

Registration number: 05995024

BL Leisure and Industrial Holding Company Limited

Annual Report and Financial Statements
for the Year Ended 31 March 2023

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BL Leisure and Industrial Holding Company Limited

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BL Leisure and Industrial Holding Company 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

BL Leisure and Industrial Holding Company 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 a property investment and investment holding company in the United Kingdom.

As shown in the company's Profit and Loss Account on page 9, the company's turnover of £24,379 has increased by £19,967 compared with turnover of £4,413 in the prior year.

Loss on ordinary activities before taxation is £23,105,021 compared to a profit on ordinary activities before taxation of £32,183,284 in the prior year. The increase of profit before tax is due to the impairment on investments in the current year as described below in more detail.

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

The impairment of investments in the year was £16,816,560 (2022: write back of £34,132,621). This was based upon the underlying net asset value compared to the carrying value of investments held as detailed in the accounting policies of the company on page 15. Details of the movement can be found in note 9 to the company's balance sheet.

The revaluation of investment properties in the year was a deficit of £6,183,132 (2022: deficit of £1,949,520).

The Balance Sheet on page 11 shows that the company's financial position at the year end has, in net assets terms, decreased compared with the prior year. This is primarily to do with the impairment of investments as detailed 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.

BL Leisure and Industrial Holding Company 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 company generates returns to shareholders through long-term investment decisions requiring the evaluation of opportunities arising in the following areas:

- demand for space from occupiers against available supply;
- 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 company'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. Although more recently the outlook for the UK economy is improving, sentiment remains fragile.

An impairment in the Company's investments has been recognised owing to the property held in the investment. Higher interest rates have had an impact on property market yields, leading to a decline in property values, resulting in an impairment of the investment.

06/10/2023

Approved by the Board on and signed on its behalf by: Jonathan McNuff

DocuSigned by:

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Director

BL Leisure and Industrial Holding Company Limited

Directors' Report for the Year Ended 31 March 2023

The directors present their report and the audited 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 S Macey

J C McNuff

P J Murrell

N M Webb (resigned 30 June 2023)

N Taunt

P Case

B J Lewis (resigned 31 December 2022)

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.

BL Leisure and Industrial Holding Company Limited

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

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 and development properties of the Company.

Going Concern

The Directors consider that the Company has adequate resources to continue trading for the foreseeable future, with no external borrowings and a working capital cycle enabling the company to meet all liabilities as they fall due.

As a consequence of this the Directors feel that the Company is well placed to manage its financing and other business risks satisfactorily despite the uncertain economic climate, and have a reasonable expectation that the Company and the Group have adequate resources to continue in operation for at least 12 months from the signing date of these financial statements. Accordingly, they believe the going concern basis is an appropriate one.

Subsequent Events

Details of significant events since the Balance Sheet date, if any, are contained in note 15.

Disclosure of information to the auditors

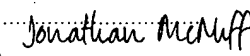
Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of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

Independent auditors

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

06/10/2023

Approved by the Board on and signed on its behalf by: Jonathan McNuff

DocuSigned by:

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Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BL LEISURE AND INDUSTRIAL HOLDING COMPANY LIMITED

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of BL Leisure and Industrial Holding Company Limited ("the Company") for the year ended 31 March 2023 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's 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 are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BL LEISURE AND INDUSTRIAL HOLDING COMPANY LIMITED (CONTINUED)

Other information (continued)

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BL LEISURE AND INDUSTRIAL HOLDING COMPANY LIMITED (CONTINUED)

Auditor's 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 auditor's 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Company and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining an understanding of the Company policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be United Kingdom Generally Accepted Accounting Practice, the Companies Act 2006 and UK tax legislation.

The Company is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BL LEISURE AND INDUSTRIAL HOLDING COMPANY LIMITED (CONTINUED)

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls, revenue recognition and inputs to investment property valuation.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Inspecting signed lease agreements to recalculate the annual turnover, and agreeing cash receipts to bank statements to check customers exist and that the management information did agree for a sample of tenants; and
- Assessing significant estimates made by management for bias in the valuation methods, assumptions used and the inputs and judgements adopted therein in valuing the investment property.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations through out the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at:
<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Chris Young

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Christopher Young (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, United Kingdom

