
TBL (MAIDSTONE) LIMITED

ANNUAL REPORT & ACCOUNTS

Year ended 20 December 2001



Company number: 3854615

TBL (MAIDSTONE) LIMITED
REPORT OF THE DIRECTORS
For the year ended 20 December 2001

The directors present their Report and Accounts for the year ended 20 December 2001. The comparative period was from 7 October 1999 to 20 December 2000.

Principal activity

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

Review of business and prospects

The activities and prospects of this and other group companies are reviewed in the accounts of Tesco BL Holdings Limited, the ultimate holding company.

Details of significant events since the balance sheet date are contained in note 14 of the accounts.

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 (2000 - £Nil).

Directors

The directors who served during the year were:

C Metliss
R E Bowden
S M Barzycki
T A Roberts
R Howell
N C Maurant
J Penfold
S A Rigby

The directors' interests in the share and loan capital of the company are disclosed in note 11 to the accounts.

Statement of directors' responsibilities

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, subject to any material departures disclosed and explained in the accounts; 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 safeguarding the assets of the company 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 20 December 2001

Auditors

Arthur Andersen are willing to continue in office and a resolution to reappoint them will be proposed at the Annual General Meeting.

This report was approved by the Board on 17 JUNE 2002

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

R J Scudamore
Secretary

10 Cornwall Terrace
Regent's Park
London
NW1 4QP

TBL (MAIDSTONE) LIMITED
INDEPENDENT AUDITOR'S REPORT
For the year ended 20 December 2001

To the Shareholders of TBL (Maidstone) Limited

We have audited the accounts of TBL (Maidstone) Limited for the year ended 20 December 2001 which comprise the Profit and loss account, Balance sheet, Statement of total recognised gains and losses and the related notes numbered 1 to 18. These accounts have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the accounts 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 accounts in accordance with relevant legal and regulatory requirements and United Kingdom 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. We read other information contained in the annual report, and consider whether it is consistent with the audited accounts. This other information comprises only the Directors Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

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 20 December 2001 and of the company's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen
Chartered Accountants and Registered Auditors

180 Strand
London
WC2R 1BL

17 June 2002

TBL (MAIDSTONE) LIMITED
PROFIT AND LOSS ACCOUNT
For the year ended 20 December 2001

	Note	Year ended 20 December 2001 £	Period ended 20 December 2000 (as restated)+ £
Turnover	2		
Rental income		852,089	1,148,308
Cost of turnover		(44,561)	(97,317)
Gross profit		<u>807,528</u>	<u>1,050,991</u>
Administrative expenses		-	-
Operating profit	3	<u>807,528</u>	<u>1,050,991</u>
Interest receivable – external		-	-
Interest payable – Gross		(755,701)	(936,359)
Profit on ordinary activities before taxation		51,827	114,632
Taxation	5	(15,548)	(34,389)
Retained profit for the financial year after taxation		<u>36,279</u>	<u>80,243</u>

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

All amounts are stated at historical cost.

TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 20 December 2001

	Year ended 20 December 2001 £	Period ended 20 December 2000 (as restated)+ £
Profit for the financial year	36,279	80,243
Revaluation of properties	200,000	850,000
Total recognised gains and losses relating to the year	<u>236,279</u>	<u>930,243</u>
Prior year adjustment	(28,436)	
Total recognised gains since last annual report and accounts	<u>207,843</u>	

+ Restated as set out in note 1.

The accompanying notes are an integral part of these accounts.

TBL (MAIDSTONE) LIMITED

BALANCE SHEET
As at 20 December 2001

	Note	20 December 2001		20 December 2000 (as restated)+	
		£	£	£	£
Fixed assets					
Investment property	6		13,050,000		12,850,000
Current assets					
Debtors	7	6,483		8,813	
Cash at bank					
Creditors due within one year	8	(11,842,455)		(11,900,133)	
Net current liabilities			(11,835,972)		(11,891,320)
Total assets less current liabilities			1,214,028		958,680
Provision for liabilities and charges	9		(47,505)		(28,436)
Net assets			1,166,523		930,244
Capital and reserves					
Called up share capital	10		1		1
Revaluation reserve	12		1,050,000		850,000
Profit and loss account	12		116,522		80,243
Equity shareholders' funds	12		1,166,523		930,244

Non-equity interests are stated in note 16.

