
BROADGATE CITY LIMITED

Annual Report and Accounts

Year ended 31 March 2004



Company number: 1769078

BROADGATE CITY LIMITED

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 investment.

The subsidiaries held by the company are listed in note 6 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.

The directors do not recommend the payment of a dividend (2003 - £Nil).

Directors

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

J H Ritblat
J H Weston Smith
N S J Ritblat
R E Bowden
G C Roberts

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.

BROADGATE CITY LIMITED

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

Annual General Meeting

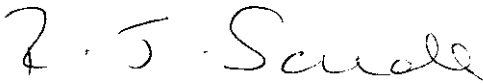
At the Annual General Meeting of the company held on 20 September 2000 Elective Resolutions were passed to dispense with the following requirements:

- 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

The auditors, Deloitte & Touche LLP are willing to continue in office ,.

This report was approved by the Board on **23 SEP 2004**



R J Scudamore
Secretary

10 Cornwall Terrace
Regent's Park
London
NW1 4QP

BROADGATE CITY LIMITED

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

To the members of BROADGATE CITY LIMITED

We have audited the financial statements of Broadgate City 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

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

London

23 September 2004

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

	Note	2004 £	2003 £
Turnover			
Rental income		7,624,696	1,174,488
Fees and commissions			
Other trading income			
Total turnover		<u>7,624,696</u>	<u>1,174,488</u>
Cost of turnover		(39,876)	(46,692)
Gross profit (loss)		<u>7,584,820</u>	<u>1,127,796</u>
Administrative expenses			
Operating profit (loss)		<u>7,584,820</u>	<u>1,127,796</u>
Profit (loss) on disposal of properties			
Profit (loss) on disposal of investments			
Group transfer of investments			
Write down of subsidiaries			
Dividends receivable			
Interest receivable			
Group			
Associated companies			
External - other			
Interest payable			
Group		(1,126,545)	
External - other			
Profit (loss) on ordinary activities before taxation	2	<u>6,458,275</u>	<u>1,127,796</u>
Taxation	4	(1,947,482)	(338,338)
Profit (loss) on ordinary activities after taxation		<u>4,510,793</u>	<u>789,458</u>
Dividends paid and proposed			
Retained profit (loss) for the year	13	<u><u>4,510,793</u></u>	<u><u>789,458</u></u>

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

BROADGATE CITY LIMITED

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

	2004 £	2003 £
Profit (loss) on ordinary activities after taxation	4,510,793	789,458
Unrealised surplus (deficit) on revaluation of investment properties	(12,791,862)	19,067,427
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		
Total recognised gains and losses relating to the financial year	<u>(8,281,069)</u>	<u>19,856,885</u>

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

	2004 £	2003 £
Profit (loss) on ordinary activities before taxation	6,458,275	1,127,796
Realisation of prior year revaluations		
Historical cost profit (loss) on ordinary activities before taxation	<u>6,458,275</u>	<u>1,127,796</u>
Historical cost profit (loss) for the year retained after taxation	<u>4,510,793</u>	<u>789,458</u>

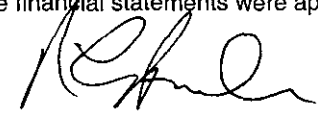
BROADGATE CITY LIMITED

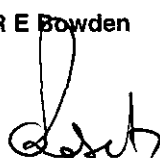
BALANCE SHEET as at 31 March 2004

	Note	2004 £	£	2003 £	£
Fixed assets					
Investment properties	5	122,060,000		124,170,000	
Plant					
Investments	6	3,135,930		3,125,600	
Loans to group companies	6				
		<u>125,195,930</u>		<u>127,295,600</u>	
Current assets					
Debtors	7	72,385		1,737,532	
Cash and deposits					
		<u>72,385</u>		<u>1,737,532</u>	
Creditors due within one year	8	(27,617,544)		(23,117,424)	
		<u>(27,617,544)</u>		<u>(23,117,424)</u>	
Net current assets (liabilities)		(27,545,159)		(21,379,892)	
Total assets less current liabilities		<u>97,650,771</u>		<u>105,915,708</u>	
Creditors due after one year	9				
Provision for liabilities and charges	10	(323,519)		(307,387)	
		<u>(323,519)</u>		<u>(307,387)</u>	
Net assets (liabilities)		<u>97,327,252</u>		<u>105,608,321</u>	
Capital and reserves					
Called up share capital	11	1,000,000		1,000,000	
Share premium	13				
Revaluation reserve	13	6,532,665		19,324,527	
Other unrealised reserve	13				
Profit and loss account	13	89,794,587		85,283,794	
Equity shareholders' funds	13	<u>97,327,252</u>		<u>105,608,321</u>	

Non-equity interests are stated in note 17.