09 October 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

BL Leisure and Industrial Holding Company Limited**Profit and Loss Account for the Year Ended 31 March 2023**

| | Note | 2023 £ | 2022 £ |
|--|------|----------------------------|--------------------------|
| Turnover | 4 | 24,379 | 4,413 |
| Cost of sales | | <u>(129,708)</u> | <u>-</u> |
| Gross (loss)/profit | | <u>(105,329)</u> | <u>4,413</u> |
| Operating (loss)/profit | | <u>(105,329)</u> | <u>4,413</u> |
| Revaluation of investment properties | 8 | (6,183,132) | (1,949,520) |
| (Impairment)/write back of investments | 9 | <u>(16,816,560)</u> | <u>34,132,621</u> |
| (Loss)/profit on ordinary activities before taxation | | (23,105,021) | 32,187,514 |
| Taxation | 7 | <u>-</u> | <u>-</u> |
| (Loss)/profit for the year | | <u><u>(23,105,021)</u></u> | <u><u>32,187,514</u></u> |

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

The notes on pages 13 to 21 form an integral part of these financial statements.

BL Leisure and Industrial Holding Company Limited

**Statement of Comprehensive (Expense)/Income for the Year Ended 31 March
2023**

| | 2023 £ | 2022 £ |
|---|----------------------------|--------------------------|
| (Loss)/profit for the year | <u>(23,105,021)</u> | <u>32,187,514</u> |
| Total comprehensive (expense)/income for the year | <u><u>(23,105,021)</u></u> | <u><u>32,187,514</u></u> |

The notes on pages 13 to 21 form an integral part of these financial statements.

BL Leisure and Industrial Holding Company Limited

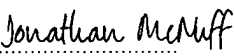
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Balance Sheet as at 31 March 2023

| | Note | 31 March 2023 £ | 31 March 2022 £ |
|--|------|-----------------------|-----------------------|
| Fixed assets | | | |
| Investment properties | 8 | 25,835,000 | 30,900,000 |
| Investments | 9 | <u>556,540,719</u> | <u>573,357,279</u> |
| | | <u>582,375,719</u> | <u>604,257,279</u> |
| Current assets | | | |
| Debtors | 10 | 375,986,658 | 377,469,953 |
| Creditors due within one year | 11 | <u>(34,900)</u> | <u>(294,734)</u> |
| Net current assets | | <u>375,951,758</u> | <u>377,175,219</u> |
| Total assets less current liabilities | | <u>958,327,477</u> | <u>981,432,498</u> |
| Net assets | | <u>958,327,477</u> | <u>981,432,498</u> |
| Capital and reserves | | | |
| Share capital | 12 | 1,408,500,899 | 1,408,500,899 |
| Profit and loss account | | <u>(450,173,422)</u> | <u>(427,068,401)</u> |
| Total shareholders' funds | | <u>958,327,477</u> | <u>981,432,498</u> |

06/10/2023

Approved by the Board on and signed on its behalf by: Jonathan McNuff

DocuSigned by:

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Director

The notes on pages 13 to 21 form an integral part of these financial statements.

BL Leisure and Industrial Holding Company 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 | 1,408,500,899 | (459,255,915) | 949,244,984 |
| Profit for the year | - | 32,187,514 | 32,187,514 |
| Total comprehensive income for the year | - | 32,187,514 | 32,187,514 |
| Balance at 31 March 2022 | <u>1,408,500,899</u> | <u>(427,068,401)</u> | <u>981,432,498</u> |
| Balance at 1 April 2022 | 1,408,500,899 | (427,068,401) | 981,432,498 |
| Loss for the year | - | (23,105,021) | (23,105,021) |
| Total comprehensive expense for the year | - | (23,105,021) | (23,105,021) |
| Balance at 31 March 2023 | <u>1,408,500,899</u> | <u>(450,173,422)</u> | <u>958,327,477</u> |

The notes on pages 13 to 21 form an integral part of these financial statements.

BL Leisure and Industrial Holding Company Limited

Notes to the 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, 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 financial statements of The British Land Company PLC.

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

BL Leisure and Industrial Holding Company Limited

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

2 Accounting policies (continued)

Summary of disclosure exemptions (continued)

- (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 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 16.

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.

Going concern

The Directors consider that the Company has adequate resources to continue trading for the foreseeable future, with no external borrowings and a working capital cycle enabling the company to meet all liabilities as they fall due.

