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# BLSSP (PHC26) LIMITED

## Annual Report and Accounts

Year ended 31 March 2008

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Company number 4104035

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## **BLSSP (PHC26) LIMITED**

### **REPORT OF THE DIRECTORS for the year ended 31 March 2008**

The directors submit their Report and Accounts for the year ended 31 March 2008

#### **Principal activities**

The company is a wholly owned subsidiary of BLSSP Property Holdings Limited, which itself is a wholly owned subsidiary of BL Sainsbury Superstores Limited. BL Sainsbury Superstores Limited operates as a joint venture between The British Land Company PLC and J Sainsbury plc. This joint venture was created on 26 March 2008 when The British Land Company PLC sold a 50% interest to J Sainsbury plc. The company's principal activity is property investment in the United Kingdom (UK).

#### **Business review**

As shown in the company's profit and loss account on page 5, the company's turnover has remained consistent with the prior year and profit before tax has increased significantly over the prior year.

Dividends of £nil (2007: £nil) were paid in the year. Dividends paid are shown in note 12.

The balance sheet on page 7 of the financial statements shows that the company's financial position at the year end is, in net asset terms, a decrease from the prior year. The value of investment properties held as at 31 March 2008 decreased by 12.6% during the year then ended as shown in note 5 to the company's balance sheet.

The performance of the Group, which includes the company, is discussed in the group's Annual Report which does not form part of this report.

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, if any, are contained in note 16 of the financial statements.

The subsidiaries, if any, held by the company are listed in note 6 to the accounts. Where the company has subsidiaries, consolidated financial statements are not presented as the company takes advantage of the exemption afforded by Section 228 of the Companies Act 1985.

#### **Risk management**

This company is part of a large property investment group. As such, the fundamental underlying risks for this company are those of the property group as discussed below.

The company generates returns to shareholders through long-term investment decisions requiring the evaluation of opportunities arising in the following areas:

- demand for space from occupiers against available supply,
- differential pricing for premium locations and buildings,
- alternative use for buildings,
- demand for returns from investors in property, compared to other asset classes,
- economic cycles, including their impact on tenant covenant quality, interest rates, inflation and property values,
- price differentials for capital to finance the business,
- legislative changes, including planning consents and taxation, and
- construction pricing and programming.

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 subordinated loans from BL Superstores (Funding) Limited and BLSSP Property Holdings Limited. The average interest rate charged on the BL Superstores (Funding) Limited loans was 4.96% per annum. The interest charged on the loan from BLSSP Property Holdings Limited is equivalent to the residual taxable profits of the company, capped at an effective interest rate of 24% per annum. No interest is charged if the company makes no taxable profits. The company has no third party debt.

## **BLSSP (PHC26) LIMITED**

### **REPORT OF THE DIRECTORS for the year ended 31 March 2008**

#### **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. These include safe disposal of manufacturing waste, recycling and reducing energy consumption.

#### **Directors**

The directors who served during the year were, except as noted

S A M Hester (Resigned 01 April 2008)  
R E Bowden (Resigned 31 December 2007)  
G C Roberts (Resigned 01 April 2008)  
A Braine (Resigned 01 April 2008)  
L M Bell (Resigned 01 April 2008)  
P C Clarke  
B Lewis (Appointed 26 March 2008)  
P J Baguley (Appointed 26 March 2008)  
J M Birch (Appointed 26 March 2008)  
C M J Forshaw (Appointed 26 March 2008)  
R Fleming (Appointed 26 March 2008)  
A M Jones (Appointed 26 March 2008)  
R J Learmont (Appointed 26 March 2008)

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

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

The directors have elected to prepare the financial statements in accordance with UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law).

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 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 UK 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 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.

#### **Payments policy**

In the absence of dispute, amounts due to trade and other suppliers are settled as expeditiously as possible within their terms of payment. Suppliers' days outstanding at 31 March 2008 were 40 (31 March 2007: 57).

