
TBL (Maidstone) Limited

Annual Report and Accounts

Year ended 31 December 2006

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Company number: 3854615

TBL (Maidstone) Limited

**REPORT OF THE DIRECTORS
for the year ended 31 December 2006**

The directors present their Annual Report and audited financial statements for the year ended 31 December 2006

Business Review and principal activities

The principal activity of the company is that of property investment. There have not been any significant changes in the current year, nor are any currently planned. The company is 100% owned by Tesco BL Properties Limited.

Results and dividends

As shown in the company's Profit and loss account on page 4, the company's turnover has increased by 26.6% over the prior year and profit before tax has improved by 666.5%.

A dividend of £Nil per share, totalling £Nil was paid in the year (2005 - £550,000). The directors do not recommend payment of a final dividend (2005 - £Nil).

The Company's Balance sheet on page 5 of the financial statements shows that the company's financial position at the year end has, in both net assets and net current assets, improved from the prior year.

The company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business.

Details of significant events since the balance sheet date are contained in note 11 of the financial statements.

Principal risks and uncertainties

The company's objective is to achieve attractive long-term returns whilst minimising risks. In order to identify and evaluate risks and design controls to mitigate them, a regular comprehensive assessment is undertaken which has identified certain individual risks affecting the company's, most of which arise out of natural market volatility, relating to supply and demand imbalances in the following areas:

- differential pricing for previous locations and buildings,
- demand for returns from investors in property, compared to other asset classes,
- price differentials for capital to finance the business,
- legislative initiatives, including planning consents and taxation,
- economic cycles, including the impact on tenant covenant quality, interest rates and inflation,
- mis-pricing of property assets by the equity markets.

These opportunities also represent risks, the most significant being change to the value of the property portfolio. This risk has high visibility to senior executives and is considered and managed on a continuous basis. Executives use their knowledge and experience to knowingly accept a measured degree of market risk.

The company's preference for prime assets and their secure long term contracted rental income, primarily with upward only rent review clauses, present lower risks than many other property portfolios.

The company is financed by a variable interest rate loan from its ultimate holding company and has no third party debt. Interest can be charged at LIBOR plus 2%.

Environment

The company recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the company's activities. The company operates in accordance with best practice policies and initiatives designed to minimise the company's impact on the environment include safe disposal of manufacturing waste, recycling and reducing energy consumption.

Directors

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

B Lewis-Appointed 08/08/2006	R E Bowden	S M Barzycki	T A Roberts
N T Earp	N C Mourant	A E Clark	A M Jones-Appointed 08/06/2006
J M Rennie	C Metliss-Resigned 08/06/2006		

TBL (Maidstone) Limited

**REPORT OF THE DIRECTORS
for the year ended 31 December 2006**

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 these 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 United Kingdom 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 that 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

Each of the persons who is a director at the date of approval of this report confirms that

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

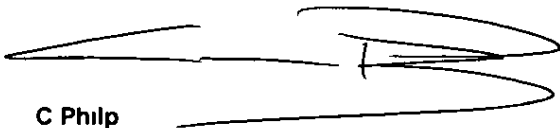
(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Auditors

The auditors, Deloitte & Touche LLP, are willing to continue in office and a resolution to re-appoint them will be put to the Annual General Meeting.

This report was approved by the Board on 3 October 2007



C Philp
Secretary

York House
45 Seymour Street
London
W1H 7LX

TBL (Maidstone) Limited

**INDEPENDENT AUDITORS REPORT
for the year ended 31 December 2006**

To the members of TBL (Maidstone) Limited

We have audited the financial statements of TBL (Maidstone) Limited for the year ended 31 December 2006 which comprise the Profit and Loss account, the Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes numbered 1 to 15. 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company at 31 December 2006 and of its profit for the year then ended, and
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte & Touche LLP
Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

