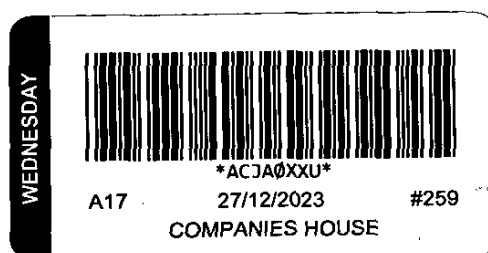


Registered number: 03196199

BLUECO LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023



BLUECO LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2023

The directors of Blueco Limited (the 'Company') present their Strategic Report and the unaudited financial statements of the Company for the year ended 31 March 2023.

Results for the year

The results are set out in the Statement of Comprehensive Income on page 5.

Review of the business

The Company has continued its business of property investment in the United Kingdom. No changes in the Company's principal activity are anticipated in the foreseeable future.

Key performance indicators

The directors of the Land Securities Group PLC and its subsidiaries ('the Group') manage the Group's operations on a group basis. For this reason, the Company's directors believe that an analysis using KPIs for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the Group is discussed in the consolidated financial statements of Land Securities Group PLC, in which the entity is consolidated, and which does not form part of this report.

Principal risks and uncertainties

The principal risk facing the Company is that poor performance of the investment property might have a material impact on the asset valuation and rental income in the financial statements. The Company's performance during the year indicates a satisfactory performance of the investment property held, considering the impact of the wider macro-economic environment. Looking forward, the directors will continue to closely monitor the impact of the wider macro-economic environment and other changes in the operating environment on the performance of the investment property.

Financial risk management

The Company is exposed to liquidity risk, credit risk and interest rate risk. Given the absence of external borrowings in the Company, liquidity risk and interest rate risk are not considered material. While the Company has minimal short-term liquidity requirements, any funding requirements could be covered by committed facilities held by other Group companies.

The Company's principal financial assets are cash and cash equivalents, trade and other receivables and amounts due from Group undertakings and therefore the credit risk it faces is primarily attributable to its trade receivables and amounts due from Group undertakings. Trade receivables are presented in the Balance Sheet net of allowances for doubtful receivables. The Company assesses on a forward-looking basis, the expected credit-losses associated with its trade receivables and amounts due from Group undertakings. A provision for impairment is made for the lifetime expected credit-losses on initial recognition of the receivable and amounts due from Group undertakings. In determining the expected credit-losses of trade receivables, the Company takes into account any recent payment behaviours and future expectations of likely default events (i.e. not making payment on the due date) based on individual customer credit ratings, actual or expected insolvency filings or company voluntary arrangements, likely deferrals of payments due, rent concessions and market expectations and trends in the wider macro-economic environment in which our customers operate. These assessments are made on a customer by customer basis. The balance is low relative to the scale of the Balance Sheet and, owing to the long-term nature and diversity of the Company's tenancy arrangements, the credit risk of trade receivables is considered to be low. To limit the Company's exposure to credit risk on trade receivables, a credit report is obtained from an independent rating agency prior to the inception of a lease with a new counterparty. This report is used to determine the size of the deposit that is required, if any, from the tenant at inception. In general, these deposits represent between three and six months' rent. In determining the expected credit loss of amounts due from Group undertakings, the Company takes into account any future expectations of likely default events based on the level of capitalisation of the counterparty, which is a fellow subsidiary undertaking of Land Securities Group PLC.

There is no material difference between the book value and the fair value of the Company's financial instruments.

Further discussion of these risks and uncertainties, in the context of the Group as a whole, is provided in the Group's Annual Report, which does not form part of this report.

BLUECO LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

Section 172(1) statement

The Company's ultimate parent company is Land Securities Group PLC which indirectly holds 100% of the ordinary share capital of the Company (refer note 15). The Company's framework in respect of requirements under section 172(1) of the Companies Act is applied through the Land Securities Group's processes and policies, which place stakeholders at the forefront of the directors' decision making. Details of the Group's framework with respect to interests of customers, communities, employees, partners, suppliers and investors can be found in the consolidated financial statements of Land Securities Group PLC for the year ended 31 March 2023, available on the Group's website, www.landsec.com.

