
PROJECT SUNRISE LIMITED

Annual Report and Accounts

Year ended 31 March 2008

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Company number: 1588407

PROJECT SUNRISE LIMITED

REPORT OF THE DIRECTORS **for the year ended 31 March 2008**

The directors submit their Report and Accounts for the year ended 31 March 2008.

Principal activities

The company is a wholly owned subsidiary of The British Land Company PLC and operates as a constituent of The British Land Company PLC group of companies (the "Group"). The company's principal activity is that of an investment holding company in the United Kingdom (UK).

Business review

As shown in the company's profit and loss account on page 5, the company's turnover is £nil compared to a turnover of £4,952,257 in the prior year and profit before tax is £nil compared to a profit before tax of £18,321,149 in the prior year.

Dividends of £nil (2007: £nil) were paid in the year. Dividends paid are shown in note 12.

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

The performance of the Group, which includes the company, is discussed in the group's Annual Report which does not form part of this report.

Details of significant events since the balance sheet date, if any, are contained in note 16 of the financial statements.

The subsidiaries, if any, held by the company are listed in note 6 to the accounts. Where the company has subsidiaries, consolidated financial statements are not presented as the company takes advantage of the exemption afforded by Section 228 of the Companies Act 1985.

Risk management

This company is part of a large property investment group. As such, the fundamental underlying risks for this company are those of the property group as discussed below.

The group generates returns to shareholders through long-term investment decisions requiring the evaluation of opportunities arising in the following areas:

- demand for space from occupiers against available supply;
- differential pricing for premium locations and buildings;
- alternative use for buildings;
- demand for returns from investors in property, compared to other asset classes;
- economic cycles, including their impact on tenant covenant quality, interest rates, inflation and property values;
- price differentials for capital to finance the business;
- legislative changes, including planning consents and taxation; and
- construction pricing and programming.

These opportunities also represent risks, the most significant being change to the value of the property portfolio. This risk has high visibility to senior executives and is considered and managed on a continuous basis. Executives use their knowledge and experience to knowingly accept a measured degree of market risk.

The group's preference for prime assets and their secure long term contracted rental income, primarily with upward only rent review clauses, present lower risks than many other property portfolios.

The company has no third party debt. It therefore has no interest rate exposure.

Environment

Across the Group, The British Land Company PLC recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the Group's activities. The company operates in accordance with Group policies. The Group's full Corporate Responsibility Report is available online at www.britishland.com/crReport/2007.

PROJECT SUNRISE LIMITED

REPORT OF THE DIRECTORS **for the year ended 31 March 2008**

Directors

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

S M Barzycki
L M Bell
R E Bowden (Resigned 31 December 2007)
P C Clarke
S A M Hester (Resigned 15 November 2008)
A M Jones
G C Roberts
T A Roberts
N M Webb

Statement of directors' responsibilities

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

The directors have elected to prepare the financial statements in accordance with UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law).

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 these 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 UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Payments policy

In the absence of dispute, amounts due to trade and other suppliers are settled as expeditiously as possible within their terms of payment. Payments are administered on a consistent basis throughout the Group by The British Land Company PLC whose suppliers' days outstanding at 31 March 2008 were 24 (31 March 2007: 26).

PROJECT SUNRISE LIMITED

**REPORT OF THE DIRECTORS
for the year ended 31 March 2008**

Disclosure of information to Auditors

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


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

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Auditors

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

This report was approved by order of the Board on 26 January 2009



Secretary

PROJECT SUNRISE LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PROJECT SUNRISE LIMITED
for the year ended 31 March 2008**

We have audited the financial statements of for the year ended 31 March 2008 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 17. 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 an 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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 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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008 and of its nil profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte

