

---

# **SELECTED LAND AND PROPERTY COMPANY LTD**

## **Annual Report and Accounts**

---

**Year ended 31 March 2004**

---



Company number: 228839

---

## **SELECTED LAND AND PROPERTY COMPANY LTD**

### **REPORT OF THE DIRECTORS** **for the year ended 31 March 2004**

The directors present their Annual Report and audited Accounts for the year ended 31 March 2004.

#### **Principal activity**

The principal activity of the company is that of property dealing.

The subsidiary held by the company is listed in note 5 to the accounts. Consolidated financial statements are not presented as the company takes advantage of the exemption afforded by Section 228 of the Companies Act 1985.

#### **Review of business and prospects**

The activities and prospects of this and other group companies are reviewed in the Chairman's Statement, Financial Review and Property Review of The British Land Company PLC, the ultimate holding company.

Details of significant events since the balance sheet date are contained in note 18 of the financial statements.

#### **Results and dividends**

The results for the year are set out in the profit and loss account on page 4.

A dividend of £205.472 per share, totalling £45,000,000 was paid during the year (2003 - £Nil).

#### **Directors**

The directors who served throughout the year were, except as noted:

J H Ritblat  
C Metliss  
J H Weston Smith  
N S J Ritblat  
R E Bowden  
G C Roberts  
M I Gunston

The directors' interests in the share and loan capital of the company are set out in note 12 to the financial statements.

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

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control and for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**SELECTED LAND AND PROPERTY COMPANY LTD**

**REPORT OF THE DIRECTORS  
for the year ended 31 March 2004**

**Annual General Meeting**

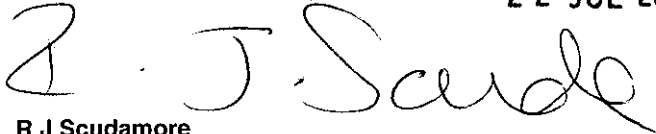
At the Annual General Meeting of the company held on 18 December 1998 Elective Resolutions were passed to dispense with the following requirements:

- to lay accounts and reports before a general meeting of the company
- to appoint auditors annually
- to hold annual general meetings in the future.

**Auditors**

On 1 August 2003, Deloitte & Touche, the Company's auditors transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989. The auditors are willing to continue in office.

This report was approved by the Board on **22 JUL 2004**



**R J Scudamore**  
Secretary

10 Cornwall Terrace  
Regent's Park  
London  
NW1 4QP

# **SELECTED LAND AND PROPERTY COMPANY LTD**

## **INDEPENDENT AUDITORS REPORT for the year ended 31 March 2004**

### **To the members of SELECTED LAND AND PROPERTY COMPANY LTD**

We have audited the financial statements of Selected Land and Property Company Limited for the year ended 31 March 2004 which comprise the profit and loss account, balance sheet, statement of total recognised gains and losses, note of historical cost profits and losses and the related notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in our 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 described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the accounts in accordance with United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

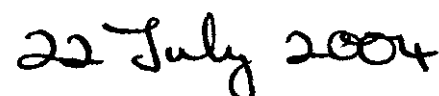
### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 March 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Deloitte & Touche LLP**  
**Chartered Accountants and Registered Auditors**

London



**SELECTED LAND AND PROPERTY COMPANY LTD**

**PROFIT AND LOSS ACCOUNT  
for the year ended 31 March 2004**

	Note	2004 £	2003 £
<b>Turnover</b>			
Rental income		2,667,615	2,599,817
Property sales			
Fees and commissions			
Other trading income			
<b>Total turnover</b>		<u>2,667,615</u>	<u>2,599,817</u>
Cost of turnover		(33,184)	(39,291)
<b>Gross profit (loss)</b>		<u>2,634,431</u>	<u>2,560,526</u>
Administrative expenses			
<b>Operating profit (loss)</b>		<u>2,634,431</u>	<u>2,560,526</u>
Group transfer of investments			
Write down of subsidiaries			
Dividends receivable			
Interest receivable			
Group			
Associated companies			
External - other		3,844	3,895
Interest payable			
Group			
External - other			
<b>Profit (loss) on ordinary activities before taxation</b>	<b>2</b>	<u>2,638,275</u>	<u>2,564,421</u>
Taxation	<b>4</b>	(791,483)	44,235
<b>Profit (loss) on ordinary activities after taxation</b>		<u>1,846,792</u>	<u>2,608,656</u>
<b>Dividends paid and proposed</b>		(45,000,000)	
<b>Retained profit (loss) for the year</b>	<b>13</b>	<u><u>(43,153,208)</u></u>	<u><u>2,608,656</u></u>

