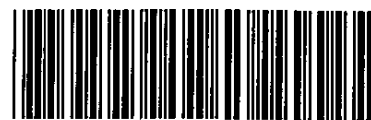

BLT Pontypridd Limited

Annual Report and Accounts

Year ended 31 December 2010

Company number: 4967625

SATURDAY



AB1DKUIV

A22

28/05/2011

238

COMPANIES HOUSE

BLT Pontypridd Limited

REPORT OF THE DIRECTORS for the year ended 31 December 2010

The directors submit their report and financial statements for the year ended 31 December 2010

Principal activities

The company is a wholly owned subsidiary of BLT Properties Limited which operates as a constituent of the BLT Properties Limited group of companies ("the group"). BLT Properties Limited operates as a joint venture between Tesco PLC and British Land (Joint Ventures) Limited, a wholly owned subsidiary of The British Land 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 decreased by 41.8% over the prior year.

Dividends of £800,000 (2009: £nil) were paid in the year. Dividends paid are shown in note 9.

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

The value of investment properties held as at 31 December 2010 increased by 14.8%, due to revaluation movements during the year then ended as shown in note 5 to the company's balance sheet.

Details of significant events since the balance sheet date, if any, are contained in note 13.

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,
- 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,
- engagement of development contractors with strong covenants,
- key staff changes, and
- Environmental and Health and Safety policies.

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, presents lower risks than many other property portfolios.

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 100% 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.

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.

BLT Pontypridd Limited

REPORT OF THE DIRECTORS
for the year ended 31 December 2010

Environment

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

Directors

The directors who served during the year were

S M Barzycki
A E Clark
I Mair (appointed 18 November 2010)
C S A Maudsley (appointed 22 April 2010)
S A Rigby
T A Roberts (resigned 15 January 2010)
M Witham (resigned 15 January 2010)
E White (appointed 15 January 2010)
E Morris (appointed 15 January 2010, resigned 15 January 2010)
D W Richards (appointed 15 January 2010, resigned 15 January 2010)
G P Eade (appointed 15 July 2010, resigned 24 September 2010)
B Lewis (appointed 15 January 2010)

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 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 financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting 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 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 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.

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.

BLT Pontypridd Limited

**REPORT OF THE DIRECTORS
for the year ended 31 December 2010**

Disclosure of information to Auditor

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

(a) so far as the director is aware, there is no relevant audit information of which the company's auditor is 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 auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Auditor

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

This report was approved by the Board on 25 May 2011



N Ekpo
Secretary

BLT Pontypridd Limited

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
BLT Pontypridd Limited
for the year ended 31 December 2010**

We have audited the financial statements of BLT Pontypridd Limited for the year ended 31 December 2010 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 auditor's 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 auditor

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 and express an opinion on 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 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 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 2010 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, 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 BA FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Cambridge, UK



BLT Pontypridd Limited

**PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2010**

	Note	2010 £	2009 £
Turnover			
Rental income		1,556,952	1,466,202
Total turnover		<u>1,556,952</u>	<u>1,466,202</u>
Cost of sales		(17,556)	(2,075)
Gross profit		<u>1,539,396</u>	<u>1,464,127</u>
Operating profit		<u>1,539,396</u>	<u>1,464,127</u>
Profit on ordinary activities before interest		<u>1,539,396</u>	<u>1,464,127</u>
Interest payable Group		(1,164,492)	(819,993)
Profit on ordinary activities before taxation	2	<u>374,904</u>	<u>644,134</u>
Taxation	4	(52,487)	(90,179)
Profit for the financial year	9	<u><u>322,417</u></u>	<u><u>553,955</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 Pontypridd Limited

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2010

	2010	2009
	£	£
Profit on ordinary activities after taxation	322,417	553,955
Unrealised surplus on revaluation of investment properties	4,000,000	3,000,000
Total recognised gains and losses relating to the financial year	<u><u>4,322,417</u></u>	<u><u>3,553,955</u></u>

BLT Pontypridd Limited**BALANCE SHEET**
as at 31 December 2010

	Note	2010 £	2009 £
Fixed assets			
Investment properties	5	31,000,000	27,000,000
		<u>31,000,000</u>	<u>27,000,000</u>
Current assets			
Debtors - due within one year	6	9,340,128	8,635,986
		<u>9,340,128</u>	<u>8,635,986</u>
Creditors due within one year	7	(30,517,655)	(29,335,930)
		<u>(30,517,655)</u>	<u>(29,335,930)</u>
Net current liabilities		(21,177,527)	(20,699,944)
Total assets less current liabilities		9,822,473	6,300,056
		<u>9,822,473</u>	<u>6,300,056</u>
Net assets		9,822,473	6,300,056
Capital and reserves			
Called up share capital	8	1	1
Revaluation reserve	9	9,500,000	5,500,000
Profit and loss account	9	322,472	800,055
		<u>9,822,473</u>	<u>6,300,056</u>
Shareholders' funds	9	9,822,473	6,300,056

The financial statements of BLT Pontypridd Limited, company number 4967625, were approved by the Board of Directors on 25 May 2011 and signed on its behalf by



S Barzycki
Director



A Clark
Director

BLT Pontypridd Limited

Notes to the accounts for the year ended 31 December 2010

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 current facility was refinanced in the year to December 2010, for a further seven years. The company is financed by a loan from a fellow subsidiary, BLT Finance Limited.

Having reviewed the group's forecast working capital and cash flow requirements, in addition to making enquiries and examining areas which could give rise to financial exposure, the Directors have a reasonable expectation that the company and Group have adequate resources to continue its operations 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.

