

FINSBURY AVENUE ESTATES LIMITED

Annual Report and Accounts

Year ended 31 March 2000



Company number : 1526447

FINSBURY AVENUE ESTATES LIMITED

REPORT OF THE DIRECTORS for the year ended 31 March 2000

The directors present their Report and Accounts for the year ended 31 March 2000.

Change of name

The company was re-registered as a limited company on 28 March 2000.

Principal activity

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

The subsidiaries held by the company are listed in note 7 to the accounts. Consolidated accounts are not presented as the company takes advantage of the exemption afforded by Section 228 of the Companies Act 1985.

Results and dividends

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

The directors do not recommend the payment of a dividend (1999 - £Nil).

Review of business and prospects

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

Details of significant events since the balance sheet date are contained in note 20 of the accounts.

Directors

The directors who served during the year were:

J H Ritblat
C Metliss
J H Weston Smith
N S J Ritblat
R E Bowden
A Braine

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

Statement of directors' responsibilities

Company law requires the directors to prepare accounts 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 accounts, 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, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 accounts comply with the Companies Act 1985. 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.

FINSBURY AVENUE ESTATES LIMITED

**REPORT OF THE DIRECTORS
for the year ended 31 March 2000**

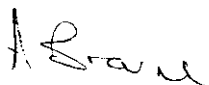
Year 2000

Issues regarding the impact of the Year 2000 have been discussed in the accounts of the ultimate holding company.

Auditors

The auditors, Arthur Andersen, are willing to continue in office, and a resolution to reappoint them will be proposed at the Annual General Meeting.

This report was approved by the Board on *17 JULY 2000*.



A Braine
Secretary

10 Cornwall Terrace
Regent's Park
London
NW1 4QP

FINSBURY AVENUE ESTATES LIMITED

**REPORT OF THE AUDITORS
for the year ended 31 March 2000**

To the Shareholders of Finsbury Avenue Estates Limited

We have audited the accounts on pages 4 to 15 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 1, the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

Basis of opinion

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company at 31 March 2000 and of the company's results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen
Chartered Accountants and Registered Auditors

17 July 2000

1 Surrey Street
London
WC2R 2PS

FINSBURY AVENUE ESTATES LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2000

	Note	Revenue £	2000 Capital £	Total £	Revenue £	1999 Capital £	Total £
Turnover							
Rental income		321,638	-	321,638	10,659,069	-	10,659,069
		321,638	-	321,638	10,659,069	-	10,659,069
Cost of turnover		(213,089)	-	(213,089)	386,959	-	386,959
Gross profit (loss)	2	108,549	-	108,549	11,046,028	-	11,046,028
Operating profit (loss)		108,549	-	108,549	11,046,028	-	11,046,028
Disposal of properties		-	-	-	-	(31,072,290)	(31,072,290)
Interest receivable							
External - unlisted		9,770	-	9,770	45	-	45
Interest payable							
Group		-	-	-	(9,510,815)	-	(9,510,815)
Profit (loss) on ordinary activities before taxation	3	118,319	-	118,319	1,535,258	(31,072,290)	(29,537,032)
Taxation	5	237,063	-	237,063	(400,785)	-	(400,785)
Profit (loss) after taxation		355,382	-	355,382	1,134,473	(31,072,290)	(29,937,817)
Retained profit (loss) for the year	13	355,382	-	355,382	1,134,473	(31,072,290)	(29,937,817)

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

The accompanying notes on pages 7 to 15 form part of these accounts.

FINSBURY AVENUE ESTATES LIMITED

TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 March 2000

	Revenue £	2000 Capital £	Total £	Revenue £	1999 Capital £	Total £
Profit (loss) for the financial year	355,382	-	355,382	1,134,473	(31,072,290)	(29,937,817)
Revaluation of properties	-	13,000	13,000	-	-	-
Total recognised gains and losses	355,382	13,000	368,382	1,134,473	(31,072,290)	(29,937,817)

HISTORICAL COST PROFITS AND LOSSES
for the year ended 31 March 2000

Profit (loss) before taxation	118,319	-	118,319	1,535,258	(31,072,290)	(29,537,032)
Realisation of prior year revaluations	-	-	-	-	174,444,068	174,444,068
Historical cost profit (loss) before tax	118,319	-	118,319	1,535,258	143,371,778	144,907,036
Retained historical cost profit (loss)	355,382	-	355,382	1,134,473	143,371,778	144,506,251

The accompanying notes on pages 7 to 15 form part of these accounts.