London

16 October 2007

TBL (Maidstone) Limited

**PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2006**

	Note	2006 £	2005 £
Turnover			
Rental income		1,119,957	884,759
Cost of turnover		(8,690)	(16,916)
Gross profit		<u>1,111,267</u>	<u>867,843</u>
Administrative expenses			
Operating profit	2	<u>1,111,267</u>	<u>867,843</u>
Profit (loss) on disposal of property			
Interest (payable) receivable - external			
Interest payable - Group		(862,464)	(835,384)
Profit on ordinary activities before taxation		<u>248,803</u>	<u>32,459</u>
Taxation	4	(68,652)	(9,736)
Profit on ordinary activities after taxation		<u>180,151</u>	<u>22,723</u>
Dividends paid in year £Nil per share (2005 - £550,000)			(550,000)
	10	<u><u>180,151</u></u>	<u><u>(527,277)</u></u>

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2006**

	2006 £	2005 £
Profit after taxation	180,151	22,723
Unrealised surplus on revaluation of investment properties	3,200,000	3,381,260
Total recognised gains and losses relating to the financial year	<u><u>3,380,151</u></u>	<u><u>3,403,983</u></u>

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

TBL (Mardstone) Limited**BALANCE SHEET
as at 31 December 2006**

	Note	2006 £	2005 £
Fixed assets			
Investment properties	5	25,200,000	22,000,000
		<u>25,200,000</u>	<u>22,000,000</u>
Current assets			
Debtors	6	53,573	155,238
Cash and deposits		<u>53,573</u>	<u>155,238</u>
Creditors due within one year	7	<u>(12,806,690)</u>	<u>(13,092,997)</u>
Net current assets (liabilities)		(12,753,117)	(12,937,759)
Total assets less current liabilities		<u>12,446,883</u>	<u>9,062,241</u>
Provision for liabilities	8	<u>(91,235)</u>	<u>(86,744)</u>
		(91,235)	(86,744)
Net assets		<u>12,355,648</u>	<u>8,975,497</u>
Capital and reserves			
Called up share capital	9	1	1
Revaluation reserve	10	12,077,045	8,877,045
Profit and loss account	10	278,602	98,451
Shareholders' funds	10	<u>12,355,648</u>	<u>8,975,497</u>

These financial statements were approved by the Board on 3 October 2007 and signed on its behalf by



S M Barzycki

N C Maurant
Directors

TBL (Maidstone) Limited

**Notes to the accounts
for the year ended 31 December 2006**

1 Accounting policies

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

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 law and Accounting Standards and under the historical cost convention as modified by the revaluation of investment properties.

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 (see note 16).

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

Current tax is based on taxable profit for the year and is calculated using tax rates that have been enacted or substantively enacted. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are not taxable (or tax deductible).

Deferred tax is provided on items that may become taxable at a later date, on the difference between the balance sheet value and tax base value, on an undiscounted basis.

TBL (Maidstone) Limited

**Notes to the accounts
for the year ended 31 December 2006**

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

	2006	2005
Profit on ordinary activities before taxation is stated after charging		
Amortisation and depreciation	-	-
Auditors' remuneration for audit services	-	-
Auditors' remuneration for non-audit services	-	-

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

A notional charge of £1,040 (2005 £1,000) per company is deemed payable to Deloitte and Touche LLP in respect of the audit of the financial statements.

TBL (Maidstone) Limited**Notes to the accounts
for the year ended 31 December 2006****3 Staff costs**

	2006 £	2005 £
Wages and salaries		
Social security costs		
Pension costs		
	<u>-</u>	<u>-</u>

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 (2005 - Nil)

4 Taxation

	2006 £	2005 £
Current tax		
UK corporation tax	64,161	3,750
Adjustments in respect of prior years		
Total current tax charge (credit)	<u>64,161</u>	<u>3,750</u>
Deferred tax - origination and reversal of timing differences	4,491	5,986
Total deferred tax charge (credit)	<u>4,491</u>	<u>5,986</u>
Total taxation (effective tax rate – 27.6%, 2005 – 30%)	<u>68,652</u>	<u>9,736</u>
Tax reconciliation		
Profit on ordinary activities before taxation	<u>248,803</u>	<u>32,459</u>
Tax on profit on ordinary activities at UK corporation tax rate of 30% (2005 - 30%)	74,641	9,738
Effects of		
Capital allowances		(5,986)
Expenses not deductible for tax purposes		(2)
Adjustments in respect of prior years	(5,989)	
Current tax charge	<u>68,652</u>	<u>3,750</u>

