

Registration number: 07018582

Bluebutton Properties UK Limited

Annual Report and Financial Statements

for the Year Ended 31 March 2019

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Bluebutton Properties UK Limited

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Bluebutton Properties UK Limited

Strategic Report for the Year Ended 31 March 2019

The directors present their Strategic Report for the year ended 31 March 2019.

Business review and principal activities

Bluebutton Properties UK Limited ("the company") is a wholly owned subsidiary of Bluebutton Properties Limited and operates as a constituent of Broadgate REIT Limited group of companies ("the group"). Broadgate REIT Limited operates as a joint venture between Euro Bluebell LLP, an affiliate of GIC, Singapore's sovereign wealth fund, and BL Bluebutton 2014 Limited, a wholly owned subsidiary of The British Land Company PLC.

The company's principal activity is property investment and investment holding in the United Kingdom (UK). The company administers some of the estate wide costs for the group which includes marketing, property management and other property related costs.

As shown in the company's Profit and Loss Account on page 8, the company's turnover of £498,043 has increased by £174,608 compared with turnover of £323,435 in the prior year.

Loss on ordinary activities before taxation is £3,206,019 compared to a loss on ordinary activities before taxation of £5,212,642 in the prior year. The decrease in loss is due to a reduction in admin expenses.

Dividends of £nil (2018: £nil) were paid in the year.

The revaluation of investment properties in the year was a surplus of £31,198 (2018: deficit of £66,050).

Bluebutton Properties UK Limited and its subsidiary undertakings own investment property of £4.2 billion held at fair value using externally appraised valuations by Knight Frank LLP, and a nominal value of external bonds of £1.3 billion secured on properties of the Group valued at £3.6 billion.

The Balance Sheet on page 10 shows that the company's financial position at the year end has, in net assets terms, decreased compared with the prior year.

The company holds investments in a number of freehold properties within the Broadgate REIT Limited group. The value of investment properties held as at 31 March 2019 has remained consistent from 31 March 2018 as shown in note 11 to the company's Balance Sheet. Details of how investment properties are valued can be found in note 11 to the company's balance sheet. The movement is determined by the prevailing market conditions at the balance sheet date.

The value of investments in subsidiaries held as at 31 March 2019 has increased due to the acquisition of Broadgate (PHC 2) Limited, Broadgate (PHC 15b) Limited, Broadgate (PHC 15c) Limited and Bluebutton Circle Retail PHC 2013 Limited from another subsidiary within the Broadgate REIT Limited group at their net asset value on the date of purchase. The purchase of the four investments resulted in a £98 million increase in investments. See note 12 to the company's Balance Sheet for more details.

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

Key performance indicators

The directors measure how the group, of which this company is a member, is delivering its strategy through the key performance indicators.

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.

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 company generates returns to shareholders through long-term investment decisions requiring the evaluation of opportunities arising in the following areas:

Bluebutton Properties UK Limited

Strategic Report for the Year Ended 31 March 2019 (continued)

- 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.

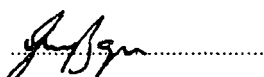
These opportunities also represent risks, the most significant being change to the value of the property portfolio. This risk has high visibility to directors and is considered and managed on a continuous basis. Directors use their knowledge and experience to knowingly accept a measured degree of market 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 risks for the company are managed in accordance with the group financial risk management policy, as disclosed in the consolidated group financial statements. The general risk environment in which the group operates has heightened over the course of the year, which is largely due to the continued level of uncertainty associated with the future impact of the UK's exit from the EU, the significant deterioration in the UK retail market and weaker investment markets.

The company has no third party debt. It therefore has no interest rate exposure.

Approved by the Board on 30/09/2019 and signed on its behalf by:



A. Baran
British Land Company Secretarial Limited
Company secretary

Bluebutton Properties UK Limited

Directors' Report for the Year Ended 31 March 2019

The directors present their report and the audited financial statements for the year ended 31 March 2019.