FINSBURY AVENUE ESTATES LIMITED

BALANCE SHEET
as at 31 March 2000

	Note	£	2000	£	£	1999	£
Fixed assets							
Investment properties	6			3,450,000			10,000
Investments	7			91,000,100			91,000,100
Loans to group companies	7			-			-
				94,450,100			91,010,100
Current assets							
Debtors	8	68,522,900			71,958,551		
		68,522,900			71,958,551		
Creditors due within one year	9	545,565			909,598		
Net current assets (liabilities)				67,977,335			71,048,953
Total assets less current liabilities				162,427,435			162,059,053
Creditors due after one year							
Provisions for liabilities and charges	10	-		-	-		-
Net assets (liabilities)				162,427,435			162,059,053
Capital and reserves							
Called up share capital	11			1,015,145			1,015,145
Share premium	13			-			-
Capital reserves							
- Realised	13			136,737,378			136,737,378
- Revaluation	13			13,000			-
- Other - unrealised	13			-			-
Profit and loss account	13			24,661,912			24,306,530
Shareholders' funds	13			162,427,435			162,059,053

Non-equity interests are stated in note 19.

The accounts were approved by the Board on 17 JULY 2000 and signed on its behalf by:

C Metliss



J H Weston Smith
Directors



The accompanying notes on pages 7 to 15 form part of these accounts.

FINSBURY AVENUE ESTATES LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 March 2000

1. Accounting policies

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

The accounts have been prepared using a computer system. This is 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 accounts are prepared in accordance with applicable Accounting Standards and under the historical cost convention as modified by the revaluation of investment properties and fixed asset investments.

The company has taken advantage of the exemption from preparing consolidated accounts afforded by Section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of another company. Group accounts which include the company, for The British Land Company PLC are publicly available (see note 21).

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

Turnover

Turnover represents rental income receivable, net of VAT.

Properties

Investment properties are independently valued each year on an open market basis. 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. 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. Where properties held for investment are appropriated to trading stock, they are transferred at market 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 the revaluation reserve, unless a deficit is expected to be permanent, in which case it is charged to the profit and loss account.

Current asset investments are stated at the lower of cost and net realisable value.

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

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 current year capital profit 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.

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes to the extent that it is probable that a liability or asset will crystallise.

FINSBURY AVENUE ESTATES LIMITED

**NOTES TO THE ACCOUNTS
for the year ended 31 March 2000**

	2000	1999
	£	£
2. Gross profit (loss)		
Net rental income	108,549	11,046,028
Fees and commissions	-	-
Other trading income	-	-
	<u>108,549</u>	<u>11,046,028</u>

3. Profit (loss) on ordinary activities before taxation

	2000	1999
	£	£
Profit (loss) on ordinary activities before taxation is stated after charging (crediting):		
Amortisation and depreciation	-	-
Auditors' remuneration for audit services	-	-
Operating lease rentals	-	-
	<u>-</u>	<u>-</u>

Amounts payable to Arthur Andersen and their associates by the company in respect of non-audit services were £Nil (1999 - £Nil).

4. Staff costs

	2000	1999
	£	£
Wages and salaries	-	-
Social security costs	-	-
Pension costs	-	-
	<u>-</u>	<u>-</u>

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

Average number of employees, including directors, of the company during the year was Nil (1999 - Nil).

5. Taxation

	2000	1999
	£	£
UK corporation tax	(237,063)	400,785
Deferred tax	-	-
Adjustments in respect of prior years:		
- UK corporation tax	-	-
- Deferred tax	-	-
	<u>(237,063)</u>	<u>400,785</u>

FINSBURY AVENUE ESTATES LIMITED

**NOTES TO THE ACCOUNTS
for the year ended 31 March 2000**

6. Investment properties

	Freehold £	Long leasehold £	Short leasehold £	Total £
Cost and valuation				
1 April 1999	10,000	-	-	10,000
Group transfers	3,427,000	-	-	3,427,000
Revaluation surplus (deficit)	13,000	-	-	13,000
31 March 2000	3,450,000	-	-	3,450,000
Amortisation and depreciation				
1 April 1999	-	-	-	-
External disposals	-	-	-	-
Group transfers	-	-	-	-
Charge to revenue	-	-	-	-
31 March 2000	-	-	-	-
Net book value				
31 March 2000	3,450,000	-	-	3,450,000
1 April 1999	10,000	-	-	10,000
Analysis of cost and valuation				
31 March 2000				
Cost	3,437,000	-	-	3,437,000
Revaluation	13,000	-	-	13,000
Net book value	3,450,000	-	-	3,450,000
1 April 1999				
Cost	10,000	-	-	10,000
Revaluation	-	-	-	-
Net book value	10,000	-	-	10,000

Properties were externally valued at 31 March 2000 by Weatherall Green & Smith, Chartered Surveyors, on the basis of open market value in accordance with the Appraisal and Valuation Manual published by The Royal Institution of Chartered Surveyors.

Properties charged to secure borrowings of the ultimate holding company are stated in note 14.

Capitalised interest is stated in note 15.

