
BROADGATE CITY LIMITED

Annual Report and Accounts

Year ended 31 March 2002

Company number: 1769078



BROADGATE CITY 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.

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
J H Weston Smith
N S J Ritblat
R E Bowden
G C Roberts (appointed 26 February 2002)

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.

BROADGATE CITY LIMITED
REPORT OF THE DIRECTORS
for the year ended 31 March 2002

Annual General Meeting

By a written resolution 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

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.

This report was approved by the Board on 5/11/02.



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 2002

To the Shareholders of Broadgate City Limited

We have audited the accounts of Broadgate City 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 22. 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 profit 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

5 November 2002

BROADGATE CITY LIMITED
PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2002

	Note	2002 £	2001 (restated)+ £
Turnover			
Rental income		254,525	250,355
Fees and commissions		-	-
Total turnover		254,525	250,355
Cost of turnover		(2,282)	(2,305)
Gross profit (loss)	2	252,243	248,050
Administrative expenses		-	-
Operating profit (loss)		252,243	248,050
Interest receivable			
Joint ventures		-	-
External – unlisted		6,391	-
Interest payable			
Group		-	-
External – other		-	-
Profit (loss) on ordinary activities before taxation	3	258,634	248,050
Taxation	5	(77,591)	(340,072)
Profit (loss) after taxation		181,043	(92,022)
Retained Profit (loss) for the year	14	181,043	(92,022)

+ 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.

BROADGATE CITY 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		181,043	(92,022)
Revaluation of properties		100	35,000
Total recognised gains and losses relating to the financial year		181,143	(57,022)
Prior year adjustment	1	(257,198)	
Total recognised gains and losses recognised since last annual accounts		(76,055)	

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

	2002 £	2001 (restated)+ £
Profit (loss) before taxation	258,634	248,050
Realisation of prior year revaluations	-	-
Historical cost profit (loss) before tax	258,634	248,050
Retained historical cost profit (loss)	181,043	(92,022)

+ Restated as set out in note 1.

The accompanying notes form part of these accounts.

BROADGATE CITY LIMITED

BALANCE SHEET
as at 31 March 2002

	Note	2002		2001 (restated)+	
		£	£	£	£
Fixed assets					
Investment properties	6		3,100,100		3,100,000
Plant	6		-		-
Investments	7		1,125,602		1,125,602
Loans to group companies	7		-		-
			<hr/> 4,225,702		<hr/> 4,225,602
Current assets					
Debtors	8	82,014,514		81,760,803	
Cash at bank		-		-	
		<hr/> 82,014,514		<hr/> 81,760,803	
Creditors due within one year	9	(202,902)		(158,914)	
Net current assets (liabilities)			<hr/> 81,811,612		<hr/> 81,601,889
Total assets less current liabilities			86,037,314		85,827,491
Creditors due after one year	10	-		-	
Provision for liabilities and charges	11	(285,878)		(257,198)	
			<hr/> (285,878)		<hr/> (257,198)
Net assets (liabilities)			<hr/> <hr/> 85,751,436		<hr/> <hr/> 85,570,293
Capital and reserves					
Called up share capital	12		1,000,000		1,000,000
Share premium	14		-		-
Capital reserves					
- Realised	14		14,538,540		14,538,540
- Revaluation	14		257,100		257,000
- Other – unrealised	14		-		-
Profit and loss account	14		<hr/> 69,955,796		<hr/> 69,774,753
Equity shareholders' funds	14		<hr/> <hr/> 85,751,436		<hr/> <hr/> 85,570,293

Non-equity interests are stated in note 20.


N S J Roberts

G C Roberts
Directors

Approved by the Board on 5/11/02.

+ Restated as set out in note 1.

The accompanying notes form part of this Balance Sheet.

BROADGATE CITY 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 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 22).

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.

BROADGATE CITY LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 March 2002

1. Accounting policies (continued)

Taxation

Corporation tax payable is provided on taxable profits at the current rate.

On disposal of an investment property the element of tax relating to 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.

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	258,634	(48,911)	209,723	3,100,100	-
Effects of FRS 19	-	(28,680)	(28,680)	-	(285,878)
Effects of UITF 28	-	-	-	-	-
As stated	258,634	(77,591)	181,043	3,100,100	(285,878)
Year ended 31 March 2001					
As previously stated	248,050	(299,067)	(51,017)	3,100,000	-
Effects of FRS 19	-	(41,005)	(41,005)	-	(257,198)
Effects of UITF 28	-	-	-	-	-
As restated	248,050	(340,072)	(92,022)	3,100,000	(257,198)

BROADGATE CITY LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 March 2002

	2002 £	2001 £
2. Gross profit (loss)		
Net rental income	252,243	248,050
Fees and commissions	-	-
Other trading income	-	-
	<u>252,243</u>	<u>248,050</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 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).