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:

M Cosgrave

D Devani

T A Roberts (resigned 31 March 2019)

H Shah

D I Lockyer

N I Cahoon

D Richards (appointed 31 March 2019)

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 elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). 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;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; 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. 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.

Directors' indemnities

During the financial year one or more of the directors were indemnified. The indemnity arrangements were qualifying indemnity provisions under the Companies Act 2006.

Environmental matters

The company 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 company's activities. The company operates in accordance with best practice policies and initiatives designed to minimise the company's impact on the environment including the safe disposal of manufacturing waste, recycling and reducing energy consumption.

Bluebutton Properties UK Limited

Directors' Report for the Year Ended 31 March 2019 (continued)

Going concern

The directors consider the company to be a going concern and the financial statements are prepared on this basis. Details of this are shown in note 2 of the financial statements.

Subsequent Events

Details of significant events since the Balance Sheet date, if any, are contained in note 21.

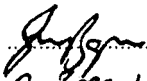
Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the next Board Meeting.

Approved by the Board on 30/09/2019 and signed on its behalf by:


G. Beggan

British Land Company Secretarial Limited
Company secretary

Bluebutton Properties UK Limited

Independent Auditors' Report to the Members of Bluebutton Properties UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, Bluebutton Properties UK Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 March 2019; the Profit and Loss Account, the Statement of Comprehensive Income, the Statement of Changes in Equity for the year then ended; and the Notes to the Financial Statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Bluebutton Properties UK Limited

Independent Auditors' Report to the Members of Bluebutton Properties UK Limited (continued)

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement set out on page 3, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

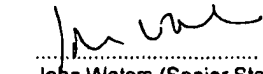
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Bluebutton Properties UK Limited

**Independent Auditors' Report to the Members of Bluebutton Properties UK
Limited (continued)**


.....
John Waters (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP,
Chartered Accountants and Statutory Auditors
London

Date: 25 September 2019

Bluebutton Properties UK Limited

Profit and Loss Account for the Year Ended 31 March 2019

		(As restated)	
	Note	2019 £	2018 £
Turnover	4	498,043	323,435
Cost of sales	5	628,574	(425,532)
Gross profit(loss)		1,026,617	(102,097)
Administrative expenses		(4,178,446)	(5,056,030)
Operating loss		(3,151,829)	(5,158,127)
Revaluation of investment properties	11	31,198	(66,050)
Loss on ordinary activities before interest and taxation		(3,120,631)	(5,224,177)
Interest receivable and similar income	6	70,395	11,757
Interest payable and similar expenses	7	(156,783)	(222)
Loss on ordinary activities before taxation		(3,206,019)	(5,212,642)
Taxation	10	(13,375)	153,157
Loss for the year		(3,219,394)	(5,059,485)

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

The notes on pages 12 to 23 form an integral part of these financial statements.

Bluebutton Properties UK Limited

Statement of Comprehensive Income for the Year Ended 31 March 2019

	2019	2018
	£	£
Loss for the year	<u>(3,219,394)</u>	<u>(5,059,485)</u>
Total comprehensive expense for the year	<u><u>(3,219,394)</u></u>	<u><u>(5,059,485)</u></u>

The notes on pages 12 to 23 form an integral part of these financial statements.


Bluebutton Properties UK Limited

(Registration number: 07018582)

Balance Sheet as at 31 March 2019

	Note	31 March 2019 £	31 March 2018 £
Fixed assets			
Investment properties	11	80,000	80,000
Investments	12	<u>98,059,484</u>	<u>3</u>
		<u>98,139,484</u>	<u>80,003</u>
Current assets			
Debtors	13	785,835,888	298,530,317
Cash at bank and in hand	14	<u>33,969,719</u>	<u>15,229,785</u>
		819,805,607	313,760,102
Creditors due within one year	15	<u>(1,382,668)</u>	<u>(1,421,255)</u>
Net current assets		<u>818,422,939</u>	<u>312,338,847</u>
Total assets less current liabilities		<u>916,562,423</u>	<u>312,418,850</u>
Creditors due after more than one year	16	<u>(914,805,850)</u>	<u>(307,442,883)</u>
Net assets		<u>1,756,573</u>	<u>4,975,967</u>
Capital and reserves			
Called up share capital	17	1,000	1,000
Profit and loss account		<u>1,755,573</u>	<u>4,974,967</u>
Total shareholders' funds		<u>1,756,573</u>	<u>4,975,967</u>

Approved by the Board on 30/07/2019 and signed on its behalf by:


.....
H. SHAH
Director

The notes on pages 12 to 23 form an integral part of these financial statements.