S M Barzycki



J Penfold
Directors



Approved by the Board on 17 June 2002

+ Restated as set out in note 1.

The accompanying notes are an integral part of this balance sheet.

TBL (MAIDSTONE) LIMITED
NOTES TO THE ACCOUNTS
For the year ended 20 December 2001

1. Accounting policies

The principal accounting policies are summarised below. They have been applied consistently throughout the current year and previous period save for the adoption of Financial Reporting Standard 19 'Deferred Tax' (FRS 19) and Urgent Issues Task Force Abstract 28 'Operating Lease Incentives' (UITF 28), which now have effect. This effect is set out below.

The accounts have been prepared using a computer system. This is 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 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 immediate parent 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 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

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 (MAIDSTONE) LIMITED
NOTES TO THE ACCOUNTS
For the year ended 20 December 2001

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.

This has been applied to all lease incentives for leases commencing on or after 7 October 1999.

Financing costs

Bank borrowings are presented net of financing costs. The financing cost is amortised over the term of the loan and charged to the profit and loss account.

Restatement for FRS 19 and UITF 28

	Operating profit before taxation £	Taxation £	Profit after taxation £	Investment properties £	Provision for liabilities and charges £
Year ended 20 December 2001					
Ignoring FRS 19 and UITF 28	51,827	3,521	55,348	13,050,000	-
Effects of FRS 19	-	(19,069)	(19,069)	-	(47,505)
Effects of UITF 28	-	-	-	-	-
As stated	51,827	(15,548)	36,279	13,050,000	(47,505)
Year ended 20 December 2000					
As previously stated	114,632	(5,953)	108,679	12,850,000	-
Effects of FRS 19	-	(28,436)	(28,436)	-	(28,436)
Effects of UITF 28	-	-	-	-	-
As restated	114,632	(34,389)	80,243	12,850,000	(28,436)

2. Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

3. Operating profit (loss) on ordinary activities before taxation

	Year ended 20 December 2001 £	Period ended 20 December 2000 £
Operating profit (loss) is stated after charging (crediting):		
Amortisation and depreciation	-	-
Auditors remuneration for audit services	-	-
Operating lease rentals	-	-

Audit fees and other fees payable to Arthur Andersen are borne by Tesco BL Properties Limited, the parent company.

TBL (MAIDSTONE) LIMITED
NOTES TO THE ACCOUNTS
For the year ended 20 December 2001

4. Staff costs

	Year ended 20 December 2001 £	Period ended 20 December 2000 £
Salaries (including directors)		
Wages and salaries	-	-
Social security costs	-	-
Pension costs	-	-
	<u>-</u>	<u>-</u>

No director received any remuneration for services to the company during the year (2000 - £Nil).

Average number of employees excluding directors of the company during the year was Nil (2000 - Nil).

5. Taxation

	Year ended 20 December 2001 £	Period ended 20 December 2000 (as restated) £
UK corporation tax	(3,521)	5,953
Foreign tax	-	-
	<u>-</u>	<u>-</u>
Adjustment in respect of prior years	-	-
Total current tax	<u>(3,521)</u>	<u>5,953</u>
Deferred tax	19,069	28,436
Total taxation (effective tax rate – 30.0%; 2000 – 30.0%)	<u>15,548</u>	<u>34,389</u>

Tax reconciliation

Profit on ordinary activities	51,827	114,632
Tax on profit on ordinary activities at UK corporation tax rate (30%)	15,548	34,389
Effects of:		
Capital allowances	(19,069)	(28,436)
Tax losses	-	-
Other tax adjustments:		
Profit on disposal of fixed assets	-	-
Other income and expenses	-	-
Adjustment in respect of prior years	-	-
Current tax charge	<u>(3,521)</u>	<u>5,953</u>

