

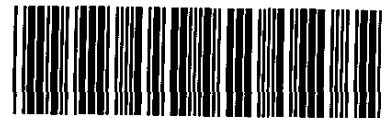
Registration number: 05270219

BF Propco (No.5) Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 31 March 2023

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BF Propco (No.5) Limited

Contents

Strategic Report	1 to 2
Directors' Report	3 to 4
Profit and Loss Account	5
Statement of Comprehensive Expense	6
Balance Sheet	7
Statement of Changes in Equity	8
Notes to the Unaudited Financial Statements	9 to 15

BF Propco (No.5) Limited

Strategic Report for the Year Ended 31 March 2023

The directors present their Strategic Report for the year ended 31 March 2023.

Business review and principal activities

BF Propco (No.5) Limited ("the company") is a wholly owned subsidiary of The British Land Company PLC and operates as a constituent of The British Land Company PLC group of companies ("the group").

The company's principal activity is property investment in the United Kingdom (UK).

As shown in the company's Profit and Loss Account on page 5, the company's turnover of £44,230 has decreased by £40,042 compared with turnover of £84,272 in the prior year. The decrease in turnover in the current year results in a reduction of receipts received from the service charge due to the company selling its only investment property.

Loss on ordinary activities before taxation is £1,111,998 compared to a loss on ordinary activities before taxation of £605,592 in the prior year. The movement is mainly due to the company disposed of its only investment property as detailed below and the reduction in operating loss as a result of the associated tenant went into administration in the prior years.

During the year the company disposed of its only investment property for a consideration of £1,200,000.

A loss on sale of investment properties was recorded in the year of £935,197 (2022: gain/loss of £nil). Details of the investment property sold are shown in note 7 to the balance sheet.

During the prior year, the company allotted 18,500,000 ordinary shares with a nominal value of £1 each.

On 7 March 2023 a special resolution was passed to reduce the share capital from £26,145,000 (divided into 26,145,000 ordinary shares of £1.00 each) to £100 comprising 100 ordinary shares of £1.00 by cancelling £26,144,900 ordinary shares. The capital derived from such cancellation was released into the distributable reserve account of the Company.

Dividends of £nil (2022: £nil) were paid in the year.

The Balance Sheet on page 7 shows that the company's financial position at the year end has, in net liability terms, increased compared with the prior year which was showing as net liabilities. This is due to a share capital reduction during the year. Details can be found in note 10 to the company's Balance Sheet. Additionally the year the company disposed of its only investment property as mention above.

The company is a subsidiary of The British Land Company PLC. The company's strategy is the same as the group's strategy - to deliver an above average annualised total return to shareholders, which is achieved by creating attractive environments in the right places focused around the people who work, shop and live in them.

The Board of the group uses total return, to monitor the performance of the group. This is a measure of growth in total equity per share, adding back any current year dividend.

Any expected future developments of the company are determined by the strategy of the group.

For more information also see The British Land Company PLC group annual report.

The performance of the group, which includes the company, is discussed in the group's annual report which does not form part of this report.

BF Propco (No.5) Limited

Strategic Report for the Year Ended 31 March 2023 (continued)

Principal risks and uncertainties

This company is part of a large property investment group. As such, the fundamental underlying risks for this company are those of the property group as discussed below.

The group 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;
- identification and execution of investment and development strategies which are value enhancing;
- availability of financing or refinancing at an acceptable cost;
- economic cycles, including their impact on tenant covenant quality, interest rates, inflation and property values;
- legislative changes, including planning consents and taxation;
- engagement of development contractors with strong covenants;
- key staff changes; and
- environmental and health and safety policies.

These opportunities also represent risks, the most significant being change to the value of the property portfolio. This risk has high visibility to directors and is considered and managed on a continuous basis. Directors use their knowledge and experience to knowingly accept a measured degree of market risk.

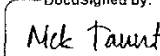
The group's preference for prime assets and their secure long term contracted rental income, primarily with upward only rent review clauses, presents lower risks than many other property portfolios.

The financial and political risks for the company are managed in accordance with the group financial risk management policy, as disclosed in the consolidated group financial statements.

