

CLIFTON MOOR LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 31 DECEMBER 2011

Registered Number: 5268531

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## **CLIFTON MOOR LIMITED**

### **DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 31 DECEMBER 2011**

The Directors present their report and the audited financial statements of Clifton Moor Limited (the "Company") for the 52 week period ended 31 December 2011 (Prior period 52 weeks ended 31 December 2010)

#### **Business review and principal activities**

The principal activity of the Company is to carry out property investment in a retail site for which rental income is received. There has been no significant change in the nature or level of this activity during the period and the Directors do not expect this to change significantly throughout the next financial period.

#### **Results and dividends**

The results for the period show a pre-tax profit of £4.6m (2010: £1.9m) and rental income of £4.9m (2010: £4.7m).

The Directors do not recommend a payment of a dividend for the 52 weeks ended 31 December 2011 (2010: £nil).

#### **Principal risks and uncertainties**

The principal risks and uncertainties are related to property investment in the retail site. These risks include the exposure to fluctuations in the open market value and the occupancy of the investment properties.

The Company manages these risks by obtaining regular property valuations in order to monitor the open market value and utilising a managing agent to optimise the occupancy of the investment properties.

#### **Charitable and political contributions**

There were no charitable or political donations for the period (2010: £nil).

#### **Future outlook**

The Company's performance is expected to continue throughout the next financial period.

#### **Key performance indicators (KPI's)**

Given the straight forward nature of the business, the Directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

#### **Research and development**

The Company does not undertake any research and development activities (2010: none).

#### **Supplier payment policy**

The Company does not have any direct supplier relationships.

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## **CLIFTON MOOR LIMITED**

### **DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 31 DECEMBER 2011 (continued)**

#### **Employees**

The Company had no employees during the period (2010 none)

#### **Directors and their interests**

The following Directors served during the period and up to the date of signing the financial statements

S Barzycki	
A Clark	
B Lewis	
H Lu	(Appointed 1 August 2012)
C Maudsley	
D Richards	
S Rigby	(Resigned 1 August 2012)
E White	(Resigned 1 April 2011)

Save as set out below, none of the Directors had any disclosable interests in the Company during this period

C Maudsley is a Director of The British Land Company PLC ('British Land'), one of the Company's ultimate parent companies, and as such his disclosable interest in British Land is declared in the financial statements of that company

A qualifying third-party indemnity provision as defined in Section 234 of the Companies Act 2006 is in force for the benefit of The British Land Company PLC directors listed above in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which Directors may not be indemnified, the Company maintained a directors' and officers' liability insurance policy throughout the financial period

#### **Interest in land**

As shown within accounting policies, the Company's land and buildings are revalued periodically at open market value and are disclosed as such within the accounts

#### **Cautionary statement regarding forward-looking information**

Where this review contains forward-looking statements, these are made by the Directors in good faith based on the information available to them at the time of their approval of this report. These statements should be treated with caution due to the inherent risks and uncertainties underlying any such forward-looking information. A number of important factors, including those in this document, could cause actual results to differ materially from those contained in any forward-looking statement

## **CLIFTON MOOR LIMITED**

### **DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 31 DECEMBER 2011 (continued)**

#### **Statement of Directors' responsibilities**

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

The Companies Act 2006 requires the Directors to prepare financial statements for each financial period. 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 the Companies Act 2006, 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 those 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 applicable UK Accounting Standards have 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 confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions, 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.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### **Disclosure of information to auditors**

Each Director who is a director of the Company at the date of approval of this Annual Report confirms that

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- he/she has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

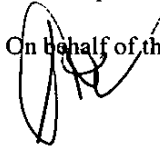
#### **Independent auditors**

The independent auditors of the Company, PricewaterhouseCoopers LLP, are proposed for reappointment.

On behalf of the Board

12 September

2012

  
A Clark  
Director  
Clifton Moor Limited  
Registered Number 5268531  
Registered Office York House, 45 Seymour Street, London, W1H 7LX

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF CLIFTON MOOR LIMITED

We have audited the financial statements of Clifton Moor Limited for the 52 weeks ended 31 December 2011 which comprise the Profit and Loss Account, the statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes. 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).

