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# **BROADGATE (PHC 4) LIMITED**

## **Annual Report and Accounts**

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**Year ended 31 March 2000**

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**Company number: 3707215**

## **BROADGATE (PHC 4) LIMITED**

### **REPORT OF THE DIRECTORS for the year ended 31 March 2000**

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The directors present their Report and Accounts for the year ended 31 March 2000.

#### **Principal activity**

The principal activity of the company is that of property investment.

#### **Results and dividends**

The results for the period are set out in the profit and loss account on page 4. The directors do not recommend the payment of a dividend (1999 - £Nil).

#### **Review of business and prospects**

The activities and prospects of this and other group companies are reviewed in the Chairman's Statement and Operating and Financial Review of The British Land Company PLC, the ultimate holding company.

Details of significant events since the balance sheet date are contained in note 16 of the accounts.

#### **Directors**

The directors who served during the year were:

J H Ritblat	
J H Weston Smith	
S L Kalman	(resigned 16 July 1999)
N S J Ritblat	
R E Bowden	
S Adam	
L M Bell	(appointed 15 July 1999)
A Braine	(appointed 15 July 1999)
P C Clarke	(appointed 15 July 1999)

The directors' interests in the share and loan capital of the company are set out in note 12 to the accounts.

#### **Statement of directors' responsibilities**

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**BROADGATE (PHC 4) LIMITED**

**REPORT OF THE DIRECTORS  
for the year ended 31 March 2000**

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**Supplier payment policy**

In the absence of dispute, amounts due to trade and other suppliers are settled as expeditiously as possible within their terms of payment. Trade creditors of the company at 31 March 2000 were equivalent to nil (1999 - nil) days' purchases, based on the average daily amount invoiced by suppliers during the year.

**Year 2000**

Issues regarding the impact of the Year 2000 have been discussed in the accounts of the ultimate holding company.

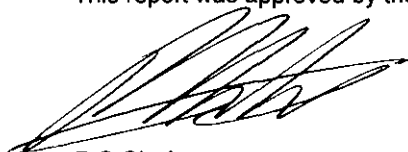
**Annual General Meeting**

At the Annual General Meeting of the company held on 21 June 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.

This report was approved by the Board on

*19th July 2000*



**P C Clarke**  
Secretary

10 Cornwall Terrace  
Regent's Park  
London NW1 4QP

**BROADGATE (PHC 4) LIMITED**

**REPORT OF THE AUDITORS  
for the year ended 31 March 2000**

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**To the Shareholders of Broadgate (PHC 4) Limited**

We have audited the accounts on pages 4 to 10 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 6.

**Respective responsibilities of directors and auditors**

As described on page 1, the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

**Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 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 as at 31 March 2000 and of the company's results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Arthur Andersen**  
Chartered Accountants and Registered Auditors

19 July 2000

1 Surrey Street  
London  
WC2R 2PS

**BROADGATE (PHC 4) LIMITED**

**PROFIT AND LOSS ACCOUNT  
for the year ended 31 March 2000**

					<b>28 January 1999 to 31 March 1999</b>		
	<b>Not e</b>	<b>Revenue</b>	<b>2000 Capital</b>	<b>Total</b>	<b>Revenue</b>	<b>Capital</b>	<b>Total</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Turnover</b>							
Rental income		10,972,668	-	10,972,668	1,267,223	-	1,267,223
		10,972,668	-	10,972,668	1,267,223	-	1,267,223
Cost of turnover		(279,464)	-	(279,464)	(869)	-	(869)
<b>Gross profit</b>	<b>2</b>	10,693,204	-	10,693,204	1,266,354	-	1,266,354
<b>Operating profit</b>	<b>3</b>	10,693,204	-	10,693,204	1,266,354	-	1,266,354
Interest receivable							
External - unlisted		19,372	-	19,372	-	-	-
Interest payable							
Group		(10,519,706)	-	(10,519,706)	(1,266,354)	-	(1,266,354)
External – unlisted		(192,870)	-	(192,870)	-	-	-
<b>Profit on ordinary activities before and after taxation</b>		-	-	-	-	-	-
<b>Retained profit for the financial year</b>	<b>13</b>	-	-	-	-	-	-

Turnover and results are derived from continuing operations in the United Kingdom.

All amounts are stated at historical costs.

**TOTAL RECOGNISED GAINS AND LOSSES  
for the year ended 31 March 2000**

	<b>Revenue</b>	<b>2000 Capital</b>	<b>Total</b>	<b>Revenue</b>	<b>Capital</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Profit for the financial year</b>	-	-	-	-	-	-
Revaluation of properties	-	(1,785,479)	(1,785,479)	-	-	-
<b>Total recognised gains and losses</b>	-	(1,785,479)	(1,785,479)	-	-	-

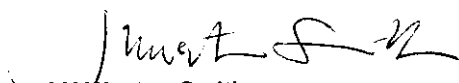
The accompanying notes on pages 6 to 10 form part of these accounts.