**BLSSP (PHC26) LIMITED**

**REPORT OF THE DIRECTORS  
for the year ended 31 March 2008**

**Disclosure of information to Auditors**

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

- (a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- (b) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself 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**

A resolution to reappoint Deloitte & Touche LLP as the company's auditors will be proposed at the Annual General Meeting

This report was approved by the Board on 29 September 2008

A handwritten signature in black ink, consisting of a stylized first name followed by a long horizontal line that curves upwards at the end.

Director

**BLSSP (PHC26) LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
BLSSP (PHC26) LIMITED  
for the year ended 31 March 2008**

We have audited the financial statements of BLSSP (PHC 26) Limited for the year ended 31 March 2008 which comprise the profit and loss account, balance sheet, statement of total recognised gains and losses, note of historical cost profits and losses and the related notes 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 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 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**

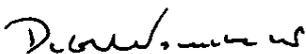
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 the company's affairs as at 31 March 2008 and of its profit for the year then ended,
- 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**  
Chartered Accountants and Registered Auditors  
London

30 September 2008

**BLSSP (PHC26) LIMITED****PROFIT AND LOSS ACCOUNT  
for the year ended 31 March 2008**

	Note	2008 £	2007 £
<b>Turnover</b>			
Rental income		962,500	961,217
Fees and commissions			
Other trading income			
<b>Total turnover</b>		<u>962,500</u>	<u>961,217</u>
Cost of sales		(7,351)	(31,464)
<b>Gross profit</b>		<u>955,149</u>	<u>929,753</u>
Administrative expenses			
<b>Operating profit</b>		<u>955,149</u>	<u>929,753</u>
Profit on disposal of properties			
Profit on disposal of investments			
Group transfer of investments			
Write down of investments in subsidiaries			
Dividends receivable			
<b>Profit on ordinary activities before interest</b>		<u>955,149</u>	<u>929,753</u>
Interest receivable			
Group			
Associated companies			
External - other		2,628	8,666
Interest payable			
Group		(537,700)	(853,819)
Associated companies			
External - bank overdrafts and loans		(3,790)	(3,531)
- other loans			
<b>Profit on ordinary activities before taxation</b>	2	<u>416,287</u>	<u>81,069</u>
Taxation	4		(426,000)
<b>Profit (loss) for the financial year</b>		<u><u>416,287</u></u>	<u><u>(344,931)</u></u>

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

**BLSSP (PHC26) LIMITED**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
for the year ended 31 March 2008**

	2008 £	2007 £
<b>Profit (loss) on ordinary activities after taxation</b>	416,287	(344,931)
Unrealised surplus (deficit) on revaluation of investment properties	(2,860,000)	2,344,276
Unrealised surplus (deficit) on revaluation of investments		
Unrealised surplus (deficit) on revaluation of subsidiaries		
Derivative valuation and exchange translation movements on net investments		
Taxation on realisation of prior year revaluations		
<b>Total recognised gains and losses relating to the financial year</b>	<u>(2,443,713)</u>	<u>1,999,345</u>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES  
for the year ended 31 March 2008**

	2008 £	2007 £
<b>Profit on ordinary activities before taxation</b>	416,287	81,069
Realisation of prior year revaluations		
<b>Historical cost profit on ordinary activities before taxation</b>	<u>416,287</u>	<u>81,069</u>
<b>Historical cost profit (loss) for the year retained after taxation</b>	<u>416,287</u>	<u>(344,931)</u>