### Respective responsibilities of Directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4 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.

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.

### 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### 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 2011 and of the Company's profit for the period 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.

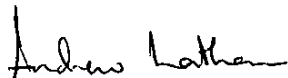
### Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period 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 Latham (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
St Albans

12<sup>th</sup> September 2012

# CLIFTON MOOR LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE 52 WEEKS ENDED 31 DECEMBER 2011

	Notes	52 weeks to 31 December 2011 £'000	52 weeks to 31 December 2010 £'000
Rental income		4,922	4,746
Rental expenses		(152)	(102)
<b>Gross Profit</b>		<b>4,770</b>	<b>4,644</b>
Administrative expenses		(70)	(158)
<b>Operating profit</b>	2	<b>4,700</b>	<b>4,486</b>
Interest payable and similar charges	3	(120)	(2,549)
<b>Profit on ordinary activities before taxation</b>		<b>4,580</b>	<b>1,937</b>
Tax on profit on ordinary activities	4	(429)	(413)
<b>Profit for the financial period</b>	10,11	<b>4,151</b>	<b>1,524</b>

There are no material differences between the profit on ordinary activities before taxation and the profit for the period stated above and their historical cost equivalents

All operations are continuing for the financial period

The notes on pages 8 to 13 form part of these financial statements

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE 52 WEEKS ENDED 31 DECEMBER 2011

		52 weeks to 31 December 2011 £'000	52 weeks to 31 December 2010 £'000
Profit for the financial period		4,151	1,524
Surplus on revaluation of properties	5,10	1,617	6,977
<b>Total recognised gains for the period</b>		<b>5,768</b>	<b>8,501</b>

# CLIFTON MOOR LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 2011

	Notes	31 December 2011 £'000	31 December 2010 £'000
<b>Fixed assets</b>			
Investment properties	5	88,386	87,150
<b>Current assets</b>			
Debtors – due within one year	6	709	852
		709	852
Creditors – amounts falling due within one year	7	(65,890)	(70,574)
<b>Net current liabilities</b>		<b>(65,181)</b>	<b>(69,722)</b>
<b>Total assets less current liabilities</b>		<b>23,205</b>	<b>17,428</b>
Provisions for liabilities	8	(59)	(50)
<b>Net assets</b>		<b>23,146</b>	<b>17,378</b>
<b>Capital and reserves</b>			
Called up share capital	9	1	1
Revaluation reserve	10	12,706	11,089
Profit and loss reserve	10	10,439	6,288
<b>Total equity shareholder's funds</b>	11	<b>23,146</b>	<b>17,378</b>

The financial statements on pages 6 to 13 were approved by the board of Directors on 12 September 2012 and were signed on its behalf by



A Clark  
Director  
Clifton Moor Limited  
Registered Number 5268531

## **CLIFTON MOOR LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 31 DECEMBER 2011**

#### **1. ACCOUNTING POLICIES**

##### **Basis of preparation of financial statements**

The financial statements are prepared on the going concern basis, in accordance with applicable United Kingdom accounting standards, under the historical cost convention as modified by the revaluation of investment properties, and in accordance with the Companies Act 2006. The Company's principal accounting policies have been applied consistently during the period and are set out below.

##### **Going concern**

The directors have considered the current liability position of the Company, and having reviewed the financial resources available to the Company and are satisfied that the Company is able to continue as a going concern.

##### **Cash flow statement**

The Company is a wholly owned subsidiary of Shopping Centres Limited and is included in the consolidated financial statements of Shopping Centres Limited which are publicly available. Consequently the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 "Cash Flow Statements".

##### **Investment properties**

Investment properties are independently valued each period on an open market basis. This value, less the quantum of the UITF 28 debtor is included as the investment property balance. Any surplus or deficit arising is taken to the revaluation reserve, unless a deficit is expected to be permanent, in which case it is charged to the profit and loss account.

In accordance with SSAP 19 "Accounting for Investment Properties", no amortisation or depreciation is provided in respect of investment properties. This departure from the requirements of the Companies Act 2006, which requires all tangible fixed assets to be depreciated, is, in the opinion of the Directors, necessary to show a true and fair view. The financial effect of this departure cannot be reasonably quantified, as amortisation or 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.

