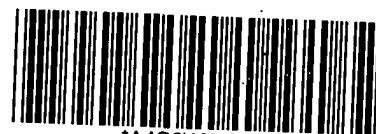

BLSSP (PHC 10) Limited

Annual Report and Accounts

Year ended 31 March 2015

Company number: 04104114

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BLSSP (PHC 10) Limited

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for the year ended 31 March 2015

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BLSSP (PHC 10) Limited

STRATEGIC REPORT
for the year ended 31 March 2015

The directors present their Strategic Report for the year ended 31 March 2015.

Principal activities

BLSSP (PHC 10) Limited ("the company") is a wholly owned subsidiary of BLSSP Property Holdings Limited and operates as a constituent of BL Sainsbury Superstores Limited group of companies ("the group").

BL Sainsbury Superstores Limited operates as a joint venture between Linestair Limited, a subsidiary of The British Land Company PLC, and Sainsbury Property Investments Limited, a subsidiary of 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 7, the company's turnover remained consistent with the prior year and profit on ordinary activities before taxation of £508,539 is a reduction compared with the prior year due to investment property valuation movements recognised in the Profit and Loss Account, following the adoption of FRS 101.

Dividends of £2,286,504 (2014: £nil) were paid in the year.

The Balance Sheet on page 9 shows that the company's financial position at the year end, in net asset terms, decreased from the prior year.

The value of investment properties held as at 31 March 2015 decreased by 1.1% due to revaluation movements during the year then ended as shown in note 9 to the company's Balance Sheet.

The directors measure how the group of which the company is a member is delivering its strategy through the key performance indicators. The directors consider the primary measures of performance of the group to be turnover and net asset value. These are discussed above.

During the year, the company transitioned from UK GAAP to FRS 101 - Reduced Disclosure Framework and has taken advantage of disclosure exemptions allowed under this framework. The impact of the adoption of this framework was as follows:

In accordance with IAS 40, revaluation movements are taken to the Profit and Loss Account as opposed to a revaluation reserve. See Note 2 to the Financial Statements for a quantification of these historical adjustments.

Another significant impact of the transition to FRS 101 is that revaluation movements in investment properties are now presented on the face of the Profit and Loss Account as opposed to through the Statement of Total Recognised Gains and Losses under UK GAAP.

Principal risks and uncertainties

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;
- identification and execution of investment and development strategies which are value enhancing;
- availability of financing or refinancing at an acceptable cost;
- economic cycles, including their impact on tenant covenant quality, interest rates, inflation and property values;
- legislative changes, including planning consents and taxation; and
- engagement of development contractors with strong covenants.

BLSSP (PHC 10) Limited

**STRATEGIC REPORT (CONTINUED)
for the year ended 31 March 2015**

Principal risks and uncertainties (continued)

These opportunities also represent risks, the most significant being change to the value of the property portfolio. This risk has high visibility to the directors of the group and is considered and managed on a continuous basis. The directors of the group 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, presents lower risks than many other property portfolios.

The company is financed by subordinated loans from BL Superstores (Funding) Limited. The average interest rate charged on the BL Superstores (Funding) Limited loans was 4.96% (2014: 4.93%) per annum. There is no interest charged on the loan from BLSSP Property Holdings Limited. The company has no third party debt.

This report was approved by the Board on 11 September 15 and signed by the order of the board by:



N Ekpo
Secretary

BLSSP (PHC 10) Limited

DIRECTORS' REPORT
for the year ended 31 March 2015

The directors present their Annual Report on the affairs of the company, together with the audited financial statements and independent auditors' report for the year ended 31 March 2015.

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 were in office during the year and up to the date of signing the financial statements were:

P Bell-Brown (resigned 4 July 2014)
M Burke
S Carter (resigned 30 January 2015)
D Clegg (appointed 4 July 2014)
G Cowen (appointed 17 October 2014)
R Learmont
B Lewis
C Maudsley
S Moore (appointed 2 February 2015)
V Prior (resigned 17 October 2014)
H Shah

Directors' responsibilities statement

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 Financial Reporting Standard 101 Reduced Disclosure Framework. Under company law the directors must not approve the financial statements unless they are satisfied that they 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 financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether Financial Reporting Standard 101 Reduced Disclosure Framework has 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

Subsequent events

Details of significant events since the Balance Sheet date, if any, are contained in note 18.

Going concern

The directors consider the company to be a going concern and the accounts are prepared on this basis. Details of this are shown in note 1 of the financial statements.

BLSSP (PHC 10) Limited

**DIRECTORS' REPORT (CONTINUED)
for the year ended 31 March 2015**

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 s418 of the Companies Act 2006.

