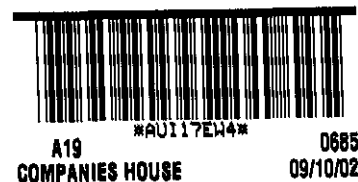

FINSBURY AVENUE ESTATES LIMITED

Annual Report and Accounts

Year ended 31 March 2002



Company number: 1526447

FINSBURY AVENUE ESTATES LIMITED

REPORT OF THE DIRECTORS for the year ended 31 March 2002

The directors present their Report and Accounts for the year ended 31 March 2002.

Principal activity

The principal activity of the company is that of property investment and an investment holding company.

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.

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 21 of the accounts.

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 (2001 - £Nil).

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
G C Roberts (appointed 26 February 2002)
A Braine

The directors' interests in the share and loan capital of the company are set out in note 13 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 2002**

Auditors

Arthur Andersen resigned as the Company's auditors following the agreement it reached with Deloitte & Touche under which partners and staff from Arthur Andersen joined Deloitte & Touche. The directors used their powers under the Companies Act 1985 to appoint Deloitte & Touche as the Company's auditors to fill the vacancy created by Arthur Andersen's resignation. A resolution to re-appoint Deloitte & Touche as auditors will be put to the Annual General Meeting.

This report was approved by the Board on **02 OCT 2002**

A Braine
Secretary



10 Cornwall Terrace
Regent's Park
London
NW1 4QP

FINSBURY AVENUE ESTATES LIMITED

INDEPENDENT AUDITORS REPORT
for the year ended 31 March 2002

To the Shareholders of Finsbury Avenue Estates Limited

We have audited the accounts of Finsbury Avenue Estates Limited for the year ended 31 March 2002 which comprise the Profit and loss account, Balance sheet, Statement of total recognised gains and losses and the related notes numbered 1 to 23. These accounts have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the accounts in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of directors' responsibilities. Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts 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 accounts, 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 and consider the implications for our report if we become aware of any apparent misstatements within it.

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 accounts. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the accounts 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 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 2002 and of the company's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Deloitte & Touche
Chartered Accountants and Registered Auditors

London

2 October 2002

FINSBURY AVENUE ESTATES LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2002

	Note	2002 £	2001 (restated)+ £
Turnover			
Rental income		412,600	371,656
Fees and commissions		-	-
Total turnover		<u>412,600</u>	<u>371,656</u>
Cost of turnover		(88,776)	(153,582)
Gross profit (loss)	2	<u>323,824</u>	<u>218,074</u>
Administrative expenses		-	-
Operating profit (loss)		<u>323,824</u>	<u>218,074</u>
Write down of investment in subsidiary		(1,000,000)	-
Interest receivable			
Associated companies		-	-
External - unlisted		717	387
Interest payable			
Group		-	-
External - other		-	-
Profit (loss) on ordinary activities before taxation	3	(675,459)	218,461
Taxation	5	<u>(97,362)</u>	<u>(80,319)</u>
Profit (loss) after taxation		<u>(772,821)</u>	<u>138,142</u>
Profit (loss) for the year	14	<u><u>(772,821)</u></u>	<u><u>138,142</u></u>

+ Restated as set out in note 1.

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

The accompanying notes form part of these accounts.

FINSBURY AVENUE ESTATES LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 March 2002

	Note	2002 £	2001 (restated)+ £
Retained profit (loss) for the year		(772,821)	138,142
Revaluation of properties		-	-
Total recognised gains and losses relating to the financial year		(772,821)	138,142
Prior year adjustment	1	(842,896)	
Total recognised gains and losses recognised since last annual accounts		(1,615,717)	

HISTORICAL COST PROFITS AND LOSSES
for the year ended 31 March 2002

	2002 £	2001 (restated)+ £
Profit (loss) before taxation	(675,459)	218,461
Realisation of prior year revaluations	-	-
Historical cost profit (loss) before tax	(675,459)	218,461
Retained historical cost profit (loss)	227,179	138,142

+ Restated as set out in note 1.

The accompanying notes form part of these accounts.