**BLSSP (PHC26) LIMITED****BALANCE SHEET  
as at 31 March 2008**

	Note	2008 £	£	2007 £	£
<b>Fixed assets</b>					
Investment properties	5	19,750,000		22,600,000	
Plant and Machinery					
Investments	6				
		<u>19,750,000</u>		<u>22,600,000</u>	
<b>Current assets</b>					
Debtors	7	239			
Cash and deposits		285,616		284,749	
		<u>285,855</u>		<u>284,749</u>	
<b>Creditors due within one year</b>	8	(1,061,847)		(1,156,449)	
		<u>(1,061,847)</u>		<u>(1,156,449)</u>	
<b>Net current liabilities</b>		(775,992)		(871,700)	
<b>Total assets less current liabilities</b>		<u>18,974,008</u>		<u>21,728,300</u>	
<b>Creditors due after one year</b>	9	(11,726,823)		(12,037,402)	
<b>Provision for liabilities</b>	10				
		<u>(11,726,823)</u>		<u>(12,037,402)</u>	
<b>Net assets</b>		<u>7,247,185</u>		<u>9,690,898</u>	
<b>Capital and reserves</b>					
Called up share capital	11	112,800		112,800	
Share premium	12				
Revaluation reserve	12	8,454,276		11,314,276	
Profit and loss account	12	(1,319,891)		(1,736,178)	
<b>Shareholders' funds</b>	12	<u>7,247,185</u>		<u>9,690,898</u>	

These financial statements were approved by the Board of Directors on

24 September 2008



Director

## **BLSSP (PHC26) LIMITED**

### **Notes to the accounts for the year ended 31 March 2008**

#### **1 Accounting policies**

The principal accounting policies adopted by the directors are summarised below. They have been applied consistently throughout the current and previous year.

These financial statements are designed to cover a wide variety of companies and circumstances. As a result some notes or some entries in the primary statements or the notes may not be relevant for this company and so may be left blank intentionally.

#### **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 and other fixed asset investments.

Where the company has subsidiaries, it has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of another company. Group financial statements which include the company for BL Sainsbury Superstores Limited are publicly available (see note 17).

#### **Cash flow statement**

The company is exempt under FRS 1 (Revised) from preparing a cashflow statement.

#### **Properties**

Properties are externally valued on an open market basis at the balance sheet date. Investment and development properties are recorded at valuation. 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. Disposals are recognised on completion. Profit on disposal is determined as the difference between sales proceeds and the carrying amount of the asset at the commencement of the accounting period plus additions in the period.

In accordance with Statement of Standard Accounting Practice 19, no depreciation is provided in respect of investment property. 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 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.

The cost of properties in course of development includes attributable interest and other associated outgoings. Interest is calculated on the development expenditure by reference to specific borrowings where relevant and otherwise on the average rate applicable to short-term loans. Interest is not capitalised where no development activity is taking place.

A property ceases to be treated as a development on practical completion.

#### **Financial liabilities**

Debt instruments are stated at their net proceeds on issue. Finance charges including premiums payable on settlement or redemption and direct issue costs are spread over the period to redemption, using the effective interest method.

**BLSSP (PHC26) LIMITED**

**Notes to the accounts  
for the year ended 31 March 2008**

**1 Accounting policies (continued)**

**Investments**

Fixed asset investments are stated at cost less provision for impairment

**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). In particular the Group (including this company) became a REIT on 1 January 2007 and income and gains on qualifying assets are now exempt from taxation.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

**Net rental income**

Rental income is recognised on an accruals basis. A rent adjustment based on open market estimated rental value is recognised from the rent review date in relation to unsettled rent reviews. Where a rent free period is included in a lease, the rental income foregone is allocated evenly over the period from the date of lease commencement to the next rent review date. Rental income from fixed and minimum guaranteed rent reviews is recognised on a straight-line basis over the shorter of the entire lease term or the period to the first break option. Where such rental income is recognised ahead of the related cash flow, an adjustment is made to ensure the carrying value of the related property including the accrued rent does not exceed the external valuation.

Initial direct costs incurred in negotiating and arranging a new lease are amortised on a straight-line basis over the period from the date of lease commencement to the next rent review date.