Independent auditors

PricewaterhouseCoopers LLP were appointed as auditors of the company for the year ended 31 March 2015 and have indicated their willingness to continue in office. Deloitte LLP were the auditors of the company for the year ended 31 March 2014.

This report was approved by the Board on *11 September 2015* and signed by the order of the board by:



N Ekpo
Secretary

BLSSP (PHC 10) Limited

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
BLSSP (PHC 10) LIMITED
for the year ended 31 March 2015**

Report on the financial statements

Our opinion

In our opinion, BLSSP (PHC 10) Limited's financial statements ("the financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

BLSSP (PHC 10) Limited's financial statements comprise:

- the Balance Sheet as at 31 March 2015;
- the Profit and Loss Account and the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
BLSSP (PHC 10) LIMITED (CONTINUED)
for the year ended 31 March 2015**

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual report and Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Saira Choudhry

Saira Choudhry (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

11 September 2015

BLSSP (PHC 10) Limited

PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2015

	Note	2015 £	2014 £
Turnover	3	1,520,000	1,520,000
Property outgoings		(11,666)	(2,128)
Gross profit		1,508,334	1,517,872
Administrative expenses		(18,987)	(18,771)
Operating profit		1,489,347	1,499,101
Revaluation of investment properties	9	(300,846)	100,000
Profit on ordinary activities before interest and taxation		1,188,501	1,599,101
Interest receivable and similar income	6	373	469
Interest payable and similar charges	7	(680,335)	(689,342)
Profit on ordinary activities before taxation	4	508,539	910,228
Tax on profit on ordinary activities	8	-	-
Profit for the financial year		508,539	910,228

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

BLSSP (PHC 10) Limited

**STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2015**

	2015 £	2014 £
Profit for the financial year	508,539	910,228
Total comprehensive income for the year	508,539	910,228

BLSSP (PHC 10) Limited**BALANCE SHEET**
as at 31 March 2015

	Note	2015 £	(Restated) 2014 £	(Restated) 2013 £
Fixed assets				
Investment properties	9	26,700,000	27,000,000	26,900,000
		<u>26,700,000</u>	<u>27,000,000</u>	<u>26,900,000</u>
Current assets				
Debtors	10	488,781	473,595	442,016
Debtors - due after more than one year	10	-	51,508	51,508
Cash and cash equivalents	11	462,657	452,744	459,880
		<u>951,438</u>	<u>977,847</u>	<u>953,404</u>
Creditors due within one year	12	<u>(1,754,653)</u>	<u>(2,266,093)</u>	<u>(2,508,321)</u>
Net current liabilities		<u>(803,215)</u>	<u>(1,288,246)</u>	<u>(1,554,917)</u>
Total assets less current liabilities		<u>25,896,785</u>	<u>25,711,754</u>	<u>25,345,083</u>
Creditors due after more than one year	13	<u>(14,886,768)</u>	<u>(12,923,772)</u>	<u>(13,467,329)</u>
Net assets		<u>11,010,017</u>	<u>12,787,982</u>	<u>11,877,754</u>
Capital and reserves				
Called up share capital	14	169,500	169,500	169,500
Profit and loss account		10,840,517	12,618,482	11,708,254
Total equity		<u>11,010,017</u>	<u>12,787,982</u>	<u>11,877,754</u>

The financial statements of BLSSP (PHC 10) Limited, company number 04104114, were approved by the Board of Directors and authorised for issue on 11 September 2015 and signed on its behalf by:



Director

S. Moore

BLSSP (PHC 10) Limited

**STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2015**

	Called up share capital £	Profit and loss account £	Total equity £
Balance at 1 April 2013 (restated)	169,500	11,708,254	11,877,754
Profit for the financial year	-	910,228	910,228
Total comprehensive income for the year	-	910,228	910,228
Share issues	-	-	-
Dividends payable in year	-	-	-
Balance at 31 March 2014 (restated)	169,500	12,618,482	12,787,982
Profit for the financial year	-	508,539	508,539
Total comprehensive income for the year	-	508,539	508,539
Share issues	-	-	-
Dividends payable in year	-	(2,286,504)	(2,286,504)
Balance at 31 March 2015	169,500	10,840,517	11,010,017

**NOTES TO THE ACCOUNTS
for the year ended 31 March 2015**

1. Accounting policies

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

Basis of preparation

The company is incorporated and domiciled in the United Kingdom under the Companies Act. The address of the registered office is York House, 45 Seymour Street, London, W1H 7LX.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2013/14 Cycle) issued in July 2014 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the company has adopted early FRS 101 and for the first time.