##### **Amortisation of debt issue costs**

Under the provisions of FRS 4 'Capital Instruments', costs associated with the raising of long term finance for the company are netted off against the gross loan amount. The costs were amortised over a five year period on a straight-line basis.

##### **Leases and rental income**

Rental income is credited to the profit and loss account on a straight line basis over the lease term. Rental reviews are carried out every five years on an open market review basis.



## CLIFTON MOOR LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 31 DECEMBER 2011 (continued)

#### Current taxation

The amount included in the Profit and Loss Account is based on the profit or loss on ordinary activities before taxation and is calculated at current local tax rates, taking into account timing differences and the likelihood of realisation of deferred tax assets and liabilities

#### Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Balance Sheet date and which could give rise to an obligation to pay more or less taxation in the future. Deferred tax assets are recognised to the extent that they are regarded as more likely than not to be recoverable. They are regarded as recoverable to the extent that, on the basis of all available evidence, it is 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. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws substantively enacted at the Balance Sheet date.

#### Interest payable

Interest payable is calculated on an accruals basis.

#### 2. OPERATING PROFIT

The Directors received no emoluments for their services to the Company (2010: £nil).

The Company had no employees during the period (2010: none).

The auditors' remuneration for the current and prior period was borne by Shopping Centres Limited.

#### 3. INTEREST PAYABLE AND SIMILAR CHARGES

	52 weeks to 31 December 2011 £'000	52 weeks to 31 December 2010 £'000
Interest payable on overdraft and bank loans	120	2,511
Amortisation of debt issue costs	-	38
	120	2,549

#### 4. TAX ON PROFIT ON ORDINARY ACTIVITIES

No provision has been made for deferred tax on gains recognised on revaluing property to its market value. Such tax would become payable if the property were sold. The total amount unprovided for is £13.9m (2010: £14.1m). At present it is not envisaged that any tax will become payable in the foreseeable future.

# CLIFTON MOOR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 31 DECEMBER 2011 (continued)

### 4. TAX ON PROFIT ON ORDINARY ACTIVITIES

#### Factors that have affected the tax charge

The standard rate of Corporation Tax in the UK was changed from 28% to 26% with effect from 1 April 2011. This gives an overall blended Corporation Tax rate for the company for the full year of 26.5%.

	52 weeks to 31 December 2011 £'000	52 weeks to 31 December 2010 £'000
<b>Current tax:</b>		
UK Corporation tax on result for the financial period	422	434
Adjustments in respect of previous financial periods	(2)	(33)
<b>Total current tax</b>	<b>420</b>	<b>401</b>
<b>Deferred tax:</b>		
Current period tax	9	(20)
In respect of rate change	-	(1)
Prior period items	-	33
<b>Total deferred tax</b>	<b>9</b>	<b>12</b>
<b>Tax on profit on ordinary activities</b>	<b>429</b>	<b>413</b>

The tax assessed for the period is lower (2010: lower) than the blended rate of corporation tax in the UK of 26.5% (2011: 28%).

	52 weeks to 31 December 2011 £'000	52 weeks to 31 December 2010 £'000
<b>Profit on ordinary activities before tax</b>	<b>4,580</b>	<b>1,937</b>
Profit on ordinary activities multiplied by the blended rate in the UK 26.5% (2010: 28%)	1,214	542
Effects of:		
Expenses not deductible for tax purposes	-	3
Accelerated capital allowances and other timing differences	(28)	(31)
Adjustments in respect of prior periods	(3)	(34)
Group relief surrendered without payment	-	(14)
Benefit of REIT election	(593)	(65)
UK to UK transfer pricing adjustment	(170)	-
<b>Current tax charge for the financial period</b>	<b>420</b>	<b>401</b>

The Finance Act 2011 included legislation to reduce the main rate of corporation tax from 27% to 26% from 1 April 2011 and to 25% from 1 April 2012. The reduction from 27% to 25% was substantively enacted at the balance sheet date and has therefore been reflected in these financial statements.

In addition to the changes in rates of corporation tax disclosed above, a number of further changes to the UK corporation tax system were announced in both the March 2011 and March 2012 UK Budget statements.