FINSBURY AVENUE ESTATES LIMITED

**BALANCE SHEET
as at 31 March 2002**

	Note	2002		2001 (restated)+	
		£	£	£	£
Fixed assets					
Investment properties	6	3,450,100		3,450,000	
Plant	6	-		-	
Investments	7	94,000,100		91,000,104	
Loans to group companies	7	-		-	
		<u>97,450,200</u>		<u>94,450,104</u>	
Current assets					
Debtors	8	65,300,060		68,938,699	
Cash at bank		-		-	
		<u>65,300,060</u>		<u>68,938,699</u>	
Creditors due within one year	9	<u>(584,890)</u>		<u>(604,026)</u>	
Net current assets (liabilities)		<u>64,715,170</u>		<u>68,334,673</u>	
Total assets less current liabilities		162,165,370		162,784,777	
Creditors due after one year	10	-		-	
Provision for liabilities and charges	11	<u>(996,210)</u>		<u>(842,896)</u>	
		<u>(996,210)</u>		<u>(842,896)</u>	
Net assets (liabilities)		<u><u>161,169,160</u></u>		<u><u>161,941,881</u></u>	
Capital and reserves					
Called up share capital	12	1,015,145		1,015,145	
Share premium	14	-		-	
Capital reserves					
- Realised	14	136,737,378		136,737,378	
- Revaluation	14	13,100		13,000	
- Other – unrealised	14	-		-	
Profit and loss account	14	<u>23,403,537</u>		<u>24,176,358</u>	
Equity shareholders' funds	14	<u><u>161,169,160</u></u>		<u><u>161,941,881</u></u>	

Non-equity interests are stated in note 20.

C Metliss



G C Roberts
Directors



Approved by the Board on **02 OCT 2002**

+ Restated as set out in note 1.

The accompanying notes form part of this Balance Sheet.

FINSBURY AVENUE ESTATES LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 March 2002

1. Accounting policies

The principal accounting policies are summarised below. They have been applied consistently throughout the current and the preceding year save for the adoption of Financial Reporting Standard 19 'Deferred Tax' (FRS 19) and Urgent Issues Task Force Abstract 28 'Operating Lease Incentives' (UITF 28), which now have effect.

These accounts 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 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 23).

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 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. Previously, the Group's accounting policy was only to provide for deferred tax to the extent that liabilities or assets were expected to be payable or receivable in the foreseeable future.

FINSBURY AVENUE ESTATES LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 March 2002

1. Accounting policies (continued)

In accordance with FRS19, deferred tax is now 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 accounts. Deferred tax is measured on a non-discounted basis.

Operating lease incentives

Operating lease incentives include rent free periods and other incentives (such as contributions towards fitting out costs) given to lessees on entering into lease agreements. Previously, the Group's accounting policy was to recognise income as the rent fell due and to capitalise appropriate incentives.

In accordance with UITF28 rent receivable in the period from lease commencement to the earlier of the first rent review to the prevailing market rate and the lease end date, is now spread evenly over the period. The cost of other incentives is spread on a straight-line basis over a similar period.

This has been applied to all lease incentives for leases commencing on or after 1 April 2000.

Restatement for FRS 19 and UITF 28

	Operating profit before taxation £	Taxation £	Profit after taxation £	Investment properties £	Provision for liabilities and charges £
Year ended 31 March 2002					
Ignoring FRS 19 and UITF 28	324,541	55,952	380,493	3,450,100	-
Effects of FRS 19	-	(153,314)	(153,314)	-	(996,210)
Effects of UITF 28	-	-	-	-	-
As stated	324,541	(97,362)	227,179	3,450,100	(996,210)
Year ended 31 March 2001					
As previously stated	218,461	138,881	357,342	3,450,000	-
Effects of FRS 19	-	(219,200)	(219,200)	-	(842,896)
Effects of UITF 28	-	-	-	-	-
As restated	218,461	(80,319)	138,142	3,450,000	(842,896)

FINSBURY AVENUE ESTATES LIMITED

**NOTES TO THE ACCOUNTS
for the year ended 31 March 2002**

	2002	2001
	£	£
2. Gross profit (loss)		
Net rental income	323,824	218,074
Fees and commissions	-	-
Other trading income	-	-
	<u>323,824</u>	<u>218,074</u>