**BROADGATE (PHC 4) LIMITED**

**BALANCE SHEET**  
as at 31 March 2000

	Note	2000	1999
		£	£
<b>Fixed assets</b>			
Investment property	5	177,240,000	177,000,000
Investments	6	2,795	2,795
		<u>177,242,795</u>	<u>177,002,795</u>
<b>Current assets</b>			
Debtors	7	-	29,655
Cash at bank		<u>2,594,630</u>	<u>-</u>
		2,594,630	29,655
<b>Creditors due within one year</b>	8	<u>(47,257,096)</u>	<u>(179,032,448)</u>
<b>Net current liabilities</b>		<u>(44,662,466)</u>	<u>(179,002,793)</u>
<b>Total assets less current liabilities</b>		<u>132,580,329</u>	<u>2</u>
<b>Creditors due after one year</b>	9	<u>(125,415,808)</u>	<u>-</u>
<b>Net assets</b>		<u>7,164,521</u>	<u>2</u>
<b>Capital and reserves</b>			
Called up share capital	11	8,950,000	2
Revaluation reserve	13	(1,785,479)	-
Profit and loss account	13	-	-
<b>Shareholders' funds</b>	13	<u>7,164,521</u>	<u>2</u>

The accounts were approved by the board on 19 July 2000 and signed on its behalf by:

  
J.H. Weston Smith



**S Adam**  
Directors

The accompanying notes on pages 6 to 10 form part of these accounts.

# BROADGATE (PHC 4) LIMITED

## NOTES TO THE ACCOUNTS for the year ended 31 March 2000

### 1. Accounting policies

The principal accounting policies are summarised below. They have been applied consistently throughout the current year and the preceding period. Comparative figures are for the period from 28 January 1999 to 31 March 1999.

#### Accounting basis

The accounts are prepared in accordance with applicable Accounting Standards and under the historical cost convention as modified by the revaluation of investment properties and fixed asset investments and as a going concern on the basis that the immediate parent company will not demand repayment of amounts owed to it within twelve months of the date of signing these accounts.

#### 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.

#### Turnover

Turnover represents rental income receivable, net of VAT.

#### Properties

*Investment properties are independently valued each year on an open market basis. 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. The profit on disposal is based on book value.*

In accordance with Statement of Standard Accounting Practice 19 no amortisation or depreciation is provided in respect of freehold or long leasehold properties. 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 or amortisation 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.

#### Investments

Investments in associated companies are stated at cost or directors' valuation.

#### Taxation

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

On disposal of an investment property the element of tax relating to the current year capital profit is charged to the profit and loss account and the element relating to earlier revaluation surpluses is included in the statement of total recognised gains and losses.

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes to the extent that it is probable that a liability or asset will crystallise.

	2000 £	1999 £
<b>2. Gross profit</b>		
Net rental income	10,693,204	1,266,354
Fees and commissions	-	-
Other trading income	-	-
	<b>10,693,204</b>	<b>1,266,354</b>

# BROADGATE (PHC 4) LIMITED

## NOTES TO THE ACCOUNTS for the year ended 31 March 2000

	2000 £	1999 £
<b>3. Profit (loss) on ordinary activities before taxation</b>		
Profit (loss) on ordinary activities before taxation is stated after charging (crediting):		
Amortisation and depreciation	-	-
Auditors remuneration	-	-
Operating lease rentals	-	-

Amounts payable to Arthur Andersen and their associates by the company in respect of non-audit services were £Nil (1999 - £Nil).

	2000 £	1999 £
<b>4. Staff costs</b>		
Wages and salaries	-	-
Social security costs	-	-
Pension costs	-	-

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

Average number of employees including directors of the company during the year was Nil (1999 - Nil).

### 5. Investment properties

	Freehold £	Long leasehold £	Total £
<b>Cost and valuation</b>			
1 April 1999	-	179,000,000	179,000,000
Additions	-	25,479	25,479
Provision for write down of properties	-	(1,785,479)	(1,785,479)
<b>31 March 2000</b>	-	<b>177,240,000</b>	<b>177,240,000</b>

#### Analysis of cost and valuation

<b>31 March 2000</b>			
Cost	-	179,025,479	179,025,479
Provision for write down of properties	-	(1,785,479)	(1,785,479)
<b>Net book value</b>	-	<b>177,240,000</b>	<b>177,240,000</b>

#### 1 April 1999

Cost	-	179,000,000	179,000,000
Revaluation	-	-	-
<b>Net book value</b>	-	<b>179,000,000</b>	<b>179,000,000</b>

Properties were externally valued at 31 March 2000 by Weatherall Green & Smith, Chartered Surveyors, on the basis of open market value in accordance with the Appraisal and Valuation Manual published by The Royal Institution of Chartered Surveyors.

Security has been granted over the above properties, along with the other properties held by fellow subsidiaries of the Broadgate Property Holding Group to secure the £100 million 6.5055% secured notes due 2038, issued by Broadgate (Funding) PLC.



