
Adamant Investment Corporation Limited

Annual Report and Accounts

Year ended 31 March 2012



Company number 225149

Adamant Investment Corporation Limited

REPORT OF THE DIRECTORS for the year ended 31 March 2012

The directors submit their report and financial statements for the year ended 31 March 2012

Principal activities

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 activities are property investment and investment holding in the United Kingdom (UK)

Business review

As shown in the company's profit and loss account on page 5, the company's turnover has decreased by 35.5% over the prior year and profit before tax is £28,371,438 compared to a loss before tax of £275,019 in the prior year

Dividends of £nil (2011: £nil) were paid in the year. Dividends paid are shown in note 11

The balance sheet on page 7 shows that the company's financial position at the year end is, in net asset terms, consistent with the prior year

The value of investment properties held as at 31 March 2012 decreased by 99% during the year, due to disposals during the year then ended as shown in note 5 to the company's balance sheet

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

Details of significant events since the balance sheet date, if any, are contained in note 15

Risk management

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 senior executives and is considered and managed on a continuous basis. Executives use their knowledge and experience to knowingly accept a measured degree of market risk

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

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

The directors consider the company to be a going concern and the accounts are prepared on this basis. Details of this are shown in note 1 of the financial statements

Adamant Investment Corporation Limited

REPORT OF THE DIRECTORS for the year ended 31 March 2012

Environment

Across the group, The British Land Company PLC recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the group's activities. The company operates in accordance with group policies. The group's full corporate responsibility report is available online at www.britishland.com/crReport2012

Directors

The directors who served during the year were

A Braine
S M Barzycki
C M J Forshaw
L M Bell
G C Roberts (resigned 30 June 2011)
T A Roberts
N M Webb

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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 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.

Payments policy

In the absence of dispute, amounts due to trade and other suppliers are settled as expeditiously as possible within their terms of payment. Payments are administered on a consistent basis throughout the group by The British Land Company PLC whose suppliers' days outstanding at 31 March 2012 were 29 (2011: 29).

Adamant Investment Corporation Limited

**REPORT OF THE DIRECTORS
for the year ended 31 March 2012**

Disclosure of information to Auditor

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

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Auditor

Deloitte LLP have indicated their willingness to continue in office and will be re-appointed at the end of the "next period for appointing auditor" as defined by s485(2) of the Companies Act 2006

This report was approved by the Board on 11 December 2012



N Ekpo
Secretary

Adamant Investment Corporation Limited

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
Adamant Investment Corporation Limited
for the year ended 31 March 2012**

We have audited the financial statements of Adamant Investment Corporation Limited for the year ended 31 March 2012 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, Note of Historical Cost Profits and Losses and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent misstatements or inconsistencies we consider the implications for our report.

Opinion on 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 2012 and of its profit 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

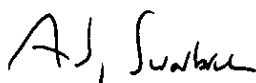
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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



Andrew Swarbrick BA FCA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

Cambridge, UK

13 Dec 2012

Adamant Investment Corporation Limited

**PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2012**

	Note	2012	2011
		£	£
Turnover			
Rental income		157,660	244,489
Fees and commissions		-	-
Total turnover		<u>157,660</u>	<u>244,489</u>
Cost of sales		(652,744)	(523,612)
Gross loss		<u>(495,084)</u>	<u>(279,123)</u>
Administrative expenses		-	-
Operating loss		<u>(495,084)</u>	<u>(279,123)</u>
Profit on disposal of properties		28,866,522	4,106
Profit on disposal of investments		-	-
Write up (down) of investments in subsidiaries		-	(2)
Dividends receivable		-	-
Profit (loss) on ordinary activities before interest		<u>28,371,438</u>	<u>(275,019)</u>
Interest receivable			
Group		-	-
Associated companies		-	-
External - other		-	-
Interest payable			
Group		-	-
Associated companies		-	-
External		-	-
- bank overdrafts and loans			
- other loans			
Profit (loss) on ordinary activities before taxation	2	<u>28,371,438</u>	<u>(275,019)</u>
Taxation	4	-	-
Profit (loss) for the financial year	11	<u><u>28,371,438</u></u>	<u><u>(275,019)</u></u>

Turnover and results are derived from continuing operations within the United Kingdom. The company has two significant classes of business, those of a property investment and an investment holding company in the United Kingdom.