	2002	2001
	£	£
3. Profit (loss) on ordinary activities before taxation		
Profit (loss) on ordinary activities before taxation is stated after charging (crediting):		
Amortisation and depreciation	-	-
Auditors' remuneration	-	-
Auditors' remuneration for other services	-	-
	<u>-</u>	<u>-</u>

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

	2002	2001
	£	£
4. Staff costs		
Wages and salaries	-	-
Social security costs	-	-
Pension costs	-	-
	<u>-</u>	<u>-</u>

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 Nil (2001 - Nil).

FINSBURY AVENUE ESTATES LIMITED

NOTES TO THE ACCOUNTS
for the year ended 31 March 2002

5. Taxation	2002	2001
	£	(restated)
		£
UK corporation tax	(55,952)	(138,881)
Adjustments in respect of prior years	-	-
Total current tax	(55,952)	(138,881)
Deferred tax	153,314	219,200
Total taxation (effective tax rate – 30.0%; 2001 – 36.8%)	<u>97,362</u>	<u>80,319</u>
Tax reconciliation		
Profit on ordinary activities	<u>324,541</u>	218,461
Tax on profit on ordinary activities at UK corporation tax rate (30%)	97,362	65,538
Effects of:		
Capital allowances	(153,314)	(204,419)
Tax losses and other timing differences	-	-
Expenses not deductible for tax purposes	-	-
Adjustments in respect of prior years	-	-
Current tax charge	<u>(55,952)</u>	<u>(138,881)</u>

FINSBURY AVENUE ESTATES LIMITED

**NOTES TO THE ACCOUNTS
for the year ended 31 March 2002**

6. Investment and development properties

	Development £	Freehold £	Long leasehold £	Total £
Cost and valuation				
1 April 2001	-	3,450,000	-	3,450,000
Adjustment for UITF28	-	-	-	-
Additions	-	-	-	-
Disposals	-	-	-	-
Group transfers	-	-	-	-
Revaluation surplus	-	-	100	100
31 March 2002	-	3,450,000	100	3,450,100
Amortisation and depreciation				
1 April 2001	-	-	-	-
External disposals	-	-	-	-
Group transfers	-	-	-	-
Charge to revenue	-	-	-	-
31 March 2002	-	-	-	-
Net book value				
31 March 2002	-	3,450,000	100	3,450,100
1 April 2001	-	3,450,000	-	3,450,000
Analysis of cost and valuation				
31 March 2002				
Cost	-	3,437,000	-	3,437,000
Revaluation	-	13,000	100	13,100
Net book value	-	3,450,000	100	3,450,100
1 April 2001				
Cost	-	3,437,000	-	3,437,000
Revaluation	-	13,000	-	13,000
Net book value	-	3,450,000	-	3,450,000

Freehold and leasehold properties were externally valued at 31 March 2002 by Atis Real Weatheralls, 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 15.

Capitalised interest is stated in note 16.

FINSBURY AVENUE ESTATES LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 March 2002

7. Investments and loans to group companies

	Shares in subsidiaries £	Other investments £	Total £	Loans to Group companies £
At cost or directors' valuation				
1 April 2001	91,000,104	-	91,000,104	-
Additions	3,999,996	-	3,999,996	-
Disposals	(1,000,000)	-	(1,000,000)	-
Revaluation	-	-	-	-
31 March 2002	94,000,100	-	94,000,100	-
At cost				
31 March 2002	94,000,100	-	94,000,100	-
1 April 2001	91,000,104	-	91,000,104	-

The company acquired 1,999,998 £1 ordinary shares in Bustoni Limited on their issue during the year, and 1,999,998 £1 shares in Skipkarl Limited on their issue in the year. All shares were acquired at par.