Bluebutton Properties UK Limited

Statement of Changes in Equity for the Year Ended 31 March 2019

	Share capital £	Profit and loss account £	Total £
Balance at 1 April 2017	1,000	10,034,452	10,035,452
Loss for the year	-	(5,059,485)	(5,059,485)
Total comprehensive expense for the year	-	(5,059,485)	(5,059,485)
Balance at 31 March 2018	1,000	4,974,967	4,975,967
Balance at 1 April 2018	1,000	4,974,967	4,975,967
Loss for the year	-	(3,219,394)	(3,219,394)
Total comprehensive expense for the year	-	(3,219,394)	(3,219,394)
Balance at 31 March 2019	1,000	1,755,573	1,756,573

The notes on pages 12 to 23 form an integral part of these financial statements.

Bluebutton Properties UK Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

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").

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of investments properties. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

These financial statements are separate financial statements. The company is exempt from the preparation of consolidated financial statements in accordance with Companies Act 2006 Section 400, because it is included in the group accounts of Broadgate REIT Limited.

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;

Bluebutton Properties UK Limited

**Notes to the Financial Statements for the Year Ended 31 March 2019
(continued)**

2 Accounting policies (continued)

- (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.

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 Broadgate REIT Limited. The group financial statements of Broadgate REIT Limited are available to the public and can be obtained as set out in note 22.

Going concern

Having reviewed the company's forecast working capital and cash flow requirements, in addition to making enquiries and examining areas which could give risk to financial exposure, the directors have a reasonable expectation that the company has adequate resources to continue its operations for the foreseeable future. As a result they continue to adopt the going concern basis in preparing the accounts.

Adoption status of relevant new financial reporting standards and interpretations

During the period the company adopted the following standards:

IFRS 9 – Financial instruments

The new standard addresses the classification, measurement and recognition of financial assets and financial liabilities. It simplifies the existing categories of financial instruments, redefines the criteria required for hedge effectiveness and introduces an expected credit loss model requiring expected credit loss to be recognised on all financial assets held at amortised cost. Adoption of IFRS 9 has not had a material impact on the financial statements of the company. The standard was applied using the modified retrospective approach.

IFRS 15 – Revenue from contracts with customers

The new standard sets out a five-step model for the recognition of revenue and establishes principles for reporting useful information to users of financial statements about the nature, timing and uncertainty of revenues and cash flows arising from an entity's contracts with customers. The new standard does not apply to rental income which is in the scope of IAS 17, but does apply to service charge income, management and performance fees and trading property disposals. Adoption of IFRS 15 has not had a material impact on the financial statements of the company. The standard was applied using the full retrospective approach.

Apart from the changes in the standards highlighted above, no other standards, interpretations and amendments effective for the first time from 1 April 2018 have had a material effect on the financial statements.

Other income

Fees and commissions

Other income is the total amount receivable by the company for services provided, excluding VAT and trade discounts. This comprises fees and commissions where the company provides a property management service to selected companies in the group. This income is recognised when the company has obtained the right to the consideration.

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.

Bluebutton Properties UK Limited

Notes to the Financial Statements for the Year Ended 31 March 2019 (continued)

2 Accounting policies (continued)

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.

Interest payable and receivable

Interest payable and receivable is recognised as incurred under the accruals concept. Commitment fees on non-utilised facilities are also included within interest payable.

Investments

Fixed asset investments are stated at the lower of cost and the underlying net asset value of the investments.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in 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.