Deloitte LLP
Chartered Accountants and Registered Auditors
London

28 January 2009

PROJECT SUNRISE LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2008

	Note	2008 £	9 months ended 31 March 2007 £
Turnover			
Rental income			4,952,257
Fees and commissions			
Other trading income			
Total turnover		<hr/>	<hr/> 4,952,257
Cost of sales			(529)
Gross profit		<hr/>	<hr/> 4,951,728
Administrative expenses			(140,579)
Operating profit		<hr/>	<hr/> 4,811,149
Profit on disposal of properties			18,230,000
Profit on disposal of investments			
Group transfer of investments			
Write down of investments in subsidiaries			
Dividends receivable			
Profit on ordinary activities before interest		<hr/>	<hr/> 23,041,149
Interest receivable			
Group			
Associated companies			
External - other			
Interest payable			
Group			(4,720,000)
Associated companies			
External			
- bank overdrafts and loans			
- other loans			
Profit on ordinary activities before taxation	2	<hr/> -	<hr/> 18,321,149
Taxation	4		(4,348,137)
Profit for the financial year		<hr/> <hr/>	<hr/> <hr/> 13,973,012

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

PROJECT SUNRISE LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 March 2008**

	2008 £	9 months ended 31 March 2007 £
Profit on ordinary activities after taxation		13,973,012
Unrealised surplus (deficit) on revaluation of investment properties		
Unrealised surplus (deficit) on revaluation of investments		
Unrealised surplus (deficit) on revaluation of subsidiaries		
Derivative valuation and exchange translation movements on net investments		
Taxation on realisation of prior year revaluations		
Total recognised gains and losses relating to the financial year	<u>-</u>	<u>13,973,012</u>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES
for the year ended 31 March 2008**

	2008 £	9 months ended 31 March 2007 £
Profit on ordinary activities before taxation		18,321,149
Realisation of prior year revaluations		
Historical cost profit on ordinary activities before taxation	<u>-</u>	<u>18,321,149</u>
Historical cost profit for the year retained after taxation	<u>-</u>	<u>13,973,012</u>

PROJECT SUNRISE LIMITED

**BALANCE SHEET
as at 31 March 2008**

	Note	2008 £	£	2007 £	£
Fixed assets					
Investment properties	5				
Plant and Machinery					
Investments	6	60,000,102		60,000,102	
		<u>60,000,102</u>		<u>60,000,102</u>	
Current assets					
Debtors	7				
Cash and deposits					
		<u> </u>		<u> </u>	
Creditors due within one year	8	(46,018,953)		(46,018,953)	
		<u> </u>		<u> </u>	
Net current liabilities		(46,018,953)		(46,018,953)	
Total assets less current liabilities		<u>13,981,149</u>		<u>13,981,149</u>	
Creditors due after one year	9				
Provision for liabilities	10				
		<u> </u>		<u> </u>	
Net assets		<u>13,981,149</u>		<u>13,981,149</u>	
Capital and reserves					
Called up share capital	11	8,137		8,137	
Share premium	12				
Revaluation reserve	12				
Profit and loss account	12	13,973,012		13,973,012	
Shareholders' funds	12	<u>13,981,149</u>		<u>13,981,149</u>	

These financial statements were approved by the Board of Directors on 26 January 2009


Director

PROJECT SUNRISE LIMITED

Notes to the accounts for the year ended 31 March 2008

1. Accounting policies

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

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

Accounting basis

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

Where the company has subsidiaries, it 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 17).

Cash flow statement

The company is exempt under FRS 1 (Revised) from preparing a cashflow statement.

Properties

Properties are externally valued on an open market basis at the balance sheet date. Investment and development properties are recorded at valuation. Any surplus or deficit arising is transferred to revaluation reserve, unless a deficit is expected to be permanent, in which case it is charged to the profit and loss account. Disposals are recognised on completion: profit on disposal is determined as the difference between sales proceeds and the carrying amount of the asset at the commencement of the accounting period plus additions in the period.

In accordance with Statement of Standard Accounting Practice 19, no depreciation is provided in respect of investment property. The directors consider that this accounting policy, which represents a departure from the statutory accounting rules, is necessary to provide a true and fair view. The financial effect of the departure from these rules cannot reasonably be quantified as depreciation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified. Where properties held for investment are appropriated to trading stock, they are transferred at market value.

The cost of properties in course of development includes attributable interest and other associated outgoings. Interest is calculated on the development expenditure by reference to specific borrowings where relevant and otherwise on the average rate applicable to short-term loans. Interest is not capitalised where no development activity is taking place.