As a consequence of this the Directors feel that the Company is well placed to manage its financing and other business risks satisfactorily despite the uncertain economic climate, and have a reasonable expectation that the Company and the Group have adequate resources to continue in operation for at least 12 months from the signing date of these financial statements. Accordingly, they believe the going concern basis is an appropriate one.

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.

BL Leisure and Industrial Holding Company Limited

**Notes to the Financial Statements for the Year Ended 31 March 2023
(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.

Investments

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

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.

BL Leisure and Industrial Holding Company Limited**Notes to the Financial Statements for the Year Ended 31 March 2023
(continued)****3 Critical accounting judgements and key sources of estimation uncertainty**

In applying the Group'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 key source of estimation uncertainty relates to the valuation of the property portfolio where an external valuation is obtained. 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.

The key source of estimation uncertainty relates to the valuation of investments. 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 company's business, to be limited.

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 £ |
|--|----------------------|---------------------|
| Rental income from investment property | <u>24,379</u> | <u>4,413</u> |
| | <u><u>24,379</u></u> | <u><u>4,413</u></u> |

5 Auditors' remuneration

Audit fees of £1,675 (2022: £1,298) were paid to BDO LLP in the current year, in respect of the audit of the financial statements for the year ended 31 March 2023. Actual amounts payable to BDO LLP are paid at group level by The British Land Company PLC.

No non-audit fees (2022: £nil) were paid to BDO LLP in the current year.

6 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).

BL Leisure and Industrial Holding Company Limited**Notes to the Financial Statements for the Year Ended 31 March 2023
(continued)****7 Taxation**

| | 2023 £ | 2022 £ |
|---|--------------|-------------|
| Current taxation | | |
| UK corporation tax | - | - |
| Tax charge in the profit and loss account | - | - |
| | 2023 £ | 2022 £ |
| Tax reconciliation | | |
| (Loss)/profit on ordinary activities before taxation | (23,105,021) | 32,187,514 |
| Tax on (loss)/profit on ordinary activities at UK corporation tax rate of 19% (2022: 19%) | (4,389,954) | 6,114,824 |
| Effects of: | | |
| REIT exempt income and gains | 20,012 | (35) |
| Taxable transfer pricing adjustments | 1,963,200 | 1,639,805 |
| Gain/(loss) on sale / impairment of investments | 4,369,942 | (6,114,789) |
| Group relief | (1,963,200) | (1,639,805) |
| Total tax charge | - | - |

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.

8 Investment properties

| | £ |
|-------------------|-------------|
| Fair value | |
| 1 April 2022 | 30,900,000 |
| Additions | 1,118,132 |
| Revaluation | (6,183,132) |
| 31 March 2023 | 25,835,000 |
| Fair value | |
| Additions | 32,849,520 |
| Revaluation | (1,949,520) |
| 31 March 2022 | 30,900,000 |

BL Leisure and Industrial Holding Company Limited**Notes to the Financial Statements for the Year Ended 31 March 2023
(continued)****8 Investment properties (continued)**

| | £ |
|---------------------------------------|--------------------------|
| Analysis of cost and valuation | |
| 31 March 2023 | |
| Cost | 33,967,652 |
| Valuation | <u>(8,132,652)</u> |
| Net book value | <u>25,835,000</u> |
| 31 March 2022 | |
| Cost | 32,849,520 |
| Valuation | <u>(1,949,520)</u> |
| Net book value | <u>30,900,000</u> |

At 31 March 2023 the book value of freehold investment properties owned by the company was £25,835,000 (2022: £30,900,000).

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.

Properties were valued to fair value at 31 March 2023 by CBRE, independent valuers not connected with the Company, in accordance with the RICS Valuation - Global Standards 2022, published by The Royal Institution of Chartered Surveyors.

The valuers of the Group's property portfolio have a working knowledge of the various ways that sustainability and Environmental, Social and Governance factors can impact value and have considered these, and how market participants are reflecting these in their pricing, in arriving at their Opinion of Value and resulting valuations as at the balance sheet date. These may be:

- physical risks;
- transition risk related to policy or legislation to achieve sustainability and Environmental, Social and Governance targets; and
- risks reflecting the views and needs of market participants.