Bluebutton Properties UK Limited

**Notes to the Financial Statements for the Year Ended 31 March 2019
(continued)**

2 Accounting policies (continued)

Interest payable and receivable

Interest payable and receivable is recognised as incurred under the accruals concept. Interest payable includes financing charges which are spread over the period to redemption, using the effective interest method. Commitment fees on non-utilised facilities are also included within interest payable.

Premiums payable and receivable on early redemption are recognised as finance charges and income when incurred.

3 Significant accounting judgements and key sources of estimation uncertainty

The key source of estimation uncertainty relates to the valuation of the property portfolio where an external valuation is obtained, and to the valuation of investments. In accounting for net rental income, the group is required to judge the recoverability of any income accrued and provides against the credit risk on these amounts. The potential for management to make judgements or estimates relating to those items which would have a significant impact on the financial statements is considered, by the nature of the group's business, to be limited.

4 Turnover

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

	(As restated)	
	2019	2018
	£	£
Rental income from investment property	6,110	6,110
Service charge income	491,933	317,325
	498,043	323,435

A prior year restatement of comparatives has been reflected in the income statement to present service charge income and expense on a gross basis. In the prior year the service charge income of £317,325 was incorrectly presented on a net basis in the Cost of Sales figure and has now been reclassified to Turnover. This has resulted in an increase in the Cost of Sales from £108,207 to £425,532 and an increase in the Turnover figure from £6,110 to £323,435.

5 Cost of sales

Costs of sales of £528,574 in the current year is the result of an over accrual of marketing costs in the prior year.

6 Interest receivable and similar income

	2019	2018
	£	£
Other finance income	70,395	11,757
	70,395	11,757

Bluebutton Properties UK Limited

**Notes to the Financial Statements for the Year Ended 31 March 2019
(continued)**

7 Interest payable and similar expenses

	2019 £	2018 £
Other finance costs	1,430	222
Refinancing close out costs	<u>154,353</u>	<u>-</u>
	<u><u>155,783</u></u>	<u><u>222</u></u>

8 Auditors' remuneration

A notional charge of £4,040 (2018: £3,910) is deemed payable to PricewaterhouseCoopers LLP in respect of the audit of the financial statements for the year ended 31 March 2019.

No non-audit fees (2018: £nil) were paid to PricewaterhouseCoopers LLP.

9 Staff costs

No director (2018: nil) received any remuneration for services to the company in either year. The remuneration of the directors was borne by other companies, for which no apportionment or recharges were made. The value of this service was negligible.

Average number of employees, excluding directors, of the company during the year was nil (2018: nil)

10 Tax on loss on ordinary activities

	2019 £	2018 £
Current taxation		
UK corporation tax	<u>13,375</u>	<u>(153,157)</u>
Tax charge/(credit) in the profit and loss account	<u><u>13,375</u></u>	<u><u>(153,157)</u></u>
	2019 £	2018 £
Tax reconciliation		
Loss on ordinary activities before taxation	<u>(3,206,019)</u>	<u>(5,212,642)</u>
Tax on loss on ordinary activities at UK corporation tax rate of 19% (2018: 19%)	<u>(609,144)</u>	<u>(990,402)</u>
Effects of:		
REIT exempt income and gains	628,447	980,087
(Increase)/decrease in fair value of property & investments	(5,928)	12,550
Overprovision in respect of prior years	<u>-</u>	<u>(155,392)</u>
Total tax charge/(credit)	<u><u>13,375</u></u>	<u><u>(153,157)</u></u>

Bluebutton Properties UK Limited

**Notes to the Financial Statements for the Year Ended 31 March 2019
(continued)**

10 Tax on loss on ordinary activities (continued)

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantially enacted on 6 September 2016. This rate reduction has been reflected in the calculation of deferred tax on the Balance Sheet date, where relevant.