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

Financial liabilities

Debt instruments are stated at their net proceeds on issue. Finance charges including premiums payable on settlement or redemption and direct issue costs are spread over the period to redemption, using the effective interest method.

PROJECT SUNRISE LIMITED

Notes to the accounts for the year ended 31 March 2008

1. Accounting policies (continued)

Investments

Fixed asset investments are stated at cost less provision for impairment.

Taxation

Current tax is based on taxable profit for the year and is calculated using tax rates that have been enacted or substantively enacted. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are not taxable (or tax deductible). In particular the Group (including this company) became a REIT on 1 January 2007 and income and gains on qualifying assets are now exempt from taxation.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Net rental income

Rental income is recognised on an accruals basis. A rent adjustment based on open market estimated rental value is recognised from the rent review date in relation to unsettled rent reviews. Where a rent free period is included in a lease, the rental income foregone is allocated evenly over the period from the date of lease commencement to the next rent review date. Rental income from fixed and minimum guaranteed rent reviews is recognised on a straight-line basis over the shorter of the entire lease term or the period to the first break option. Where such rental income is recognised ahead of the related cash flow, an adjustment is made to ensure the carrying value of the related property including the accrued rent does not exceed the external valuation.

Initial direct costs incurred in negotiating and arranging a new lease are amortised on a straight-line basis over the period from the date of lease commencement to the next rent review date.

Where a lease incentive payment, including surrender premiums paid, does not enhance the value of a property, it is amortised on a straight-line basis over the period from the date of lease commencement to the next rent review date. Upon receipt of a surrender premium for the early determination of a lease, the profit, net of dilapidations and non-recoverable outgoings relating to the lease concerned is immediately reflected in income.

**Notes to the accounts
for the year ended 31 March 2008**

PROJECT SUNRISE LIMITED

**Notes to the accounts
for the year ended 31 March 2008**

		9 months ended 31 March 2007
	2008	2007
	£	£
4. Taxation		
Current tax		
UK corporation tax		4,348,137
Adjustments in respect of prior years		
Total current tax charge (credit)	<hr/>	<hr/> 4,348,137
Deferred tax		
Origination and reversal of timing differences		
Prior year items		
Total deferred tax charge (credit)	<hr/>	<hr/>
Total taxation charge (credit) (effective tax rate: 0.0% ; (2007: 23.7%))	<hr/> <hr/> -	<hr/> <hr/> 4,348,137
Tax reconciliation		
Profit on ordinary activities before taxation	<hr/>	<hr/> 18,321,149
Tax on profit on ordinary activities at UK corporation tax rate of 30% (2007: 30%)		5,496,345
Effects of:		
REIT conversion charge		4,324,600
REIT exempt income and gains		(3,808)
Capital allowances		
Tax losses and other timing differences		
(Income not taxable) expenses not deductible for tax purposes		(5,469,000)
Transfer pricing adjustments		
Group relief (claimed) surrendered for nil consideration		
Adjustments in respect of prior years		
Current tax charge (credit)	<hr/> <hr/> -	<hr/> <hr/> 4,348,137

Included in the tax charge is a net charge of £nil (2007: £nil) attributable to property sales.

The unprovided tax which would arise on the disposal of properties at valuation after available loss relief but without recourse to tax structuring is in the region of £nil (2007: £nil).

PROJECT SUNRISE LIMITED

Notes to the accounts for the year ended 31 March 2008

5. Property

	Development £	Freehold £	Long leasehold £	Short leasehold £	Total £
At valuation					
1 April 2007					
Additions					
Disposals					
Group transfers - in					
Group transfers - out					
Revaluation surplus (deficit)					
31 March 2008	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Analysis of cost and valuation					
31 March 2008					
Cost					
Revaluation					
Net book value	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1 April 2007					
Cost					
Revaluation					
Net book value	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Properties were valued as at 31 March 2008 by Knight Frank LLP, Chartered Surveyors, as External Valuers on the basis of Market Value in accordance with the requirements of the Royal Institution of Chartered Surveyors Valuation Standards, sixth edition.