Adamant Investment Corporation Limited

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 March 2012**

	2012	2011
	£	£
Profit (loss) on ordinary activities after taxation	28,371,438	(275,019)
Unrealised surplus (deficit) on revaluation of investment properties	280,000	28,004,021
Total recognised gains and losses relating to the financial year	<u>28,651,438</u>	<u>27,729,002</u>
Net effect of prior year restatement (see note 1)	-	(36,780)
Total gains and losses recognised since last annual report and financial statements	<u><u>28,651,438</u></u>	<u><u>27,692,222</u></u>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES
for the year ended 31 March 2012**

	2012	2011
	£	£
Profit (loss) on ordinary activities before taxation	28,371,438	(275,019)
Realisation of prior year revaluations	27,778,640	-
Historical cost profit (loss) on ordinary activities before taxation	<u>56,150,078</u>	<u>(275,019)</u>
Historical cost profit (loss) for the year retained after taxation	<u><u>56,150,078</u></u>	<u><u>(275,019)</u></u>

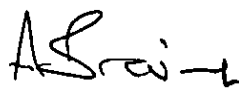
Adamant Investment Corporation Limited

**BALANCE SHEET
as at 31 March 2012**

	Note	2012 £	2011 £
Fixed assets			
Investment properties	5	800,100	78,500,100
Investments	6	174,504,896	174,504,896
		<u>175,304,996</u>	<u>253,004,996</u>
Current assets			
Debtors - due within one year	7	278,192,419	174,608,007
Cash and deposits		-	-
		<u>278,192,419</u>	<u>174,608,007</u>
Creditors due within one year	8	<u>(7,037,560)</u>	<u>(9,804,586)</u>
Net current assets		271,154,859	164,803,421
Total assets less current liabilities		<u>446,459,855</u>	<u>417,808,417</u>
Creditors due after one year	9	(12,000,000)	(12,000,000)
Net assets		<u>434,459,855</u>	<u>405,808,417</u>
Capital and reserves			
Called up share capital	10	315,000,000	315,000,000
Share premium	11	8,322	8,322
Revaluation reserve	11	280,100	27,778,740
Profit and loss account	11	119,171,433	63,021,355
Shareholders' funds	11	<u>434,459,855</u>	<u>405,808,417</u>

The financial statements of Adamant Investment Corporation Limited, company number 225149, were approved by the Board of Directors on 11 December 2012 and signed on its behalf by

A Braine
Director



Adamant Investment Corporation Limited

Notes to the accounts for the year ended 31 March 2012

1 Accounting policies

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

These financial statements are designed to cover a wide variety of companies and circumstances. As a result, some notes or some entries in the primary statements or the notes may not be relevant for this company and so may be left blank intentionally.

Accounting basis

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

Where the company has subsidiaries, it has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 400 of the Companies Act 2006 because it is a wholly owned subsidiary of another company. Group financial statements, which include the company, for The British Land Company PLC are publicly available (see note 16).

Basis of preparation

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 business risks successfully in the current economic climate. Accordingly, they believe the going concern basis is an appropriate one.

Cash flow statement

The company is exempt under FRS 1 (Revised) from preparing a cash flow statement.

Properties

Properties are externally valued on an open market basis at the balance sheet date. Investment and development properties are recorded at valuation. Any surplus or deficit arising is transferred to revaluation reserve, unless a deficit is expected to be permanent, in which case it is charged to the profit and loss account. Disposals are recognised on completion. Profit on disposal is determined as the difference between sales proceeds and the carrying amount of the asset at the commencement of the accounting period plus additions in the period.

In accordance with Statement of Standard Accounting Practice 19, no depreciation is provided in respect of investment property. The directors consider that this accounting policy, which represents a departure from the statutory accounting rules, is necessary to provide a true and fair view. The financial effect of the departure from these rules cannot reasonably be quantified as depreciation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified. Where properties held for investment are appropriated to trading stock, they are transferred at market value.

A property ceases to be treated as a development on practical completion.

In determining whether leases and related properties represent operating or finance leases, consideration is given to whether the tenant or landlord bears the risks and rewards of ownership.