The company has no third party debt and no associated third party interest rate exposure.

The general risk environment in which the Company operates has been volatile in terms of the economic and political landscape, with future sentiment remaining fragile. Higher interest rates have had an impact on property market yields, leading to a decline in property value. The Directors remain mindful of ongoing macroeconomic challenges, including upwards yield pressure.

Approved by the Board on 22/09/2023 and signed on its behalf by: Nick Taunt

DocuSigned by:

A136C1505C2542E

Director

BF Propco (No.5) Limited

Directors' Report for the Year Ended 31 March 2023

The directors present their report and the unaudited financial statements for the year ended 31 March 2023.

Directors of the company

The directors, who held office during the year, and up to the date of signing the financial statements, were as follows:

P J Murrell

A Bunting

N M Webb (resigned 30 June 2023)

B Lewis (resigned 31 December 2022)

The following director was appointed after the year end:

N Taunt (appointed 30 June 2023)

Directors' responsibilities statement

The directors acknowledge their responsibilities 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006.

The directors 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.

Environmental matters

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 sustainability report is available online at:

<https://www.britishland.com/sustainability/reporting/latest-reporting>

In preparing the financial statements, the impact of climate change has been considered. Whilst noting the Company's commitment to sustainability, there has not been a material impact on the financial reporting judgements and estimates arising from our considerations, which include physical climate and transitional risk assessments conducted by the Company. As part of the valuation process, the Company has discussed the impact of climate change with the external valuers who value the investment properties of the Company.

BF Propco (No.5) Limited

Directors' Report for the Year Ended 31 March 2023 (continued)

Going Concern

The Company's business activities are set out in the Principal Activities section of the Strategic Report on Page 1. The principal activity of the Company is the holding of property that was disposed of in the current year, and as such, the Company has ceased to trade. The Directors have formed the judgement that it is appropriate to prepare the financial statements on a basis other than going concern. There is no material difference in the value of assets and liabilities shown in the financial statements as a result of preparing them on a basis other than going concern.

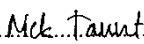
Subsequent Events

Details of significant events since the Balance Sheet date, if any, are contained in note 13.

Audit exemption taken for the year ended 31 March 2023

The company is exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of Section 479A of that Act, as disclosed on pages 226-227 of The British Land Company PLC Annual Report and Accounts 2023. The ultimate holding company and controlling party is The British Land Company PLC.

Approved by the Board on 22/09/2023 and signed on its behalf by: **Nick Taunt**

DocuSigned by:

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Director

BF Propco (No.5) Limited**Profit and Loss Account for the Year Ended 31 March 2023**

	Note	2023 £	2022 £
Turnover	4	44,230	84,272
Cost of sales		<u>(221,031)</u>	<u>(197,614)</u>
Operating loss		<u>(176,801)</u>	<u>(113,342)</u>
Loss from sale of investment properties	7	(935,197)	-
Revaluation of investment properties	7	<u>-</u>	<u>(492,250)</u>
Loss on ordinary activities before taxation		(1,111,998)	(605,592)
Taxation	6	<u>-</u>	<u>-</u>
Loss for the year		<u>(1,111,998)</u>	<u>(605,592)</u>

Turnover and results were derived from continuing operations within the United Kingdom.

The notes on pages 9 to 15 form an integral part of these financial statements.

BF Propco (No.5) Limited

Statement of Comprehensive Expense for the Year Ended 31 March 2023

	2023 £	2022 £
Loss for the year	<u>(1,111,998)</u>	<u>(605,592)</u>
Total comprehensive expense for the year	<u><u>(1,111,998)</u></u>	<u><u>(605,592)</u></u>

The notes on pages 9 to 15 form an integral part of these financial statements.