Where a lease incentive payment, including surrender premiums paid, does not enhance the value of a property, it is amortised on a straight-line basis over the period from the date of lease commencement to the next rent review date. Upon receipt of a surrender premium for the early determination of a lease, the profit, net of dilapidations and non-recoverable outgoings relating to the lease concerned is immediately reflected in income.

**BLSSP (PHC26) LIMITED**

**Notes to the accounts  
for the year ended 31 March 2008**

<b>2 Profit (loss) on ordinary activities before taxation</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>

Profit (loss) on ordinary activities before taxation is stated after charging (crediting)

Amortisation  
Depreciation

Auditors Remuneration

A notional charge of £1,150 (2007 £1,040) per company is deemed payable to Deloitte & Touche LLP in respect of the audit of the financial statements

<b>3 Staff costs</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>

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

Average number of employees, excluding directors, of the company during the year was nil (2007 - nil)

**BLSSP (PHC26) LIMITED**

**Notes to the accounts  
for the year ended 31 March 2008**

<b>4 Taxation</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
UK corporation tax		426,000
Adjustments in respect of prior years		
Total current tax charge (credit)		<u>426,000</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences		
Prior year items		
Total deferred tax charge (credit)		
<b>Total taxation charge (credit)</b> (effective tax rate 0.0% , (2007 525.5%))	<u>-</u>	<u>426,000</u>
<b>Tax reconciliation</b>		
Profit on ordinary activities before taxation	<u>416,287</u>	<u>81,069</u>
Tax on profit on ordinary activities at UK corporation tax rate of 30% (2007 30%)	124,886	24,321
Effects of		
REIT conversion charge		426,000
REIT exempt income and gains	(124,886)	(24,135)
Capital allowances		
Tax losses and other timing differences		
(Income not taxable) expenses not deductible for tax purposes		
Transfer pricing adjustments		
Group relief (claimed) surrendered for nil consideration		(186)
Adjustments in respect of prior years		
<b>Current tax charge (credit)</b>	<u>-</u>	<u>426,000</u>

Included in the tax charge is a net charge of £nil (2007 £nil) attributable to property sales

The unprovided tax which would arise on the disposal of properties at valuation after available loss relief but without recourse to tax structuring is in the region of £nil (2007 £nil)

**BLSSP (PHC26) LIMITED**

**Notes to the accounts  
for the year ended 31 March 2008**

**5 Property**

	Development £	Freehold £	Long leasehold £	Short leasehold £	Total £
<b>At valuation</b>					
1 April 2007			22,600,000		22,600,000
Additions			10,000		10,000
Disposals					
Group transfers - in					
Group transfers - out					
Revaluation surplus (deficit)			(2,860,000)		(2,860,000)
<b>31 March 2008</b>	<u>-</u>	<u>-</u>	<u>19,750,000</u>	<u>-</u>	<u>19,750,000</u>
<b>Analysis of cost and valuation</b>					
<b>31 March 2008</b>					
Cost			11,295,724		11,295,724
Revaluation			8,454,276		8,454,276
<b>Net book value</b>	<u>-</u>	<u>-</u>	<u>19,750,000</u>	<u>-</u>	<u>19,750,000</u>
<b>1 April 2007</b>					
Cost			11,285,724		11,285,724
Revaluation			11,314,276		11,314,276
<b>Net book value</b>	<u>-</u>	<u>-</u>	<u>22,600,000</u>	<u>-</u>	<u>22,600,000</u>

Properties were valued as at 31 March 2008 by Knight Frank LLP, Chartered Surveyors, as External Valuers on the basis of Market Value in accordance with the requirements of the Royal Institution of Chartered Surveyors Valuation Standards, sixth edition

Properties valued at £19,750,000 (2007 £22,600,000) were charged to secure borrowings of the intermediate holding company

Security has been granted over the above properties, along with the other properties held by fellow subsidiaries of the BLSSP Property Holding Group to secure the £753,000,000 secured notes due 2030, issued by BL Superstores Finance PLC

