
MSC (Cash Management) Limited

Annual Report and Accounts

Year ended 31 March 2008

Company number: 4276631

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MSC (Cash Management) Limited

REPORT OF THE DIRECTORS **for the year ended 31 March 2008**

The directors present their Annual Report and audited Accounts for the year ended 31 March 2008

Business review and principal activities

The company is a wholly owned subsidiary of The British Land Company PLC and operates as a constituent of the Group. The company's principal activity is providing cash management services in relation to the Meadowhall securitised debt. There have not been any significant changes in the current year, nor are any currently planned.

Results and dividends

As shown in the company's Profit and loss account on page 4, the company's profit before tax remains unchanged from last year.

Dividends paid are shown on the face of the Balance Sheet in reserves. The directors do not recommend the payment of a dividend (2007 - £Nil).

The Balance sheet on page 5 of the financial statements shows that the company's financial position is consistent with last year. Details of amounts owed to its fellow group companies are shown in note 6 on page 7.

The company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the Group comprising The British Land Company PLC and subsidiaries, which includes the company, is discussed in the group's Annual Report which does not form part of this report.

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

Risk management

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,
- differential pricing for premium locations and buildings,
- alternative use for buildings,
- demand for returns from investors in property, compared to other asset classes,
- economic cycles, including their impact on tenant covenant quality, interest rates, inflation and property values,
- price differentials for capital to finance the business,
- legislative changes, including planning consents and taxation, and
- construction pricing and programming.

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

The company is financed by a variable interest rate loan from its ultimate holding company and has no third party debt. Interest can be charged at nil% where the company is not active or where to do so would put the company in financial difficulty.

Interest rate management

To manage interest rate fluctuations the Board determines a range for the proportion of projected debt to be maintained at fixed or capped rates of interest. With financing raised at both fixed and variable rates, derivatives (primarily interest rate swaps) are used to achieve the desired interest rate profile.

Liquidity and cash management

The Group maintains undrawn revolving bank facilities to provide financial liquidity. These can be drawn/repaid at short notice without additional expense, reducing the need to hold liquid resources in cash and deposits.

Environment

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 Corporate Responsibility Report is available online at www.britishland.com/crReport2007/

MSC (Cash Management) Limited

**REPORT OF THE DIRECTORS
for the year ended 31 March 2008**

Directors

The directors who served throughout the year were, except as noted

S A M Hester
R E Bowden (resigned 31/12/07)
G C Roberts
L M Bell
P C Clarke
A Braine

Statement of directors' responsibilities

The directors are responsible 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 UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law). The financial statements are required by law to 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 statements, 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 UK Accounting Standards have been followed, 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 proper accounting records that 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 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.

Disclosure of information to Auditors

Each of the persons who is a director at the date of approval of this report confirms that

- (a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- (b) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Annual General Meeting

At the Annual General Meeting of the company held on 6 February 2006 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 (Deloitte & Touche LLP are willing to continue in office), and
- to hold annual general meetings in the future.

This report was approved by the Board on 09 September 2008



Director

MSC (Cash Management) Limited

**INDEPENDENT AUDITORS REPORT
for the year ended 31 March 2008**

To the members of MSC (Cash Management) Limited

We have audited the financial statements of MSC (Cash Management) Limited for the year ended 31 March 2008 which comprise the profit and loss account, balance sheet and the related notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, 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 members those matters we are required to state to them in an 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view 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 International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and have been prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept adequate 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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 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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008 and of its profit for the year then ended,
- the financial statements have been prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte & Touche LLP
Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

London

UK

12 September 2008

MSC (Cash Management) Limited

PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2008

| | Note | 2008 £ | 2007 £ |
|---|------|----------------------|----------------------|
| Turnover | | | |
| Management fee receivable - group | | 20,000 | 20,000 |
| Total turnover | | <u>20,000</u> | <u>20,000</u> |
| Administrative expenses | | - | - |
| Operating profit | | <u>20,000</u> | <u>20,000</u> |
| Profit on ordinary activities before taxation | 2 | <u>20,000</u> | <u>20,000</u> |
| Taxation | 4 | (6,000) | 6,000 |
| Profit on ordinary activities after taxation and retained for the year | 8 | <u><u>14,000</u></u> | <u><u>26,000</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 other gains and losses in the year, consequently a Statement of Total Recognised Gains and Losses has not been presented.

All amounts are stated at historical cost.