A resolution passed by Parliament on 26 March 2012 reduced the main rate of corporation tax to 24% from 1 April 2012. Legislation to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013 is expected to be included in the Finance Act 2012. Further reductions to the main rate are proposed to reduce the main rate to 22% by 1 April 2014. None of these expected rate reductions had been substantively enacted at the balance sheet date and, therefore, are not reflected in these financial statements.

# CLIFTON MOOR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 31 DECEMBER 2011 (continued)

### 5. INVESTMENT PROPERTIES

	Investment Properties £'000
Valuation	
As at 1 January 2011	87,150
Capitalised expenditure	23
Disposals	(404)
Revaluation	1,617
<b>As at 31 December 2011</b>	<b>88,386</b>

The investment properties have been valued by Knight Frank LLP who is deemed to be a suitably qualified valuer by the Directors on the basis of open market value at 31 December 2011. The valuation was carried out in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors (RICS).

### 6. DEBTORS – DUE WITHIN ONE YEAR

	2011 £'000	2010 £'000
Amounts owed by group undertakings	3	3
Trade debtors	-	1
Prepayments and accrued income	706	848
	<b>709</b>	<b>852</b>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. The presentation of the prior year comparative information has been amended to show amounts due from group undertakings on a net basis.

### 7. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £'000	2010 £'000
Amounts owed to group undertakings	64,026	18,992
VAT	286	219
Accruals and deferred income	1,155	1,646
West LB bank loan	-	49,423
Corporation tax	423	294
	<b>65,890</b>	<b>70,574</b>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. The presentation of the prior year comparative information has been amended to show amounts due from group undertakings on a net basis.

The West LB loan was repaid in full on 24 January 2011.

# CLIFTON MOOR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 31 DECEMBER 2011 (continued)

### 8. PROVISIONS FOR LIABILITIES

	2011 £'000
At 1 January 2011	50
Deferred tax	
- In respect of the current period	9
<b>At 31 December 2011</b>	<b>59</b>

### 9. CALLED UP SHARE CAPITAL

	2011 £	2010 £
Allotted, called up and fully paid		
1,001 (2010 1,001) Ordinary shares of £1 each	1,001	1,001
	<b>1,001</b>	<b>1,001</b>

### 10. RESERVES

	Profit and loss reserve £'000	Revaluation reserve £'000
As at 1 January 2011	6,288	11,089
Profit for the financial period	4,151	-
Revaluation of investment properties	-	1,617
<b>As at 31 December 2011</b>	<b>10,439</b>	<b>12,706</b>

### 11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS AS AT 31 DECEMBER 2011

	2011 £'000	2010 £'000
Profit for the financial period	4,151	1,524
Revaluation of investment properties	1,617	6,977
<b>Net increase in shareholder's funds</b>	<b>5,768</b>	<b>8,501</b>
Opening shareholder's funds	17,378	8,877
<b>Closing shareholder's funds</b>	<b>23,146</b>	<b>17,378</b>

## **CLIFTON MOOR LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 31 DECEMBER 2011 (continued)**

#### **12. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The Company's immediate parent undertaking is Shopping Centres Limited

Shopping Centres Limited is jointly owned by Tesco PLC and The British Land Company PLC. The parent undertakings are Tesco PLC and The British Land Company PLC. Tesco PLC is registered in England and Wales and copies of the Tesco PLC financial statements can be obtained from the Company Secretary, Tesco PLC, Tesco House, PO Box 18, Delamare Road, Cheshunt, Hertfordshire, EN8 9SL. The British Land Company PLC is registered in England and Wales and copies of The British Land Company PLC financial statements can be obtained from the Company Secretary, York House, 45 Seymour Street, London, W1H 7LX.

#### **13. RELATED PARTY TRANSACTIONS**

Transactions with other subsidiary companies within the group are not disclosed as the Company has taken advantage of the exemption under paragraph 3(c) of FRS 8 "Related Party Disclosures", as the consolidated financial statements of Shopping Centres Limited, in which the Company is included, are available at the addresses noted in note 12.

During the period Clifton Moor Limited received Rental income from Tesco Stores Limited of £3,048,000 (2010 £3,048,000).