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# **BROADGATE (LENDING) LIMITED**

## **ANNUAL REPORT & ACCOUNTS**

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**Year ended 31 March 2002**

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**Company number 3724277**

## **BROADGATE (LENDING) LIMITED**

### **REPORT OF THE DIRECTORS for the year ended 31 March 2002**

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The directors present their Report and Accounts for the year ended 31 March 2002.

#### **Principal activity**

The principal activity of the company is to provide short term finance within the Broadgate Property Holdings Limited group of companies.

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

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

Details of significant events since the balance sheet date are contained in note 12 of the accounts.

#### **Results and dividends**

The results for the year are set out in the profit and loss account on page 4. The directors do not recommend the payment of a dividend (2001 - £Nil).

#### **Directors**

The directors who served during the year were:

J H Ritblat  
J H Weston Smith  
N S J Ritblat  
R E Bowden  
L M Bell  
A Braine  
P C Clarke  
G C Roberts (Appointed 26 February 2002)

The directors' interests in the share and loan capital of the company are set out in note 9 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 year. 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 (LENDING) LIMITED**

**REPORT OF THE DIRECTORS  
for the year ended 31 March 2002**

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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**

Arthur Andersen resigned as the Company's auditors following the agreement it reached with Deloitte & Touche under which partners and staff from Arthur Andersen joined Deloitte & Touche. The directors used their powers under the Companies Act 1985 to appoint Deloitte & Touche as the Company's auditors to fill the vacancy created by Arthur Andersen's resignation.

This report was approved by the Board on 23/10/02.



**R J Scudamore**  
Secretary

10 Cornwall Terrace  
Regent's Park  
London NW1 4QP

**BROADGATE (LENDING) LIMITED**

**INDEPENDENT AUDITORS REPORT  
for the year ended 31 March 2002**

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**To the Shareholders of Broadgate (Lending) Limited**

We have audited the financial statements of Broadgate (Lending) Limited for the year ended 31 March 2002 which comprise the Profit and loss account, Balance sheet and the related notes numbered 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of directors' responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements 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 financial statements 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 financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 March 2002 and of the company's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche*

**Deloitte & Touche  
Chartered Accountants and Registered Auditors**

London

*23 October 2002*

**BROADGATE (LENDING) LIMITED****PROFIT AND LOSS ACCOUNT  
for the year ended 31 March 2002**

	Note	2002 £	2001 £
<b>Turnover</b>			
Fees and Commissions		13,001	13,000
		13,001	13,000
Cost of turnover		-	-
<b>Gross profit</b>	<b>2</b>	<b>13,001</b>	<b>13,000</b>
<b>Profit on ordinary activities before taxation</b>	<b>3</b>	<b>13,001</b>	<b>13,000</b>
Taxation	<b>5</b>	(3,900)	(3,900)
<b>Profit on ordinary activities after taxation</b>		<b>9,101</b>	<b>9,100</b>
<b>Retained Profit for the year</b>	<b>10</b>	<b>9,101</b>	<b>9,100</b>

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

There were no recognised gains or losses other than those reported above.

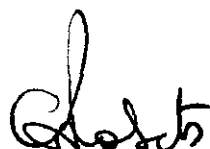
All amounts are stated at historical costs.

The accompanying notes are an integral part of these accounts.

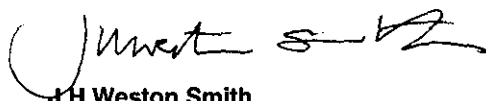
**BROADGATE (LENDING) LIMITED**

**BALANCE SHEET  
As at 31 March 2002**

	Note	2002		2001	
		£	£	£	£
<b>Current assets</b>					
Debtors	6	27,534		20,761	
Cash at bank		-		-	
		27,534		20,761	
<b>Creditors due within one year</b>	7	(3,900)		(6,228)	
<b>Net current assets</b>			23,634		14,533
<b>Total assets less current liabilities</b>			23,634		14,533
<b>Net assets</b>			23,634		14,533
 <b>Capital and reserves</b>					
Called up share capital	8		2		2
Profit and loss account	10		23,632		14,531
<b>Equity shareholders' funds</b>	10		23,634		14,533



**G C Roberts**



**J H Weston Smith**  
Directors

Approved by the board on 23/03/02.

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

## **BROADGATE (LENDING) LIMITED**

### **NOTES TO THE ACCOUNTS for the year ended 31 March 2002**

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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 save for the adoption of Financial Reporting Standard 19 'Deferred Tax' (FRS 19) and Urgent Issues Task Force Abstract 28 'Operating Lease Incentives' (UITF 28), which now have effect. These new standards have had no impact on the company in both the current and preceding years.

These accounts are designed to cover a wide variety of companies and circumstances. As a result some notes may not be relevant for this company and so may be intentionally left blank.

#### **Accounting basis**

The accounts are prepared in accordance with applicable Accounting Standards and under the historical cost convention.

