
BLT Barnstaple Limited

Annual Report and Accounts

Year ended 31 December 2009

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Company number 4967623

BLT Barnstaple Limited

REPORT OF THE DIRECTORS for the year ended 31 December 2009

The directors submit their report and financial statements for the year ended 31 December 2009

Principal activities

The company's principal activity is property investment in the United Kingdom (UK). The company is a wholly owned subsidiary of BLT Properties Limited and operates as a constituent of The BLT Properties Ltd group of companies (the "group"). BLT Properties Limited itself is an equally owned joint venture between British Land (Joint Ventures) Limited (a wholly owned subsidiary of The British Land Company PLC) and Tesco PLC.

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.

The company paid dividends of £nil (2008: £nil) in the year.

The balance sheet on page 7 shows that the company's financial position at the year end is, in net asset terms, an improvement on the prior year.

The value of investment properties held as at 31 December 2009 increased by 11.9% during the year then ended as shown in note 5 to the company's balance sheet.

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 13.

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 group, most of which arise out of natural market volatility, relating to supply and demand imbalances in the following areas:

- differential pricing for premium locations and 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
- mis-pricing of property assets by the equity markets.

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.

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, including safe disposal of manufacturing waste, recycling and reducing energy consumption.

BLT Barnstaple Limited

REPORT OF THE DIRECTORS **for the year ended 31 December 2009**

Directors

The directors who served during the year were

S M Barzycki

A Clark

M Witham (Resigned on 15 January 2010)

M Stirling (Resigned on 06 November 2009)

N Maurant (Resigned on 28 September 2009)

T Roberts

A Jones (Resigned on 06 November 2009)

S Rigby

Statement of directors' responsibilities

The directors are responsible for preparing the 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). 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 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, 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Financial Risk Management

The company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk are interest rate risk, currency risk, credit risk, liquidity risk, cash flow risk and price risk. Due to the nature of the company's business and the assets and liabilities contained within the company's balance sheet the only financial risks the directors consider relevant to this company are interest rate risk, credit risk and liquidity risk. To manage exposure to interest rate fluctuations the board of directors ensure the majority of forecasted debt is maintained at fixed or capped rates of interest. At the year end a substantial part of the debt has been hedged using derivatives ranging from one to five year time horizons. Credit and liquidity risks are mitigated by the nature of the balances owed and the debtors, including those due from other group or related companies who are able to repay these if required.

BLT Barnstaple Limited

**REPORT OF THE DIRECTORS
for the year ended 31 December 2009**

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

Auditors

Deloitte LLP were appointed as the company's auditors during the period and a resolution to reappoint them will be proposed at the Annual General Meeting

This report was approved by the Board on 25 May 2010



N Ekpo
Secretary

BLT Barnstaple Limited

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
BLT Barnstaple Limited
for the year ended 31 December 2009**

We have audited the financial statements of BLT Barnstaple Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the Directors' Responsibilities Statement, 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 group's and the parent 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.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 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.

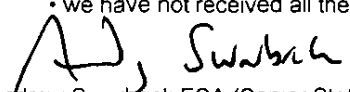
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the company, 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, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.


Andrew Swarbrick FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Cambridge, UK

27 May 2010

BLT Barnstaple Limited

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2009

	Note	2009 £	2008 £
Turnover			
Rental income		1,413,749	1,387,594
Total turnover		<u>1,413,749</u>	<u>1,387,594</u>
Cost of sales		(2,475)	
Gross profit		<u>1,411,274</u>	<u>1,387,594</u>
Operating profit		<u>1,411,274</u>	<u>1,387,594</u>
Profit on ordinary activities before interest		<u>1,411,274</u>	<u>1,387,594</u>
Interest payable Group		(811,958)	(1,140,948)
Profit on ordinary activities before taxation	2	<u>599,316</u>	<u>246,646</u>
Taxation	4	(83,904)	(17,117)
Profit for the financial year	9	<u><u>515,412</u></u>	<u><u>229,529</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.