At a Company level, the directors take the interests of stakeholders, namely the Company's tenants, the Group as the Company's investor and the community in which the Company operates, into account when making relevant decisions, ensuring regular and clear lines of communication between the Company and the stakeholders. The relevance of each stakeholder group may increase or decrease by reference to the issue in question, so the directors seek to understand the needs and priorities of each group during its discussions. This, together with the combination of the consideration of long-term consequences of decisions and the maintenance of the Group's reputation for high standards of business conduct, is integral to the way the directors operate. The Company Secretary plays a key role in ensuring that stakeholders' interests are fully considered and addressed during the course of the directors' discussions.

Registered Office
100 Victoria Street
London
SW1E 5JL

This report was approved by the board and signed on its behalf.

DocuSigned by:

Maria Smout

M Smout, for and on behalf of LS Company Secretaries Limited
Company Secretary

Date: December 22, 2023

Registered and domiciled in England and Wales
Registered number: 03196199

BLUECO LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023

The directors of Blueco Limited (the 'Company') present their report and the unaudited financial statements for the year ended 31 March 2023.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Directors' engagement statement

Details of how directors have engaged with key stakeholders of the Company have been disclosed in the Section 172(1) statement in the Strategic Report.

Principal activity, review of the business and future developments

The Company has continued its business of property investment in the United Kingdom. No changes in the Company's principal activity are anticipated in the foreseeable future.

Review of the business and future developments are disclosed in the Strategic Report.

Going concern

The directors have determined that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company, Land Securities Group PLC (together with its subsidiaries referred to as the 'Group'). The directors' going concern assessment covers the period to 31 December 2024 and confirmation has been received that Land Securities Group PLC will support the Company until this date, so long as the Company remains a subsidiary of Land Securities Group PLC. If the Company was sold within the next 12 months from 31 December 2023, confirmation has been received that Land Securities Group PLC would ensure the Company remains in a position to continue as a going concern at the point of sale. The Company's ability to meet its future liabilities is therefore dependent on the financial performance, position and liquidity of the Group as a whole. At the Group level, considerations included potential risks and uncertainties in the business, credit, market, property valuation and liquidity risks, including the availability and repayment profile of bank facilities, as well as forecast covenant compliance. Stress testing has been carried out to ensure the Group has sufficient cash resources to continue in operation for the period to 31 December 2024. This stress testing modelled a scenario with materially reduced levels of cash receipts over the next 12 months. Based on these considerations, together with available market information and the directors' knowledge and experience of the Company, the directors continue to adopt the going concern basis in preparing the financial statements for the year ended 31 March 2023.

Results for the year and dividend

Results for the year are disclosed in the Strategic Report.

The directors do not recommend the payment of a dividend for the year ended 31 March 2023 (2022: £Nil).

Directors

The directors who held office during the year and up to the date of this report unless otherwise stated, were:

Land Securities Management Services Limited
LS Director Limited
R C Futter (resigned 5 August 2022)
J Chapman (appointed 5 August 2022)

BLUECO LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

Indemnity

The Company has made qualifying third-party indemnity provisions for the benefit of the respective directors which were in place throughout the year and which remain in place at the date of this report.

Financial risk management

The financial risk management objectives and policies are disclosed in the Strategic Report.

Registered Office
100 Victoria Street
London
SW1E 5JL

This report was approved by the board and signed on its behalf.

M Smout, for and on behalf of LS Company Secretaries Limited
Company Secretary

Date:

Registered and domiciled in England and Wales
Registered number: 03196199

BLUECO LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023**

	Notes	2023 £000	2022 £000
Revenue	4	27,636	27,402
Costs - other	4	(9,481)	(8,275)
Costs - movement in bad and doubtful debts provision	4	391	1,591
Gross profit		18,546	20,718
Property management and administrative expenses	5	(367)	(437)
Net deficit on revaluation of investment properties	8	(14,177)	(20,245)
Operating profit		4,002	36
Interest income	6	2,450	1,241
Profit before tax		6,452	1,277
Taxation	7	(463)	(240)
Profit and total comprehensive income for the financial year		5,989	1,037

There were no recognised gains and losses for 2023 or 2022 other than those included in the Statement of Comprehensive Income.