MSC (Cash Management) Limited

**BALANCE SHEET
as at 31 March 2008**

| | Note | 2008 £ | £ | 2007 £ | £ |
|--|------|-----------|---------|-----------|--------|
| Current assets | | | | | |
| Debtors | 5 | 129,136 | | 109,136 | |
| Creditors due within one year | 6 | (26,740) | | (20,740) | |
| | | | | | |
| Net current assets | | | 102,396 | | 88,396 |
| Total assets less current liabilities | | | 102,396 | | 88,396 |
| | | | | | |
| Net assets | | | 102,396 | | 88,396 |
| Capital and reserves | | | | | |
| Called up share capital | 7 | | 1 | | 1 |
| Profit and loss account | 8 | | 102,395 | | 88,395 |
| Shareholders' funds | 8 | | 102,396 | | 88,396 |

These financial statements were approved by the Board of Directors on 09 September 2008



Director

MSC (Cash Management) Limited

Notes to the accounts **for the year ended 31 March 2008**

1 Accounting policies

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

Accounting basis

The financial statements are prepared in accordance with applicable United Kingdom law and Accounting Standards and under the historical cost convention as modified by the revaluation of investment properties and other fixed asset investments.

Where the company has subsidiaries, it has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of another company. Group financial statements which include the company for The British Land Company PLC are publicly available (see note 13).

Cash flow statement

The company is exempt from preparing a cash flow statement in accordance with FRS 1. The company's cash flow is included in the group cash flow statement prepared by The British Land Company PLC as part of its consolidated financial statements, which are publicly available (see note 13).

Investments

Fixed asset investments are stated at cost less provision for impairment.

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). In particular the Group (including this company) became a REIT on 1 January 2007 and income and gains on qualifying assets are now exempt from taxation.

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. On business combinations, the deferred tax effect of fair value adjustments is incorporated in the consolidated balance sheet.

MSC (Cash Management) Limited

Notes to the accounts
for the year ended 31 March 2008

2 Profit on ordinary activities before taxation

There have been no disclosable items charged/(credited) in arriving at the profit on ordinary activities before taxation

A notional charge of £1,040 (2007 £1,040) is deemed payable to Deloitte & Touche LLP in respect of the audit of the financial statements. Actual amounts payable to Deloitte & Touche LLP are paid at group level by The British Land Company PLC

3 Staff costs

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

Average number of employees, excluding directors, of the company during the year was nil (2007 - nil)

| 4 Taxation | 2008 | 2007 |
|---|--------------|----------------|
| | £ | £ |
| Current tax | | |
| UK corporation tax | 6,000 | - |
| Adjustments in respect of prior years | - | (6,000) |
| Total taxation | 6,000 | (6,000) |
| Tax reconciliation | | |
| Profit on ordinary activities before taxation | 20,000 | 20,000 |
| Tax on profit on ordinary activities at UK corporation tax rate of 30% (2007 - 30%) | 6,000 | 6,000 |
| Effects of | | |
| Expenses not deductible for tax purposes | - | (4,304) |
| Group relief not paid for | - | (1,696) |
| Adjustments in respect of prior years | - | (6,000) |
| Current tax charge | 6,000 | (6,000) |

| 5 Debtors | 2008 | 2007 |
|------------------|-------------|-------------|
| | £ | £ |

Amounts due within one year

| | | |
|--|---------|---------|
| Amounts owed by other group companies - current accounts | 129,136 | 109,136 |
|--|---------|---------|

| 6 Creditors due within one year | 2008 | 2007 |
|--|-------------|-------------|
| | £ | £ |

| | | |
|--|---------------|---------------|
| Amounts owed to group companies - current accounts | 20,740 | 20,740 |
| Corporation tax | 6,000 | |
| | 26,740 | 20,740 |

| 7 Share capital | 2008 | 2007 |
|------------------------|-------------|-------------|
| | £ | £ |

| | | |
|--------------------------------|-----|-----|
| Authorised | | |
| 100 ordinary shares of £1 each | 100 | 100 |

| | | |
|---|---|---|
| Allotted, called up and fully paid | | |
| 1 ordinary share of £1 | 1 | 1 |

MSC (Cash Management) Limited

**Notes to the accounts
for the year ended 31 March 2008**

8 Reconciliation of movements in shareholders' funds and reserves

| | Share capital £ | Profit and loss account £ | Total £ |
|------------------------------|--------------------|---------------------------------|----------------|
| Opening shareholders' funds | 1 | 88,395 | 88,396 |
| Retained profit for the year | - | 14,000 | 14,000 |
| Closing shareholders' funds | <u>1</u> | <u>102,395</u> | <u>102,396</u> |

9 Capital commitments

The company had capital commitments contracted at 31 March 2008 of £Nil (2007 - £Nil)

10 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

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 Immediate and ultimate holding company

The immediate parent is Meadowhall Limited Partnership

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, which is incorporated in Great Britain. Group accounts for this company are available on request from York House, 45 Seymour Street, London W1H 7LX