These financial statements were approved by the Board of Directors on **23 SEP 2004**


R E Bowden


G C Roberts
Directors

BROADGATE CITY LIMITED

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 investment properties and 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

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.

Development properties are included in investment properties and stated at cost, except where the open market value falls below cost, when they are revalued to the lower amount. The revaluation deficit is transferred to the revaluation reserve unless it represents a clear consumption of economic benefits, in which case it is charged to the profit and loss account. The cost of properties in course of development includes attributable interest and other outgoings having regard to the development potential of the property. 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.

BROADGATE CITY LIMITED

Notes to the accounts for the year ended 31 March 2004

1. Accounting policies (continued)

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 less provision for impairment.

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.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate. All exchange differences are included in the profit and loss account.

Pensions

The amount charged to the profit and loss account in respect of pensions costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

BROADGATE CITY LIMITED

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

2. Profit (loss) on ordinary activities before taxation	2004	2003
	£	£

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

Amortisation and depreciation

Auditors' remuneration

Auditors' remuneration for other services

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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.

3. Staff costs	2004	2003
	£	£

Wages and salaries

Social security costs

Pension costs

=====	=====
=====	=====

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 (2003 - Nil).

BROADGATE CITY LIMITED**Notes to the accounts
for the year ended 31 March 2004**

4. Taxation	2004	2003
	£	£
Current tax		
UK corporation tax	1,931,350	316,829
Adjustments in respect of prior years		
Total current tax charge (credit)	<u>1,931,350</u>	<u>316,829</u>
Deferred tax		
Origination and reversal of timing differences	16,132	21,509
Prior year items		
Total deferred tax charge (credit)	<u>16,132</u>	<u>21,509</u>
Total taxation (effective tax rate – 30.2%; 2003 – 30.0%)	<u><u>1,947,482</u></u>	<u><u>338,338</u></u>
Tax reconciliation		
Profit on ordinary activities before taxation	<u>6,458,275</u>	<u>1,127,796</u>
Tax on profit on ordinary activities at UK corporation tax rate of 30% (2003 - 30%)	1,937,482	338,339
Effects of:		
Capital allowances	(16,132)	(21,510)
Tax losses and other timing differences		
Expenses not deductible for tax purposes	10,000	
Adjustments in respect of prior years		
Current tax charge (credit)	<u><u>1,931,350</u></u>	<u><u>316,829</u></u>

Included in the tax charge is a net charge of £Nil (2003 - £Nil) attributable to property sales.

Where the company currently owns properties, further taxation that might become payable if the properties were sold at open market value is estimated at £1.1m (2003 - £5.6m). This unprovided taxation is stated after taking account of the FRS19 capital allowance deferred tax provision of £0.3m (2003 - £0.3m) recorded in the balance sheet which, as described in note 10, would be expected to be released on sale.

This unprovided taxation could be reduced by tax losses, the amount and availability of which is currently uncertain.

BROADGATE CITY LIMITED

Notes to the accounts for the year ended 31 March 2004

5. Investment and development properties

	Development £	Freehold £	Long leasehold £	Total £
Cost and valuation				
1 April 2003		3,270,000	120,900,000	124,170,000
Additions			2,031,862	2,031,862
Disposals				
Group transfers			8,650,000	8,650,000
Revaluation surplus (deficit)		640,000	(13,431,862)	(12,791,862)
31 March 2004		3,910,000	118,150,000	122,060,000
Analysis of cost and valuation				
31 March 2004				
Cost		2,843,000	112,684,335	115,527,335
Revaluation		1,067,000	5,465,665	6,532,665
Net book value		3,910,000	118,150,000	122,060,000
1 April 2003				
Cost		2,843,000	102,002,473	104,845,473
Revaluation		427,000	18,897,527	19,324,527
Net book value		3,270,000	120,900,000	124,170,000

Properties were externally valued at 31 March 2004 by ATIS REAL Weatheralls, Chartered Surveyors, on the basis of Market Value in accordance with the Appraisal and Valuation Manual published by The Royal Institution of Chartered Surveyors.