BF Propco (No.5) Limited

(Registration number: 05270219)

Balance Sheet as at 31 March 2023

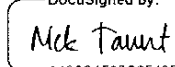
	Note	31 March 2023 £	31 March 2022 £
Fixed assets			
Investment properties	7	-	1,900,000
		-	1,900,000
Current assets			
Debtors	8	10,179	66,775
		10,179	66,775
Creditors due within one year	9	(754,692)	(1,599,290)
Net current liabilities		(744,513)	(1,532,515)
Net (liabilities)/assets		(744,513)	367,485
Capital and reserves			
Share capital	10	100	26,145,000
Profit and loss account		(744,613)	(25,777,515)
Total shareholders' (deficit)/funds		(744,513)	367,485

For the financial year ending 31 March 2023 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

Approved by the Board on 22/09/2023 and signed on its behalf by: Nick Taunt

DocuSigned by:

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Director

The notes on pages 9 to 15 form an integral part of these financial statements.

BF Propco (No.5) Limited

Statement of Changes in Equity for the Year Ended 31 March 2023

	Share capital £	Profit and loss account £	Total £
Balance at 1 April 2021	7,645,000	(25,171,923)	(17,526,923)
Loss for the year	-	(605,592)	(605,592)
Total comprehensive expense for the year	-	(605,592)	(605,592)
Shares issued	18,500,000	-	18,500,000
Balance at 31 March 2022	26,145,000	(25,777,515)	367,485
 Balance at 1 April 2022	 26,145,000	 (25,777,515)	 367,485
Loss for the year	-	(1,111,998)	(1,111,998)
Total comprehensive expense for the year	-	(1,111,998)	(1,111,998)
Share capital reduction	(26,144,900)	26,144,900	-
Balance at 31 March 2023	100	(744,613)	(744,513)

The notes on pages 9 to 15 form an integral part of these financial statements.

BF Propco (No.5) Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 March 2023

1 General information

The company is a private company limited by share capital, incorporated and domiciled in England, United Kingdom.

The address of its registered office is:

York House
45 Seymour Street
London
W1H 7LX

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

The financial statements are prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Instances in which advantage of the FRS 101 disclosure exemptions have been taken are set out below.

The financial statements have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

Summary of disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) The requirements of IAS 1 to provide a Balance Sheet at the beginning of the year in the event of a prior year adjustment;
- (b) The requirements of IAS 1 to provide a Statement of Cash flows for the year;
- (c) The requirements of IAS 1 to provide a statement of compliance with IFRS;
- (d) The requirements of IAS 1 to disclose information on the management of capital;
- (e) The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to disclose new IFRS's that have been issued but are not yet effective;
- (f) The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- (g) The requirements of paragraph 17 of IAS 24 Related Party Disclosures to disclose key management personnel compensation;
- (h) The requirements of IFRS 7 to disclose financial instruments; and
- (i) The requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement to disclose information of fair value valuation techniques and inputs.

BF Propco (No.5) Limited

**Notes to the Unaudited Financial Statements for the Year Ended 31 March 2023
(continued)**

2 Accounting policies (continued)

Disclosure exemptions for subsidiaries are permitted where the relevant disclosure requirements are met in the consolidated financial statements. Where required, equivalent disclosures are given in the group financial statements of The British Land Company PLC. The group financial statements of The British Land Company PLC are available to the public and can be obtained as set out in note 14.

Adoption status of relevant new financial reporting standards and interpretations

In the current year the Company has adopted a number of minor amendments to standards effective in the year issued by the IASB, none of which have had a material impact on the Company. These include amendments to IAS 16, IAS 37, IFRS 3 and annual improvements to IFRS Standards 2018-2020. Several amendments to standards and interpretations have been issued but are not yet effective for the current accounting period. These include amendments to IAS 12, IAS 1 and IFRS Practice Statement 2. These have not yet been adopted by the Company. The amendments listed above did not have any material impact on amounts recognised in prior years, and are not expected to significantly affect current and future years.

Change in accounting policy

In the current year the Company has adopted an Agenda Decision issued by the IFRS Interpretations Committee (IFRIC), in respect of the accounting for rental concessions granted to tenants. In October 2022, the IFRIC issued an Agenda Decision in relation to Lessor Forgiveness of Lease Payments (IFRS 9 and IFRS 16), giving clarification on the lessor accounting for concessions (or rental forgiveness) granted to tenants. Concessions granted to tenants consisted of reducing or waiving the rent for a specified period. The IFRIC clarified that concessions granted to tenants for rental debtors past their due date would fall under the scope of expected credit losses within IFRS 9. As such, the expected credit loss would be reflected in the Profit and Loss as part of the derecognition and provisioning of the rental debtor. Before the Agenda Decision, the Company treated concessions granted to tenants for rental debtors past their due date (predominantly in response to Covid-19), as a lease modification under IFRS 16, recognising the concession granted on a straight-line basis over the lease term.

