
BROADGATE (LENDING) LIMITED

Annual Report and Accounts

Year ended 31 March 2003

Company number: 3724277



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BROADGATE (LENDING) LIMITED

REPORT OF THE DIRECTORS **for the year ended 31 March 2003**

The directors present their Report and Accounts for the year ended 31 March 2003.

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 14 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 (2002 - £Nil).

Directors

The directors who served during the year were:

J H Ritblat
J H Weston Smith
N S J Ritblat
R E Bowden
G C Roberts
L M Bell
A Braine
P C Clarke

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 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 (LENDING) LIMITED

**REPORT OF THE DIRECTORS
for the year ended 31 March 2003**

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

Deloitte & Touche have expressed their willingness to continue in office as auditors. Deloitte & Touche have informed the directors that they are intending to transfer their business to a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000, to be known as Deloitte & Touche LLP. It is the current intention of the directors to use the Company's statutory power to give consent to the appointment of Deloitte & Touche being treated as extending to Deloitte & Touche LLP at the appropriate time.

This report was approved by the Board on **31 JUL 2003**



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 2003**

To the Shareholders of BROADGATE (LENDING) LIMITED

We have audited the accounts of Broadgate (Lending) Limited for the year ended 31 March 2003 which comprise the profit and loss account, balance sheet and the related notes 1 to 15. These accounts have been prepared under the accounting policies set out therein.

This report is made solely to the company's shareholders, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in our auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the annual report and the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the accounts in accordance with United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the accounts 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 accounts, 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 for the above year and consider the implications for our report if we become aware of any apparent misstatements.

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 accounts. It also includes an assessment of the significant estimates and judgments 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 2003 and of its 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

31 July 2003

BROADGATE (LENDING) LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2003

	Note	2003 £	2002 £
Turnover			
Fees and Commissions		13,000	13,001
Cost of turnover			
Operating profit (loss)	2	<u>13,000</u>	<u>13,001</u>
Profit on ordinary activities before taxation		<u>13,000</u>	<u>13,001</u>
Taxation	4	(3,900)	(3,900)
Profit (loss) on ordinary activities after taxation and retained for the year	10	<u><u>9,100</u></u>	<u><u>9,101</u></u>

Turnover and results are derived from continuing operations in the United Kingdom. The company has only one significant class of business.

There were no recognised gains or losses other than those reported above, consequently a statement of Total Recognised Gains and Losses have not been presented.

All amounts are stated at historical cost.

BROADGATE (LENDING) LIMITED

**BALANCE SHEET
as at 31 March 2003**

	Note	2003 £	£	2002 £	£
Current assets					
Debtors	6	36,634		27,534	
Cash at bank					
		<u>36,634</u>		<u>27,534</u>	
Creditors due within one year	7	(3,900)		(3,900)	
		<u></u>		<u></u>	
Net current assets (liabilities)			32,734		23,634
Total assets less current liabilities			<u>32,734</u>		<u>23,634</u>
Net assets (liabilities)			<u>32,734</u>		<u>23,634</u>
Capital and reserves					
Called up share capital	8		2		2
Profit and loss account	10		32,732		23,632
Equity shareholders' funds	10		<u>32,734</u>		<u>23,634</u>

These financial statements were approved by the Board of Directors on

31 JUL 2003


J H Weston Smith


L M Bell
Directors

BROADGATE (LENDING) LIMITED

Notes to the accounts for the year ended 31 March 2003

1. Accounting policies

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

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 United Kingdom Accounting Standards and under the historical cost convention.

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 fees receivable in respect of lending services, recognised on an accruals basis.

BROADGATE (LENDING) LIMITED

**Notes to the accounts
for the year ended 31 March 2003**

1. Accounting policies (continued)

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.

Deferred tax is 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.

2. Profit (loss) on ordinary activities before taxation	2003	2002
	£	£

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

Amortisation and depreciation

Auditors' remuneration

Auditors' remuneration for other services

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

BROADGATE (LENDING) LIMITED

**Notes to the accounts
for the year ended 31 March 2003**

3. Staff costs	2003	2002
	£	£
Wages and salaries		
Social security costs		
Pension costs		
	<hr/>	<hr/>
	<hr/>	<hr/>

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 (2002 - Nil).

