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# **BROADGATE (PHC 15C) LIMITED**

## **ANNUAL REPORT & ACCOUNTS**

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**Year ended 31 March 2001**

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**Company number 3707219**

**BROADGATE (PHC 15C) LIMITED**

**REPORT OF THE DIRECTORS  
for the year ended 31 March 2001**

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The directors present their Report and Accounts for the year ended 31 March 2001.

**Principal activity**

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

**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.

**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 (2000 - £Nil).

**Directors**

The directors who served during the year were:

J H Ritblat  
J H Weston Smith  
N S J Ritblat  
R E Bowden  
S Adam (deceased 27 February 2001)  
L M Bell  
A Braine  
P C Clarke

The directors greatly regret to announce the untimely death on 27 February 2001 of Shen Adam FCA, a director of the company.

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 15C) LIMITED**

**REPORT OF THE DIRECTORS  
for the year ended 31 March 2001**

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**Annual General Meeting**

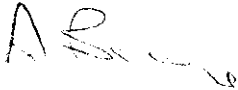
At the Annual General Meeting of the company held on 26 January 2000 Elective Resolutions were passed to dispense with the following requirements:

- 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**

The auditors, Arthur Andersen, are willing to continue in office.

This report was approved by the Board on 26 July 2001.



**A Braine**  
Secretary

10 Cornwall Terrace  
Regent's Park  
London NW1 4QP

**BROADGATE (PHC 15C) LIMITED**

**REPORT OF THE AUDITORS  
for the year ended 31 March 2001**

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**To the Shareholders of Broadgate (PHC 15C) Limited**

We have audited the accounts on pages 4 to 11 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 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 at 31 March 2001 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**

1 Surrey Street  
London  
WC2R 2PS

26 July 2001

**BROADGATE (PHC 15C) LIMITED**

**PROFIT AND LOSS ACCOUNT  
for the year ended 31 March 2001**

		<b>2001</b>	<b>2000</b>
	<b>Note</b>	<b>£</b>	<b>£</b>
<b>Turnover</b>			
Rental income		2,590,760	2,818,621
		<u>2,590,760</u>	<u>2,818,621</u>
Cost of turnover		(19,990)	(23,169)
<b>Gross profit</b>	<b>2</b>	<u>2,570,770</u>	<u>2,795,452</u>
<b>Operating profit</b>		<u>2,570,770</u>	<u>2,795,452</u>
Interest receivable			
External - unlisted		7,076	26,975
Interest payable			
Group		(2,536,829)	(2,779,528)
External - unlisted		(41,017)	(42,899)
<b>Profit on ordinary activities before and after taxation</b>	<b>3</b>	<u>-</u>	<u>-</u>
<b>Retained profit for the financial year</b>	<b>13</b>	<u>-</u>	<u>-</u>

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 2001**

	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
<b>Profit for the financial year</b>	<u>-</u>	<u>-</u>
Revaluation of properties	14,939,317	1,483,239
<b>Total recognised gains and losses</b>	<u>14,939,317</u>	<u>1,483,239</u>

The accompanying notes are an integral part of these accounts.

**BROADGATE (PHC 15C) LIMITED**

**BALANCE SHEET**  
As at 31 March 2001

	Note	2001		2000	
		£	£	£	£
<b>Fixed assets</b>					
Investment properties	5		63,990,000		48,990,000
Investments	6		-		-
			<u>63,990,000</u>		<u>48,990,000</u>
<b>Current assets</b>					
Debtors	7	6,731		1,286	
Cash at bank		<u>689,394</u>		<u>829,830</u>	
		696,125		831,116	
<b>Creditors due within one year</b>	8	<u>(18,909,162)</u>		<u>(18,369,877)</u>	
<b>Net current liabilities</b>			(18,213,037)		(17,538,761)
<b>Total assets less current liabilities</b>			<u>45,776,963</u>		<u>31,451,239</u>
<b>Creditors due after one year</b>	9		(26,979,407)		(27,593,000)
<b>Net assets</b>			<u>18,797,556</u>		<u>3,858,239</u>
<b>Capital and reserves</b>					
Called up share capital	11		2,375,000		2,375,000
Revaluation reserve	13		16,422,556		1,483,239
Profit and loss account	13		-		-
<b>Equity shareholders' funds</b>	13		<u>18,797,556</u>		<u>3,858,239</u>

  
JH Weston Smith

  
N S J Ritblat  
Directors

Approved by the board on 26 July 2001.

The accompanying notes are an integral part of this Balance Sheet.

## BROADGATE (PHC 15C) LIMITED

### NOTES TO THE ACCOUNTS for the year ended 31 March 2001

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#### 1. Accounting policies

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

The accounts have been prepared using a computer system. This is 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 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 (Revised), 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.

#### Finance Costs

Finance costs of debt are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount.

#### Debt

Debt is initially stated at the amount of the net proceeds after deduction of issue costs. The carrying amount is increased by the finance cost amortised in the year and reduced by payments made in the year.