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 March 2015, the company has changed its accounting framework from UK GAAP to FRS 101 as issued by the Financial Reporting Council and has, in doing so, applied the requirements of IFRS 1.6-33 and related appendices. The prior year financial statements were restated for material adjustments on adoption of FRS 101 in the current year.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of properties. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

These financial statements are separate financial statements. The company is exempt from the preparation of consolidated financial statements, because it is included in the group accounts of BL Sainsbury Superstores Limited. Details of the parent in whose consolidated financial statements the company is included in are shown in note 19 to the financial statements.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) The requirements of IAS 1 to provide a Balance Sheet at the beginning of the year in the event of a prior year adjustment;
- (b) The requirements of IAS 1 to provide a Statement of Cash flows for the year;
- (c) The requirements of IAS 1 to provide a statement of compliance with IFRS;
- (d) The requirements of IAS 1 to disclose information on the management of capital;
- (e) The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to disclose new IFRS's that have been issued but are not yet effective;
- (f) The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- (g) The requirements of paragraph 17 of IAS 24 Related Party Disclosures to disclose key management personnel compensation;
- (h) The requirements of IFRS 7 to disclose financial instruments; and
- (i) The requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement to disclose information of fair value valuation techniques and inputs.

Disclosure exemptions for subsidiaries are permitted where the relevant disclosure requirements are met in the consolidated financial statements. Where required, equivalent disclosures are given in the group accounts of BL Sainsbury Superstores Limited. The group accounts of BL Sainsbury Superstores Limited are available to the public and can be obtained as set out in note 19.

NOTES TO THE ACCOUNTS (CONTINUED)
for the year ended 31 March 2015

1. Accounting policies (continued)

Adoption of new and revised standards

As explained above, the company has adopted FRS 101 for the first time in the current year. As part of this adoption, IFRS 13 Fair Value Measurement was adopted in the current year. IFRS 13 impacts the disclosure of investment properties, as set out in note 2. Also, IFRS 13 includes extensive disclosure requirements; the company has taken advantage of the exemption provided under FRS 101 from providing these disclosures.

Going concern

The balance sheet shows that the company has net current liabilities. However, the principal creditor is the ultimate parent company and the terms of the borrowing include the right of the subsidiary to request that the amount of the loan equal to any deficit be eliminated by converting the loan into share capital.

As a consequence of this the directors feel that the company can continue to trade for the foreseeable future and is well placed to manage its business risks successfully in the current economic climate. Accordingly, they believe the going concern basis is an appropriate one.

Significant judgements and sources of estimation uncertainty

The key source of estimation uncertainty relates to the valuation of the property portfolio and investments, where an external valuation is obtained. In accounting for net rental income, the group is required to judge the recoverability of any income accrued and provides against the credit risk on these amounts. The potential for management to make judgements or estimates relating to those items which would have a significant impact on the financial statements is considered, by the nature of the group's business, to be limited.

Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Any surplus or deficit arising on revaluing investment properties is recognised in the Profit and Loss Account as a fair value movement.

Where properties held for investment are appropriated to trading stock, they are transferred at market value. If properties held for trading are appropriated to investment, they are transferred at book 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). In particular the group (including this company) became a REIT on 1 January 2007 where income and gains on qualifying assets are now exempt from taxation. On 26 March 2008, the sale of 50% of the group to a non-REIT entity resulted in now only 50% of the income and gains on qualifying assets being exempt taxation.

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.

Turnover

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 earliest termination 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 that 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 earliest termination date.

Where a lease incentive payment, including surrender premia 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 earliest termination 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.

NOTES TO THE ACCOUNTS (CONTINUED)
for the year ended 31 March 2015

2. Explanation of transition to FRS 101

This is the first year that the company has presented its financial statements under FRS 101 (Financial Reporting Standard 101) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under a previous GAAP (UK GAAP) were for the year ended 31 March 2014 and the date of transition to FRS 101 was therefore 1 April 2013.

Reconciliation of Profit and Loss Account

No adjustments were posted to restate the prior years' Profit and Loss Accounts as a result of the decision to transition to FRS 101 on 1 April 2013.

Reconciliation of equity

The following is a reconciliation illustrating the adjustments posted to the Balance Sheet to restate the prior year comparatives as a result of the transition to FRS 101 from UK GAAP during the year. This reconciliation also illustrates the adjustments posted to restate both the opening and closing position in the prior year.