**BLSSP (PHC26) LIMITED**

**Notes to the accounts  
for the year ended 31 March 2008**

**6 Investments**

	Shares in subsidiaries £	Other investments £	Total £
At cost or directors' valuation			
1 April 2007			
Additions			
Disposals			
Group Transfers - in			
Group Transfers - out			
Provision for write-down			
Revaluation			
<b>31 March 2008</b>	<u>-</u>	<u>-</u>	<u>-</u>
Provision for write-down			
1 April 2007			
Provision for write-down			
Disposals			
<b>31 March 2008</b>	<u>-</u>	<u>-</u>	<u>-</u>
At cost or directors' valuation excluding provision for write-down			
<b>31 March 2008</b>	<u>-</u>	<u>-</u>	<u>-</u>
1 April 2007	<u>-</u>	<u>-</u>	<u>-</u>

**BLSSP (PHC26) LIMITED**

**Notes to the accounts  
for the year ended 31 March 2008**

<b>7 Debtors</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
<b>Current debtors (receivable within one year)</b>		
Trade debtors		
Amounts owed by group companies - current account with BLSSP (Lending) Limited		
Amounts owed by associated companies - current accounts		
Corporation tax		
Other debtors		
Prepayments and accrued income	239	
	<u>239</u>	<u>-</u>

Included in prepayments and accrued income is an amount of £nil (2007 £nil), relating to lease incentives which are amortised over the period to the next rent review

**Long-term debtors (receivable after more than one year)**

Amounts owed by group companies - Long term loans	<u>-</u>	<u>-</u>
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**8 Creditors due within one year**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Trade creditors		
Amounts owed to group companies - current accounts	662,360	761,491
Amounts owed to associated companies - current accounts		
Corporation tax		
Other taxation and social security	42,818	38,452
Other creditors		
Accruals and deferred income	356,669	356,506
	<u>1,061,847</u>	<u>1,156,449</u>
Amounts owed to group companies - current accounts comprise the following		
- BLSSP Funding PLC	-	-
- BL Superstores (Funding) Ltd	320,871	306,424
- BLSSP (Lending) Ltd	-	-
- accrued interest	341,489	455,067
	<u>662,360</u>	<u>761,491</u>

**BLSSP (PHC26) LIMITED**

**Notes to the accounts  
for the year ended 31 March 2008**

<b>9 Creditors due after one year (including borrowings )</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Long term loans - amounts owed to group companies	<u>11,726,823</u>	<u>12,037,402</u>
<b>Borrowings analysis</b>		
Creditors due within one year		
- subordinated loans from BLSSP (Funding) PLC	-	-
- subordinated loans from BL Superstores (Funding) Ltd	<u>320,871</u>	<u>306,424</u>
	320,871	306,424
Creditors due after one year		
- subordinated loans from BLSSP Property Holdings Ltd	1,519,700	1,509,279
- subordinated loans from BLSSP (Funding) PLC	-	-
- subordinated loans from BL Superstores (Funding) Ltd	<u>10,207,123</u>	<u>10,528,123</u>
Total loans due after one year	<u>11,726,823</u>	<u>12,037,402</u>
Total borrowings	<u>12,047,694</u>	<u>12,343,826</u>
<b>Borrowings repayment analysis</b>		
Repayments due		
Within one year	320,871	306,424
1-2 years	311,353	320,871
2-5 years	<u>982,093</u>	<u>952,195</u>
	1,614,317	1,579,490
After 5 years	<u>10,433,377</u>	<u>10,764,336</u>
Total borrowings - net of issue costs	12,047,694	12,343,826
Amount included in creditors due within one year	<u>(320,871)</u>	<u>(306,424)</u>
Amount included in creditors due after one year	<u>11,726,823</u>	<u>12,037,402</u>

The subordinated loan from BLSSP Property Holdings Limited, which is subject to a variable rate of interest, is deeply subordinated and ranks behind subordinated loans from BL Superstores (Funding) Limited. The interest charged on the loan from BLSSP Property Holdings Limited is equivalent to the residual taxable profits of the company, capped at an effective interest rate of 24% per annum. No interest is charged if the company does not make taxable profits. The subordinated loans from BL Superstores (Funding) Limited are being repaid from October 2006 to October 2025, with the average interest rate of these subordinated loans being 4.96% per annum.