All amounts are derived from continuing activities.

BLUECO LIMITED
REGISTERED NUMBER: 03196199

BALANCE SHEET
AS AT 31 MARCH 2023

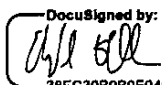
	Notes	2023 £000	2022 £000
Non-current assets			
Investment properties	8	225,446	239,390
		<u>225,446</u>	<u>239,390</u>
Current assets			
Trade and other receivables	9	6,281	6,444
Amounts due from Group undertakings	10	82,225	59,839
Cash and cash equivalents	11	8,016	8,721
		<u>96,522</u>	<u>75,004</u>
Current liabilities			
Trade and other payables	12	(7,549)	(5,964)
		<u>(7,549)</u>	<u>(5,964)</u>
Net assets		<u>314,419</u>	<u>308,430</u>
Capital and reserves			
Share capital	13	250,000	250,000
Retained earnings		64,419	58,430
Total equity		<u>314,419</u>	<u>308,430</u>

The Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements on pages 5 to 16 were approved by the board of directors and were signed on its behalf by:

DocuSigned by:


E Gilbey, for and on behalf of LS Director Limited

Date: December 22, 2023

BLUECO LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023**

	Share capital	Retained earnings	Total equity
	£000	£000	£000
At 1 April 2021	250,000	57,393	307,393
Total comprehensive income for the financial year	-	1,037	1,037
At 31 March 2022	250,000	58,430	308,430
Total comprehensive income for the financial year	-	5,989	5,989
At 31 March 2023	250,000	64,419	314,419

BLUECO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. Accounting policies

1.1 Basis of preparation

The financial statements have been prepared on a going concern basis and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101') and the Companies Act 2006. The financial statements are prepared under the historical cost convention modified to include the revaluation of investment properties.

The Company holds 30% interest in Bluewater Shopping Centre, which is accounted for as a joint arrangement in accordance with IFRS 11.

Blueco Limited (the 'Company') is a private company limited by shares and is incorporated, domiciled and registered in England and Wales (Registered number: 03196199). The nature of the Company's operations is set out in the Strategic Report on page 1. The results of the Company are included in the consolidated financial statements of Land Securities Group PLC which are available from the Company's registered office at 100 Victoria Street, London, SW1E 5JL.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 March 2023. The financial statements are prepared in Pounds Sterling (£) and are rounded to the nearest thousand pounds (£000) unless otherwise stated.

1.2 Financial reporting standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets; and
 - paragraphs 76 and 79(d) of IAS 40 Investment Property
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

The equivalent disclosures relating to IFRS 7, IFRS 13 and IAS 36 are included in the consolidated financial statements of Land Securities Group PLC, in which the entity is consolidated.

1.3 Investment properties

Investment properties are properties, either owned or leased by the Company, that are held either to earn rental income or for capital appreciation, or both. Investment properties are measured initially at cost including related transaction costs, and subsequently at fair value. Fair value is based on market value, as determined by a professional external valuer at each reporting date. The difference between the fair value of an investment property at the reporting date and its carrying amount prior to re-measurement is included in the Statement of Comprehensive Income as a valuation surplus or deficit. Investment properties are presented on the Balance Sheet within non-current assets.

Properties are treated as acquired when the Company assumes control of the property. Capital expenditure on properties consists of costs of a capital nature, including costs associated with developments and refurbishments. Where a property is being developed or undergoing major refurbishment, interest costs associated with direct expenditure on the property are capitalised. The interest capitalised is calculated using the Company's weighted average cost of borrowings. Interest is capitalised from the commencement of the development work until the date of practical completion. Certain internal staff and associated costs directly attributable to the management of major schemes are also capitalised.