	2014	Transition		2014	2013	Transition		2013
	UK GAAP	adjustment		FRS 101	UK GAAP	adjustment		FRS 101
	£	£		£	£	£		£
Profit and loss account	2,568,482	10,050,000 (i)		12,618,482	1,758,254	9,950,000 (i)		11,708,254
Revaluation reserve	10,050,000	(10,050,000) (i)		-	9,950,000	(9,950,000) (i)		-

Notes to reconciliation of equity

- (i) This adjustment has been posted to reclassify the revaluation reserve to profit and loss account. Under FRS 101, there is no separate revaluation reserve. It forms part of the profit and loss account balance.

3. Turnover

	2015	2014
	£	£
Rent receivable	1,520,000	1,520,000
Total turnover	1,520,000	1,520,000

NOTES TO THE ACCOUNTS (CONTINUED)
for the year ended 31 March 2015

4. Profit on ordinary activities before taxation

	2015	(Restated)
	£	2014
		£
Profit on ordinary activities before taxation is stated after charging:		
(Decrease)/increase in fair value of investment properties	(300,846)	100,000

Auditors' remuneration

A notional charge of £1,700 is deemed payable to PricewaterhouseCoopers LLP in respect of the audit of the financial statements for the year ended 31 March 2015 (2014: £1,688 was deemed payable to Deloitte LLP). Actual amounts payable to PricewaterhouseCoopers LLP are paid on behalf of the company at group level by BL Sainsbury Superstores Limited.

No non-audit fees were paid to PricewaterhouseCoopers LLP or Deloitte LLP in 2015 and 2014, respectively.

5. Staff numbers and costs

No director received any remuneration for services to the company in either year.

Average number of employees of the company during the year was nil (2014: nil).

6. Interest receivable and similar income

	2015	2014
	£	£
Cash and deposits	373	469
Total interest receivable	373	469

7. Interest payable and similar charges

	2015	2014
	£	£
Group	676,701	685,604
Amortisation of issue costs	3,634	3,738
Total interest payable	680,335	689,342

BLSSP (PHC 10) Limited

**NOTES TO THE ACCOUNTS (CONTINUED)
for the year ended 31 March 2015**

8. Tax on profit on ordinary activities

	2015	(Restated)
	£	2014
		£
Current tax		
UK corporation tax	-	-
Total current tax charge	-	-
Deferred tax		
Origination and reversal of timing differences	-	-
Total deferred tax charge	-	-
Tax on profit on ordinary activities	-	-
Tax reconciliation		
Profit on ordinary activities before taxation	508,539	910,228
Tax on profit on ordinary activities at UK corporation tax rate of 21% (2014: 23%)	106,793	209,352
Effects of:		
REIT exempt income and gains	(94,697)	(104,960)
Decrease/(increase) in fair value of investment properties	63,178	(23,000)
Group relief claimed for nil consideration	(75,274)	(81,392)
Total tax expense	-	-

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. These rate reductions have been reflected in the calculation of deferred tax at the Balance Sheet date.

In the Budget on 8 July 2015, the Chancellor announced additional planned reductions to 18% by 2020. This will reduce the company's future current tax charge accordingly. The effect of these tax rate reductions on the deferred tax balance will be accounted for in the period in which the tax rate reductions are substantively enacted.

NOTES TO THE ACCOUNTS (CONTINUED)
for the year ended 31 March 2015

9. Investment properties

	Total £
Fair value	
1 April 2014	27,000,000
Additions	846
Revaluation included in profit and loss account	(300,846)
31 March 2015	26,700,000
Fair value	
1 April 2013	26,900,000
Revaluation included in profit and loss account	100,000
31 March 2014	27,000,000
Analysis of cost and valuation	
31 March 2015	
Cost	16,950,846
Revaluation	9,749,154
Net book value	26,700,000
31 March 2014	
Cost	16,950,000
Revaluation	10,050,000
Net book value	27,000,000
1 April 2013	
Cost	16,950,000
Revaluation	9,950,000
Net book value	26,900,000

At 31 March 2015, the book value of company's freehold investment properties was £26.7m (2014: £27.0m, 2013: £26.9m).

Investment properties are valued by adopting the "investment method" of valuation. This approach involves applying capitalisation yields to current and estimated future rental streams net of income voids arising from vacancies or rent-free periods and associated running costs. These capitalisation yields and rental values are based on comparable property and leasing transactions in the market, using the valuers' professional judgement and market observation. Other factors taken into account in the valuations include the tenure of the property, tenancy details and ground and structural conditions.

Properties were valued to fair value at 31 March 2015 by Knight Frank LLP, on the basis of Market Value, in accordance with the RICS Valuation - Professional Standards 2014, Ninth Edition, published by The Royal Institution of Chartered Surveyors.