4. Taxation	2003	2002
	£	£
Current tax		
UK corporation tax	3,900	3,900
Adjustments in respect of prior years		
Total current tax charge (credit)	<hr/> 3,900	<hr/> 3,900
Deferred tax		
Origination and reversal of timing differences		
Prior year items		
Total deferred tax charge (credit)	<hr/>	<hr/>
Total taxation (effective tax rate – 30.0%; 2002 – 30.0%)	<hr/> 3,900	<hr/> 3,900

Tax reconciliation

Profit on ordinary activities before taxation	13,000	13,001
Tax on profit on ordinary activities at UK corporation tax rate of 30% (2002 - 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		
Current tax charge (credit)	<hr/> 3,900	<hr/> 3,900

Further taxation that might become payable if the properties were sold at open market value is estimated at £Nil (2002 - £Nil). This unprovided taxation is stated after taking account of the FRS19 capital allowance deferred tax provision of £Nil (2002 - £Nil) recorded in the balance sheet which, would be expected to be released on sale.

This unprovided taxation could be reduced by tax losses, the amount and availability of which is currently uncertain.

BROADGATE (LENDING) LIMITED**Notes to the accounts**
for the year ended 31 March 2003

6. Debtors	2003	2002
	£	£
Trade debtors		
Amounts owed by group companies - current accounts	36,634	27,534
Corporation tax		
Other debtors		
Prepayments and accrued income		
	<u>36,634</u>	<u>27,534</u>
7. Creditors due within one year	2003	2002
	£	£
Trade creditors		
Amounts owed to group companies		
- subordinated loans from Broadgate Property Holdings Limited		
- subordinated loans from Broadgate (Funding) PLC		
Corporation tax	3,900	3,900
Other taxation and social security		
Other creditors		
Accruals and deferred income		
	<u>3,900</u>	<u>3,900</u>
8. Share capital	2003	2002
	£	£
Authorised		
100 ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
2 ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>

BROADGATE (LENDING) LIMITED**Notes to the accounts
for the year ended 31 March 2003****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)	
	31 Mar 03	1 Apr 02	31 Mar 03	1 Apr 02
L M Bell	9,968	8,412		
A Braine	12,992	11,436		
P C Clarke	19,976	6,925		

	Options over ordinary shares 1984 Option Scheme		Sharesave Scheme	
	31 Mar 03	1 Apr 02	31 Mar 03	1 Apr 02
L M Bell	17,925	52,925	2,427	2,427
A Braine		42,382	2,519	2,519
P C Clarke		30,968	2,632	2,791

	Rights under Restricted Share Plan		6% Irredeemable Convertible Bonds (£ nominal)	
	Ordinary shares			
	31 Mar 03	1 Apr 02	31 Mar 03	1 Apr 02
L M Bell	55,000	46,770		
A Braine	57,500	44,270		
P C Clarke	67,500	57,171		

Granting and lapsing of options

L M Bell exercised options over 35,000 shares. 29,800 had an option price of 394p per share and the middle market quotation on the date of disposal of 15,000 of these shares was 571p per share and the middle market quotation on the date of disposal of 14,800 of these shares was 616p per share. 5,200 shares had an option price of 322p per share and the middle market quotation on the date of disposal of these shares was 616p per share. Options over 5,200 shares lapsed. These exercises and lapses occurred under British Land's 1984 Option Scheme.

A Braine exercised options over 42,382 shares, at an option price of 394p per share, under British Land's 1984 Option Scheme. The middle market quotation on the date of disposal of these shares was 616p per share.

P C Clarke exercised options over 33,759 shares. 30,968 had an option price of 394p per share and were exercised under British Land's 1984 Option Scheme; the middle market quotation on the date of disposal of these shares was 625p per share. 2,791 shares had an option price of 347p per share, and were exercised under British Land's Sharesave Scheme; the middle market quotation on the date of exercise of these shares was 419p per share. He was granted options over 2,632 shares at an option price of 359p per share, under British Land's Sharesave Scheme.

BROADGATE (LENDING) LIMITED

Notes to the accounts for the year ended 31 March 2003

10. Reconciliation of movements in shareholders' funds

	Share capital £	Revaluation reserve £	Profit and loss account £	Total £
Opening shareholders' funds	2		23,632	23,634
Retained profit (loss) for the year			9,100	9,100
Closing shareholders' funds	<u>2</u>		<u>32,732</u>	<u>32,734</u>

11. Capital commitments

The company had capital commitments contracted at 31 March 2003 of £Nil (2002 - £Nil).

12. Contingent liabilities

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.

13. 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.

14. Subsequent events

There have been no significant events since the year end.

15. Ultimate holding company

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 is The British Land Company PLC, which is incorporated in Great Britain. Group accounts for this company are available on request from 10 Cornwall Terrace, Regent's Park, London NW1 4QP.