PROJECT SUNRISE LIMITED

Notes to the accounts for the year ended 31 March 2008

6. Investments

	Shares in subsidiaries £	Other investments £	Total £
At cost or directors' valuation			
1 April 2007	60,000,102		60,000,102
Additions			
Disposals			
Group Transfers - in			
Group Transfers - out			
Provision for write-down			
Revaluation			
31 March 2008	60,000,102	-	60,000,102
Provision for write-down			
1 April 2007			
Provision for write-down			
Disposals			
31 March 2008	-	-	-
Net book value			
31 March 2008	60,000,102	-	60,000,102
1 April 2007	60,000,102	-	60,000,102

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.

	Interest
Project Sunrise Investments Limited	100%
Project Sunrise Properties Limited	100%

These companies are incorporated in Great Britain

The principal activity of these companies is property investment.

PROJECT SUNRISE LIMITED

**Notes to the accounts
for the year ended 31 March 2008**

7. Debtors	2008	2007
	£	£
Current debtors (receivable within one year)		
Trade debtors		
Amounts owed by group companies - current accounts		
Amounts owed by associated companies - current accounts		
Corporation tax		
Other debtors		
Prepayments and accrued income		
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

Included in prepayments and accrued income is an amount of £nil (2007 : £nil), relating to lease incentives which are amortised over the period to the next rent review which may be due after more than one year.

Long-term debtors (receivable after more than one year)		
Amounts owed by group companies - Long term loans	<u> </u>	<u> </u>

8. Creditors due within one year	2008	2007
	£	£
Trade creditors		
Amounts owed to group companies - current accounts	45,970,036	45,970,036
Amounts owed to associated companies - current accounts		
Corporation tax	23,536	23,536
Other taxation and social security		
Other creditors	25,381	25,381
Accruals and deferred income		
	<u>46,018,953</u>	<u>46,018,953</u>

Amounts owed to fellow group companies are repayable on demand. There is no interest charged on these balances.

PROJECT SUNRISE LIMITED

**Notes to the accounts
for the year ended 31 March 2008**

9. Creditors due after one year (including borrowings.)		2008	2007
		£	£
Debentures and loans	due 1 to 2 years		
	due 2 to 5 years		
	due after 5 years		
		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>

10. Provision for liabilities

	Sinking fund	Deferred tax	Total
	£	£	£
1 April 2007			
Charged (credited) to the profit and loss account			
Released			
Utilised in year			
31 March 2008	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>

Deferred tax is provided as follows	2008	2007
	£	£
Accelerated capital allowances		
Other timing differences		
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

The deferred tax provision relates primarily to capital allowances claimed on plant and machinery within investment properties. For the period prior to conversion to a REIT or for properties not within the REIT regime, 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.

PROJECT SUNRISE LIMITED

**Notes to the accounts
for the year ended 31 March 2008**

11. Share capital

	2008 £	2007 £
Authorised share capital		
Ordinary Shares of £0.10 each		
Balance as at 1 April 2007 and as at 31 March 2008 : 90,000 shares	<u>9,000</u>	<u>9,000</u>
Issued share capital - allotted, called up and fully paid		
Ordinary Shares of £0.10 each		
Balance as at 1 April 2007 and as at 31 March 2008 : 81,374 shares	<u>8,137</u>	<u>8,137</u>

PROJECT SUNRISE LIMITED

**Notes to the accounts
for the year ended 31 March 2008**

12. Reconciliation of movements in shareholders' funds and reserves

	Share capital £	Share premium £	Revaluation reserve £	Hedging & translation reserve £	Profit and loss account £	Total £
Opening shareholders' funds	8,137				13,973,012	13,981,149
Profit for the financial year						
Dividends						
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						
Derivative valuation and exchange translation movements on net investments						
Closing shareholders' funds	8,137	-	-	-	13,973,012	13,981,149

PROJECT SUNRISE LIMITED

Notes to the accounts for the year ended 31 March 2008

13. Capital commitments

The company had capital commitments contracted as at 31 March 2008 of £nil (2007 : £nil).

14. 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.

15. 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.

16. Subsequent events

There have been no significant events since the year end.

17. Immediate parent and ultimate holding company

The immediate parent company is Union Property Holdings (London) Limited.

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 and registered in England and Wales. Group accounts for this company are available on request from British Land, York House, 45 Seymour Street, London, W1H 7LX.