When the Company begins to redevelop an existing investment property for continued future use as an investment property, the property continues to be held as an investment property. When the Company begins to redevelop an existing investment property with a view to sell, the property is transferred to trading properties and held as a current asset. The property is re-measured to fair value as at the date of the transfer with any gain or loss being taken to the Statement of Comprehensive Income. The re-measured amount becomes the deemed cost at which the property is then carried in trading properties.

Properties are treated as disposed when control of the property is transferred to the buyer. Typically, this will either occur on unconditional exchange or on completion. Where completion is expected to occur significantly after exchange, or where the Company continues to have significant outstanding obligations after exchange, the control will not usually transfer to the buyer until completion.

The profit on disposal is determined as the difference between the sales proceeds and the carrying amount of the asset at the beginning of the accounting period plus capital expenditure to the date of disposal. The profit on disposal of investment properties is presented separately on the face of the Statement of Comprehensive Income.

BLUECO LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023****1. Accounting policies (continued)****1.4 Trade and other receivables**

Trade and other receivables are recognised initially at fair value, subsequently at amortised cost and, where relevant, adjusted for the time value of money. The Company assesses on a forward-looking basis, the expected credit-losses associated with its trade receivables. A provision for impairment is made for the lifetime expected credit-losses on initial recognition of the receivable. If collection is expected in more than one year, the balance is presented within non-current assets.

In determining the expected credit-losses, the Company takes into account any recent payment behaviours and future expectations of likely default events (i.e. not making payment on the due date) based on individual customer credit ratings, actual or expected insolvency filings or company voluntary arrangements, likely deferrals of payments due, rent concessions and market expectations and trends in the wider macro-economic environment in which our customers operate. Where a concession is agreed with a customer after the due date for the rent, this amount is recognised as an impairment of the related trade receivable.

Trade and other receivables are written off once all avenues to recover the balances are exhausted and the lease has ended. Receivables written off are no longer subject to any enforcement activity.

1.5 Cash and cash equivalents

Cash and cash equivalents comprises cash balances, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or fewer.

1.6 Provisions

A provision is recognised in the Balance Sheet when the Company has a constructive or legal obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Where relevant, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

1.7 Share capital

Ordinary shares are classified as equity.

1.8 Going concern

The directors have determined that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company, Land Securities Group PLC (together with its subsidiaries referred to as the 'Group'). The directors' going concern assessment covers the period to 31 December 2024 and confirmation has been received that Land Securities Group PLC will support the Company until this date, so long as the Company remains a subsidiary of Land Securities Group PLC. If the Company was sold within the next 12 months from 31 December 2023, confirmation has been received that Land Securities Group PLC would ensure the Company remains in a position to continue as a going concern at the point of sale. The Company's ability to meet its future liabilities is therefore dependent on the financial performance, position and liquidity of the Group as a whole. At the Group level, considerations included potential risks and uncertainties in the business, credit, market, property valuation and liquidity risks, including the availability and repayment profile of bank facilities, as well as forecast covenant compliance. Stress testing has been carried out to ensure the Group has sufficient cash resources to continue in operation for the period to 31 December 2024. This stress testing modelled a scenario with materially reduced levels of cash receipts over the next 12 months. Based on these considerations, together with available market information and the directors' knowledge and experience of the Company, the directors continue to adopt the going concern basis in preparing the financial statements for the year ended 31 March 2023.

1.9 Revenue

Rental income, including fixed rental uplifts, is recognised in the Statement of Comprehensive Income on a straight-line basis over the term of the lease. Lease incentives being offered to occupiers to enter into a lease, such as an initial rent-free period or a cash contribution to fit out or similar costs, are an integral part of the net consideration for the use of the property and are therefore recognised on the same straight-line basis. Where the total consideration due under a lease is modified, for example, where a concession is granted to a tenant prior to the date the conceded rent falls due, the revised total amount due under the lease is recognised on a straight-line basis over the remaining term of the lease.

Contingent rents, being lease payments that are not fixed at the inception of a lease, for example turnover rents, are variable consideration and are recorded as income in the year in which they are earned. Where a single payment is received from a tenant to cover both rent and service charge, the service charge component is separated and reported as service charge income.

