
Broadgate Estates Limited

Annual Report and Accounts

Year ended 31 March 2003



Company number: 2366959

Broadgate Estates Limited

**REPORT OF THE DIRECTORS
for the year ended 31 March 2003**

The directors present their Annual Report and Accounts for the year ended 31 March 2003.

Principal activity

The principal activity of the company and the group is estate management and the provision of property services.

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

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.

There were no significant events since the balance sheet date.

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 (2002 - £Nil).

Directors

The directors who served during the period were:

C Metliss
J H Weston Smith
A W Adams
R L Fisher
R S Flood
E G Frazer
M I Gunston
J H Iddiols
N F MacLaine
J Sutherland (Resigned 31 March 2003)
B C Winfield

The directors' interests in the share and loan capital of the company are set out in note 11 to the accounts.

Statement of directors' responsibilities

United Kingdom 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; 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 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 Estates Limited

**REPORT OF THE DIRECTORS
for the year ended 31 March 2003**

Annual General Meeting

At the Annual General Meeting of the company held on 25 January 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

On 1 August 2003 Deloitte & Touche transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989. The Company has elected to dispense with the obligation to appoint auditors annually and, accordingly, Deloitte & Touche LLP shall be deemed to be re-appointed as auditors for a further term under the provisions of section 386(2) of the Companies Act 1985.

This report was approved by the Board on **09 SEP 2003**



R/S Flood
Director

10 Cornwall Terrace
Regent's Park
London
NW1 4QP

Broadgate Estates Limited

**INDEPENDENT AUDITORS REPORT
for the year ended 31 March 2003**

To the Shareholders of Broadgate Estates Limited

We have audited the accounts of Broadgate Estates Limited for the year ended 31 March 2003 which comprise the profit and loss accounts, balance sheets and the related notes 1 to 15. These accounts have been prepared under the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders 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 annual report and the accounts 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 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 for the above year and consider the implications for our report if we become aware of any apparent misstatements.

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 and the group at 31 March 2003 and of the 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

9 September 2003

Broadgate Estates Limited

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2003**

PARENT				GROUP
2003	2002		Note	2003
£	£			£
		Turnover		
8,100,627	6,160,000	Fees and Commissions		9,690,261
(6,598,694)	(5,794,284)	Cost of turnover		(8,027,018)
<u>1,501,933</u>	<u>365,716</u>	Gross profit (loss)		<u>1,663,243</u>
<u>1,501,933</u>	<u>365,716</u>	Operating profit (loss)	2	<u>1,663,243</u>
		Profit on disposal of properties		
373,717	360,379	Interest receivable - external		487,841
		Interest payable - external		
<u>1,875,650</u>	<u>726,095</u>	Profit (loss) on ordinary activities before taxation		<u>2,151,084</u>
(562,695)	(217,828)	Taxation	4	(915,953)
<u>1,312,955</u>	<u>508,267</u>	Profit (loss) on ordinary activities after taxation and retained for the year	12	<u>1,235,131</u>

Turnover and results are derived from continuing operations in the United Kingdom. There were no other recognised gains or losses other than those reported above consequently a statement of recognised gains and losses has not been presented. The company has only one significant class of business.

All amounts are stated at historical cost.

Broadgate Estates Limited

**BALANCE SHEET
as at 31 March 2003**

PARENT				GROUP	
2003	2002		Note	2003	2002
£	£			£	£
		Fixed assets			
1,500,082	4	Investments	5		
<u>1,500,082</u>	<u>4</u>				
		Current assets			
3,925,039	4,310,796	Debtors	6	6,541,335	6,306,825
4,669,893	4,146,678	Cash at bank		5,405,472	4,544,238
<u>8,594,932</u>	<u>8,457,474</u>			<u>11,946,807</u>	<u>10,851,063</u>
(5,252,744)	(4,928,163)	Creditors due within one year	7	(5,451,147)	(5,590,554)
3,342,188	3,529,311	Net current assets (liabilities)		6,495,660	5,260,509
<u>4,842,270</u>	<u>3,529,315</u>	Total assets less net current liabilities		<u>6,495,660</u>	<u>5,260,509</u>
		Creditors due after one year	8		
<u>4,842,270</u>	<u>3,529,315</u>	Net assets (liabilities)		<u>6,495,660</u>	<u>5,260,509</u>
		Capital and reserves			
12,500	12,500	Called up share capital	10	12,500	12,500
		Revaluation reserve	12		
4,829,770	3,516,815	Profit and loss account	12	6,483,140	5,248,009
<u>4,842,270</u>	<u>3,529,315</u>	Equity shareholders' funds	12	<u>6,495,640</u>	<u>5,260,509</u>
		Minority Interests (including non-equity interests)	15	20	
		Total capital employed		<u>6,495,660</u>	<u>5,260,509</u>

