

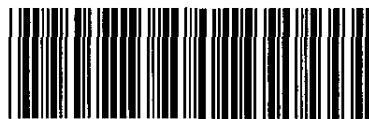
Registration number 03325066

British Land In Town Retail Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 31 March 2018

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British Land In Town Retail Limited

Contents

Strategic Report	1 to 2
Directors' Report	3 to 4
Profit and Loss Account	5
Statement of Comprehensive Income	6
Balance Sheet	7
Statement of Changes in Equity	8
Notes to the Unaudited Financial Statements	9 to 15

British Land In Town Retail Limited

Strategic Report for the Year Ended 31 March 2018

The directors present their Strategic Report for the year ended 31 March 2018

Business review and principal activities

British Land In Town Retail Limited ("the company") is a wholly owned subsidiary of The British Land Company PLC and operates as a constituent of The British Land Company PLC group of companies ("the group")

The company's principal activity is that of an investment holding company in the United Kingdom (UK)

As shown in the company's Profit and Loss Account on page 5, the company's turnover of £5,975,331 has increased £2,985,008 compared with turnover of £2,990,323 in the prior year. Profit on ordinary activities before taxation is £4,816,028 compared to a profit on ordinary activities before taxation of £3,101,622 in the prior year. The company's income statement has been represented in the year to include dividends from shares in group undertakings as part of turnover, due to the principal activity of the company being that of an investment holding company

Dividends of £nil (2017: £nil) were paid in the year

The Balance Sheet on page 7 shows that the company's financial position at the year end has, in net liability terms, decreased compared with the prior year

The value of investments held as at 31 March 2018 has decreased by 0.1%, as shown in note 10 to the company's Balance Sheet

The Board uses total return, to monitor the performance of the group. This is a measure of growth in total equity per share, adding back any current year dividend

The company is a subsidiary of The British Land Company PLC. The company's strategy is the same as the group's strategy - to deliver an above average annualised total return to shareholders, which is achieved by creating attractive environments in the right places focused around the people who work, shop and live in them

The expected future developments of the company are determined by the strategy of the group. There are no future developments outside of the company's current operations planned

For more information also see The British Land Company PLC group annual report

The performance of the group, which includes the company, is discussed in the group's annual report which does not form part of this report

Principal risks and uncertainties

This company is part of a large property investment group. As such, the fundamental underlying risks for this company are those of the property group as discussed below.

British Land In Town Retail Limited

Strategic Report for the Year Ended 31 March 2018 (continued)

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;
- identification and execution of investment and development strategies which are value enhancing,
- availability of financing or refinancing at an acceptable cost,
- economic cycles, including their impact on tenant covenant quality, interest rates, inflation and property values;
- legislative changes, including planning consents and taxation;
- engagement of development contractors with strong covenants,
- key staff changes; and
- environmental and health and safety policies

These opportunities also represent risks, the most significant being change to the value of the property portfolio. This risk has high visibility to directors and is considered and managed on a continuous basis. Directors 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, presents lower risks than many other property portfolios.

The financial risks for the company are managed in accordance with the group financial risk management policy, as disclosed in the consolidated group accounts.

The company has no third party debt. It therefore has no interest rate exposure.

Approved by the Board on 14/08/18 and signed on its behalf by


L. A. G. BOOLA
British Land Company Secretarial Limited
Company secretary

British Land In Town Retail Limited

Directors' Report for the Year Ended 31 March 2018

The directors present their report and the unaudited financial statements for the year ended 31 March 2018.

Directors of the company

The directors, who held office during the year, and up to the date of signing the financial statements, were as follows

S M Barzycki

L M Bell (resigned 19 January 2018)

C M Forshaw (resigned 5 April 2017)

T A Roberts

P S Macey

J C McNuff

C J Middleton

N M Webb

Directors' responsibilities statement

The directors acknowledge their responsibilities 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has 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 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.

The company has indemnified its current directors. The indemnity arrangements are qualifying indemnity provisions under the Companies Act 2006 and are currently in force at the date of this Annual Report.

Environmental matters

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 sustainability report is available online at

www.britishland.com/sustainability/reports-and-publications/2018

Going concern

The directors consider the company to be a going concern and the accounts are prepared on this basis. Details of this are shown in note 2 of the financial statements.

Subsequent Events

Details of significant events since the Balance Sheet date, if any, are contained in note 16.

British Land In Town Retail Limited

Directors' Report for the Year Ended 31 March 2018 (continued)

Audit exemption taken for the year ended 31 March 2018

The company is exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of Section 479A of that Act, as disclosed on page 147 of The British Land Company PLC Annual Report and Accounts 2018. The ultimate holding company and controlling party is The British Land Company PLC.

