
BALSENIA LIMITED

Annual Report and Accounts

Period from 25 January 2001 to 31 March 2002



Company number: 4147427

BALSENIA LIMITED

REPORT OF THE DIRECTORS for the period from 25 January 2001 to 31 March 2002

The directors present their first Report and Accounts for the period from incorporation on 25 January 2001 to 31 March 2002.

Principal activity

The principal activity of the company, which commenced on 14 May 2001, is property investment.

Review of business and prospects

The company was incorporated on 25 January 2001.

The activities and prospects of this and other group companies are reviewed in the Chairman's Statement, Financial Review and Property Review of The British Land Company PLC, the ultimate holding company.

Details of significant events since the balance sheet date are contained in note 16 of the accounts.

Results and dividends

The results for the period are set out in the profit and loss account on page 4.

The directors do not recommend the payment of a dividend.

Directors

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

C Metliss	(appointed 30 January 2001)
R E Bowden	(appointed 30 January 2001)
M Al Dajani	(appointed 30 January 2001)
R W Blackburn	(appointed 30 January 2001)
C M J Forshaw	(appointed 30 January 2001)
M I Gunston	(appointed 30 January 2001)
J H Iddiols	(appointed 30 January 2001)
D Peltz	(appointed 30 January 2001, resigned 20 December 2001)
T A Roberts	(appointed 20 December 2001)
Combined Nominees Ltd	(appointed 25 January 2001, resigned 30 January 2001)
Combined Secretarial Services Limited	(appointed 25 January 2001, resigned 30 January 2001)

The directors' interests in the share and loan capital of the company are set out in note 11 to the accounts.

Statement of directors' responsibilities

Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BALSENIA LIMITED

REPORT OF THE DIRECTORS
for the period from 25 January 2001 to 31 March 2002

Annual General Meeting


At the Annual General Meeting of the company held on 16 February 2001, Elective Resolutions were passed to dispense with the following requirements:

- to lay accounts and reports before a general meeting of the company
- to appoint auditors annually
- to hold annual general meetings in the future.

Auditors

Arthur Andersen were appointed auditors during the period by the directors in accordance with section 385 of the Companies Act 1985. Arthur Andersen resigned as the Company's auditors following the agreement it reached with Deloitte & Touche under which partners and staff from Arthur Andersen joined Deloitte & Touche. The directors used their powers under the Companies Act 1985 to appoint Deloitte & Touche as the Company's auditors to fill the vacancy created by Arthur Andersen's resignation.

This report was approved by the Board on 30/03/02 .


A Braine
Secretary

10 Cornwall Terrace
Regent's Park
London
NW1 4QP

BALSENIA LIMITED

INDEPENDENT AUDITORS REPORT
for the period from 25 January 2001 to 31 March 2002

To the Shareholders of Balsenia Limited

We have audited the financial statements of Balsenia Limited for the period from incorporation on 25 January 2001 to 31 March 2002 which comprise the Profit and loss account, Balance sheet, Statement of total recognised gains and losses and the related notes numbered 1 to 17. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of directors' responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 March 2002 and of the company's profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Deloitte & Touche
Chartered Accountants and Registered Auditors

London

30 October 2002

BALSENIA LIMITED
PROFIT AND LOSS ACCOUNT
for the period from 25 January 2001 to 31 March 2002

	Note	2002 £
Turnover		337,332
Operating expenses		(8,888)
Other interest receivable and similar income	2	-
Interest payable and similar charges	3	(202,894)
Profit on ordinary activities before taxation	4	125,550
Taxation	5	(37,665)
Profit on ordinary activities after taxation		87,885
Dividends paid and proposed		-
Retained profit for the period	12	87,885

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

All amounts are stated at historical costs.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the period from 25 January 2001 to 31 March 2002

	2002 £
Retained profit for the period	87,885
Revaluation of properties	(309,104)
Total recognised gains and losses	(221,219)

The accompanying notes form part of these accounts.

BALSENIA LIMITED

BALANCE SHEET
as at 31 March 2002

	Note	£	2002	£
Fixed assets				
Investment properties	6			<u>4,700,000</u>
Current assets				
Debtors	7	87,125		
Creditors due within one year	8	<u>(5,008,342)</u>		
Net current liabilities				<u>(4,921,217)</u>
Total assets less current liabilities				(221,217)
Provision for liabilities and charges	9			-
Net liabilities				<u><u>(221,217)</u></u>
Capital and reserves				
Called up share capital	10			2
Capital reserves				
- Revaluation	12			(309,104)
Profit and loss account	12			<u>87,885</u>
Equity Shareholders' deficit	12			<u><u>(221,217)</u></u>

C Metliss



B Bowden
Directors



Approved by the Board on 30/03/02.