R S Flood

B C Winfield
Directors

Approved by the Board on

9 September 2003

Broadgate Estates Limited

Notes to the accounts for the year ended 31 March 2003

1. Accounting policies

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

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 United Kingdom Accounting Standards and under the historical cost convention.

Cash flow statement

In accordance with FRS 1, the company is exempt from preparing a cash flow statement. The company's cash flow is included in the group cash flow statement prepared by The British Land Company PLC.

Investments

Fixed asset investments are stated at market value when listed and at director's 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 director's valuation.

Taxation

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

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 accounts. Deferred tax is measured on a non-discounted basis.

Consolidation

The consolidated accounts include the accounts of the parent and all subsidiaries.

Subsidiaries or joint ventures acquired or disposed of during the year are included from the date of acquisition or to the date of disposal and accounted for under the acquisition or gross equity method. Accounting practices of subsidiaries and joint ventures which differ from Group accounting policies are adjusted on consolidation.

Broadgate Estates Limited

**Notes to the accounts
for the year ended 31 March 2003**

Turnover

Turnover arises on fees incurred in respect of estate management and the provision of property services and is recognised on an accruals basis.

Pensions

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

2. Profit (loss) on ordinary activities before taxation

	GROUP / PARENT	
	2003	2002
Profit (loss) on ordinary activities before taxation is stated after charging (crediting):		
Amortisation and depreciation		
Auditors' remuneration		
Auditors' remuneration for other services		
	<hr/>	<hr/>

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.

Broadgate Estates Limited

**Notes to the accounts
for the year ended 31 March 2003**

3. Staff costs

a) Particulars of staff costs (including executive directors) are shown below:

	GROUP	
	2003	2002
	£	£
Wages and salaries	3,790,909	3,299,599
Social security costs	438,434	352,138
Pension costs	346,137	372,922
	<u>4,575,480</u>	<u>4,024,659</u>

	PARENT	
	2003	2002
	£	£
Wages and salaries	3,004,123	2,457,427
Social security costs	347,439	274,802
Pension costs	274,298	279,251
	<u>3,625,860</u>	<u>3,011,480</u>

Average number of employees, including directors, of the group during the period was 114 (2002 - 99).

Pension costs were incurred in the year in respect of a defined contribution scheme. There were no outstanding or prepaid contributions at 31 March 2003 (2002 - £Nil).

b) Directors' remuneration

The remuneration of the directors of the company during the year was as follows:

	GROUP	
	2003	2002
	£	£
Salaries and fees	673,273	498,263
Other emoluments (including pension contributions)	90,425	68,847
	<u>763,698</u>	<u>567,110</u>

The directors' remuneration shown above (excluding pension contributions):

	GROUP	
	2003	2002
	£	£
Chairman	-	-
Highest paid director	210,326	147,633
	<u>210,326</u>	<u>147,633</u>

Broadgate Estates Limited

**Notes to the accounts
for the year ended 31 March 2003**

3. Staff costs (continued)

Loans made to directors during the year, repayable in monthly instalments over 12 months were as follows:

	Balance repayable 31 March 2003 £	Balance repayable 31 March 2002 £
B C Winfield	1,600	1,680
N F MacLaine	1,744	1,690
J Sutherland	3,743	3,652
R S Flood	-	1,542