Approved by the Board on 14/08/18 and signed on its behalf by:

 AGBOOLA
British Land Company Secretarial Limited
Company secretary

British Land In Town Retail Limited

Profit and Loss Account for the Year Ended 31 March 2018

	Note	2018 £	2017 £
Turnover	4	5,975,331	2,990,323
Operating profit		5,975,331	2,990,323
Transaction costs		(737,511)	-
(Impairment)/write back of investments	10	(421,792)	110,799
Profit on ordinary activities before interest and taxation		4,816,028	3,101,122
Interest receivable and similar income	5	-	500
Profit on ordinary activities before taxation		4,816,028	3,101,622
Tax on profit on ordinary activities	8	-	-
Profit for the year		4,816,028	3,101,622

Turnover and results were derived from continuing operations within the United Kingdom.

The notes on pages 9 to 15 form an integral part of these financial statements

British Land In Town Retail Limited

Statement of Comprehensive Income for the Year Ended 31 March 2018

	2018	2017
	£	£
Profit for the year	<u>4,816,028</u>	<u>3,101,622</u>
Total comprehensive income for the year	<u>4,816,028</u>	<u>3,101,622</u>

The notes on pages 9 to 15 form an integral part of these financial statements

British Land In Town Retail Limited

(Registration number: 03325066)

Balance Sheet as at 31 March 2018

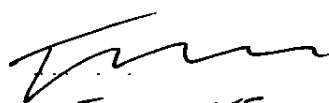
	Note	31 March 2018 £	31 March 2017 £
Fixed assets			
Investment properties	9	200	200
Investments	10	<u>105,174,036</u>	<u>105,308,803</u>
		<u>105,174,236</u>	<u>105,309,003</u>
Current assets			
Debtors	11	<u>5,412,618</u>	<u>33,687,913</u>
		<u>5,412,618</u>	<u>33,687,913</u>
Creditors due within one year	12	<u>(145,313,440)</u>	<u>(178,539,530)</u>
Net current liabilities		<u>(139,900,822)</u>	<u>(144,851,617)</u>
Net liabilities		<u>(34,726,586)</u>	<u>(39,542,614)</u>
Capital and reserves			
Share capital	13	2,597,417	2,597,417
Profit and loss account		<u>(37,324,003)</u>	<u>(42,140,031)</u>
Shareholders' deficit		<u>(34,726,586)</u>	<u>(39,542,614)</u>

For the financial year ending 31 March 2018 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006, and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts

Approved by the Board on 19/08/18 and signed on its behalf by


J. McNeill
Director

The notes on pages 9 to 15 form an integral part of these financial statements

British Land In Town Retail Limited

Statement of Changes in Equity for the Year Ended 31 March 2018

	Share capital £	Profit and loss account £	Total £
Balance at 1 April 2016	2,597,417	(45,241,653)	(42,644,236)
Profit for the year	<u>-</u>	<u>3,101,622</u>	<u>3,101,622</u>
Total comprehensive income for the year	<u>-</u>	<u>3,101,622</u>	<u>3,101,622</u>
Balance at 31 March 2017	<u>2,597,417</u>	<u>(42,140,031)</u>	<u>(39,542,614)</u>
Balance at 1 April 2017	2,597,417	(42,140,031)	(39,542,614)
Profit for the year	<u>-</u>	<u>4,816,028</u>	<u>4,816,028</u>
Total comprehensive income for the year	<u>-</u>	<u>4,816,028</u>	<u>4,816,028</u>
Balance at 31 March 2018	<u>2,597,417</u>	<u>(37,324,003)</u>	<u>(34,726,586)</u>

The notes on pages 9 to 15 form an integral part of these financial statements

British Land In Town Retail Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 March 2018

1 General information

The company is a private company limited by share capital, incorporated and domiciled in England, United Kingdom

The address of its registered office is:

York House
45 Seymour Street
London
W1H 7LX

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101")

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of investments properties. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

These financial statements are separate financial statements. The company is exempt from the preparation of consolidated financial statements in accordance with Companies Act 2006 Section 400, because it is included in the group accounts of The British Land Company PLC.

Summary of disclosure exemptions

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

- (a) The requirements of IAS 1 to provide a Balance Sheet at the beginning of the year in the event of a prior year adjustment,
- (b) The requirements of IAS 1 to provide a Statement of Cash flows for the year,
- (c) The requirements of IAS 1 to provide a statement of compliance with IFRS;
- (d) The requirements of IAS 1 to disclose information on the management of capital,
- (e) The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to disclose new IFRS's that have been issued but are not yet effective,
- (f) 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,
- (g) The requirements of paragraph 17 of IAS 24 Related Party Disclosures to disclose key management personnel compensation,

British Land In Town Retail Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 March 2018 (continued)

2 Accounting policies (continued)

- (h) The requirements of IFRS 7 to disclose financial instruments, and
- (i) The requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement to disclose information of fair value valuation techniques and inputs.