BLT Barnstaple Limited

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2009

	2009 £	2008 £
Profit on ordinary activities after taxation	515,412	229,529
Unrealised surplus (deficit) on revaluation of investment properties	2,850,000	(4,072,167)
Total recognised gains and losses relating to the financial year	<u>3,365,412</u>	<u>(3,842,638)</u>

BLT Barnstaple Limited

BALANCE SHEET
as at 31 December 2009

	Note	2009 £	2008 £
Fixed assets			
Investment properties	5	26,750,000	23,900,000
		<u>26,750,000</u>	<u>23,900,000</u>
Current assets			
Debtors	6	5,338,881	6,510,540
		<u>5,338,881</u>	<u>6,510,540</u>
Creditors due within one year	7	(25,834,484)	(27,521,555)
		<u>(25,834,484)</u>	<u>(27,521,555)</u>
Net current liabilities		<u>(20,495,603)</u>	<u>(21,011,015)</u>
Total assets less current liabilities		<u>6,254,397</u>	<u>2,888,985</u>
Net assets		<u>6,254,397</u>	<u>2,888,985</u>
Capital and reserves			
Called up share capital	8	1	1
Revaluation reserve	9	5,567,833	2,717,833
Profit and loss account	9	686,563	171,151
		<u>6,254,397</u>	<u>2,888,985</u>
Shareholders' funds	9	<u>6,254,397</u>	<u>2,888,985</u>

These financial statements of BLT Barnstaple Limited, registration number 4967623, were approved by the Board of Directors on *25 May* 2010 and signed on its behalf by


S Barzycki
Director


A Clark
Director

BLT Barnstaple Limited

Notes to the accounts for the year ended 31 December 2009

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.

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.

Basis of preparation

The Group of which this company is a subsidiary funds its activities in part by external bank debt. The company is financed by a loan from a fellow subsidiary, BLT Finance Limited. The Group's current external loan facility is due for refinancing in November 2010. The Group is considering its refinancing options and several banks have indicated an interest in entering into discussions, with recent market activity suggesting that refinancing should be possible. The Directors are of the opinion that the Group is well positioned to obtain the appropriate finance due to the nature of its property, the reasonable level of loan to value required, the overall satisfactory level of rental income above the expected interest cost and the amount of that income which is receivable from Tesco plc, a strong tenant covenant.

The Directors do not believe that there is significant doubt as to the Group's ability to refinance and therefore have a reasonable expectation that the company and Group will have adequate resources to continue in operation for the foreseeable future. As a result they continue to adopt the going concern basis in preparing the annual report and accounts.

Cash flow statement

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

Turnover

Turnover represents rental income receivable in the UK, net of VAT.

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.

Investment 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.

BLT Barnstaple Limited

**Notes to the accounts
for the year ended 31 December 2009**

1 Accounting policies (continued)

Taxation

Corporation tax payable is provided on taxable profits at the current rate

On disposal of an investment property the element of tax relating to profit in the year is charged to the profit and loss account and the element relating to earlier revaluation surpluses is included in the statement of total recognised gains and losses

Deferred tax assets and liabilities arise from timing differences between the recognition of gains and losses in the accounts and their recognition in a tax computation

Deferred tax is provided in respect of all timing differences that have originated, but not reversed, at the balance sheet date that may give rise to an obligation to pay more or less tax in the future. Deferred tax is not recognised when fixed assets are revalued unless, by the balance sheet date, there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements

Deferred tax is measured on a non-discounted basis. A 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

BLT Barnstaple Limited

**Notes to the accounts
for the year ended 31 December 2009**

2 Profit on ordinary activities before taxation

A notional charge of £2,000 (2008 - £2,000) is deemed payable to Deloitte LLP in respect of the audit of the financial statements. Actual amounts payable to Deloitte LLP are paid by BLT Properties Limited

3 Staff costs

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

Average number of employees, excluding directors, of the company during the year was nil (2008 - nil)

BLT Barnstaple Limited

**Notes to the accounts
for the year ended 31 December 2009**

4 Taxation	2009	2008
	£	£
Current tax		
UK corporation tax	83,904	17,117
Total current tax charge	<u>83,904</u>	<u>17,117</u>
Total taxation charge	<u><u>83,904</u></u>	<u><u>17,117</u></u>
Tax reconciliation		
Profit on ordinary activities before taxation	<u>599,316</u>	<u>246,646</u>
Tax on profit on ordinary activities at UK corporation tax rate of 28% (2008 28.5%)	167,809	70,294
Effects of		
REIT exempt income and gains	(83,905)	(35,177)
Group relief (claimed) surrendered for nil consideration		(18,000)
Current tax charge	<u><u>83,904</u></u>	<u><u>17,117</u></u>

Included in the tax charge is a net charge of £nil (2008 - £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 £1.4m (2008 - £0.7m). This unprovided taxation is stated after taking account of the FRS19 capital allowance deferred tax provision of £nil (2008 - £nil) recorded in the balance sheet which 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.