4. Taxation - Group

	2003 £	2002 £
Current tax		
UK corporation tax	915,953	556,044
Adjustments in respect of prior years		
Total current tax charge (credit)	915,953	556,044
Deferred tax		
Origination and reversal of timing differences		
Prior year items		
Total deferred tax charge (credit)		
Total taxation (effective tax rate – 42.6%; 2002 – 31.3%)	915,953	556,044

Tax reconciliation

Profit on ordinary activities before taxation	2,151,084	1,777,730
Tax on profit on ordinary activities at UK corporation tax rate of 30% (2002 - 30%)	645,325	533,319
Effects of:		
Capital allowances		
Tax losses and other timing differences		22,725
Expenses not deductible for tax purposes	270,628	
Adjustments in respect of prior years		
Current tax charge (credit)	915,953	556,044

Broadgate Estates Limited

**Notes to the accounts
for the year ended 31 March 2003**

5. Investments and loans to group companies

	Shares in subsidiaries £	Other Investments - listed £	Total £	Loans to Group companies £
At cost or directors' valuation				
1 April 2002	4		4	
Additions	1,500,078		1,500,078	
Disposals				
Provision for write-down				
Revaluation				
31 March 2003	<u>1,500,082</u>		<u>1,500,082</u>	
At cost				
31 March 2003	<u>1,500,082</u>		<u>1,500,082</u>	
1 April 2002	<u>4</u>		<u>4</u>	

Subsidiaries

The company has investments in the following subsidiaries:

Activities

Broadgate Estate Management Limited	100% Estate management and the provision of property services.
Vicinitee Limited	80% Provision of property services.

These companies are incorporated in Great Britain

Broadgate Estates Limited

Notes to the accounts for the year ended 31 March 2003

6. Debtors

	GROUP	
	2003	2002
	£	£
Trade debtors	294,212	580,675
Corporation tax		
Amounts owed by group companies - current accounts	6,100,000	5,500,000
Other taxation and social security	7,386	38,926
Other debtors	139,737	187,224
	6,541,335	6,306,825

	PARENT	
	2003	2002
	£	£
Trade debtors	285,302	551,877
Corporation tax		
Amounts owed by group companies - current accounts	3,500,000	3,663,326
Other taxation and social security		
Other debtors	139,737	95,593
	3,925,039	4,310,796

7. Creditors due within one year

	GROUP	
	2003	2002
	£	£
Trade creditors	1,574,511	176,508
Amounts owed to group companies - current accounts		
Corporation tax	1,471,997	996,313
Other creditors		
Other taxation and social security	164,515	222,737
Accruals and deferred income	2,240,124	4,194,996
	5,451,147	5,590,554

	PARENT	
	2003	2002
	£	£
Trade creditors	1,574,918	156,252
Amounts owed to group companies - current accounts	566,540	
Corporation tax	780,523	354,792
Other creditors		
Other taxation and social security	164,515	222,737
Accruals and deferred income	2,166,248	4,194,380
	5,252,744	4,928,161

Broadgate Estates Limited

Notes to the accounts
for the year ended 31 March 2003

8. Creditors due after one year

	2003	2002
	£	£
External loans 2-5 years		
Loans from joint venture partners		
	<hr/>	<hr/>
	<hr/>	<hr/>

9. Provision for liabilities and charges

	2003	2002
	£	£
1 April 2002		
Charged (credited) to the profit and loss account		
31 March 2003	<hr/>	<hr/>
	<hr/>	<hr/>

Deferred tax is provided as follows

	2003	2002
	£	£
Accelerated capital allowances		
Other timing differences		
	<hr/>	<hr/>
	<hr/>	<hr/>

Broadgate Estates Limited

**Notes to the accounts
for the year ended 31 March 2003**

10. Share capital

	2003	2002
	£	£
Authorised		
100,000 ordinary shares of £1 each	100,000	100,000
	<u>100,000</u>	<u>100,000</u>
Allotted, called up and partly paid		
50,000 ordinary shares of £1 each, called up to the extent of 25 pence each	12,500	12,500
	<u>12,500</u>	<u>12,500</u>