FINSBURY AVENUE ESTATES LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 March 2000

7. Investments and loans to group companies

	Shares in subsidiaries £	Other investments -listed £	Total £	Loans to Group companies £
At cost or directors' valuation				
1 April 1999	91,000,100	-	91,000,100	-
Additions	-	-	-	-
Disposals	-	-	-	-
Revaluation	-	-	-	-
31 March 2000	91,000,100	-	91,000,100	-
At cost				
31 March 2000	91,000,100	-	91,000,100	-
1 April 1999	91,000,100	-	91,000,100	-

Subsidiaries

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

	Activity
Finsbury Avenue (Phase 2) Limited	Property investment
Finsbury Avenue (Phase 3) Limited	Property investment
Finsbury Avenue (Phase 4) Limited	Property investment

These companies are wholly owned and are registered and operate in England and Wales.

FINSBURY AVENUE ESTATES LIMITED

NOTES TO THE ACCOUNTS
for the year ended 31 March 2000

	2000	1999
	£	£
8. Debtors		
Trade debtors	75,883	-
Other debtors	(1)	6,776
Amounts owed by group companies		
- current accounts	68,197,848	71,951,775
Corporation tax	237,063	-
Prepayments and accrued income	12,107	-
	68,522,900	71,958,551
 9. Creditors due within one year		
Trade creditors	52,989	23,208
Corporation tax	400,785	886,390
Other taxation and social security	5,503	-
Accruals and deferred income	86,288	-
	545,565	909,598

FINSBURY AVENUE ESTATES LIMITED

**NOTES TO THE ACCOUNTS
for the year ended 31 March 2000**

10. Provision for liabilities and charges

	Sinking funds £
1 April 1999	-
Additions	-
31 March 2000	-

11. Share capital

	2000 £	1999 £
Authorised		
1,003,878 9.1% cumulative preference shares of £1 each	1,003,878	1,003,878
11,267 ordinary shares of £1 each	11,267	11,267
	<u>1,015,145</u>	<u>1,015,145</u>
Allotted and fully paid		
1,003,878 9.1% cumulative preference shares of £1 each	1,003,878	1,003,878
11,267 ordinary shares of £1 each	11,267	11,267
	<u>1,015,145</u>	<u>1,015,145</u>

The preference shares are entitled to a fixed cumulative dividend of 9.1%. They have no right to surplus profit on a winding up of the Company and are not entitled to be present at or vote at general meetings of the Company.

FINSBURY AVENUE ESTATES LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 March 2000

12. Directors' interests in share and loan capital

No director held a beneficial interest in the share capital of the company. Messrs. J H Ritblat, C Metliss, J H Weston Smith, N S J Ritblat, and R E Bowden 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 director in the ultimate holding company are as follows:-

	Fully paid Ordinary shares		Options over ordinary shares			
			1984 Option Scheme		Sharesave Scheme	
	31 March 2000	1 April 1999	31 March 2000	1 April 1999	31 March 2000	1 April 1999
A Braine	7,744	6,212	42,382	42,382	2,728	2,728

	Rights under Restricted Share Plan			
	Ordinary shares		6% Irredeemable Convertible Bonds (£ nominal)	
	31 March 2000	1 April 1999	31 March 2000	1 April 1999
A Braine	6,770	-	68,000	68,000

FINSBURY AVENUE ESTATES LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 March 2000

13. Reconciliation of movements in shareholders' funds

	Share capital £	Share premium £	Capital reserve - realised £	Capital reserve - revaluation £	Capital reserve - other unrealised £	Profit and loss account £	Total £
Opening shareholders' funds	1,015,145	-	136,737,378	-	-	24,306,530	162,059,053
Retained profit (loss)	-	-	-	-	-	355,382	355,382
Revaluation of properties	-	-	-	13,000	-	-	13,000
Closing shareholders' funds	1,015,145	-	136,737,378	13,000	-	24,661,912	162,427,435

FINSBURY AVENUE ESTATES LIMITED

NOTES TO THE ACCOUNTS
for the year ended 31 March 2000

14. Secured properties

Properties valued at £Nil (1999 - £Nil) were charged to secure borrowings of the ultimate holding company.

15. Capitalised interest

The cumulative interest capitalised on the development of properties is £Nil (1999 - £Nil).

16. Capital commitments

The company had capital commitments contracted at 31 March 2000 of £Nil (1999 - £Nil).

17. Contingent liabilities

In the event of the realisation of properties at book value the liability for tax, after available reliefs at 31 March 2000 is estimated at £0.4m (1999 - £Nil).

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.

18. 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.

John Ritblat, Chairman of the ultimate holding company, has a 5.226% interest in Delancey Estates 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.

19. Non-equity interests

Shareholders' funds includes non-equity interests of £1,003,878 (1999 - £1,003,878).

20. Subsequent events

There have been no significant events since the year end.

21. 9.1% cumulative preference shares

At 31 March 2000 there were no outstanding cumulative arrears.

22. Ultimate holding company

The immediate parent company is Adamant Investment Corporation Limited.

The ultimate holding company is The British Land Company PLC, which is registered in England and Wales. Group accounts for this company are available on request from 10 Cornwall Terrace, Regent's Park, London NW1 4QP.