The Company has changed its accounting policy in respect of concessions granted to tenants in the current financial year and the associated impact of this change is considered immaterial. The prior year comparative has not been restated for this change in accounting policy on the basis that the associated impact is not material.

As part of considering the Agenda Decision, the Company has reassessed the position of the tenant incentive provision on the balance sheet. Previously, this balance was accounted for as part of debtors. However, following the Agenda Decision, the Company has chosen to present the current year tenant incentive provision within investment property. The prior year tenant incentive provision has not been represented as part of this reassessment from debtors to investment property, on the basis that the amount is not material.

Going Concern

The Company's business activities are set out in the Principal Activities section of the Strategic Report on Page 1. The principal activity of the Company is the holding of property that was disposed of in the current year, and as such, the Company has ceased to trade. The Directors have formed the judgement that it is appropriate to prepare the financial statements on a basis other than going concern. There is no material difference in the value of assets and liabilities shown in the financial statements as a result of preparing them on a basis other than going concern.

BF Propco (No.5) Limited

**Notes to the Unaudited Financial Statements for the Year Ended 31 March 2023
(continued)**

2 Accounting policies (continued)

Turnover

Rental income from investment property

Rental income is recognised on an accruals basis. A rent adjustment based on open market estimated rental value is recognised from the rent review date in relation to unsettled rent reviews. Where a rent-free period is included in a lease, the rental income foregone is allocated evenly over the period from the date of lease commencement to the earliest termination date.

Rental income from fixed and minimum guaranteed rent reviews is recognised on a straight-line basis over the shorter of the entire lease term or the period to the first break option. Where such rental income is recognised ahead of the related cash flow, an adjustment is made to ensure that the carrying value of the related property including the accrued rent does not exceed the external valuation. Initial direct costs incurred in negotiating and arranging a new lease are amortised on a straight-line basis over the period from the date of lease commencement to the earliest termination date.

Where a lease incentive payment, including surrender premia paid, does not enhance the value of a property, it is amortised on a straight-line basis over the period from the date of lease commencement to the earliest termination date. Upon receipt of a surrender premium for the early determination of a lease, the profit, net of dilapidations and non-recoverable outgoings relating to the lease concerned, is immediately reflected in income.

Service charge income is recognised on an accruals basis in line with the service being provided.

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).

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.

Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequently to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Any surplus or deficit arising on revaluing investment properties is recognised in the Profit and Loss Account as a fair value movement.

Where properties held for investment are appropriated to trading stock, they are transferred at market value. If properties held for trading are appropriated to investment, they are transferred at book value.

Debtors

Trade and other debtors are initially recognised at fair value and subsequently measured at amortised cost and discounted as appropriate. The Company calculates the expected credit loss for debtors based on lifetime expected credit losses under the IFRS 9 simplified approach.

Creditors

Trade and other creditors are initially recognised at fair value and subsequently measured at amortised cost and discounted as appropriate.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

BF Propco (No.5) Limited**Notes to the Unaudited Financial Statements for the Year Ended 31 March 2023
(continued)****3 Critical accounting judgements and key sources of estimation uncertainty**

In applying the Company's accounting policies, the Directors are required to make critical accounting judgements and assess key sources of estimation uncertainty that affect the financial statements.

Key sources of estimation uncertainty

The directors do not consider there to be any key sources of estimation uncertainty in the preparation of the Company financial statements.

Critical accounting judgements

The directors do not consider there to be any other critical accounting judgements in the preparation of the Company financial statements.

4 Turnover

The analysis of the company's turnover for the year from continuing operations is as follows:

	2023 £	2022 £
Service charge income	44,230	84,272
	<u>44,230</u>	<u>84,272</u>

5 Staff costs

No director (2022: nil) received any remuneration for services to the company in either year. The remuneration of the directors was borne by another company, for which no apportionment or recharges were made.