**BROADGATE (PHC 15C) LIMITED**

**NOTES TO THE ACCOUNTS  
for the year ended 31 March 2001**

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**2. Gross profit**

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

	2001 £	2000 £
<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 for audit services	-	-
Operating lease rentals	-	-

Amounts payable to Arthur Andersen and their associates by the company in respect of non-audit services were £Nil (2000 - £Nil).

	2001 £	2000 £
<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 year.

Average number of employees including directors of the company during the year was Nil (2000 – Nil).



**BROADGATE (PHC 15C) LIMITED**

**NOTES TO THE ACCOUNTS  
for the year ended 31 March 2001**

**5. Investment properties**

	<b>Long Leasehold £</b>
<b>Cost and valuation</b>	
1 April 2000	48,990,000
Additions	60,683
Revaluation	14,939,317
<b>31 March 2001</b>	<b>63,990,000</b>
<b>Analysis of cost and valuation</b>	
<b>31 March 2001</b>	
Cost	47,567,444
Revaluation	16,422,556
Net book value	<b>63,990,000</b>
<b>1 April 2000</b>	
Cost	47,506,761
Revaluation	1,483,239
Net book value	<b>48,990,000</b>

Properties were externally valued at 31 March 2001 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 15C) LIMITED**

**NOTES TO THE ACCOUNTS**  
for the year ended 31 March 2001

	2001 £	2000 £
<b>6. Investments</b>		
Investment in participating interest	-	-
<b>7. Debtors</b>	2001 £	2000 £
Trade debtors	6,731	1,286
<b>8. Creditors due within one year</b>	2001 £	2000 £
Amounts due to group companies		
- subordinated loans from Broadgate Property Holdings Limited	17,697,699	17,184,924
- subordinated loans from Broadgate (Funding) PLC	613,593	580,324
Accruals and deferred income	597,870	604,629
	18,909,162	18,369,877
The subordinated loan from Broadgate Property Holdings Limited is deeply subordinated and ranks behind subordinated loans from Broadgate (Funding) PLC.		
<b>9. Creditors due after one year</b>	2001 £	2000 £
Amount due to group company		
Subordinated loans from Broadgate (Funding) PLC	26,979,407	27,593,000
<b>10. Borrowings</b>	2001 £	2000 £
Creditors due within one year	613,593	580,324
Creditors due after one year	26,979,407	27,593,000
	27,593,000	28,173,324
Repayments due:		
Within one year	613,593	580,324
1-2 years	655,481	613,593
2-5 years	2,474,510	2,254,876
	3,743,584	3,448,793
After 5 years	23,849,416	24,724,531
Total	27,593,000	28,173,324

This amount is stated net of issue costs.

On 14 May 1999, Broadgate (Funding) PLC issued a £1,540 million subordinated loan to the property holding 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 15C) LIMITED**

**NOTES TO THE ACCOUNTS  
for the year ended 31 March 2001**

**11. Share capital**

	£
<b>Authorised</b>	
2,375,000 ordinary shares of £1 each	2,375,000
At 31 March 2000 and 31 March 2001	2,375,000
<b>Issued and fully paid</b>	
2,375,000 ordinary shares of £1 each issued at par	2,375,000
At 31 March 2000 and 31 March 2001	2,375,000

**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, and R E Bowden 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)		Options over ordinary shares 1984 Option Scheme Sharesave Scheme			
	31 March 2001	1 April 2000	31 March 2001	1 April 2000	31 March 2001	1 April 2000	31 March 2001	1 April 2000
L M Bell	6,745	6,220	-	-	52,925	52,925	-	5,340
A Braine	9,769	7,744	-	-	42,382	42,382	2,728	2,728
P C Clarke	5,258	3,233	-	-	30,968	30,968	2,791	2,791

	Rights under Restricted Share Plan			
	Ordinary shares		6% Irredeemable Convertible Bonds (£ nominal)	
	31 March 2001	1 April 2000	31 March 2001	1 April 2000
L M Bell	19,270	6,770	25,000	50,000
A Braine	19,270	6,770	34,000	68,000
P C Clarke	22,171	9,671	20,000	40,000

**BROADGATE (PHC 15C) LIMITED****NOTES TO THE ACCOUNTS  
for the year ended 31 March 2001****13. Reconciliation of movements in shareholders' funds**

	Share capital £	Revaluation reserve £	Profit and loss account £	Total £
At 1 April 2000	2,375,000	1,483,239	-	3,858,239
Share issues	-	-	-	-
Retained profit for the year	-	-	-	-
Revaluation of properties	-	14,939,317	-	14,939,317
<b>At 31 March 2001</b>	<b>2,375,000</b>	<b>16,422,556</b>	<b>-</b>	<b>18,797,556</b>

**14. Contingent liabilities**

In the event of the realisation of properties at book value the liability for tax, after available reliefs at 31 March 2001 is estimated at £11.8m (2000 - £7.5m).

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.

The company is a guarantor and is jointly and severally liable with its fellow property holding subsidiaries for the obligations of Broadgate (Funding) PLC.

**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.