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
Skipkarl Limited	Property investment
Bustoni 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 2002**

8. Debtors

	2002 £	2001 £
Trade debtors	5,221	24,481
Other debtors	(1)	(1)
Amounts owed by group companies		
- current accounts	65,077,099	68,517,506
Corporation tax	194,833	375,944
Prepayments and accrued income	22,908	20,769
	<u>65,300,060</u>	<u>68,938,699</u>

9. Creditors due within one year

	2002 £	2001 £
Trade creditors	2,856	27,932
Other creditors	-	-
Amounts owed to group companies		
- current accounts	-	-
Corporation tax	486,196	486,196
Other taxation and social security	5,061	3,608
Accruals and deferred income	90,777	86,290
	<u>584,890</u>	<u>604,026</u>

10. Creditors due after one year

	2002 £	2001 £
	<u>-</u>	<u>-</u>

FINSBURY AVENUE ESTATES LIMITED

NOTES TO THE ACCOUNTS
for the year ended 31 March 2002

11. Provision for liabilities and charges

	£
1 April 2001 (as restated)	842,896
Charged to profit and loss account	<u>153,314</u>
31 March 2002	<u>996,210</u>

Deferred tax is provided as follows

	2002 £	2001 £
Capital allowances	996,210	842,896
Other timing differences	<u>-</u>	<u>-</u>
	<u>996,210</u>	<u>842,896</u>

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.

12. Share capital

	2002 £	2001 £
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	<u>11,267</u>	<u>11,267</u>
	<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	<u>11,267</u>	<u>11,267</u>
	<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 2002

13. 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, 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 director in the ultimate holding company are as follows:-

	Fully paid Ordinary shares		6% Irredeemable Convertible Bonds (£ nominal)		Options over ordinary shares 1984 Option Scheme		Sharesave Scheme	
	31 March 2002	1 April 2001	31 March 2002	1 April 2001	31 March 2002	1 April 2001	31 March 2002	1 April 2001
A Braine	11,436	9,769	-	-	42,382	42,382	2,519	2,728

	Rights under Restricted Share Plan		6% Irredeemable Convertible Bonds (£ nominal)	
	Ordinary shares			
	31 March 2002	1 April 2001	31 March 2002	1 April 2001
A Braine	44,270	19,270	-	34,000

Granting and lapsing of options for year ended 31/3/02

A Braine exercised options over 2,728 shares at an option price of 355p per share; the middle market quotation on the date of disposal of these 2,728 shares was 517.5p. He was granted options over 2,519 shares at an option price of 377p per share.

FINSBURY AVENUE ESTATES LIMITED

NOTES TO THE ACCOUNTS
for the year ended 31 March 2002

14. 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	13,000	-	25,019,254	162,784,777
Prior year adjustment (note 1)	-	-	-	-	-	(842,896)	(842,896)
Opening position as restated	1,015,145	-	136,737,378	13,000	-	24,176,358	161,941,881
Retained profit (loss)	-	-	-	-	-	(772,821)	(772,821)
Revaluation of properties	-	-	-	100	-	-	100
Closing shareholders' funds	1,015,145	-	136,737,378	13,100	-	23,403,537	161,169,160

FINSBURY AVENUE ESTATES LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 March 2002

15. Secured properties

Properties valued at £Nil (2001 - £Nil) were charged to secure borrowings of the ultimate holding company.

16. Capitalised interest

The cumulative interest capitalised on the development of properties is £Nil (2001 - £Nil).

17. Capital commitments

The company had capital commitments contracted at 31 March 2002 of £Nil (2001 - £Nil).

18. Contingent liabilities

In the event of the realisation of properties at book value the liability for tax, after available reliefs at 31 March 2002 is estimated at £0.4m (2001 - £0.4m).

The deferred tax provision (see note 11) relating to capital allowances on investment properties which would be released on such realisation, assuming no balancing charge would be incurred, is £1.0m (2001 - £0.8m).

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.

19. 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.

20. Non-equity interests

Shareholders' funds includes non-equity interests of £1,003,878 (2001 - £1,003,878).

21. Subsequent events

There have been no significant events since the year end.

22. 9.1% cumulative preference shares

The ultimate holding company has formally waived its rights to a dividend amounting to £91,352.90 on the preference shares for the year ended 31 March 2002

At 31 March 2002 there were no outstanding cumulative arrears (2001 - Nil)

23. 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.