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# **MEADOWHALL SHOPPING CENTRE LIMITED**

**Annual Report and Accounts**

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**Period from 24 August 2001 to 31 March 2002**

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**Company number: 4276642**

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## **MEADOWHALL SHOPPING CENTRE LIMITED**

### **REPORT OF THE DIRECTORS for the period from 24 August 2001 to 31 March 2002**

The directors present their first Report and Accounts for the period from incorporation on 24 August 2001 to 31 March 2002.

#### **Principal activity**

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

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

The company was incorporated on 24 August 2001.

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 17 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.

#### **Directors**

The directors who served throughout the period were (except as noted):

J H Ritblat	(appointed 8 October 2001)
C Metliss	(appointed 31 August 2001)
J H Weston Smith	(appointed 31 August 2001)
N S J Ritblat	(appointed 31 August 2001)
R E Bowden	(appointed 31 August 2001)
L M Bell	(appointed 18 October 2001)
A Braine	(appointed 18 October 2001)
P C Clarke	(appointed 18 October 2001)
D Peltz	(appointed 18 October 2001, resigned 20 December 2001)
T A Roberts	(appointed 20 December 2001)

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 period 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.

**MEADOWHALL SHOPPING CENTRE LIMITED**

**REPORT OF THE DIRECTORS**  
**for the period from 24 August 2001 to 31 March 2002**

**Auditors**

Arthur Andersen were appointed auditors during the year by the directors in accordance with section 385 of the Companies Act 1985. 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. A resolution to re-appoint Deloitte & Touche as auditors will be put to the Annual General Meeting.

This report was approved by the Board on 30/6/02.

A Braine

**A Braine**  
Secretary

10 Cornwall Terrace  
Regent's Park  
London  
NW1 4QP

**MEADOWHALL SHOPPING CENTRE LIMITED**

**INDEPENDENT AUDITORS REPORT**  
**for the period from 24 August 2001 to 31 March 2002**

**To the Shareholders of Meadowhall Shopping Centre Limited**

We have audited the financial statements of Meadowhall Shopping Centre Limited for the period ended 31 March 2002 which comprise the Profit and loss account, Balance sheet, Statement of total recognised gains and losses and the related notes numbered 1 to 18. 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 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 judgements 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 of the state of affairs of the company at 31 March 2002 and of the company's loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche*

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

London

*30 October 2002*

**MEADOWHALL SHOPPING CENTRE LIMITED**

**PROFIT AND LOSS ACCOUNT**  
**for the period from 24 August 2001 to 31 March 2002**

	<b>Note</b>	<b>2002 £</b>
<b>Turnover</b>		34,868,791
Operating expenses		(7,519,351)
Other Interest receivable and similar income	2	86,457
Interest payable and similar charges	3	(27,635,897)
<b>Loss on ordinary activities before taxation</b>	<b>4</b>	<u>(200,000)</u>
Taxation	5	-
<b>Loss on ordinary activities after taxation</b>		<u>(200,000)</u>
Dividends paid and proposed		-
<b>Retained loss for the period</b>	<b>13</b>	<u><u>(200,000)</u></u>

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

All amounts are stated at historical costs.

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**for the period from 24 August 2001 to 31 March 2002**

	<b>2002 £</b>
Retained loss for the period	(200,000)
Revaluation of properties	7,853,100
<b>Total recognised gains and losses</b>	<u><u>7,653,100</u></u>

The accompanying notes form part of these accounts.

**MEADOWHALL SHOPPING CENTRE LIMITED**

**BALANCE SHEET  
as at 31 March 2002**

	Note	£	2002	£
<b>Fixed assets</b>				
Investment properties	6			1,287,776,204
<b>Current assets</b>				
Debtors	7	6,208,284		
Cash at bank		19,379,431		
<b>Creditors due within one year</b>	8	(412,916,138)		
				<hr/>
<b>Net current assets</b>				(387,328,423)
<b>Total assets less current liabilities</b>				900,447,781
<b>Creditors due after one year</b>	9			(828,794,680)
				<hr/>
<b>Net assets</b>				<u>71,653,101</u>
 <b>Capital and reserves</b>				
Called up share capital	11			64,000,001
Capital reserves				
- Revaluation	13			7,853,100
Profit and loss account	13			<u>(200,000)</u>
<b>Shareholders' funds</b>	13			<u>71,653,101</u>

J H Weston Smith



C Metliss

Directors



Approved by the Board on 30/03/02.

The accompanying notes form part of this balance sheet.

