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# **BL Meadowhall No.1 Limited**

## **Annual Report and Accounts**

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**Year ended 31 March 2008**

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**Company number: 2269493**

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## **BL Meadowhall No 1 Limited**

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

The directors present their Annual Report and audited Accounts for the year ended 31 March 2008

#### **Business review and principal activities**

The company is a wholly owned subsidiary of The British Land Company PLC. The company's principal activity is property investment in the United Kingdom. All investment properties were sold on 9 April 2005. The directors will continue to look for future investment opportunities.

#### **Results and dividends**

As shown in the company's Profit and loss account on page 5, the company's turnover is nil, following the sale of investment properties as discussed above.

The directors do not recommend the payment of a dividend (2007 - £Nil).

The Balance sheet on page 6 of the financial statements shows that the company's financial position at the year end is, in both net assets and cash terms, consistent with the prior year. Details of amounts due from its fellow group companies are shown in note 4 on page 9.

The company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the Group comprising The British Land Company PLC and subsidiaries, 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 are contained in note 11 of the financial statements.

#### **Risk management**

The company 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 company'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.

#### **Interest rate management**

To manage interest rate fluctuations the Board determines a range for the proportion of projected debt to be maintained at fixed or capped rates of interest. With financing raised at both fixed and variable rates, derivatives (primarily interest rate swaps) are used to achieve the desired interest rate profile.

#### **Liquidity and cash management**

The Group maintains undrawn revolving bank facilities to provide financial liquidity. These can be drawn/repaid at short notice without additional expense, reducing the need to hold liquid resources in cash and deposits.

#### **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/](http://www.britishland.com/crReport/2007/).

**BL Meadowhall No.1 Limited**

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

**Directors**

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

S A M Hester  
R E Bowden (resigned 31/12/2007)  
G C Roberts  
C M J Forshaw  
T A Roberts  
A M Jones  
S M Barzycki  
P C Clarke  
N M Webb  
L M Bell

**Statement of directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 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 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.

**BL Meadowhall No.1 Limited**

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

**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 31st March 2008 were 26 (2007 26)

**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

**Annual General Meeting**

At the Annual General Meeting of the company held on 16 February 2001 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 (Deloitte & Touche LLP are willing to continue in office), and
- to hold annual general meetings in the future

This report was approved by the Board on 09 September 2008



**A Braine**  
Secretary

**BL Meadowhall No.1 Limited**

**INDEPENDENT AUDITORS REPORT  
for the year ended 31 March 2008**

**To the members of BL Meadowhall No 1 Limited**

We have audited the financial statements of BL Meadowhall No 1 Limited for the year ended 31 March 2008 which comprise the profit and loss account, statement of total recognised gains and losses, note of historical cost profits and losses, balance sheet and the related notes 1 to 12. 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 loss 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 & Touche LLP*

**Deloitte & Touche LLP**

Chartered Accountants and Registered Auditors

London

UK

*12 September 2008.*

**BL Meadowhall No.1 Limited**

**PROFIT AND LOSS ACCOUNT  
for the year ended 31 March 2008**

	Note	2008 £	2007 £
Turnover			
Rental income		-	-
<b>Total turnover</b>		<u>-</u>	<u>-</u>
Cost of turnover		-	(36)
<b>Operating loss</b>		<u>-</u>	<u>(36)</u>
Loss on disposal of properties		-	-
<b>Loss on ordinary activities before taxation</b>	2	<u>-</u>	<u>(36)</u>
Taxation	3	(157,832)	-
<b>Loss for the financial year</b>	7	<u><u>(157,832)</u></u>	<u><u>(36)</u></u>

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

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

	2008 £	2007 £
<b>Loss on ordinary activities after taxation</b>	(157,832)	(36)
Unrealised surplus/(deficit) on revaluation of investment properties	-	-
<b>Total recognised losses relating to the financial year</b>	<u><u>(157,832)</u></u>	<u><u>(36)</u></u>

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

	2008 £	2007 £
<b>Loss on ordinary activities before taxation</b>	-	(36)
Realisation of prior year revaluations	-	-
<b>Historical cost loss on ordinary activities before taxation</b>	<u><u>-</u></u>	<u><u>(36)</u></u>
<b>Historical cost loss for the year retained after taxation</b>	<u><u>(157,832)</u></u>	<u><u>(36)</u></u>