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

**SELECTED LAND AND PROPERTY COMPANY LTD**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
for the year ended 31 March 2004**

	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
<b>Profit (loss) on ordinary activities after taxation</b>	1,846,792	2,608,656
Unrealised surplus (deficit) on revaluation of investment properties		
Unrealised surplus (deficit) on revaluation of investments		
Unrealised surplus (deficit) on revaluation of subsidiaries		
Exchange movements on net investments		
Taxation on realisation of prior year revaluations		
<b>Total recognised gains and losses relating to the financial year</b>	<u>1,846,792</u>	<u>2,608,656</u>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES  
for the year ended 31 March 2004**

	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
<b>Profit (loss) on ordinary activities before taxation</b>	2,638,275	2,564,421
Realisation of prior year revaluations		
Taxation on realisation of prior year revaluations		
<b>Historical cost profit (loss) on ordinary activities before taxation</b>	<u>2,638,275</u>	<u>2,564,421</u>
<b>Historical cost profit (loss) for the year retained after taxation and dividends</b>	<u>(43,153,208)</u>	<u>2,608,656</u>

**SELECTED LAND AND PROPERTY COMPANY LTD**

**BALANCE SHEET  
as at 31 March 2004**

	Note	2004		2003	
		£	£	£	£
<b>Fixed assets</b>					
Investments	5		34,269		34,269
Loans to group companies	5				
			<hr/>		<hr/>
			34,269		34,269
<b>Current assets</b>					
Trading properties	6	17,602,976		17,602,976	
Debtors	7	13,244		30,614,939	
Cash and deposits					
			<hr/>		<hr/>
		17,616,220		48,217,915	
<b>Creditors due within one year</b>	8	(15,167,152)		(2,615,639)	
			<hr/>		<hr/>
<b>Net current assets (liabilities)</b>			2,449,068		45,602,276
<b>Total assets less current liabilities</b>			<hr/>		<hr/>
			2,483,337		45,636,545
<b>Creditors due after one year</b>	9				
<b>Provision for liabilities and charges</b>	10				
<b>Net assets (liabilities)</b>			<hr/>		<hr/>
			2,483,337		45,636,545
<b>Capital and reserves</b>					
Called up share capital	11		109,504		109,504
Share premium	13		23,338		23,338
Revaluation reserve	13				
Other unrealised reserve	13				
Profit and loss account	13		2,350,495		45,503,703
<b>Shareholders' funds</b>	13		<hr/>		<hr/>
			2,483,337		45,636,545

Non-equity interests are stated in note 17.

These financial statements were approved by the Board of Directors on **22 JUL 2004**

C Metliss




**G C Roberts**  
Directors

## **SELECTED LAND AND PROPERTY COMPANY LTD**

### **Notes to the accounts for the year ended 31 March 2004**

#### **1. Accounting policies**

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

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

#### **Accounting basis**

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards and under the historical cost convention as modified by the revaluation of fixed asset investments.

The company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of another company. Group financial statements which include the company, for The British Land Company PLC are publicly available (see note 19).

The company is also, on this basis, exempt from the requirement of FRS 1 to present a cash flow statement.

#### **Properties**

*Trading properties* are stated at the lower of cost and net realisable value. Disposals are recognised on completion: profits and losses arising are recognised through the profit and loss account. If properties held for trading are appropriated to investment, they are transferred at book value.

#### **Investments**

Fixed asset investments are stated at market value when listed and at directors' valuation when unlisted. Any surplus or deficit arising on revaluation is taken to revaluation reserve, unless a deficit is expected to be permanent, in which case it is charged to profit and loss account.

Investments in subsidiaries are stated at cost or directors' valuation.



## **SELECTED LAND AND PROPERTY COMPANY LTD**

### **Notes to the accounts for the year ended 31 March 2004**

#### **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 the 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.

##### **Net rental income**

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.

**SELECTED LAND AND PROPERTY COMPANY LTD**

**Notes to the accounts  
for the year ended 31 March 2004**

<b>2. Profit (loss) on ordinary activities before taxation</b>	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>

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

Amortisation and depreciation

Auditors' remuneration

Auditors' remuneration for other services

	<hr/>	<hr/>
--	-------	-------

Amounts payable to Deloitte & Touche LLP in respect of audit and non-audit services are paid at group level by The British Land Company PLC.

<b>3. Staff costs</b>	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>

Wages and salaries

18,250

18,250

Social security costs

1,743

1,606

Pension costs

3,605

	<hr/>	<hr/>
	19,993	23,461
	<hr/>	<hr/>

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

Average number of employees, including directors, of the company during the year was 1 (2003 - 1).