Average number of employees, excluding directors, of the company during the year was nil (2022: nil).

6 Taxation

	2023 £	2022 £
Current taxation		
UK corporation tax	-	-
Tax charge in the profit and loss account	<u>-</u>	<u>-</u>

BF Propco (No.5) Limited**Notes to the Unaudited Financial Statements for the Year Ended 31 March 2023
(continued)****6 Taxation (continued)**

	2023 £	2022 £
Tax reconciliation		
Loss on ordinary activities before taxation	<u>(1,111,998)</u>	<u>(605,592)</u>
Tax on loss on ordinary activities at UK corporation tax rate of 19% (2022: 19%)	<u>(211,280)</u>	<u>(115,063)</u>
Effects of:		
REIT exempt income and gains	<u>33,593</u>	<u>21,535</u>
Decrease in fair value of property & investments	<u>177,687</u>	<u>93,528</u>
Total tax charge	<u><u>-</u></u>	<u><u>-</u></u>

On 24 May 2021 legislation was substantially enacted to increase the corporation tax rate to 25% from 1 April 2023. Where relevant this has been reflected in the deferred tax calculation.

7 Investment properties

	£
Fair value	
1 April 2022	1,900,000
Additions	217
Disposals	<u>(1,900,217)</u>
31 March 2023	<u><u>-</u></u>
Fair value	
1 April 2021	2,400,000
Disposals	(7,750)
Revaluation	<u>(492,250)</u>
31 March 2022	<u><u>1,900,000</u></u>
Analysis of cost and valuation	
31 March 2023	
Net book value	<u><u>-</u></u>
31 March 2022	
Cost	30,787,044
Valuation	<u>(28,887,044)</u>
Net book value	<u><u>1,900,000</u></u>

BF Propco (No.5) Limited**Notes to the Unaudited Financial Statements for the Year Ended 31 March 2023
(continued)****7 Investment properties (continued)**

At 31 March 2023 the book value of freehold investment properties owned by the company was £nil (2022: £1,900,000).

During the year the company disposed of its only investment property for a consideration of £1,200,000. This resulted in a loss on sale in the year of £935,197 (2022: gain/loss of £nil).

8 Debtors

	31 March 2023 £	31 March 2022 £
Trade debtors	-	56,852
Prepayments	10,179	9,923
	<u>10,179</u>	<u>66,775</u>

9 Creditors due within one year

	31 March 2023 £	31 March 2022 £
Trade creditors	206	-
Accrued expenses and deferred income	81,365	-
Amounts due to related parties	672,618	1,598,777
Social security and other taxes	503	513
	<u>754,692</u>	<u>1,599,290</u>

Amounts due to related parties relate to amounts owed to group companies which are repayable on demand. Interest is charged on these balances in accordance with the group policy on intercompany loan accounts.

10 Share capital**Allotted, called up and fully paid shares**

	No.	31 March 2023 £	No.	31 March 2022 £
Ordinary shares of £1 each	100	100	26,145,000	26,145,000

During the prior year, the company allotted 18,500,000 ordinary shares with a nominal value of £1 each.

BF Propco (No.5) Limited

**Notes to the Unaudited Financial Statements for the Year Ended 31 March 2023
(continued)**

10 Share capital (continued)

On 7 March 2023 a special resolution was passed to reduce the share capital from £26,145,000 (divided into 26,145,000 ordinary shares of £1.00 each) to £100 comprising 100 ordinary shares of £1.00 by cancelling £26,144,900 ordinary shares. The capital derived from such cancellation was released into the distributable reserve account of the Company.

11 Capital commitments

The total amount contracted for but not provided in the financial statements was £nil (2022: £nil).

12 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.

13 Subsequent events

There have been no significant events since the year end.

14 Parent and ultimate parent undertaking

The immediate parent company is BF Properties (No.5) Limited.

The British Land Company PLC is the smallest and largest group for which group financial statements are available and which include the company. The ultimate holding company and controlling party is The British Land Company PLC. Group financial statements for this company are available on request from British Land, York House, 45 Seymour Street, London, W1H 7LX.