## MEADOWHALL SHOPPING CENTRE LIMITED

### NOTES TO THE ACCOUNTS for the period from 24 August 2001 to 31 March 2002

#### 1. Accounting policies

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

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 as modified by the revaluation of investment properties.

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 management fees 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.

#### 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.

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 financial statements. Deferred tax is measured on a non-discounted basis.

#### 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.

**MEADOWHALL SHOPPING CENTRE LIMITED**

**NOTES TO THE ACCOUNTS**  
**for the period from 24 August 2001 to 31 March 2002**

	<b>2002</b>
	<b>£</b>
<b>2. Interest receivable</b>	
Bank interest receivable	<u>86,457</u>

	<b>2002</b>
	<b>£</b>
<b>3. Interest payable</b>	
Interest payable to other group companies	<u>(27,635,897)</u>

	<b>2002</b>
	<b>£</b>
<b>4. Loss on ordinary activities before taxation</b>	
Loss on ordinary activities before taxation is stated after charging (crediting):	
Amortisation and depreciation	222,517
Auditors' remuneration for audit services	-
Operating lease rentals	<u>-</u>

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

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

Average number of employees, including directors, of the company during the period was 5.

<b>5. Taxation</b>	<b>2002</b>
	<b>£</b>
UK corporation tax	-
Foreign tax	<u>-</u>
Adjustments in respect of prior years	-
Total current tax	<u>-</u>
Deferred tax	-
<b>Total taxation (effective tax rate – 0.0%)</b>	<u><u>-</u></u>

**Tax reconciliation**

Loss on ordinary activities	<u>(200,000)</u>
Tax on loss on ordinary activities at UK corporation tax rate (30%)	(60,000)
Effects of:	-
Capital allowances	-
Tax losses	-
Other tax adjustments:	-
Profit on disposal of fixed assets	-
Other timing differences	-
Expenses not deductible	60,000
Adjustments in respect of prior years	-
<b>Current tax charge</b>	<u><u>-</u></u>



**MEADOWHALL SHOPPING CENTRE LIMITED**

**NOTES TO THE ACCOUNTS**  
**for the period from 24 August 2001 to 31 March 2002**

**6. Fixed Assets**

	<b>Investment in Meadowhall Shopping Centre £</b>	<b>Freehold interests £</b>	<b>Leasehold interests £</b>	<b>Total £</b>
<b>Cost and valuation</b>				
At incorporation	-	-	-	-
Transfers from fellow group company	1,269,255,170	9,500,000	984,966	1,279,740,136
Additions	705,485	-	(300,000)	405,485
Disposals to fellow group subsidiary	-	-	-	-
External disposals	-	-	-	-
Revaluation surplus	7,853,100	-	-	7,853,100
<b>31 March 2002</b>	<b>1,277,813,755</b>	<b>9,500,000</b>	<b>684,966</b>	<b>1,287,998,721</b>
<b>Amortisation and depreciation</b>				
At incorporation	-	-	-	-
Disposals to fellow group subsidiary	-	-	-	-
External disposals	-	-	-	-
Charge to revenue	-	-	222,517	222,517
<b>31 March 2002</b>	<b>-</b>	<b>-</b>	<b>222,517</b>	<b>222,517</b>
<b>Net book value</b>				
<b>31 March 2002</b>	<b>1,277,813,755</b>	<b>9,500,000</b>	<b>462,449</b>	<b>1,287,776,204</b>
<b>At incorporation</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Analysis of cost and valuation</b>				
<b>31 March 2002</b>				
Cost	1,269,960,655	9,500,000	684,966	1,280,145,621
Revaluation	7,853,100	-	-	7,853,100
<b>Cost and valuation</b>	<b>1,277,813,755</b>	<b>9,500,000</b>	<b>684,966</b>	<b>1,287,998,721</b>

On 15 October 2001, the leasehold interest of the Meadowhall Shopping Centre was transferred to the company from Meadowhall Centre (1999) Limited, a fellow group subsidiary.

Freehold and leasehold properties were externally valued at 31 March 2002 by ATIS Real Weatheralls, 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 to secure the £60 million 5.92% secured notes, due 2032, issued by MSC (Funding) PLC.