Included in the tax charge is a net charge of £Nil (2005 - £Nil) attributable to property sales

Where the company currently owns properties, further taxation that might become payable if the properties were sold at open market value is estimated at £2.8m (2005 - £2.0m). This unprovided taxation is stated after taking account of the FRS19 capital allowance deferred tax provision of £0.1m (2005 - £0.1m) recorded in the balance sheet which, as described in note 8, would be expected to be released on sale.

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 2006****5 Investment and development properties**

	Freehold £
Cost and valuation	
1 January 2006	22,000,000
Additions	
Disposals	
Revaluation surplus	3,200,000
31 December 2006	<u><u>25,200,000</u></u>
Analysis of cost and valuation	
31 December 2006	
Historical cost	13,122,955
Revaluation	12,077,045
Net book value	<u><u>25,200,000</u></u>
Analysis of cost and valuation	
1 January 2006	
Historical cost	13,122,955
Revaluation	8,877,045
Net book value	<u><u>22,000,000</u></u>

Freehold properties were externally valued at 31 December 2006 by CB Richard Ellis, 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

	2006 £	2005 £
Trade debtors	53,573	115,855
Corporation tax		
Other debtors		39,383
Prepayments and accrued income		
	<u><u>53,573</u></u>	<u><u>155,238</u></u>

Included in other debtors is an amount of £Nil (2005 - £Nil) relating to lease incentives which are amortised over the period to the next open market rent review

7 Creditors due within one year

	2006 £	2005 £
Trade creditors		
Amounts owed to group companies - current accounts	12,370,562	12,828,465
Corporation tax	28,588	15,274
Other taxation and social security	156,529	-
Accruals and deferred income	251,011	249,258
	<u><u>12,806,690</u></u>	<u><u>13,092,997</u></u>

Amounts owed to fellow group companies are repayable on demand with interest being charged on balances outstanding at LIBOR plus 2%

TBL (Maidstone) Limited

**Notes to the accounts
for the year ended 31 December 2006**

8 Provision for liabilities

	Deferred Taxation £
1 January 2006	86,744
Charged to the profit and loss account	4,491
31 December 2006	91,235

Deferred tax is provided as follows

	2006 £	2005 £
Accelerated capital allowances	91,235	86,744
	<u>91,235</u>	<u>86,744</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. The entire amount of the capital allowance provision would be expected to be released on sale.

9 Share capital

	2006 £	2005 £
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
1 ordinary share of £1 each	1	1
	<u>1</u>	<u>1</u>

10 Reconciliation of movements in shareholders' funds

	Share capital £	Revaluation reserve £	Profit and loss account £	Total £
Opening shareholders' funds	1	8,877,045	98,451	8,975,497
Profit on ordinary activities after taxation			180,151	180,151
Dividends paid in the year			-	-
Revaluation of properties		3,200,000		3,200,000
Closing shareholders' funds	<u>1</u>	<u>12,077,045</u>	<u>278,602</u>	<u>12,355,648</u>

TBL (Maidstone) Limited

Notes to the accounts
for the year ended 31 December 2006

11 Subsequent events

There were no subsequent events arising

12 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 £1 0m (2005 - £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

13 Capital Commitments

The company had capital commitments contracted at 31 December 2006 of £Nil (2005 - £Nil)

14 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

15 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

The accounts of Tesco BL Properties Limited and Tesco BL Holdings Limited can be obtained from The British Land Company PLC, York House, 45 Seymour Street, London W1H 7LX

The ultimate holding company has confirmed in writing that it will not demand repayment of amounts owed to it within twelve months of the date of signing of these accounts