The Company's revenue from contracts with customers, as defined in IFRS 15, includes service charge income and other property related income.

BLUECO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. Accounting policies (continued)

1.9 Revenue (continued)

Service charge income and management fees are recorded as income over time in the year in which the services are rendered. Revenue is recognised over time because the tenants benefit from the services as soon as they are rendered by the Company. The actual service provided during each reporting period is determined using cost incurred as the input method.

Other property related income includes development and asset management fees. These fees are recognised over time, using time elapsed as the input method which measures the benefit simultaneously received and consumed by the customer, over the period the development or asset management services are provided.

1.10 Expenses

Property and contract expenditure is expensed as incurred.

1.11 Income taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the tax payable on the taxable income for the year and any adjustment in respect of previous years. Deferred tax is provided in full using the Balance Sheet liability method on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the asset is realised or the liability is settled.

No provision is made for temporary differences (i) arising on the initial recognition of assets or liabilities, other than on a business combination, that affect neither accounting nor taxable profit and (ii) relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future.

1.12 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company is lessor

Operating lease – properties leased out to tenants under operating leases are included in investment properties in the Balance Sheet.

Lease income is recognised over the period of the lease, reflecting a constant rate of return. Where only the buildings element of a property lease is classified as a finance lease, the land element is shown within operating leases.

1.13 Dividends

Final dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when paid.

1.14 Amounts due from Group undertakings

Amounts due from Group undertakings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, amounts due from Group undertakings are stated at amortised cost and, where relevant, adjusted for the time value of money. The Company assesses on a forward-looking basis, the expected credit-losses associated with its amounts due from Group undertakings. A provision for impairment is made for the lifetime expected credit-losses on initial recognition of the amounts due. If collection is expected in more than one year, the balance is presented within non-current assets.

In determining the expected credit-losses, the Company takes into account any future expectations of likely default events based on the level of capitalisation of the counterparty, which is a fellow subsidiary undertaking of Land Securities Group PLC.

1.15 Trade and other payables

Trade and other payables with no stated interest rate and payable within one year are recorded at transaction price. Trade and other payables after one year are discounted based on the amortised cost method using the effective interest rate.

BLUECO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Changes in accounting policies and standards

The accounting policies used in these financial statements are consistent with those applied in the last annual financial statements, as amended where relevant to reflect the adoption of new standards, amendments and interpretations which became effective in the year. There have been no new accounting standards, amendments or interpretations during the year that have a material impact on the financial statements of the Company.

Amendments to accounting standards

A number of new standards, amendments to standards and interpretations have been issued but are not yet effective for the Company, none of which are expected to have a material impact on the financial statements of the Company.

3. Significant accounting judgements and estimates

The Company's significant accounting policies are stated in note 1 above. Not all of these significant accounting policies require management to make difficult, subjective or complex judgements or estimates. The following is intended to provide an understanding of the policies that management consider critical because of the level of complexity, judgement or estimation involved in their application and their impact on the financial statements. These estimates involve assumptions or judgements in respect of future events. Actual results may differ from these estimates.

Judgements

(a) Joint arrangements

The Company is required to determine the type of joint arrangement in which it is involved. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. The Company's interest in Bluewater Shopping Centre is accounted for as a joint operation as the Company along with the parties that have joint control of the arrangement, has rights to the assets and obligations for the liabilities relating to the arrangement.

Estimates

(a) Investment property valuation

The valuation of the Company's property portfolio has been undertaken by independent valuers in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards and UK Supplement (together the "Red Book"). Real estate by its nature is a complex asset class with value determined by a range of factors overlaid by interpretation and judgemental assessment of market data; as such it is classified as 'Level 3 asset' within IFRS. Factors affecting valuation are on an individual property level and include the property type, location, tenure and tenancy characteristics, quality of the asset and prospects for future rental revenue.

The Company's investment property valuation has been undertaken by valuers interpreting market evidence as available in reaching their conclusions on fair value, reflecting asset specific data provided by management, making assumptions that tenure, tenancies, town planning and condition of buildings are as provided. As a result, the valuations the Company places on its property portfolio are subject to a degree of uncertainty and are made on the basis of assumptions which may not prove to be accurate, particularly in periods of volatility or low transaction volume in the property market.