Adamant Investment Corporation Limited

Notes to the accounts for the year ended 31 March 2012

1 Accounting policies (continued)

Investments

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

Taxation

Current tax is based on taxable profit for the year and is calculated using tax rates that have been enacted or substantively enacted. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are not taxable (or tax deductible). In particular the group (including this company) became a REIT on 1 January 2007 and income and gains on qualifying assets are now exempt from taxation.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Net rental income

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 next rent review date. Rental income from fixed and minimum guaranteed rent reviews is recognised on a straight-line basis over the shorter of the entire lease term or the period to the first break option. Where such rental income is recognised ahead of the related cash flow, an adjustment is made to ensure 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 next rent review date.

Where a lease incentive payment, including surrender premiums 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 next rent review 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.

Prior year restatement

During the year to 31 March 2010, a development property (Regent's Place NEQ) was transferred from another group company to Adamant Investment Corporation Limited. The transfer was not recorded in the company's financial statements. Accordingly, the 2010 comparative figures were restated, with the loss affect of this restatement being £36,780.

Adamant Investment Corporation Limited

**Notes to the accounts
for the year ended 31 March 2012**

2 Profit (loss) on ordinary activities before taxation

Auditor's remuneration

A notional charge of £1,240 (2011 £1,200) per company is deemed payable to Deloitte LLP in respect of the audit of the financial statements. Actual amounts payable to Deloitte LLP are paid at group level by The British Land Company PLC.

No non-audit fees (2011 £nil) were paid to Deloitte LLP.

3 Staff costs

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

Average number of employees, excluding directors, of the company during the year was nil (2011 - nil).

4. Taxation	2012	2011
	£	£
Current tax		
UK corporation tax	-	-
Adjustments in respect of prior years	-	-
Total current taxation charge (credit)	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	-	-
Prior year items		
Total deferred tax charge (credit)	<u>-</u>	<u>-</u>
Total taxation charge (credit)	<u>-</u>	<u>-</u>
Tax reconciliation		
Profit (loss) on ordinary activities before taxation	<u>28,371,438</u>	<u>(275,019)</u>
Tax on profit (loss) on ordinary activities at UK corporation tax rate of 26% (2011 28%)	7,376,574	(77,005)
Effects of		
REIT conversion charge	-	-
REIT exempt income and gains	132,238	81,770
Capital allowances	(2,686)	(3,616)
Tax losses and other timing differences	-	-
(Income not taxable) expenses not deductible for tax purposes	(7,505,296)	(1,149)
Transfer pricing adjustments	2,458,293	2,949,515
Group relief (claimed) surrendered for nil consideration	(2,459,123)	(2,949,515)
Adjustments in respect of prior years	-	-
Current tax charge (credit)	<u>-</u>	<u>-</u>

In March 2012, the UK Government announced a reduction in the standard rate of UK corporation tax to 24% effective 1 April 2012 and to 23% effective 1 April 2013. These rate reductions became substantively enacted in March 2012 and July 2012, respectively. The UK Government also proposed to further reduce the standard rate of the UK Corporation tax to 22% effective 1 April 2014, but this change has not yet been substantively enacted. The effect of these tax rate reductions on the deferred tax balance will be accounted for in the period in which the tax rate reductions are substantively enacted.

Adamant Investment Corporation Limited

**Notes to the accounts
for the year ended 31 March 2012**

5 Investment properties

	Development £	Freehold £	Long leasehold £	Short leasehold £	Total £
At valuation					
1 April 2011	78,500,000	-	100	-	78,500,100
Additions	4,806,956	-	-	-	4,806,956
Disposals	(82,786,956)	-	-	-	(82,786,956)
Transfer	(520,000)	520,000	-	-	-
Revaluation surplus (deficit)	-	280,000	-	-	280,000
31 March 2012	-	800,000	100	-	800,100
Analysis of cost and valuation					
31 March 2012					
Cost	-	520,000	-	-	520,000
Revaluation	-	280,000	100	-	280,100
Net book value	-	800,000	100	-	800,100
1 April 2011					
Cost	50,721,360	-	-	-	50,721,360
Revaluation	27,778,640	-	100	-	27,778,740
Net book value	78,500,000	-	100	-	78,500,100

Properties were valued as at 31 March 2012 by Knight Frank LLP on the basis of Market Value in accordance with the RICS Valuation - Professional Standards 2012, Eighth Edition, published by The Royal Institution of Chartered Surveyors