**BL Meadowhall No 1 Limited**

**BALANCE SHEET  
as at 31 March 2008**

	Note	2008 £	2007 £
<b>Current assets</b>			
Debtors	4	9,283,743	9,478,775
<b>Creditors due within one year</b>	5	(156,751)	(193,951)
<b>Net current assets</b>		9,126,992	9,284,824
<b>Total assets less current liabilities</b>		9,126,992	9,284,824
<b>Net assets</b>		9,126,992	9,284,824
<b>Capital and reserves</b>			
Called up share capital	6	68,410,000	68,410,000
Profit and loss account	7	(59,283,008)	(59,125,176)
<b>Shareholders' funds</b>	7	9,126,992	9,284,824

These financial statements were approved by the Board of Directors on 09 September 2008

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Director

## **BL Meadowhall No.1 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 12).

#### **Cash flow statement**

The company is exempt from preparing a cash flow statement in accordance with FRS 1. The company's cash flow is included in the group cash flow statement prepared by The British Land Company PLC as part of its consolidated financial statements, which are publicly available (see note 12).

#### **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.

#### **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 provided on items that may become taxable at a later date, on the difference between the balance sheet value and tax base value, on an undiscounted basis. On business combinations, the deferred tax effect of fair value adjustments is incorporated in the consolidated balance sheet.



**BL Meadowhall No 1 Limited**

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

**1 Accounting policies (continued)**

**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.

**2 Loss on ordinary activities before taxation**

There have been no disclosable items charged/(credited) in arriving at the loss on ordinary activities before taxation.

A notional charge of £1,040 (2007: £1,040) is deemed payable to Deloitte & Touche LLP in respect of the audit of the financial statements. Actual amounts payable to Deloitte & Touche LLP are paid at group level by The British Land Company PLC.

No director received any remuneration for services to the company in either year.

Average number of employees, excluding directors, of the company during the year was Nil (2007: Nil).

<b>3 Taxation</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
UK corporation tax	157,832	-
<b>Total current tax charge</b>	<u>157,832</u>	<u>-</u>
<b>Total taxation</b>	<u><u>157,832</u></u>	<u><u>-</u></u>
<b>Tax reconciliation</b>		
Loss on ordinary activities before taxation	<u>-</u>	<u>(36)</u>
Tax on loss on ordinary activities at UK corporation tax rate of 30% (2007: 30%)		(11)
Effects of		
Expenses not deductible for tax purposes	-	(144,478)
Transfer pricing adjustment	157,832	185,036
Group relief not paid for	-	(40,547)
<b>Current tax charge</b>	<u><u>157,832</u></u>	<u><u>-</u></u>

**BL Meadowhall No.1 Limited**

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

<b>4 Debtors</b>	<b>2008 £</b>	<b>2007 £</b>
Amounts owed by group companies - current accounts	<u>9,283,743</u>	<u>9,478,775</u>
<b>5 Creditors due within one year</b>	<b>2008 £</b>	<b>2007 £</b>
Corporation tax	156,751	193,951
	<u>156,751</u>	<u>193,951</u>
<b>6 Share capital</b>	<b>2008 £</b>	<b>2007 £</b>
<b>Authorised</b> 70,000,000 ordinary shares of £1 each	<u>70,000,000</u>	<u>70,000,000</u>
<b>Allotted, called up and fully paid</b> 68,410,000 ordinary shares of £1 each	<u>68,410,000</u>	<u>68,410,000</u>

**BL Meadowhall No 1 Limited**

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

**7 Reconciliation of movements in shareholders' funds and reserves**

	Share capital £	Profit and loss account £	Total £
Opening shareholders' funds	68,410,000	(59,125,176)	9,284,824
Loss for the year	-	(157,832)	(157,832)
Closing shareholders' funds	<u>68,410,000</u>	<u>(59,283,008)</u>	<u>9,126,992</u>

**8 Capital commitments**

The company had capital commitments contracted at 31 March 2008 of £Nil (2007 - £Nil)

**9 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

**10 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

**11 Subsequent events**

There have been no significant events since the year end

**12 Immediate parent and ultimate holding company**

The immediate parent company is Meadowhall Centre 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 interest is The British Land Company PLC, which is incorporated in Great Britain. Group accounts for this company are available on request from York House, 45 Seymour Street, London, W1H 7LX