If the assumptions upon which the external valuer has based its valuations prove to be inaccurate, this may have an impact on the value of the Company's investment and trading properties, which could in turn have an effect on the Company's financial position and results.

(b) Trade and other receivables

The Company is required to estimate the impairment of individual trade receivables. It does this by assessing on a forward-looking basis, the expected credit-losses associated with its trade receivables. A provision for impairment is made for the lifetime expected credit-losses on initial recognition of the receivable. In determining the expected credit-losses, the Company takes into account any recent payment behaviours and future expectations of likely default events (i.e. not making payment on the due date) based on individual customer credit ratings, actual or expected insolvency filings or company voluntary arrangements, likely deferrals of payments due, rent concessions and market expectations and trends in the wider macro-economic environment in which our customers operate. These assessments are made on a customer by customer basis.

The Company's assessment of expected credit-losses is inherently subjective due to the forward-looking nature of the assessments, in particular, the assessment of expected insolvency filings or company voluntary arrangements, likely deferrals of payments due and rent concessions. As a result, the value of the provisions for impairment of the Company's trade receivables are subject to a degree of uncertainty and are made on the basis of assumptions which may not prove to be accurate.

(c) Amounts due from Group undertakings

The Company is required to estimate the impairment of amounts due from Group undertakings. It does this by assessing on a forward-looking basis, the expected credit-losses associated with its amounts due from Group undertakings. A provision for impairment is made for the lifetime expected credit-losses on initial recognition of the amounts due. In determining the expected credit-losses, the Company takes into account any future expectations of likely default events based on the level of capitalisation of the counterparty, which is a fellow subsidiary undertaking of Land Securities Group PLC.

BLUECO LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023****4. Revenue and costs**

	2023 £000	2022 £000
Rental income (excluding lease incentives)	22,324	23,038
Adjustment for lease incentives	(35)	(595)
Rental income	22,289	22,443
Service charge income	5,042	4,708
Other property related income	305	251
	27,636	27,402
Costs		
Direct property or contract expenditure	(9,481)	(8,275)
Movement in bad and doubtful debts provision	391	1,591
Gross profit	18,546	20,718

Direct property or contract expenditure are costs incurred in the direct maintenance and upkeep of investment properties. Void costs, which include costs relating to empty properties pending redevelopment and refurbishment, costs of investigating potential development schemes which do not proceed, and costs in respect of housekeepers and outside staff directly responsible for property services, are also included.

5. Property management and administrative expenses

Property management and administrative expenses consist of all costs of managing the property, together with the costs of rent reviews and renewals, re-lettings of the property and management services as explained in note (a) below. No staff costs or overheads are capitalised.

(a) Management services

The Company had no employees during the year (2022: None). Management services were provided to the Company throughout the year by Land Securities Properties Limited, a fellow subsidiary undertaking, charges for which amount to **£367,000** (2022: £437,000).

(b) Directors' remuneration

The Group's directors' emoluments are borne by Land Securities Properties Limited. The directors of the Company received no emoluments from Land Securities Properties Limited for their services to the Company (2022: £Nil).

6. Interest income

	2023 £000	2022 £000
Interest on amounts due from Group undertakings	2,450	1,238
Other interest receivable	-	3
Total interest income	2,450	1,241

BLUECO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

7. Income tax

	2023 £000	2022 £000
Corporation tax		
Income tax on profit for the year	463	243
Adjustments in respect of previous periods	-	(3)
Total income tax charge in the Statement of Comprehensive Income	463	240

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2022: lower than) the standard rate of corporation tax in the UK of 19% (2022: 19%) as set out below:

	2023 £000	2022 £000
Profit before tax	6,452	1,277
Profit before tax multiplied by UK corporation tax rate	1,226	243
Effects of:		
Exempt property rental profits in the year	(3,457)	(3,847)
Exempt property revaluation deficit in the year	2,694	3,847
Adjustments in respect of prior years	-	(3)
Total tax charge in the Statement of Comprehensive Income (as above)	463	240

Land Securities Group PLC is a Real Estate Investment Trust (REIT). As a result, the Company does not pay UK corporation tax on the profits and gains from qualifying rental business in the UK provided it meets certain conditions. Non-qualifying profits and gains of the Company continue to be subject to corporation tax as normal.