11 Investment properties

	£
Fair value	
1 April 2018	80,000
Additions	(31,198)
Revaluation	31,198
	<hr/>
31 March 2019	80,000
	<hr/>
Fair value	
1 April 2017	80,000
Additions	66,050
Revaluation	(66,050)
	<hr/>
31 March 2018	80,000
	<hr/>
Analysis of cost and valuation	
31 March 2019	
Cost	34,860
Valuation	45,140
	<hr/>
Net book value	80,000
	<hr/>
31 March 2018	
Cost	66,058
Valuation	13,942
	<hr/>
Net book value	80,000
	<hr/>

At 31 March 2019 the book value of freehold investment properties owned by the company was £40,000 (2018: £40,000) and the book value of long leasehold investment properties owned by the company was £40,000 (2018: £40,000).

Investment properties are valued by adopting the "investment method" of valuation. This approach involves applying capitalisation yields to current and estimated future rental streams net of income voids arising from vacancies or rent-free periods and associated running costs. These capitalisation yields and rental values are based on comparable property and leasing transactions in the market, using the valuers' professional judgement and market observation. Other factors taken into account in the valuations include the tenure of the property, tenancy details and ground and structural conditions.

Bluebutton Properties UK Limited

**Notes to the Financial Statements for the Year Ended 31 March 2019
(continued)**

11 Investment properties (continued)

Properties were valued to fair value at 31 March 2019 by Knight Frank LLP, independent valuers not connected with the company, in accordance with the RICS Valuation - Professional Standards 2014, Ninth Edition, published by The Royal Institution of Chartered Surveyors.

The company leases out all of its investment properties under operating leases. The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	31 March 2019 £	31 March 2018 £
Leases less than one year	6,110	6,110
Leases between one and five years	24,440	24,440
Leases greater than five years	<u>5,937,070</u>	<u>5,943,180</u>
	<u>5,967,620</u>	<u>5,973,730</u>

12 Investments

	Shares in subsidiaries £	Investments in Associates £	Total £
Underlying net asset value of investment			
1 April 2018	3	-	3
Additions	98,015,720	-	98,015,720
Transfers	<u>-</u>	<u>43,761</u>	<u>43,761</u>
31 March 2019	<u>98,015,723</u>	<u>43,761</u>	<u>98,059,484</u>
Underlying net asset value of investment			
1 April 2017	<u>3</u>	<u>-</u>	<u>3</u>
31 March 2018	<u>3</u>	<u>-</u>	<u>3</u>
Provision for underlying net asset change			
31 March 2019	<u>-</u>	<u>-</u>	<u>-</u>
31 March 2018	<u>-</u>	<u>-</u>	<u>-</u>
At cost			
31 March 2019	<u>98,015,723</u>	<u>43,761</u>	<u>98,059,484</u>
31 March 2018	<u>3</u>	<u>-</u>	<u>3</u>

Bluebutton Properties UK Limited

Notes to the Financial Statements for the Year Ended 31 March 2019 (continued)

12 Investments (continued)

On 5 October 2018 the company purchased 100% of the issued share capital of Broadgate (PHC 15b) Limited, Broadgate (PHC 15c) Limited, Broadgate (PHC 2) Limited and Bluebutton Circle Retail PHC 2010 Limited from Broadgate Property Holdings Limited, another subsidiary within the Broadgate REIT Limited group. All companies were previously owned indirectly. The purchase price was the Net Asset Value (NAV) of each company as at the 5 October 2018:

Broadgate (PHC 15b) Limited £17.9m;
Broadgate (PHC 15c) Limited £27.5m;
Broadgate (PHC 2) Limited £25.7m; and
Bluebutton Circle Retail PHC 2010 Limited £26.9m.

On 21 December 2018 the company acquired 100% of the issued share capital of Broadgate Eldon Properties Limited from British Land City Offices Limited for £100.