11. Directors' interests in share and loan capital

No director held a beneficial interest in the share capital of the company. Messrs. C Metliss and J H Weston Smith 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. The beneficial interests of the other directors in the ultimate holding company are as follows:

	Fully paid Ordinary shares		6% Irredeemable Convertible Bonds (£ nominal)	
	31 Mar 03	1 Apr 02	31 Mar 03	1 Apr 02
A W Adams	8,712	7,156	-	-
R L Fisher	6,056	3,145	-	-
R S Flood	4,199	3,369	-	-
E G Frazer	5,223	2,414	-	-
M I Gunston	65,745	49,682	-	-
J H Iddiols	41,510	32,912	-	-
N F MacLaine	3,883	2,423	-	-
J Sutherland	3,784	2,496	-	-
B C Winfield	4,745	4,259	-	-

	Options over ordinary shares			
	1984 Option Scheme		Sharesave Scheme	
	31 Mar 03	1 Apr 02	31 Mar 03	1 Apr 02
A W Adams	30,947	30,947	4,700	4,700
R L Fisher	-	-	4,863	4,863
R S Flood	-	-	4,863	4,863
E G Frazer	-	-	4,863	4,863
M I Gunston	79,959	90,059	4,753	4,753
J H Iddiols	47,142	47,142	4,753	4,753
N F MacLaine	-	-	631	446
J Sutherland	-	-	4,863	4,863
B C Winfield	-	-	4,863	4,863

Broadgate Estates Limited

**Notes to the accounts
for the year ended 31 March 2003**

11. Directors' interests in share and loan capital (continued)

	Rights Under Restricted Share Plan			
	Ordinary shares		6% Irredeemable Convertible Bonds (£ nominal)	
	31 Mar 03	1 Apr 02	31 Mar 03	1 Apr 02
A W Adams	31,000	28,803	-	-
R L Fisher	12,100	11,534	-	-
R S Flood	18,300	15,701	-	-
E G Frazer	11,400	9,351	-	-
M I Gunston	35,000	40,671	-	-
J H Iddiols	37,500	36,237	-	-
N F MacLaine	11,400	9,351	-	-
J Sutherland	-	-	-	-
B C Winfield	31,000	24,336	-	-

Granting and lapsing of options

N F MacLaine exercised options over 446 shares at an option price of 347p per share and the middle market quotation on the date of exercise of these shares was 419.75p per share. He was granted options over 631 shares at an option price of 359p per share. Both this exercise and grant occurred under British Land's Sharesave Scheme.

M I Gunston had options over 10,100 shares that lapsed in the year. This lapse occurred under British Land's 1984 Option scheme.

12. Reconciliation of movements in shareholders' funds

	GROUP			
	Share capital £	Revaluation reserve £	Profit and loss account £	Total £
Opening shareholders' funds	12,500		5,248,009	5,260,509
Retained profit (loss) for the period			1,235,131	1,235,131
Closing shareholders' funds	<u>12,500</u>	<u></u>	<u>6,483,140</u>	<u>6,495,640</u>

	PARENT			
	Share capital £	Revaluation reserve £	Profit and loss account £	Total £
Opening shareholders' funds	12,500		3,516,815	3,529,315
Retained profit (loss) for the period			1,312,955	1,312,955
Closing shareholders' funds	<u>12,500</u>	<u></u>	<u>4,829,770</u>	<u>4,842,270</u>

Broadgate Estates Limited

Notes to the accounts
for the year ended 31 March 2003

13. 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 FRS8.

14. Ultimate holding company

Broadgate Estates Limited is the smallest group and The British Land PLC is the largest group for which group accounts are available and which include the company.

The ultimate holding company 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.

15. Minority interests

	Equity £	Non-equity £	Total £
Shares issued to third party	20		20
Loss on ordinary activities after taxation	(180,418)		(180,418)
Provision against minority interest losses	180,418		180,418
At 31 March 2003	<u>20</u>		<u>20</u>

A provision has been made against the losses attributable to minority interests as in the opinion of the directors the group is not likely to be able to recover these losses from the third party.