

BL MEADOWHALL NO 4 LIMITED

ACCOUNTS

FOR THE YEAR ENDED 30 SEPTEMBER 1999



REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 SEPTEMBER 1999

The Directors hereby submit their Report and the Accounts for the year ended 30 September 1999

Results and Dividends

£000

The accounts of the company show a profit for the financial year of

330

The balance brought forward at 1 October 1998 was

4

Leaving a balance to be carried forward of

334

The Directors do not recommend the payment of a dividend (1998:£380,000)

Activities of the company

The principal activity of the company is investment in property leases.

Details of significant events since the balance sheet date are contained in note 12 of the Accounts.

Year 2000

The company experienced no adverse effects due to the date change at 1 January 2000 either in its own computer system or in its relationships with its customers, suppliers and other group entities.

The company is aware that not all potential related problems may have come to light and continues to monitor the situation.

Directors

The Directors of the company as at 30 September 1999 were:-

J.A. Mercer A.J.J. Bochenski
J.S. Hammond

Mr. J.A. Mercer and A.J.J. Bochenski resigned as Directors on 5 March 2000, and Mr. J.S. Hammond resigned as a Director on 3 February 2000.

Mr. R. Nixon the Company Secretary resigned on 5 March 2000 and Mr. A. Braine was appointed Company Secretary on 5 March 2000.

The following were appointed as Directors on 5 March 2000:-

J.H. Ritblat C. Metliss
J.H. Weston Smith N.S.J. Ritblat
R.E. Bowden S. Adam

On 25 August 2000, C.M.J. Forshaw was appointed as a Director of the Company.

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REPORT OF THE DIRECTORS (continued)

Directors (continued)

The interests of Messrs. J.A. Mercer and A.J.J. Bochenski in the companies within the Bank of Scotland Group, and options to subscribe for Bank of Scotland 25p Stock Units granted or exercised during the year, are disclosed in the accounts of CAPITAL BANK plc, which was the immediate parent undertaking at the company's year end. The interests of Mr J.S. Hammond were as follows:-

<u>Bank of Scotland Ordinary Stock Units of 25p each</u>				
<u>Beneficially owned</u>				
	<u>At 1.10.98</u>		<u>At 30.9.99</u>	
J.S. Hammond	11,556		11,795	
<u>Executive Stock Options</u>				
	<u>Options held at 1.10.98</u>	<u>Options granted</u>	<u>Options exercised</u>	<u>Options held at 30.9.99</u>
J.S. Hammond	18,300	2,750	-	21,050

Bank of Scotland policy is to make an annual grant of options over the ten year life of the Executive Stock Option Schemes.

<u>Savings Related Stock Options</u>				
	<u>Options held at 1.10.98</u>	<u>Options granted</u>	<u>Options exercised</u>	<u>Options held at 30.9.99</u>
J.S. Hammond	457	-	457	-

Full details of the Directors' shareholdings and options are contained in the Register of Directors' Interests which is available for inspection.

The Articles of Association do not provide for the retirement of Directors by rotation.

The current Directors were not Directors of the company during the accounting period under review.

Annual General Meeting

At the Annual General Meeting of the company held on 28 August 1991 Elective Resolutions were passed to dispense with the following requirements:-

- to lay reports and accounts before a general meeting of the company;
- appoint auditors annually; and
- to hold annual general meetings in the future.


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REPORT OF THE DIRECTORS (continued)

Auditors

During the year Ernst & Young resigned as auditors to the company and KPMG Audit Plc were appointed as auditors on 8 April 1999.

BY ORDER OF THE BOARD


A. BRAINE
Secretary

10 Cornwall Terrace
Regent's Park
London NW1 4QP

30th August 2000

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.

REPORT OF THE AUDITOR
to the members of BL Meadowhall No 4 Limited

We have audited the financial statements on pages 6 to 10 which have been prepared under the historical cost convention and on the basis of the stated accounting policies.

Respective responsibilities of directors and auditor

The directors are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. 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.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 of the state of the company's affairs as at 30 September 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
MANCHESTER

30 August 2000

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 1999

	<u>Notes</u>	<u>1999</u> <u>£000</u>	<u>1998</u> <u>£000</u>
TURNOVER	2	2,110	2,063
Finance and trading costs		<u>(1,631)</u>	<u>(1,597)</u>
GROSS PROFIT		479	466
Administration expenses		<u>(4)</u>	<u>(3)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2,3	475	463
Tax on profit on ordinary activities	4	<u>(145)</u>	<u>(84)</u>
PROFIT FOR THE FINANCIAL YEAR		330	379
Proposed dividend		<u>-</u>	<u>(380)</u>
Retained profit/(loss) for the financial year		330	(1)
Balance brought forward		<u>4</u>	<u>5</u>
BALANCE CARRIED FORWARD		<u>334</u>	<u>4</u>

There are no recognised gains and losses other than those shown above.


All activities relate to continuing activities in the United Kingdom.