8. Investment properties

	2023 £000	2022 £000
Net book value at the beginning of the year	239,390	259,365
Capital expenditure	233	270
Deficit on revaluation of investment properties	(14,177)	(20,245)
Net book value at 31 March	225,446	239,390

The historical cost of the investment properties is £659,864,000 (2022: £659,631,000). The difference between the carrying amount and historical cost is a deficit of £434,418,000 (2022: £420,241,000). The market value has been adjusted for properties by deducting tenant lease incentives amounting to £3,004,000 (2022: £3,198,000). The valuations are prepared by CBRE Limited, external valuers, in accordance with RICS valuation standards.

As at 31 March 2023, the cumulative interest capitalised in relation to investment properties under development amounts to £85,000 (2022: £85,000)

The above investment properties act as security against listed debt issued by a fellow Land Securities Group PLC subsidiary.

BLUECO LIMITED

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FOR THE YEAR ENDED 31 MARCH 2023

9. Trade and other receivables

	2023 £000	2022 £000
Trade receivables	4,085	6,883
Less: allowance for doubtful accounts	(2,187)	(5,134)
Total current trade receivables	1,898	1,749
Other receivables	2	272
Accrued income	3,172	2,937
Prepayments	1,209	1,486
Total trade and other receivables	6,281	6,444

10. Amounts due from Group undertakings

	2023 £000	2022 £000
Amounts due from Group undertakings - fellow subsidiary	82,225	59,839
Total amounts due from Group undertakings	82,225	59,839

The unsecured amounts due from Group undertakings are repayable on demand with no fixed repayment date. Interest is charged at 4.3% per annum (2022: 3.7%).

11. Cash and cash equivalents

	2023 £000	2022 £000
Cash at bank and in hand	8,016	8,721
Total cash and cash equivalents	8,016	8,721

12. Trade and other payables

	2023 £000	2022 £000
Trade and other payables	403	425
Capital payables	153	241
Other payables	824	481
Accruals	1,351	335
Deferred income	3,746	3,703
Current tax liabilities	705	-
Social security and other taxes	367	779
Total trade and other payables	7,549	5,964

Deferred income principally relates to rents received in advance.

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13. Share capital

	Authorised and issued		Allotted and fully paid	
	2023	2022	2023	2022
	Number	Number	£	£
Ordinary "A" shares of £1.00 each	10	10	10	10
Ordinary "B" shares of £1.00 each	249,999,990	249,999,990	249,999,990	249,999,990
	250,000,000	250,000,000	250,000,000	250,000,000

There is no difference in voting rights, rights to dividends and rights on the winding up of the Company for each share class.

14. Operating lease arrangements

The Company earns rental income by leasing its investment properties to tenants under non-cancellable operating leases.

At 31 March, the Company had contracted with tenants to receive the following future minimum lease payments:

	2023	2022
	£000	£000
Not later than one year	16,486	18,198
Later than one year but not later than two years	13,965	15,081
Later than two years but not more than three years	12,462	12,438
Later than three years but not more than four years	11,304	10,637
Later than four years but not more than five years	9,632	9,660
More than five years	63,092	68,460
	126,941	134,474

The total of contingent rents recognised as income during the year was **£1,503,000** (2022: £2,005,000).

15. Parent company

The immediate parent company is Greenhithe Holdings Limited.

The ultimate parent company and controlling party at 31 March 2023 was Land Securities Group PLC, which is registered in England and Wales.

Consolidated financial statements for the year ended 31 March 2023 for Land Securities Group PLC can be obtained from the Company Secretary at the registered office of the ultimate parent company, 100 Victoria Street, London, SW1E 5JL and from the Group website at www.landsec.com. This is the largest and smallest Group to include these accounts in its consolidated financial statements.