#### **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 profit in the year 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.

Deferred tax assets and liabilities arise from timing differences between the recognition of gains and losses in the accounts and their recognition in a tax computation. Previously, the Group's accounting policy was only to provide for deferred tax to the extent that liabilities or assets were expected to be payable or receivable in the foreseeable future.

In accordance with FRS19, deferred tax is now provided in respect of all timing differences that have originated, but not reversed, at the balance sheet date that may give rise to an obligation to pay more or less tax in the future. Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the accounts. Deferred tax is measured on a non-discounted basis.

# BROADGATE (LENDING) LIMITED

## NOTES TO THE ACCOUNTS for the year ended 31 March 2002

### 1. Accounting policies (continued)

#### Operating lease incentives

Operating lease incentives include rent free periods and other incentives (such as contributions towards fitting out costs) given to lessees on entering into lease agreements. Previously, the Group's accounting policy was to recognise income as the rent fell due and to capitalise appropriate incentives.

In accordance with UITF28 rent receivable in the period from lease commencement to the earlier of the first rent review to the prevailing market rate and the lease end date, is now spread evenly over the period. The cost of other incentives is spread on a straight-line basis over a similar period.

This has been applied to all lease incentives for leases commencing on or after 1 April 2000.

#### 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.

### 2. Gross profit

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

### 3. Profit (loss) on ordinary activities before taxation

Profit (loss) on ordinary activities before taxation is stated after charging (crediting):

	2002 £	2001 £
Amortisation and depreciation	-	-
Auditors remuneration for audit services	-	-
Operating lease rentals	-	-

Amounts payable to Deloitte & Touche or Arthur Andersen in respect of audit and non-audit services are paid at group level by The British Land Company PLC.

### 4. Staff costs

	2002 £	2001 £
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 (2001 – Nil).

**BROADGATE (LENDING) LIMITED**

**NOTES TO THE ACCOUNTS  
for the year ended 31 March 2002**

<b>5. Taxation</b>	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
UK corporation tax	3,900	3,900
Adjustments in respect of prior years	-	-
Total current tax	3,900	3,900
Deferred tax	-	-
<b>Total taxation (effective tax rate – 30.0%; 2001 – 30.0%)</b>	<b>3,900</b>	<b>3,900</b>
<b>Tax reconciliation</b>		
Profit on ordinary activities	13,001	13,000
Tax on profit on ordinary activities at UK corporation tax rate (30%)	3,900	3,900
Effects of:		
Capital allowances	-	-
Tax losses and other timing differences	-	-
Expenses not deductible for tax purposes	-	-
Adjustments in respect of prior years	-	-
<b>Current tax charge</b>	<b>3,900</b>	<b>3,900</b>
<b>6. Debtors</b>	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Amounts owed by group companies	27,534	20,761
<b>7. Creditors due within one year</b>	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Corporation tax	3,900	6,228
<b>8. Share capital</b>		<b>£</b>
<b>Authorised</b>		
100 ordinary shares of £1 each		100
At 31 March 2002 and 31 March 2001		100
<b>Issued and fully paid</b>		
2 ordinary shares of £1 each issued at par		2
At 31 March 2002 and 31 March 2001		2

# BROADGATE (LENDING) LIMITED

## NOTES TO THE ACCOUNTS for the year ended 31 March 2002

### 9. 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 G C Roberts 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 2002	1 April 2001	31 March 2002	1 April 2001	31 March 2002	1 April 2001	31 March 2002	1 April 2001
L M Bell	8,412	6,745	-	-	52,925	52,925	2,427	-
A Braine	11,436	9,769	-	-	42,382	42,382	2,519	2,728
P C Clarke	6,925	5,258	-	-	30,968	30,968	2,791	2,791

	Rights under Restricted Share Plan			
	Ordinary shares		6% Irredeemable Convertible Bonds (£ nominal)	
	31 March 2002	1 April 2001	31 March 2002	1 April 2001
L M Bell	46,770	19,270	-	25,000
A Braine	44,270	19,270	-	34,000
P C Clarke	57,171	22,171	-	20,000

L M Bell was granted options over 2,427 shares at an option price of 399p per share.

A Braine exercised options over 2,728 shares at an option price of 355p per share; the middle market quotation on the date of disposal of these 2,728 shares was 517.5p. He was granted options over 2,519 shares at an option price of 377p per share.

No share options lapsed during the year.

# BROADGATE (LENDING) LIMITED

## NOTES TO THE ACCOUNTS for the year ended 31 March 2002

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### 10. Reconciliation of movements in shareholders' funds

	Share capital £	Profit and loss account £	Total £
At 1 April 2001	2	14,531	14,533
Retained profit for the year	-	9,101	9,101
At 31 March 2002	2	23,632	23,634

### 11. 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.

### 12. Subsequent events

There have been no significant events since the year end.

### 13. 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.