During the year ended 31 March 2019 the company recognised the following ownerships:

- 16,265 shares of £1 each, 25 pence paid, being 33% of the issue share capital in Broadgate South Management Limited, a company engaged in estate management and the provision of property services in the United Kingdom was transferred from Broadgate (PHC 3) Limited. On 7 June 2018, Broadgate South Management Limited underwent a share capital reduction, cancelling and extinguishing 49,991 shares of £1 each paid up to 25 pence. Hence, 16,262 of the shares owned by Bluebutton Properties UK Limited were cancelled and extinguished. The remaining 3 shares were subsequently fully paid up and the percentage holding remained at 33%. Subsequently, one C share in Broadgate South Management Limited was transferred by Bluebutton (12702) Limited to the company at a value of £1, increasing the shareholding to 44%. The total cost of the investment as at 31 March 2019 is £4,070;
- 12,500 shares of £1 each, fully paid up, being 25% of the issued share capital in Broadgate Management (Bishopsgate) Limited, a company engaged in estate management and the provision of property services in the United Kingdom was transferred from Broadgate (PHC 7) Limited. The total cost of the investment as at 31 March 2019 is £12,500; and
- 19,715 shares of £1 each, fully paid up, being 34% of the issued share capital in Exchange Square Management Limited, a company engaged in estate management and the provision of property services in the United Kingdom was transferred from Broadgate (PHC 11) 2005 Limited. A further 7,476 shares of £1 each, fully paid up, being 13% of the issued share capital in Exchange Square Management Limited has been recognised to correctly reflect the overall 47% holding of the issued share capital in Exchange Square Management Limited. The total cost of the investment as at 31 March 2019 is £27,191.

Details of the subsidiaries as at 31 March 2019 are as follows:

Subsidiary	Principal activity	Interest	Country
British Land Broadgate 2005 Limited*	Holding company	100.0%	United Kingdom
Broadgate Property Holdings Limited	Holding company	100.0%	United Kingdom
Broadgate Financing PLC	Funding company	100.0%	United Kingdom
Broadgate (Funding) 2005 Limited	Funding company	100.0%	United Kingdom
Broadgate (Lending) Limited	Short term funding	100.0%	United Kingdom
Broadgate (Cash Management) Limited	Cash management	100.0%	United Kingdom
Bluebutton Circle Retail PHC 2013 Limited*	Property investment	100.0%	United Kingdom
Broadgate (PHC 2) Limited*	Property investment	100.0%	United Kingdom
Broadgate (PHC 3) Limited	Property investment	100.0%	United Kingdom

Bluebutton Properties UK Limited

**Notes to the Financial Statements for the Year Ended 31 March 2019
(continued)**

12 Investments (continued)

Subsidiary	Principal activity	Interest	Country
Broadgate (PHC 5) 2005 Limited	Property investment	100.0%	United Kingdom
Broadgate (PHC 5) Limited	Property investment	100.0%	United Kingdom
Broadgate (PHC 6) 2005 Limited	Property investment	100.0%	United Kingdom
Broadgate (PHC 7) Limited	Property investment	100.0%	United Kingdom
Broadgate (PHC 8) 2008 Limited	Property investment	100.0%	United Kingdom
Broadgate (PHC 9) Limited	Property investment	100.0%	United Kingdom
Broadgate (PHC 11) 2005 Limited	Property investment	100.0%	United Kingdom
Broadgate (PHC 14) Limited	Property investment	100.0%	United Kingdom
Broadgate (PHC 15a) Limited	Property investment	100.0%	United Kingdom
Broadgate (PHC 15b) Limited*	Property investment	100.0%	United Kingdom
Broadgate (PHC 15c) Limited*	Property investment	100.0%	United Kingdom
Broadgate (PHC 16) 2005 Limited	Property investment	100.0%	United Kingdom
Broadgate PHC 2010 Limited	Property investment	100.0%	United Kingdom
201 Bishopsgate Limited	Property investment	100.0%	United Kingdom
Broadgate South Management Limited	Estate management	89.0%	United Kingdom
Broadgate Management (Bishopsgate) Limited	Estate management	75.0%	United Kingdom
Exchange Square Management Limited	Estate management	65.0%	United Kingdom
Estate Management (Brick) Limited	Dormant	100.0%	United Kingdom
Broadgate (PHC 11)	Dormant	100.0%	United Kingdom
Barstep Limited	Dormant	100.0%	United Kingdom
Broadgate Eldon Properties Limited*	Property investment	100.0%	United Kingdom
Bluebutton (12702) Limited*	Property investment	100.0%	United Kingdom

*Companies with 100% direct holding

All investments based in the United Kingdom have a registered address of York House, 45 Seymour Street, London, W1H 7LX.