**SELECTED LAND AND PROPERTY COMPANY LTD**

**Notes to the accounts  
for the year ended 31 March 2004**

<b>4. Taxation</b>	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
UK corporation tax	791,483	769,326
Adjustments in respect of prior years		(813,561)
Total current tax charge (credit)	<u>791,483</u>	<u>(44,235)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences		
Prior year items		
Total deferred tax charge (credit)	<u>                    </u>	<u>                    </u>
<b>Total taxation (effective tax rate – 30.0%; 2003 – (1.7)%)</b>	<u><u>791,483</u></u>	<u><u>(44,235)</u></u>
 <b>Tax reconciliation</b>		
Profit on ordinary activities before taxation	<u>2,638,275</u>	<u>2,564,421</u>
Tax on profit on ordinary activities at UK corporation tax rate of 30% (2002 - 30%)	791,483	769,326
Effects of:		
Capital allowances		
Tax losses and other timing differences		
Expenses not deductible for tax purposes		
Adjustments in respect of prior years		(813,561)
<b>Current tax charge (credit)</b>	<u><u>791,483</u></u>	<u><u>(44,235)</u></u>

# **SELECTED LAND AND PROPERTY COMPANY LTD**

## **Notes to the accounts for the year ended 31 March 2004**

### **5. Investments and loans to group companies**

	Shares in subsidiaries £	Other investments £	Total £	Loans to Group companies £
At cost or directors' valuation				
1 April 2003	34,269		34,269	
Additions				
Disposals				
Provision for write-down				
Revaluation				
<b>31 March 2004</b>	<u>34,269</u>	<u></u>	<u>34,269</u>	<u></u>
At cost				
<b>31 March 2004</b>	<u>34,269</u>	<u></u>	<u>34,269</u>	<u></u>
1 April 2003	<u>34,269</u>	<u></u>	<u>34,269</u>	<u></u>

### **Subsidiaries**

The company has an investment in the following subsidiary. To avoid a statement of excessive length, details of investments which are not significant have been omitted.

### **Activity**

The Liverpool Exchange Company Limited

Property investment

This company is 90% owned and is incorporated in Great Britain.

# **SELECTED LAND AND PROPERTY COMPANY LTD**

## **Notes to the accounts for the year ended 31 March 2004**

<b>6. Trading Properties</b>	<b>2004 £</b>	<b>2003 £</b>
Freehold	17,602,976	17,602,976
Long leasehold		
Short leasehold		
	<u>17,602,976</u>	<u>17,602,976</u>

Properties valued at £Nil (2003 - £Nil) were charged to secure borrowings of the ultimate holding company.

<b>7. Debtors</b>	<b>2004 £</b>	<b>2003 £</b>
Trade debtors	218	12,697
Corporation tax		
Amounts owed by group companies - current accounts		30,599,762
Other debtors	19	20
Prepayments and accrued income	13,007	2,460
	<u>13,244</u>	<u>30,614,939</u>

<b>8. Creditors due within one year</b>	<b>2004 £</b>	<b>2003 £</b>
Trade creditors	4,600	3,769
Amounts owed to group companies - current accounts	12,876,522	
Corporation tax	1,560,809	1,924,985
Other taxation and social security	107,517	81,279
Other creditors		
Accruals and deferred income	617,704	605,606
	<u>15,167,152</u>	<u>2,615,639</u>

<b>9. Creditors due after one year</b>	<b>2004 £</b>	<b>2003 £</b>
Debentures and loans		
	<u></u>	<u></u>

# **SELECTED LAND AND PROPERTY COMPANY LTD**

## **Notes to the accounts for the year ended 31 March 2004**

### **10. Provision for liabilities and charges**

	Sinking fund £	Deferred tax £	Total £
1 April 2003			
Charged (credited) to the profit and loss account			
<b>31 March 2004</b>			

Deferred tax is provided as follows

	2004 £	2003 £
Accelerated capital allowances		
Other timing differences		

The deferred tax provision relates primarily to capital allowances claimed on plant and machinery within investment properties. When a property is sold and the agreed disposal value for this plant and machinery is less than original cost there is a release of the surplus part of the provision. The entire amount of the capital allowance provision would be expected to be released on sale.