Disclosure exemptions for subsidiaries are permitted where the relevant disclosure requirements are met in the consolidated financial statements. Where required, equivalent disclosures are given in the group accounts of The British Land Company PLC. The group accounts of The British Land Company PLC are available to the public and can be obtained as set out in note 17

Going concern

The Balance Sheet shows that the company has net current liabilities and net liabilities. The principal creditor is the ultimate parent company and the terms of the borrowing include the right of the subsidiary to request that the amount of the loan equal to any deficit be eliminated by converting the loan into share capital

As a consequence of this the directors feel that the company can continue to trade for the foreseeable future and is well placed to manage its business risks successfully in the current economic climate. Accordingly, they believe the going concern basis is an appropriate one

Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 April 2017 have had a material effect on the financial statements.

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)

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

Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequently to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Any surplus or deficit arising on revaluing investment properties is recognised in the Profit and Loss Account as a fair value movement.

Where properties held for investment are appropriated to trading stock, they are transferred at market value. If properties held for trading are appropriated to investment, they are transferred at book value

Investments

Fixed asset investments are stated at the lower of cost and the underlying net asset value of the investments

Shares in group undertakings

Shares in group undertakings, including dividends received from group subsidiaries, are recognised in the profit and loss account in the year to which they relate.

3 Significant accounting judgements and key sources of estimation uncertainty

The key source of estimation uncertainty relates to the valuation of the property portfolio where an external valuation is obtained, and to the valuation of investments. In accounting for net rental income, the group is required to judge the recoverability of any income accrued and provides against the credit risk on these amounts. The potential for management to make judgements or estimates relating to those items which would have a significant impact on the financial statements is considered, by the nature of the group's business, to be limited.

British Land In Town Retail Limited

**Notes to the Unaudited Financial Statements for the Year Ended 31 March 2018
(continued)**

4 Turnover

The analysis of the company's turnover for the year from continuing operations is as follows

	2018 £	2017 £
Dividends received	5,975,331	2,990,323
	<u>5,975,331</u>	<u>2,990,323</u>

5 Interest receivable and similar income

	2018 £	2017 £
Interest receivable on amounts owed by group companies	-	500
	<u>-</u>	<u>500</u>

6 Auditors' remuneration

No non-audit fees (2017: £nil) were paid to PricewaterhouseCoopers LLP

7 Staff costs

No director received any remuneration for services to the company in either year. The remuneration of the directors was borne by another company, for which no apportionment or recharges were made. The value of this service was negligible.

Average number of employees, excluding directors, of the company during the year was nil (2017: nil)

8 Tax on profit on ordinary activities

	2018 £	2017 £
Current taxation		
UK corporation tax	-	-
Tax charge/(credit) in the profit and loss account	<u>-</u>	<u>-</u>
	2018 £	2017 £
Tax reconciliation		
Profit on ordinary activities	4,816,028	3,101,622
Tax on profit on ordinary activities at UK corporation tax rate of 19% (2017: 20%)	<u>915,046</u>	<u>620,324</u>

British Land In Town Retail Limited

**Notes to the Unaudited Financial Statements for the Year Ended 31 March 2018
(continued)**

8 Tax on profit on ordinary activities (continued)

	2018	2017
	£	£
Effects of:		
REIT exempt income and gains	566	727
Capital allowances	(566)	(727)
Taxable Transfer Pricing Adjustments	-	26,839
Decrease/(increase) in fair value of property & investments	80,140	(22,160)
Income not taxable	(995,186)	(598,064)
Group Relief	-	(26,939)
Total tax charge/(credit)	-	-

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantially enacted on 6 September 2016. This rate reduction has been reflected in the calculation of deferred tax on the Balance Sheet date, where relevant

9 Investment properties

	£
Fair value	
1 April 2017	200
31 March 2018	200
Fair value	
1 April 2016	200
31 March 2017	200
Analysis of cost and valuation	
31 March 2018	
Cost	200
Net book value	200
31 March 2017	
Cost	200
Net book value	200

At 31 March 2018 the book value of freehold investment properties owned by the company was £200 (2017 £200)

British Land In Town Retail Limited

**Notes to the Unaudited Financial Statements for the Year Ended 31 March 2018
(continued)**

9 Investment properties (continued)

Investment properties are valued by adopting the "investment method" of valuation. This approach involves applying capitalisation yields to current and estimated future rental streams net of income voids arising from vacancies or rent-free periods and associated running costs. These capitalisation yields and rental values are based on comparable property and leasing transactions in the market, using the valuers' professional judgement and market observation. Other factors taken into account in the valuations include the tenure of the property, tenancy details and ground and structural conditions.