TBL (MAIDSTONE) LIMITED
NOTES TO THE ACCOUNTS
For the year ended 20 December 2001

6. Investment property

	Freehold
	£
Cost and valuation	
21 December 2000	12,850,000
Additions	-
Revaluation	200,000
20 December 2001	<u>13,050,000</u>
 Analysis of cost and valuation -	
20 December 2001	
Historical cost	12,000,000
Revaluation	1,050,000
Net book value	<u>13,050,000</u>
 Analysis of cost and valuation	
20 December 2000	
Historical cost	12,000,000
Revaluation	850,000
Net book value	<u>12,850,000</u>

The property was externally valued at 20 December 2001 by CB Hillier Parker, 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 the bank borrowings.

7. Debtors

	2001	2000 (as restated)
	£	£
Trade debtors	4,946	8,813
Other debtors	1,537	-
Prepayments and accrued income	-	-
	<u>6,483</u>	<u>8,813</u>

8. Creditors due within one year

	2001	2000 (as restated)
	£	£
Bank Overdraft	338	105,530
Trade creditors	-	-
Amounts owed to group companies	11,828,209	11,774,410
Corporation Tax	-	5,953
Other taxation and social security	3,171	1,782
Other Creditors	-	-
Accruals and deferred income	10,737	12,458
	<u>11,842,455</u>	<u>11,900,133</u>

TBL (MAIDSTONE) LIMITED
NOTES TO THE ACCOUNTS
For the year ended 20 December 2001

9. Provision for liabilities and charges

		£
21 December 2000 (as restated)		28,436
Charged to profit and loss account		19,069
20 December 2001		<u>47,505</u>
Deferred tax is provided as follows	2001	2000
	£	(as restated)
		£
Capital allowances	47,505	28,436
Tax losses	-	-
Other timing differences	-	-
	<u>47,505</u>	<u>28,436</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.

10. Share capital

	2001	2000
	£	£
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
20 December 2001	<u>1,000</u>	<u>1,000</u>
Issued and fully paid		
1 ordinary share of £1 each issued at par	1	1
20 December 2001	<u>1</u>	<u>1</u>

11. Directors' interests in share and loan capital

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

TBL (MAIDSTONE) LIMITED
NOTES TO THE ACCOUNTS
For the year ended 20 December 2001

12. Reconciliation of movements in shareholders' funds

	Share capital £	Revaluation reserve £	Profit and loss account £	Total £
At 21 December 2000	1	850,000	108,679	958,680
Prior year adjustment (note 1)	-	-	(28,436)	(28,436)
Opening position as restated	1	850,000	80,243	930,244
Share issue	-	-	-	-
Retained profit for the year	-	-	36,279	36,279
Revaluation of property	-	200,000	-	200,000
At 20 December 2001	1	1,050,000	116,522	1,166,523

13. Contingent liabilities

In the event of the realisation of property at book value the liability for tax, after available reliefs at 20 December 2001 is estimated at £0.2m (2000 - £0.2m).

The deferred tax provision (see note 9) relating to capital allowances on investment properties which would be released on such realisation, assuming no balancing charge would be incurred, is £47,505 (2000 - 28,436).

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.

14. Subsequent events

There have been no significant events since the year end.

15. 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 £0.7m.

16. Non-equity interests

Shareholders' funds includes non-equity interests of £Nil (2000 - £Nil).

17. Capital Commitments

The company had capital commitments contracted at 20 December 2001 of £Nil (2000 - £Nil).

18. Ultimate holding company

The immediate parent company is Tesco BL Properties Limited.

The ultimate holding company is Tesco BL Holdings Limited, a joint venture between The British Land Company PLC and Tesco PLC, and which is registered in England and Wales.