**10 Provision for liabilities**

	<b>Sinking fund</b>	<b>Deferred tax</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
1 April 2007			
Charged (credited) to the profit and loss account			
Released			
Utilised in year			
<b>31 March 2008</b>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred tax is provided as follows		<b>2008</b>	<b>2007</b>
		<b>£</b>	<b>£</b>
Accelerated capital allowances			
Other timing differences			
		<u>-</u>	<u>-</u>

The deferred tax provision relates primarily to capital allowances claimed on plant and machinery within investment properties.

**BLSSP (PHC26) LIMITED**

**Notes to the accounts  
for the year ended 31 March 2008**

**11 Share capital**

	2008 £	2007 £
<b>Authorised share capital</b>		
<b>Ordinary Shares of £1 00 each</b>		
Balance as at 1 April and as at 31 March 112,800 shares	<u>112,800</u>	<u>112,800</u>
<b>Issued share capital - allotted, called up and fully paid</b>		
<b>Ordinary Shares of £1 00 each</b>		
Balance as at 1 April and as at 31 March 112,800 shares	<u>112,800</u>	<u>112,800</u>

**BLSSP (PHC26) LIMITED****Notes to the accounts  
for the year ended 31 March 2008****12 Reconciliation of movements in shareholders' funds and reserves**

	Share capital £	Share premium £	Revaluation reserve £	Hedging & translation reserve £	Profit and loss account £	Total £
Opening shareholders' funds	112,800		11,314,276		(1,736,178)	9,690,898
Profit for the financial year					416,287	416,287
Dividends						
Share issues in the year						
Unrealised surplus (deficit) on revaluation of investment properties			(2,860,000)			(2,860,000)
Unrealised surplus (deficit) on revaluation of investments						
Unrealised surplus (deficit) on revaluation of subsidiaries						
Realisation of prior year revaluations						
Taxation on the realisation of prior year revaluations						
Derivative valuation and exchange translation movements on net investments						
Closing shareholders' funds	<u>112,800</u>	<u>-</u>	<u>8,454,276</u>	<u>-</u>	<u>(1,319,891)</u>	<u>7,247,185</u>

## **BLSSP (PHC26) LIMITED**

### **Notes to the accounts for the year ended 31 March 2008**

#### **13 Capital commitments**

The company had capital commitments contracted as at 31 March 2008 of £276 (2007 £nil)

#### **14 Contingent liabilities**

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

#### **15 Related parties**

The company has taken advantage of the exemption granted to 90% subsidiaries not to disclose transactions with group companies under the provisions of Financial Reporting Standard 8

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

Rental income as shown in the profit and loss account (see page 5) represents rent received from J Sainsbury plc  
Administrative expenses as shown in the profit and loss account (see page 5) represents a recharge of expenditure incurred on behalf of the company by The British Land Company PLC Both J Sainsbury plc and The British Land Company PLC are joint venture partners of the Group in which the company is a wholly owned subsidiary

#### **16 Subsequent events**

There have been no significant events since the year end

#### **17 Immediate parent and ultimate holding company**

The immediate parent company is BLSSP Property Holdings Limited

BL Sainsbury Superstores Limited is the smallest and largest group for which group accounts are available and which include the company

The ultimate holding company is BL Sainsbury Superstores Limited, a joint venture between Linstair Limited, which is a wholly owned subsidiary of The British Land Company PLC and Sainsbury Property Investments Limited, which is a wholly owned subsidiary of J Sainsbury plc, and which are incorporated in Great Britain

The accounts of BL Sainsbury Superstores 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