BROADGATE CITY LIMITED

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

5. Taxation	2002 £	2001 (restated) £
UK corporation tax	48,911	36,175
Adjustments in respect of prior years	-	262,892
Total current tax	48,911	299,067
Deferred tax	28,680	41,005
Total taxation (effective tax rate – 30%; 2001 – 137.1%)	77,591	340,072
Tax reconciliation		
Profit on ordinary activities	258,634	248,050
Tax on profit on ordinary activities at UK corporation tax rate (30%)	77,591	74,415
Effects of:		
Capital allowances	(28,680)	(38,240)
Tax losses and other timing differences	-	-
Expenses not deductible for tax purposes	-	-
Adjustments in respect of prior years	-	262,892
Current tax charge	48,911	299,067

BROADGATE CITY 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	-	3,100,000	-	3,100,000
Adjustment for UITF28	-	-	-	-
Additions	-	-	-	-
Disposals	-	-	-	-
Group transfers	-	-	-	-
Revaluation surplus	-	-	100	100
31 March 2002	-	3,100,000	100	3,100,100
Amortisation and depreciation				
1 April 2001	-	-	-	-
External disposals	-	-	-	-
Group transfers	-	-	-	-
Charge to revenue	-	-	-	-
31 March 2002	-	-	-	-
Net book value				
31 March 2002	-	3,100,000	100	3,100,100
1 April 2001	-	3,100,000	-	3,100,000
Analysis of cost and valuation				
31 March 2002				
Cost	-	2,843,000	-	2,843,000
Revaluation	-	257,000	100	257,100
Net book value	-	3,100,000	100	3,100,100
1 April 2001				
Cost	-	2,843,000	-	2,843,000
Revaluation	-	257,000	-	257,000
Net book value	-	3,100,000	-	3,100,000

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.

BROADGATE CITY 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	1,125,102	500	1,125,602	-
Additions	-	-	-	-
Disposals	-	-	-	-
Revaluation	-	-	-	-
31 March 2002	1,125,102	500	1,125,602	-
At cost				
31 March 2002	1,125,102	500	1,125,602	-
1 April 2001	1,125,102	500	1,125,602	-

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
Broadgate Square Limited	Property investment
Four Broadgate Limited	Property investment
Six Broadgate Limited	Property investment
Reboline Limited	Property investment
Broadgate Investment Holdings Limited	Investment Holding
Broadgate Property Management Limited	Estate Management & Property Services
Broadgate (AMA) Limited	Dormant

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

Investment in associated company

The company owns 500 shares of £1 each, fully paid at par, being 50% of the issued share capital of G.E.H. Properties Limited, a company engaged in property investment in the United Kingdom.

Summary	2001 £	2000 £
Shares in subsidiaries	1,125,102	1,125,102
Shares in associated company	500	500
	1,125,602	1,125,602

BROADGATE CITY LIMITED

NOTES TO THE ACCOUNTS
for the year ended 31 March 2002

8. Debtors

	2002	2001
	£	£
Trade debtors	-	-
Other debtors	(1)	60,039
Amounts owed by group companies		
- current accounts	80,657,292	80,343,541
Corporation Tax	1,357,223	1,357,223
Prepayments and accrued income	-	-
	<hr/>	<hr/>
	82,014,514	81,760,803

9. Creditors due within one year

	2002	2001
	£	£
Trade creditors	-	-
Other creditors	600	600
Amounts owed to group companies		
- current accounts	-	-
Corporation tax	85,086	80,095
Other taxation and social security	58,741	34,523
Accruals and deferred income	58,475	43,696
	<hr/>	<hr/>
	202,902	158,914

10. Creditors due after one year

	2002	2001
	£	£
	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

BROADGATE CITY LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 March 2002

11. Provision for liabilities and charges

	£
1 April 2001 (as restated)	257,198
Charged to profit and loss account	28,680
31 March 2002	285,878

Deferred tax is provided as follows	2002 £	2001 £
Capital allowances	285,878	257,198
Other timing differences	-	-
	285,878	257,198

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		
5,000,000 ordinary shares of £1 each	5,000,000	5,000,000
	5,000,000	5,000,000
Allotted 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 2002

13. Directors' interests in share and loan capital

No director held a beneficial interest in the share capital of the company. 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 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	1,000,000	-	14,583,540	257,000	-	70,031,951	85,827,491
Prior year adjustment (note 1)	-	-	-	-	-	(257,198)	(257,198)
Opening position as restated	1,000,000	-	14,538,540	257,000	-	69,774,753	85,570,293
Retained profit (loss)	-	-	-	-	-	181,043	181,043
Revaluation of properties	-	-	-	100	-	-	100
Closing shareholders' funds	1,000,000	-	14,538,540	257,100	-	69,955,796	85,751,436

BROADGATE CITY 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 £0.3m (2001 - 0.3m).

The company is jointly and severally liable with 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.

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.

20. Non-equity interests

Shareholders' funds includes non-equity interests of £Nil (2001 - £Nil).

21. Subsequent events

There have been no significant events since the year end.

22. Ultimate holding company

The immediate parent company is Union Property 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.