Adamant Investment Corporation Limited

**Notes to the accounts
for the year ended 31 March 2012**

6. Investments

	Shares in subsidiaries £	Other investments £	Total £
At cost or underlying net asset value of investment			
1 April 2011	174,504,896	-	174,504,896
Additions	-	-	-
Disposals	-	-	-
Provision written-back (written-down)	-	-	-
31 March 2012	174,504,896	-	174,504,896
Provision for underlying net asset change			
1 April 2011	(133)	-	(133)
Provision written-back (written-down)	-	-	-
Disposals	-	-	-
31 March 2012	(133)	-	(133)
At cost			
31 March 2012	174,505,029	-	174,505,029
1 April 2011	174,505,029	-	174,505,029

The company has investments in the following direct and indirect subsidiaries

Subsidiary	Principal Activity	Interest	Country
Finsbury Avenue Estates Limited	Dormant	100%	England & Wales
Industrial Real Estate Limited	Dormant	100%	England & Wales
British Land Construction Limited	Dormant	100%	England & Wales

Adamant Investment Corporation Limited

**Notes to the accounts
for the year ended 31 March 2012**

7 Debtors	2012	2011
	£	£
Current debtors (receivable within one year)		
Trade debtors	1,509	26,653
Amounts owed by group companies - current accounts	278,161,930	173,954,290
Amounts owed by associated companies - current accounts	-	-
Corporation tax	-	-
Other debtors	28,980	627,064
Prepayments and accrued income	-	-
	<u>278,192,419</u>	<u>174,608,007</u>

Included in prepayments and accrued income is an amount of £nil (2011 - £nil), relating to lease incentives, and an amount of £nil (2011 - £nil) relating to a fixed and guaranteed rent review debtor, which are amortised over the period to the next rent review which may be due after more than one year

8 Creditors due within one year	2012	2011
	£	£
Trade creditors	164,063	150,000
Amounts owed to group companies - current accounts	-	-
Amounts owed to associated companies - current accounts	-	-
Corporation tax	6,858,785	6,858,785
Other taxation and social security	-	-
Other creditors	-	-
Accruals and deferred income	14,712	2,795,801
	<u>7,037,560</u>	<u>9,804,586</u>

Amounts owed to fellow group companies are repayable on demand. There is no interest charged on these balances.

Adamant Investment Corporation Limited

**Notes to the accounts
for the year ended 31 March 2012**

9 Creditors due after one year (including borrowings)

	2012	2011
	£	£
12,000,000 9 75% Cumulative Preference Shares of £1 00 each	<u>12,000,000</u>	<u>12,000,000</u>

In accordance with FRS25 "Financial Instruments Disclosure and Presentation", the company's 9 75% Cumulative Preference Shares of £1 each are classified as Creditors falling due after more than one year

The ultimate holding company has formally waived its rights to a dividend on the preference shares for the year ended 31 March 2012 At 31 March 2011 there were no outstanding cumulative arrears

10 Share capital

	2012	2011
	£	£

Issued share capital - allotted, called up and fully paid

Ordinary Shares of £0 05 each

Balance as at 1 April and as at 31 March 6,300,000,000 shares	<u>315,000,000</u>	<u>315,000,000</u>
---	--------------------	--------------------

Adamant Investment Corporation Limited

**Notes to the accounts
for the year ended 31 March 2012**

11 Reconciliation of movements in shareholders' funds and reserves

	Share capital £	Share premium £	Revaluation reserve £	Profit and loss account £	Total £
Opening shareholders' funds	315,000,000	8,322	27,778,740	63,021,355	405,808,417
Profit for the financial year	-	-	-	28,371,438	28,371,438
Dividends	-	-	-	-	-
Shares allotted in the year	-	-	-	-	-
Unrealised surplus (deficit) on revaluation of Investment properties	-	-	280,000	-	280,000
Realisation of prior year revaluations	-	-	(27,778,640)	27,778,640	-
Closing shareholders' funds	<u>315,000,000</u>	<u>8,322</u>	<u>280,100</u>	<u>119,171,433</u>	<u>434,459,855</u>

Adamant Investment Corporation Limited

**Notes to the accounts
for the year ended 31 March 2012**

12. Capital commitments

The company had capital commitments contracted as at 31 March 2012 of £nil (2011 £80,000,000)

13 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

14 Related parties

The company has taken advantage of the exemption granted to wholly owned subsidiaries not to disclose transactions with group companies under the provisions of Financial Reporting Standard 8

15 Subsequent events

There have been no significant events since the year end

16 Immediate parent and ultimate holding company

The immediate parent company is BL Retail Holding Company Limited

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