**MEADOWHALL SHOPPING CENTRE LIMITED**

**NOTES TO THE ACCOUNTS**  
**for the period from 24 August 2001 to 31 March 2002**

**7. Debtors**

**2002**  
**£**

**Amounts due within one year:**

Trade debtors	4,438,227
Other debtors	1,770,057
Amounts owed by other group companies	-
Amounts owed by ultimate holding company	-
	<u>6,208,284</u>

**8. Creditors due within one year**

**2002**  
**£**

Other creditors	2,913,181
Amounts owed to other group companies	-
- subordinated loans from Meadowhall Shopping Centre Property Holdings Ltd	395,493,683
Amounts owed to ultimate holding company	-
Corporation tax	-
Accruals and deferred income	14,509,274
	<u>412,916,138</u>

**9. Creditors due after one year**

**2002**  
**£**

Other creditors	-
Amounts owed to other group companies	-
- loans from MSC (Funding) PLC (see note 10)	828,794,680
- subordinated loans from Meadowhall Shopping Centre Property Holdings Ltd	-
- other	-
Amounts owed to ultimate holding company	-
Corporation tax	-
	<u>828,794,680</u>

**10. Borrowings**

**2002**  
**£**

Creditors due within one year	-
Creditors due after one year	828,794,680
	<u>828,794,680</u>

**Repayments due:**

Within one year	-
1-2 years	5,061,177
2-5 years	19,000,000
	<u>24,061,177</u>

After 5 years	804,733,503
Total	<u>828,794,680</u>

This amount is stated net of issue costs.

On 5 December 2001, MSC (Funding) PLC issued a £825 million loan to Meadowhall Shopping Centre Limited. The loan, due 2032, is secured on the Meadowhall Shopping Centre in Sheffield.

The loan is being repaid from April 2003 to January 2032, with a weighted average interest rate of 5.52%.

**MEADOWHALL SHOPPING CENTRE LIMITED**

**NOTES TO THE ACCOUNTS**  
**for the period from 24 August 2001 to 31 March 2002**

**11. Share capital**

	2002 £
<b>Authorised</b>	
64,000,100 ordinary shares of £1 each	<u>64,000,100</u>
<b>Allotted and fully paid</b>	
64,000,001 ordinary shares of £1 each	<u>64,000,001</u>

**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, C Metliss, 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:-

	<b>Fully paid Ordinary shares</b>		<b>6% Irredeemable Convertible Bonds (£ nominal)</b>		<b>Options over ordinary shares 1984 Option Scheme</b>		<b>Sharesave Scheme</b>	
	<u>Date appointed</u>	<u>31 March 2002</u>	<u>Date appointed</u>	<u>31 March 2002</u>	<u>Date appointed</u>	<u>31 March 2002</u>	<u>Date appointed</u>	<u>31 March 2002</u>
L M Bell	8,412	8,412	-	-	52,925	52,925	2,427	2,427
A Braine	11,436	11,436	-	-	42,382	42,382	2,728	2,519
P C Clarke	6,925	6,925	-	-	30,968	30,968	2,791	2,791
T A Roberts	3,772	5,403	-	-	-	-	3,133	2,965

**Rights under  
Restricted Share Plan**

	<b>Ordinary shares</b>		<b>6% Irredeemable Convertible Bonds (£ nominal)</b>	
	<u>Date appointed</u>	<u>31 March 2002</u>	<u>Date appointed</u>	<u>31 March 2002</u>
L M Bell	46,770	46,770	-	-
A Braine	34,270	44,270	-	-
P C Clarke	37,171	57,171	-	-
T A Roberts	50,803	50,803	-	-

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

No share options lapsed during the period.

# MEADOWHALL SHOPPING CENTRE LIMITED

## NOTES TO THE ACCOUNTS for the period from 24 August 2001 to 31 March 2002

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

	Share capital £	Capital reserve -revaluation £	Profit and loss account £	Total £
Opening shareholders' funds at incorporation	-	-	-	-
Retained loss	-	-	(200,000)	(200,000)
Issue of ordinary share capital	64,000,001	-	-	64,000,001
Revaluation of properties	-	7,853,100	-	7,853,100
Closing shareholders' funds	64,000,001	7,853,100	(200,000)	71,653,101

### 14. Capital commitments

The company had capital commitments contracted at 31 March 2002 of £8.3m.

### 15. Contingent liabilities

In the event of the realisation of properties at book value the liability for tax, after available reliefs at 31 March 2002 is estimated at £294.3m.

The company is jointly and severally liable with Meadowhall Shopping Centre Property Holdings 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 liable for the obligations of MSC (Funding) PLC.

### 16. 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.

### 17. Subsequent events

There have been no significant events since the period end.

### 18. Ultimate holding company

The immediate parent company is Meadowhall Shopping Centre Property Holdings Limited.

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.