**BROADGATE (PHC 4) LIMITED**  
**NOTES TO THE ACCOUNTS**  
**for the year ended 31 March 2000**

	2000 £	1999 £
<b>6. Investments</b>		
Investment in associated company	2,795	2,795

At 31 March 2000, the company held 11,180 shares of £1 each, 25 pence paid, being 22.4% of the issued share capital in Broadgate Circle Management Limited, a company engaged in estate management and the provision of property services in the United Kingdom. The cost at 31 March 2000 is £2,795 (1999 - £2,795).

Other group companies own a further 38,820 shares of £1 each, 25 pence paid, in Broadgate Circle Management Limited, being 77.6% of the issued share capital.

	2000 £	1999 £
<b>7. Debtors</b>		
Trade debtors	-	29,655

	2000 £	1999 £
<b>8. Creditors due within one year</b>		
Other creditors	7,431	-
Amounts due to group companies		
- current accounts	42,138,919	176,552,129
- subordinated loans from Broadgate (Funding) PLC	2,637,693	-
Other taxation and social security	6,373	-
Accruals and deferred income	2,466,680	2,480,319
	<u>47,257,096</u>	<u>179,032,448</u>

	2000 £	1999 £
<b>9. Creditors due after one year</b>		
Amount due to group company		
Subordinated loans from Broadgate (Funding) PLC	125,415,808	-

<b>10. Borrowings</b>		
Creditors due within one year	2,637,693	-
Creditors due after one year	125,415,808	-
	<u>128,053,501</u>	<u>-</u>
Repayments due:		
Within one year	2,637,693	-
1-2 years	2,788,904	-
2-5 years	10,248,873	-
	<u>15,675,470</u>	<u>-</u>
After 5 years	112,378,031	-
Total	<u>128,053,501</u>	<u>-</u>

This amount is stated net of issue costs on the £1,540 million Broadgate (Funding) PLC notes issued on 14 May 1999.

On 14 May 1999, Broadgate (Funding) PLC issued £1,540 million subordinated loan notes to fellow group companies within the Broadgate Property Holdings Group. The £100 million secured Loan Notes, due 2038, are secured on the properties owned by various property companies within the Broadgate Property Holdings Group. The subordinated loans are being repaid from July 1999 to April 2034, with the weighted average interest rate of the subordinated loan being 6.09%.

# BROADGATE (PHC 4) LIMITED

## NOTES TO THE ACCOUNTS for the year ended 31 March 2000

### 11. Share capital

	2000 £	1999 £
<b>Authorised</b>		
1 April 1999 - 100 ordinary shares of £1 each	100	100
14 May 1999 - 8,949,900 ordinary shares £1 each	8,949,900	-
	<b>8,950,000</b>	<b>100</b>
<b>Allotted and fully paid</b>		
1 April 1999 - 2 ordinary shares of £1 each	2	2
14 May 1999 - 8,948,998 ordinary shares of £1 each issued at par	8,948,998	-
	<b>8,950,000</b>	<b>2</b>

### 12. Directors' interests in share and loan capital

No director held a beneficial interest in the share capital of the company. Messrs. J H Ritblat, J H Weston Smith, N S J Ritblat, R E Bowden and S Adam 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		Options over ordinary shares			
			1984 Option Scheme		Sharesave Scheme	
	31 March 2000	1 April 1999	31 March 2000	1 April 1999	31 March 2000	1 April 1999
L M Bell	6,220	4,688	52,925	52,925	5,340	5,340
A Braine	7,744	6,212	42,382	42,382	2,728	2,728
P C Clarke	3,233	3,051	30,968	30,968	2,791	2,728

	Rights under Restricted Share Plan			
	Ordinary shares		6% Irredeemable Convertible Bonds (£ nominal)	
	31 March 2000	1 April 1999	31 March 2000	1 April 1999
L M Bell	6,770	-	50,000	50,000
A Braine	6,770	-	68,000	68,000
P C Clarke	9,671	-	40,000	40,000

P C Clarke was granted options over 2,791 shares, and options over 2,728 shares lapsed during the year.

**BROADGATE (PHC 4) LIMITED**

**NOTES TO THE ACCOUNTS**  
**for the year ended 31 March 2000**

**13. Reconciliation of movements in shareholders' funds**

	Share capital £	Capital Reserve -revaluation £	Profit and loss account £	Total £
Opening shareholders' funds	2	-	-	2
Share issues	8,949,998	-	-	8,949,998
Retained profit for the year	-	-	-	-
Revaluation of properties	-	(1,785,479)	-	(1,785,479)
Closing shareholders' funds	8,950,000	(1,785,479)	-	7,164,521

**14. Contingent liabilities**

In the event of the realisation of properties at book value the liability for tax, after available reliefs at 31 March 2000 is estimated at £2.5m (1999 - £4.3m).

The company is jointly and severally liable with Broadgate Estate Management Limited, a wholly owned subsidiary of the ultimate holding company, and fellow subsidiaries for all monies falling due under the group VAT registration.

**15. 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.

**16. Subsequent events**

There have been no significant events since the year end.

**17 Ultimate holding company**

*The immediate parent company is Broadgate Property Holdings Limited.*

The ultimate holding company is The British Land Company PLC, which is registered in England and Wales. Group accounts for this company are available on request from 10 Cornwall Terrace, Regent's Park, London NW1 4QP.