BL MEADOWHALL NO 4 LIMITED
(formerly IBOS Meadowhall Investments Limited)
BALANCE SHEET AS AT 30 SEPTEMBER 1999

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	<u>Notes</u>	<u>1999</u> <u>£000</u>	<u>1998</u> <u>£000</u>
CURRENT ASSETS			
Finance leases: receivable in more than one year	5	18,875	18,209
CREDITORS: payable within one year	6	<u>(16,734)</u>	<u>(16,404)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,141	1,805
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	7	<u>(1,807)</u>	<u>(1,801)</u>
NET ASSETS		<u>334</u>	<u>4</u>
CAPITAL AND RESERVES			
Called up share capital	8	-	-
Profit and loss account		<u>334</u>	<u>4</u>
EQUITY SHAREHOLDERS' FUNDS	9	<u>334</u>	<u>4</u>

Approved by the Board of Directors on 30th August 2000 and signed on its behalf by


 DIRECTOR
 C.M.J. FORSHAW

NOTES ON THE ACCOUNTS

1. ACCOUNTING POLICIES

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

Accounting convention

The accounts have been prepared on a going concern basis under the historical cost convention and in accordance with applicable Accounting Standards and with S226 of, and Schedule 4 to, the Companies Act 1985.

In accordance with FRS 1, the company is exempt from preparing a cash flow statement. The company's cash flow is included within the group cash flow statement prepared by CAPITAL BANK plc.

Income recognition

An amount is computed to give a constant rate of earnings on the funds invested in property finance leases. The excess of the computed amount over rentals receivable in the year is shown as 'rental equalisation'.

Deferred taxation

Deferred taxation is provided on the liability method on those timing differences which are considered likely to reverse in the foreseeable future.

2. TURNOVER

Turnover, all of which arose from activities within the United Kingdom, represents earnings on funds invested in property leases.

The turnover and profit on ordinary activities before taxation are attributable to one continuing activity, investment in property leases.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>1999</u>	<u>1998</u>
	<u>£000</u>	<u>£000</u>
Profit is stated after crediting:		
Rental income	1,444	1,415
Rental equalisation	<u>666</u>	<u>648</u>
and after charging:		
Intra group interest	1,630	1,596
Directors' remuneration	-	-
Auditors' remuneration - audit	<u>4</u>	<u>3</u>

The company has no employees. It used the services of its immediate parent undertaking during the year for which no charge was made.

NOTES ON THE ACCOUNTS (continued)

4. TAX ON PROFIT ON ORDINARY ACTIVITIES	<u>1999</u> <u>£000</u>	<u>1998</u> <u>£000</u>
The tax charge based on the profit for the year is made up as follows:		
Transfer to/(from) deferred taxation	6	(51)
Corporation tax at a composite rate of 30.5%	139	135
	<u>145</u>	<u>84</u>
5. FINANCE LEASES	<u>1999</u> <u>£000</u>	<u>1998</u> <u>£000</u>
Receivable in more than one year	<u>18,875</u>	<u>18,209</u>
There was no additional investment in finance leases during the year (1998: £nil).		
6. CREDITORS: payable within one year	<u>1999</u> <u>£000</u>	<u>1998</u> <u>£000</u>
Amount owed to immediate parent undertaking	16,529	15,817
VAT	63	62
Corporation tax	139	135
Proposed dividend	-	380
Other creditors	3	10
	<u>16,734</u>	<u>16,404</u>
7. DEFERRED TAXATION	<u>1999</u> <u>£000</u>	<u>1998</u> <u>£000</u>
Full provision has been made as follows:		
Rental equalisation	1,466	1,466
Capital allowances on property leases	341	335
	<u>1,807</u>	<u>1,801</u>
8. SHARE CAPITAL	<u>1999</u>	<u>1998</u>
Ordinary shares of £1 each		
Authorised	<u>100</u>	<u>100</u>
Allotted, called up and fully paid	<u>2</u>	<u>2</u>

NOTES ON THE ACCOUNTS (continued)

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	<u>1999</u> <u>£000</u>	<u>1998</u> <u>£000</u>
Shareholders' funds at 1 October	4	5
Profit for the financial year	330	379
Dividend	-	(380)
Shareholders' funds at 30 September	<u>334</u>	<u>4</u>

10. PARENT UNDERTAKINGS

The parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the company was a member at the year end is the Governor and Company of Bank of Scotland, constituted by Act of the Scottish Parliament in 1695, and the parent undertaking of the smallest such group was CAPITAL BANK plc, incorporated in the United Kingdom. Copies of Bank of Scotland's accounts can be obtained from The Mound, Edinburgh and copies of CAPITAL BANK plc's accounts can be obtained from Queens Park Road, Handbridge, Chester.

Subsequent to the year end, the company was acquired by The British Land Company PLC (see note 12).

11. RELATED PARTY TRANSACTIONS

In accordance with the exemptions afforded by Financial Reporting Standard No.8, there were no reportable transactions with related parties.

12. SUBSEQUENT EVENTS

On 6 March 2000, the entire share capital of the company was acquired by Meadowhall Holdings Limited, a wholly owned subsidiary of The British Land Company PLC. Since then, the company's investment in the Meadowhall property lease was transferred out to another group company and the company has entered into a number of other transactions, including intra group transfers of property and repayment of intra group debt.

In addition, the company has been transferred within the British Land Group and has issued a further 7,330,000 Ordinary Shares for a consideration of £7,330,000.

The company's name been changed to BL Meadowhall No 4 Limited and the year end has been changed from 30 September to 5 March.