On 28 February 2008 a notice for the REIT (Joint Venture Groups) election was made with retrospective effect from 1 January 2007. As a result 50% of the company's profits and gains, as calculated in accordance with the UK tax principles, will be exempt from UK tax.

BLT Barnstaple Limited

Notes to the accounts
for the year ended 31 December 2009

5 Investment Properties

	Freehold £
At valuation	
1 January 2009	23,900,000
Revaluation surplus	2,850,000
31 December 2009	<u><u>26,750,000</u></u>
Analysis of cost and valuation	
31 December 2009	
Historical Cost	21,182,167
Revaluation	5,567,833
Net book value	<u><u>26,750,000</u></u>
Analysis of cost and valuation	
1 January 2009	
Historical Cost	21,182,167
Revaluation	2,717,833
Net book value	<u><u>23,900,000</u></u>

Properties were valued by Knight Frank LLP at 31 December 2009 on the basis of Market Value, in accordance with the Appraisal and Valuation Standards, sixth edition, published by The Royal Institution of Chartered Surveyors

Properties valued at £26,750,000 (2008 - £23,900,000) were subject to a security interest

BLT Barnstaple Limited

**Notes to the accounts
for the year ended 31 December 2009**

6 Debtors

	2009	2008
	£	£
Current debtors (receivable within one year)		
Trade debtors	2,034	
Amounts owed by group companies - current accounts	5,336,847	6,510,540
	<u>5,338,881</u>	<u>6,510,540</u>

7 Creditors due within one year

	2009	2008
	£	£
Amounts owed to group companies - current accounts	25,455,363	27,178,306
Corporation tax		17,117
Other taxation and social security	52,989	
Accruals and deferred income	326,132	326,132
	<u>25,834,484</u>	<u>27,521,555</u>

BLT Barnstaple Limited

**Notes to the accounts
for the year ended 31 December 2009**

8 Share capital

	2009	2008
	£	£
Issued share capital - allotted, called up and fully paid		
Ordinary Share of £1 00		
Balance as at 1 January and as at 31 December 1 share	1	1
Total issued share capital	<u>1</u>	<u>1</u>

BLT Barnstaple Limited

**Notes to the accounts
for the year ended 31 December 2009**

9 Reconciliation of movements in shareholders' funds and reserves

	Share capital	Revaluation reserve	Profit and loss account	Totals
	£	£	£	£
Opening shareholders' funds	1	2,717,833	171,151	2,888,985
Profit for the financial year			515,412	515,412
Unrealised surplus on revaluation of investment properties		2,850,000		2,850,000
Closing shareholders' funds	<u>1</u>	<u>5,567,833</u>	<u>686,563</u>	<u>6,254,397</u>

BLT Barnstaple Limited
Notes to the accounts
for the year ended 31 December 2009

10 Capital commitments

The company had capital commitments contracted as at 31 December 2009 of £nil (2008 £nil)

11 Contingent liabilities

The company is jointly and severally liable with fellow members of the group for all monies falling due under the group VAT registration

The company has given its guarantee in respect of the group's external borrowings

12 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

£1.4m (2008 - £1.4m) of the rental income as shown in the profit and loss account (see page 5) represents rent received from Tesco PLC. Tesco Stores Limited is a subsidiary of Tesco plc, a joint venture parent company of BLT Properties Limited, the ultimate holding company

13 Subsequent events

There have been no significant events since the year end

14 Immediate parent and ultimate holding company

The immediate parent and ultimate holding company is BLT Properties Limited

BLT Properties Limited is a joint venture between British Land (Joint Ventures) Limited, which is a wholly owned subsidiary of The British Land Company PLC and Tesco plc, all of whom are incorporated in England and Wales

BLT Properties Limited is the smallest and largest group for which group accounts are available and which include the group. The accounts of BLT Newport Limited and BLT Properties Limited can be obtained from The British Land Company PLC, York House, 45 Seymour Street, London W1H 7LX