Properties were valued to fair value at 31 March 2018 by Knight Frank LLP, independent valuers not connected with the company, in accordance with the RICS Valuation - Professional Standards 2014, Ninth Edition, published by The Royal Institution of Chartered Surveyors.

10 Investments

	Shares in subsidiaries £	Investments in Joint Ventures £	Total £
Underlying net asset value of investment			
1 April 2017	246,205	105,062,598	105,308,803
Additions	169,025	100,000	269,025
Provision for Impairment	(421,792)	-	(421,792)
31 March 2018	<u>(6,562)</u>	<u>105,162,598</u>	<u>105,156,036</u>
Underlying net asset value of investment			
1 April 2016	246,095	104,367,598	104,613,693
Additions	-	695,000	695,000
Provision for Impairment	110,799	-	110,799
Disposals	(110,689)	-	(110,689)
31 March 2017	<u>246,205</u>	<u>105,062,598</u>	<u>105,308,803</u>
Provision for underlying net asset change			
1 April 2017	(178,331)	-	(178,331)
Provision written off	(421,792)	-	(421,792)
31 March 2018	<u>(600,123)</u>	<u>-</u>	<u>(600,123)</u>
Provision for underlying net asset change			
1 April 2016	(289,131)	-	(289,131)
Provision written back	110,799	-	110,799
31 March 2017	<u>(178,332)</u>	<u>-</u>	<u>(178,332)</u>

British Land In Town Retail Limited

**Notes to the Unaudited Financial Statements for the Year Ended 31 March 2018
(continued)**

10 Investments (continued)

	Shares in subsidiaries £	Investments in Joint Ventures £	Total £
At cost			
31 March 2018	593,561	105,162,598	105,756,159
31 March 2017	424,537	105,062,598	105,487,135

Details of the subsidiaries as at 31 March 2018 are as follows

Subsidiary	Principal activity	Interest	Country
Southgate General Partner Limited	General Partner	50%	United Kingdom
Southgate LP (Nominee 1) Limited	Property investment	50%	United Kingdom
Southgate LP (Nominee 2) Limited	Property investment	50%	United Kingdom
The Southgate Limited Partnership	Property investment	50%	United Kingdom
Southgate Property Unit Trust	Property investment	50%	Jersey
Hilden Properties Limited	Non-trading	100%	Northern Ireland
Plymouth Retail Limited	Property Investment	100%	United Kingdom
BL Ealing Limited	Investment holding	100%	United Kingdom
Hereford Old Market Limited	Investment holding	100%	United Kingdom

All investments based in the United Kingdom have a registered address of York House, 45 Seymour Street, London, W1H 7LX

All investments based in Jersey have a registered address of 47 Esplanade, St Helier, Jersey, JE1 0BD, Jersey.

The investment in Northern Island has an address of 138 University Street, Belfast, BT7 1HJ

11 Debtors

	31 March 2018 £	31 March 2017 £
Amounts due from related parties	5,408,618	33,687,913
VAT	4,000	-
	5,412,618	33,687,913

Debtors from related parties relate to amounts due from group companies which are repayable on demand. There is no interest charged on these balances

British Land In Town Retail Limited

**Notes to the Unaudited Financial Statements for the Year Ended 31 March 2018
(continued)**

12 Creditors due within one year

	31 March 2018 £	31 March 2017 £
Amounts due to related parties	<u>145,313,440</u>	<u>178,539,530</u>
	<u>145,313,440</u>	<u>178,539,530</u>

Amounts due to related parties relate to amounts owed to group companies which are repayable on demand. Interest is charged on these balances in accordance with the group policy on intercompany loan accounts.

13 Share capital

Allotted, called up and fully paid shares

	No.	31 March 2018 £	No.	31 March 2017 £
Ordinary shares of £1 each	2,597,417	<u>2,597,417</u>	2,597,417	<u>2,597,417</u>

14 Capital commitments

The total amount contracted for but not provided in the financial statements was £nil (2017: nil)

15 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

16 Subsequent events

There have been no significant events since the year end

17 Parent and ultimate parent undertaking

The immediate parent company is BL High Street and Shopping Centre Holding Company 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 party is The British Land Company PLC. Group accounts for this company are available on request from British Land, York House, 45 Seymour Street, London, W1H 7LX.