December 2003 of £1.3m (2002 - £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 company has given a guarantee in respect of bank borrowings of the immediate parent company being 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.