Bluebutton Properties UK Limited

**Notes to the Financial Statements for the Year Ended 31 March 2019
(continued)**

13 Debtors

	31 March 2019 £	31 March 2018 £
Trade debtors	-	8,412
Amounts due from related parties	785,548,537	297,557,775
Prepayments	1,296	-
Other debtors	65,773	24,199
Corporation tax asset	90,412	133,059
VAT	129,870	806,872
	<u>785,835,888</u>	<u>298,530,317</u>

Debtors from related parties relate to amounts due from group companies which are repayable on demand. There is no interest charged on these balances.

14 Cash and cash equivalents

	31 March 2019 £	31 March 2018 £
Cash at bank	23,785,719	4,934,785
Short-term deposits	10,184,000	10,295,000
	<u>33,969,719</u>	<u>15,229,785</u>

15 Creditors due within one year

	31 March 2019 £	31 March 2018 £
Accrued expenses	737,215	1,405,174
Social security and other taxes	73,408	-
Other creditors	572,045	16,081
	<u>1,382,668</u>	<u>1,421,255</u>

Bluebutton Properties UK Limited

**Notes to the Financial Statements for the Year Ended 31 March 2019
(continued)**

16 Loans and borrowings

	31 March 2019 £	31 March 2018 £
Creditors due after one year		
Amounts due to group companies	<u>914,805,850</u>	<u>307,442,883</u>

There is no set repayment terms for the above balances. No interest is charged on this balance.

17 Share capital

Allotted, called up and fully paid shares

	No.	31 March 2019 £	No.	31 March 2018 £
Ordinary shares of £1 each	1,000	1,000	1,000	1,000

18 Capital commitments

The total amount contracted for but not provided in the financial statements was £nil (2018: £nil).

19 Contingent liabilities

The company is jointly and severally liable with Broadgate REIT Limited, British Land Broadgate 2005 Limited and Bluebutton (12702) Limited for all monies falling due under the VAT group registration.

20 Related party transactions

The company has taken advantage of the exemption granted to wholly owned subsidiaries not to disclose transactions with group companies under the provisions of FRS 101.

During the year, British Land Property Management Limited received £3,005,033 (2018: £5,205,091) for assets management services and £742,716 (2018: £718,697) for administration services, from Bluebutton Properties UK Limited. At year end, £nil (2018: £nil) is included in trade creditors owing to British Land Property Management Limited. British Land Property Management Limited is a wholly owned subsidiary of The British Land Company PLC.

21 Subsequent events

On 5 April 2019, Bluebutton Properties UK ('the company') was sold by its parent company to Broadgate REIT Limited, for a total consideration of £2,004m. The company purchased Bluebutton Developer Company (2012) Limited from Bluebutton Properties Limited for a total consideration of £1,000.

Bluebutton Properties UK Limited

**Notes to the Financial Statements for the Year Ended 31 March 2019
(continued)**

22 Parent and ultimate parent undertaking

The immediate parent company during the year ended 31 March 2019 is Bluebutton Properties Limited.

The ultimate parent company is Broadgate REIT Limited. Broadgate REIT Limited operates as a joint venture between Euro Bluebell LLP, an affiliate of GIC, Singapore's sovereign wealth fund, and BL Bluebutton 2014 Limited, a wholly owned subsidiary of The British Land Company PLC.

Broadgate REIT Limited 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 Broadgate REIT Limited. Group accounts for this company are available on request from British Land, York House, 45 Seymour Street, London, W1H 7LX.