### **11. Share capital**

	2004 £	2003 £
<b>Authorised</b>		
400,000 ordinary shares of 50p each	200,000	200,000
	<u>200,000</u>	<u>200,000</u>
<b>Allotted, called up and fully paid</b>		
219,008 ordinary shares of 50p each	109,504	109,504
	<u>109,504</u>	<u>109,504</u>

# **SELECTED LAND AND PROPERTY COMPANY LTD**

## **Notes to the accounts for the year ended 31 March 2004**

### **12. Directors' interests in share and loan capital**

No director held a beneficial interest in the share capital of the company, or in any other fellow subsidiary. Messrs. J H Ritblat, J H Weston Smith, N S J Ritblat, R E Bowden and G C Roberts are also directors of The British Land Company PLC and, as such, their interests in the share and loan capital, including share options, of that company are shown in the accounts of the ultimate holding company. The beneficial interests of the other directors in the ultimate holding company are as follows:-

	<b>Fully paid Ordinary shares</b>		<b>6% Irredeemable Convertible Bonds (£ nominal)</b>	
	<b>31 March 2004</b>	<b>1 April 2003</b>	<b>31 March 2004</b>	<b>1 April 2003</b>
C Metliss	118,905	113,332		
M I Gunston	74,923	65,745		

	<b>Options over ordinary shares 1984 Option Scheme</b>		<b>Sharesave Scheme</b>	
	<b>31 March 2004</b>	<b>1 April 2003</b>	<b>31 March 2004</b>	<b>1 April 2003</b>
C Metliss			1,954	4,753
M I Gunston	56,339	79,959		4,753

	<b>Rights under Restricted Share Plan Ordinary shares</b>		<b>Rights under Long Term Incentive Plan Ordinary shares</b>		<b>Options over Ordinary shares</b>	
	<b>31 March 2004</b>	<b>1 April 2003</b>	<b>31 March 2004</b>	<b>1 April 2003</b>	<b>31 March 2004</b>	<b>1 April 2003</b>
C Metliss						
M I Gunston	20,000	35,000				

### **Granting and lapsing of options**

C Metliss exercised options over 4,753 shares at an option price of 355 p per share and the middle market quotation on the date of exercise of these shares was 658p per share. He was granted options over 1,954 shares at an option price of 472p per share. Both this exercise and grant occurred under British Land's Sharesave Scheme.

M I Gunston exercised options over 23,620 shares, under British Land's 1984 Share Option Scheme. 11,156 had an option price of 322p per share and 12,464 had an option price of 380p per share. The middle market quotation on the date of disposal of these 23,620 shares was 632p per share. He also exercised options over 4,753 shares, at an option price of 355p per share under British Land's Share Save Scheme. The middle market quotation on the date of exercise of these shares was 658p per share.

# SELECTED LAND AND PROPERTY COMPANY LTD

## Notes to the accounts for the year ended 31 March 2004

### 13. Reconciliation of movements in shareholders' funds and reserves

	Share capital £	Share premium £	Capital reserve - revaluation £	Other unrealised reserve £	Profit and loss account £	Total £
Opening shareholders' funds	109,504	23,338			45,503,703	45,636,545
Retained profit (loss) for the year					(43,153,208)	(43,153,208)
Share issues in the year						
Unrealised surplus (deficit) on revaluation of investment properties						
Unrealised surplus (deficit) on revaluation of investments						
Unrealised surplus (deficit) on revaluation of subsidiaries						
Realisation of prior year revaluations						
Taxation on the realisation of prior year revaluations						
Exchange movements on net investments						
Closing shareholders' funds	<u>109,504</u>	<u>23,338</u>			<u>2,350,495</u>	<u>2,483,337</u>



## **SELECTED LAND AND PROPERTY COMPANY LTD**

### **Notes to the accounts** **for the year ended 31 March 2004**

#### **14. Capital commitments**

The company had capital commitments contracted at 31 March 2004 of £Nil (2003 - £Nil).

#### **15. Contingent liabilities**

The company is jointly and severally liable with the ultimate holding company and fellow subsidiaries for all monies falling due under the group VAT registration.

#### **16. Related parties**

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

Mr John Ritblat has an effective 4.65% equity interest and is non-executive chairman of Fitzhardinge PLC, which is the holding company of Colliers Conrad Ritblat Erdman who are the company's managing agents and as such receive fees for their services.

#### **17. Non-equity interests**

Shareholders' funds includes non-equity interests of £Nil (2003 – £Nil).

#### **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 The British Land Company PLC.

The British Land Company PLC is the smallest and largest group for which group accounts are available and which include the company. The ultimate holding company and controlling party is The British Land Company PLC, which is incorporated in Great Britain. Group accounts for this company are available on request from 10 Cornwall Terrace, Regent's Park, London NW1 4QP.