The Group has shared recently conducted physical climate and transitional risk assessments with the valuers which they have reviewed and taken into consideration to the extent that current market participants would. Valuers observe, assess and monitor evidence from market activities, including market (investor) sentiment on issues such as longer-term obsolescence and, where known, future Environmental, Social and Governance related risks and issues which may include, for example, the market's approach to capital expenditure required to maintain the utility of the asset. In the absence of reliable benchmarking data and indices for estimating costs, specialist advice on cost management may be required which is usually agreed with the valuer in the terms of engagement and without which reasonable estimates/assumptions may be needed to properly reflect market expectations in arriving at the Opinion of Value.

BL Leisure and Industrial Holding Company Limited**Notes to the Financial Statements for the Year Ended 31 March 2023
(continued)****9 Investments**

| | Shares in subsidiaries £ | Total £ |
|--|--------------------------------|----------------------|
| Underlying net asset value of investment | | |
| 1 April 2022 | 573,357,279 | 573,357,279 |
| Impairment of investments | <u>(16,816,560)</u> | <u>(16,816,560)</u> |
| 31 March 2023 | <u>556,540,719</u> | <u>556,540,719</u> |
| Underlying net asset value of investment | | |
| 1 April 2021 | 539,224,657 | 539,224,657 |
| Write back of investments | 34,132,621 | 34,132,621 |
| Transfers | <u>2</u> | <u>2</u> |
| 31 March 2022 | <u>573,357,280</u> | <u>573,357,280</u> |
| Provision for underlying net asset change | | |
| 1 April 2022 | (512,866,901) | (512,866,901) |
| Impairment of investments | <u>(16,816,560)</u> | <u>(16,816,560)</u> |
| 31 March 2023 | <u>(529,683,461)</u> | <u>(529,683,461)</u> |
| Provision for underlying net asset change | | |
| 1 April 2021 | (546,999,522) | (546,999,522) |
| Write back of investments | <u>34,132,621</u> | <u>34,132,621</u> |
| 31 March 2022 | <u>(512,866,901)</u> | <u>(512,866,901)</u> |
| At cost | | |
| 31 March 2023 | <u>1,086,224,180</u> | <u>1,086,224,180</u> |
| 31 March 2022 | <u>1,086,224,181</u> | <u>1,086,224,181</u> |

BL Leisure and Industrial Holding Company Limited**Notes to the Financial Statements for the Year Ended 31 March 2023
(continued)****9 Investments (continued)**

Details of the subsidiaries as at 31 March 2023 are as follows:

| Subsidiary | Principal activity | Interest | Country |
|-------------------------------------|---------------------------|-----------------|----------------|
| British Land Industrial Limited | Investment holding | 100.00% | United Kingdom |
| BVP Developments Limited | Dormant | 99.99% | United Kingdom |
| Nugent Shopping Park Limited | Property investment | 100.00% | United Kingdom |
| Broadgate Court Investments Limited | Dormant | 100.00% | United Kingdom |
| Gibraltar Nominees Limited | Dormant | 100.00% | United Kingdom |
| BL Goodman (LP) Limited | Investment holding | 100.00% | United Kingdom |
| Chrisilu Nominees Limited | Dormant | 100.00% | United Kingdom |

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

All investments based in Jersey have a registered address of 47 Esplanade, St Helier, Jersey, JE1 0BD.

10 Debtors

| | 31 March 2023 £ | 31 March 2022 £ |
|----------------------------------|--------------------------------|--------------------------------|
| Trade debtors | 1,321 | 10,500 |
| Amounts due from related parties | 375,880,056 | 377,459,453 |
| Other debtors | 66,570 | - |
| VAT | 38,711 | - |
| | 375,986,658 | 377,469,953 |

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

BL Leisure and Industrial Holding Company Limited**Notes to the Financial Statements for the Year Ended 31 March 2023
(continued)****11 Creditors due within one year**

| | 31 March 2023 £ | 31 March 2022 £ |
|---------------------------------|--------------------------------|--------------------------------|
| Trade creditors | 34,900 | 7,501 |
| Accrued expenses | - | 286,902 |
| Social security and other taxes | - | 331 |
| | <u>34,900</u> | <u>294,734</u> |

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

| | No. | 31 March 2023 £ | No. | 31 March 2022 £ |
|----------------------------|---------------|--------------------------------|---------------|--------------------------------|
| Ordinary shares of £1 each | 1,408,500,899 | 1,408,500,899 | 1,408,500,899 | 1,408,500,899 |

13 Capital commitments

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

14 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.

15 Subsequent events

There have been no significant events since the year end.

16 Parent and ultimate parent undertaking

The immediate parent company is BL Intermediate Holding Company 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.