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.

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

BLT Pontypridd Limited

Notes to the accounts **for the year ended 31 December 2010**

1 Accounting policies (continued)

Investments

Fixed asset investments are stated at the lower of cost and the underlying net asset value of the investments

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) issued a notice on 28 February 2008 for a REIT (Joint Venture Groups) election which essentially came into force with retrospective effect from 1 January 2007. The REIT election allows for 50% of specified income and gains on qualifying assets to be 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 company'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.

BLT Pontypridd Limited
Notes to the accounts
for the year ended 31 December 2010

2 Profit on ordinary activities before taxation

Auditor's remuneration

A notional charge of £2,000 (2009 £2,000) per company is deemed payable to Deloitte LLP in respect of the audit of the financial statements. Actual amounts payable to Deloitte LLP are paid by Tesco BL Properties Limited

No non-audit fees (2009 £nil) were paid to Deloitte LLP

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 (2009 - nil)

4 Taxation	2010	2009
	£	£
Current tax		
UK corporation tax	52,487	90,179
Total current taxation charge	<u>52,487</u>	<u>90,179</u>

Tax reconciliation

Profit on ordinary activities before taxation	<u>374,904</u>	<u>644,134</u>
Tax on ordinary activities at UK corporation tax rate of 28% (2009 28%)	104,973	180,357
Effects of REIT exempt income and gains	(52,486)	(90,178)
Current tax charge	<u><u>52,487</u></u>	<u><u>90,179</u></u>

Where the company currently owns properties, further taxation that might become payable if the properties were sold at open market value is estimated at £1.7m (2009 - £1.51m). This unprovided taxation is stated after taking account of the FRS19 capital allowance deferred tax provision of £nil (2009 -£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 23 March 2011 the Government announced that the main rate of Corporation Tax would reduce to 26% with effect from 1 April 2011, with subsequent 1% reductions per annum to reach 23% with effect from 1 April 2014. These tax rate reductions had not been substantively enacted at the balance sheet date and therefore have not been reflected in the financial statements. 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.

BLT Pontypridd Limited

**Notes to the accounts
for the year ended 31 December 2010**

5 Investment properties

	Freehold £
At valuation	
1 January 2010	27,000,000
Revaluation surplus	4,000,000
31 December 2010	<u>31,000,000</u>

Analysis of cost and valuation

31 December 2010	
Cost	21,500,000
Revaluation	9,500,000
Net book value	<u>31,000,000</u>
 1 January 2010	
Cost	21,500,000
Revaluation	5,500,000
Net book value	<u>27,000,000</u>

Properties were valued as at 31 December 2010 by Knight Frank LLP on the basis of Market Value, in accordance with the Appraisal and Valuation Standards, sixth edition, published by The Royal Institution of

Properties valued at £31,000,000 (2009 £27,000,000) were charged to secure borrowings of the ultimate holding company

BLT Pontypridd Limited

**Notes to the accounts
for the year ended 31 December 2010**

6 Debtors	2010	2009
	£	£
Current debtors (receivable within one year)		
Trade debtors	144	2,213
Amounts owed by group companies - current accounts	9,339,984	8,633,773
	<u>9,340,128</u>	<u>8,635,986</u>
7 Creditors due within one year	2010	2009
	£	£
Amounts owed to group companies - current accounts	30,046,262	28,942,964
Other taxation and social security	87,914	54,926
Accruals and deferred income	383,479	338,040
	<u>30,517,655</u>	<u>29,335,930</u>

BLT Pontypridd Limited

**Notes to the accounts
for the year ended 31 December 2010**

8 Share capital

2010	2009
£	£

Issued share capital - allotted, called up and fully paid

Ordinary Shares of £1 00 each

Balance as at 1 January and as at 31 December 1 share

<u>1</u>	<u>1</u>
----------	----------

BLT Pontypridd Limited

**Notes to the accounts
for the year ended 31 December 2010**

9 Reconciliation of movements in shareholders' funds and reserves

	Share capital £	Revaluation reserve £	Profit and loss account £	Total £
Opening shareholders' funds				
	1	5,500,000	800,055	6,300,056
Profit for the financial year			322,417	322,417
Dividends			(800,000)	(800,000)
Unrealised surplus on revaluation of investment properties		4,000,000		4,000,000
Closing shareholders' funds	<u>1</u>	<u>9,500,000</u>	<u>322,472</u>	<u>9,822,473</u>

BLT Pontypridd Limited

Notes to the accounts
for the year ended 31 December 2010

10 Capital commitments

The company had capital commitments contracted as at 31 December 2010 of £nil (2009 £nil)

11 Contingent liabilities

The company is jointly and severally liable with BLT Properties Limited and fellow subsidiaries 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

Rental income of £1.6m (2009 £1.5m) as shown in the profit and loss account (see page 5) represents rent received from Tesco Stores Limited. Tesco Stores Limited is a subsidiary of Tesco PLC who are joint venture partners of the Group in which the company is a wholly owned subsidiary

13 Subsequent events

There have been no significant events since the year end

14 Immediate parent and ultimate holding company

The immediate and ultimate parent company is BLT Properties Limited

BLT Properties Limited represents a joint venture between British Land (Joint Ventures) Limited, which is a wholly owned subsidiary of The British Land 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 company. The accounts of BLT Properties Limited can be obtained from The British Land Company PLC, York House, 45 Seymour Street, London W1H 7LX