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

BROADGATE CITY LIMITED

Notes to the accounts for the year ended 31 March 2004

6. Investments and loans to group companies

	Shares in subsidiaries £	Shares in joint ventures £	Total £	Loans to Group companies £
<i>At cost or directors' valuation</i>				
1 April 2003	3,125,100	500	3,125,600	
Additions	10,330		10,330	
Disposals				
Provision for write-down				
Revaluation				
31 March 2004	<u>3,135,430</u>	<u>500</u>	<u>3,135,930</u>	
<i>At cost</i>				
31 March 2004	<u>3,135,430</u>	<u>500</u>	<u>3,135,930</u>	
1 April 2003	<u>3,125,100</u>	<u>500</u>	<u>3,125,600</u>	

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	Interest %
Broadgate Square Limited	Property investment	100
Four Broadgate Limited	Property investment	100
Reboline Limited	Property investment	100
Six Broadgate Limited	Property investment	100
Broadgate (AMA) Limited	Dormant	100
Broadgate Interior Construction Limited	Dormant	100
Broadgate Investment Holdings Limited	Dormant	100
Broadgate Property Management Limited	Dormant	100
Turnlock Securities Limited	Dormant	100

These companies are incorporated in Great Britain.

Shares in joint ventures

The company has investment in the following joint venture.

	Interest %	Cost of investment £	Share of capital and reserves 2004 £	2003 £
G.E.H. Properties Limited	50	500	9,976,578	8,972,051

This property investment company is incorporated in Great Britain.

BROADGATE CITY LIMITED**Notes to the accounts
for the year ended 31 March 2004**

7. Debtors	2004	2003
	£	£
Trade debtors	72,158	1,728,336
Corporation tax		
<i>Amounts owed by group companies - current accounts</i>		
Other debtors		
Prepayments and accrued income	227	9,196
	<u>72,385</u>	<u>1,737,532</u>
8. Creditors due within one year	2004	2003
	£	£
Trade creditors	800	800
Amounts owed to group companies - current accounts	23,504,203	20,967,063
Corporation tax	2,248,179	365,740
Other taxation and social security	10,953	37,280
Other creditors		
Accruals and deferred income	1,853,409	1,746,541
	<u>27,617,544</u>	<u>23,117,424</u>
9. Creditors due after one year	2004	2003
	£	£
Debentures and loans		
	<u></u>	<u></u>

BROADGATE CITY LIMITED

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		307,387	307,387
Charged (credited) to the profit and loss account		16,132	16,132
31 March 2004		323,519	323,519

Deferred tax is provided as follows

	2004	2003
	£	£
Accelerated capital allowances	323,519	307,387
Other timing differences		
	323,519	307,387

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
	£	£
Authorised		
5,000,000 ordinary shares of £1 each	5,000,000	5,000,000
	5,000,000	5,000,000
Allotted, called up and fully paid		
1,000,000 ordinary shares of £1 each	1,000,000	1,000,000
	1,000,000	1,000,000

BROADGATE CITY LIMITED

**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. The directors set out on page 1 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.

BROADGATE CITY LIMITED**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	1,000,000		19,324,527		85,283,794	105,608,321
Retained profit (loss) for the year					4,510,793	4,510,793
Share issues in the year						
Unrealised surplus (deficit) on revaluation of investment properties			(12,791,862)			(12,791,862)
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>1,000,000</u>		<u>6,532,665</u>		<u>89,794,587</u>	<u>97,327,252</u>

BROADGATE CITY LIMITED

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 Union Property Corporation 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. Group accounts for this company are available on request from 10 Cornwall Terrace, Regent's Park, London NW1 4QP.

The ultimate holding company has confirmed in writing that it will not demand repayment of amounts owed to it within twelve months of the date of signing of these accounts.