Properties valued at £26.7m (2014: £27.0m) were charged to secure borrowings of BL Superstores Finance Limited.

BLSSP (PHC 10) Limited**NOTES TO THE ACCOUNTS (CONTINUED)
for the year ended 31 March 2015****9. Investment properties (continued)**

The company leases out all of its investment properties under operating leases. The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	2015 £	2014 £
Less than one year	1,520,000	1,520,000
Between one and five years	6,080,000	6,080,000
Greater than five years	7,186,222	8,706,222
Total	14,786,222	16,306,222

10. Debtors

	2015 £	2014 £	2013 £
Current debtors (due within one year)			
Amounts owed by group companies - current accounts	485,249	470,315	438,612
Prepayments and accrued income	3,532	3,280	3,404
	488,781	473,595	442,016
Non-current debtors (due after more than one year)			
Amounts owed by group companies - Long term loans	-	51,508	51,508

11. Cash and cash equivalents

	2015 £	2014 £	2013 £
Cash and cash equivalents	462,657	452,744	459,880
	462,657	452,744	459,880

The company is the beneficial owner of the amount shown as cash and cash equivalents. The amount is held on behalf of the company in a bank account legally owned by BLSSP (Cash Management) Limited.

12. Creditors due within one year

	2015 £	2014 £	2013 £
Amounts owed to group companies - current accounts	1,165,383	1,674,873	1,910,411
Other taxation and social security	74,448	75,368	75,048
Accruals and deferred income	514,822	515,852	522,862
	1,754,653	2,266,093	2,508,321

BLSSP (PHC 10) Limited**NOTES TO THE ACCOUNTS (CONTINUED)**
for the year ended 31 March 2015**13. Creditors due after more than one year**

	2015 £	2014 £	2013 £
Long term loans - amounts owed to group companies	14,886,768	12,923,772	13,467,329
Borrowings analysis			
Creditors due within one year			
- subordinated loans from BL Superstores (Funding) Limited	440,682	543,556	469,318
Creditors due after one year			
- subordinated loans from BLSSP Property Holdings Limited	2,234,996	-	-
- subordinated loans from BL Superstores (Funding) Limited	12,651,772	12,923,772	13,467,329
Total borrowings	15,327,450	13,467,328	13,936,647
Borrowings repayment analysis			
Repayments due:			
Within one year	440,682	543,556	496,318
1-2 years	576,753	597,494	543,556
2-5 years	2,427,971	2,131,032	1,965,598
	3,445,406	3,272,082	3,005,472
After 5 years	11,882,044	10,195,246	10,958,175
Total borrowings - net of issue costs	15,327,450	13,467,328	13,963,647
Amount included in creditors due within one year	(440,682)	(543,556)	(496,318)
Amount included in creditors due after one year	14,886,768	12,923,772	13,467,329

The subordinated loan from BLSSP Property Holdings Limited, is deeply subordinated and ranks behind subordinated loans from BL Superstores (Funding) Limited. There is no interest charged on the loan from BLSSP Property Holdings Limited (2014: nil).

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 (2014: 4.93%).

NOTES TO THE ACCOUNTS (CONTINUED)
for the year ended 31 March 2015

14. Called up share capital

	2015 £	2014 £	2013 £
Issued share capital - allotted, called up and fully paid			
Ordinary shares of £1.00 each			
Balance as at 1 April and 31 March: 169,500 shares	<u>169,500</u>	<u>169,500</u>	<u>169,500</u>

15. Capital commitments

The company had capital commitments contracted as at 31 March 2015 of £nil (2014: £nil; 2013: £nil).

16. Contingent liabilities

The company is part of the same VAT group as BL Superstores (Funding) Limited, BLSSP (Lending) Limited, BL Superstores Finance PLC, BLSSP (Cash Management) Limited and the other Property Holding Companies and is jointly liable for all monies falling due under this registration.

17. Related parties

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

Rental income as shown in the Profit and Loss Account (see page 7) represents rent received from Sainsbury Supermarkets Limited. Sainsbury Supermarkets Limited is a wholly owned subsidiary of J Sainsbury PLC (see note 19).

18. Subsequent events

There have been no significant events since the year end.

19. Immediate parent and ultimate holding company

The immediate parent company is BLSSP Property Holdings Limited.

The ultimate holding company is BL Sainsbury Superstores Limited, a joint venture between Linestair 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.

BL Sainsbury Superstores Limited is the smallest and largest group for which group accounts are available and which include the company. The accounts of BL Sainsbury Superstores Limited can be obtained from York House, 45 Seymour Street, London, W1H 7LX.