The accompanying notes form part of this Balance Sheet.

BALSENIA LIMITED

NOTES TO THE ACCOUNTS **for the period from 25 January 2001 to 31 March 2002**

1. Accounting policies

The principal accounting policies are summarised below. They have been applied consistently throughout the current period save for the adoption of Financial Reporting Standard 19 'Deferred Tax' (FRS 19) and Urgent Issues Task Force Abstract 28 'Operating Lease Incentives' (UITF 28), which now have effect.

These accounts are designed to cover a wide variety of companies and circumstances. As a result some notes may not be relevant for this company and so may be intentionally left blank.

Accounting basis

The accounts are prepared in accordance with applicable Accounting Standards and under the historical cost convention as modified by the revaluation of investment properties and as a going concern on the basis that the ultimate holding company will not demand repayment of amounts owed to it within twelve months of the date of signing these accounts.

In accordance with FRS 1, the company is exempt from preparing a cash flow statement. The company's cash flow is included in the group cash flow statement prepared by The British Land Company PLC.

Turnover

Turnover represents rental income receivable, net of VAT.

Properties

Investment properties are independently valued each period on an open market basis. Any surplus or deficit arising is transferred to revaluation reserve, unless a deficit is expected to be permanent, in which case it is charged to the profit and loss account. The profit on disposal is based on book value.

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

Taxation

Corporation tax payable is provided on taxable profits at the current rate.

On disposal of an investment property the element of tax relating to profit in the period is charged to the profit and loss account and the element relating to earlier revaluation surpluses is included in the Statement of Total Recognised Gains and Losses.

Deferred tax assets and liabilities arise from timing differences between the recognition of gains and losses in the accounts and their recognition in a tax computation.

In accordance with FRS19, deferred tax is now provided in respect of all timing differences that have originated, but not reversed, at the balance sheet date that may give rise to an obligation to pay more or less tax in the future. Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the accounts. Deferred tax is measured on a non-discounted basis.

BALSENIA LIMITED

NOTES TO THE ACCOUNTS
for the period from 25 January 2001 to 31 March 2002

1. Accounting policies (continued)

Operating lease incentives

Operating lease incentives include rent free periods and other incentives (such as contributions towards fitting out costs) given to lessees on entering into lease agreements. Previously, the Group's accounting policy was to recognise income as the rent fell due and to capitalise appropriate incentives.

In accordance with UITF28 rent receivable in the period from lease commencement to the earlier of the first rent review to the prevailing market rate and the lease end date, is now spread evenly over the period. The cost of other incentives is spread on a straight-line basis over a similar period.

This has been applied to all lease incentives for leases commencing on or after 1 April 2000.

2. Interest receivable

Interest receivable from other group companies

2002
£

-

3. Interest payable

Interest payable to other group companies

2002
£

202,894

4. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging (crediting):

Amortisation and depreciation

Auditors' remuneration for audit services

Operating lease rentals

2002
£

-

-

-

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

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

Average number of employees, including directors, of the company during the period was 8.

BALSENIA LIMITED

NOTES TO THE ACCOUNTS
for the period from 25 January 2001 to 31 March 2002

5. Taxation	2002
	£
UK corporation tax	37,665
Foreign tax	-
	<u>37,665</u>
Adjustments in respect of prior years	-
	<u>37,665</u>
Deferred tax	-
Total taxation (effective tax rate – 30.0%)	<u>37,665</u>
Tax reconciliation	
Profit on ordinary activities	125,550
Tax on profit on ordinary activities at UK corporation tax rate (30%)	37,665
Effects of:	
Capital allowances	-
Tax losses	-
Other tax adjustments:	-
Profit on disposal of fixed assets	-
Other timing differences	-
Expenses not deductible	-
Adjustments in respect of prior years	-
Current tax charge	<u>37,665</u>

6. Fixed Assets

	Freehold
	£
Cost and valuation and net book value	
At incorporation	-
Additions	5,009,104
Revaluation deficit	(309,104)
31 March 2002	<u>4,700,000</u>

Freehold and leasehold properties were externally valued at 31 March 2002 by ATIS Real Weatheralls, Chartered Surveyors, on the basis of open market value in accordance with the Appraisal and Valuation Manual published by The Royal Institution of Chartered Surveyors.

7. Debtors

	2002
	£
Amounts due within one year:	
Trade debtors	<u>87,125</u>

BALSENIA LIMITED

NOTES TO THE ACCOUNTS
for the period from 25 January 2001 to 31 March 2002

8. Creditors due within one year

	2002 £
Other creditors	-
Amounts owed to other group companies	-
Amounts owed to ultimate holding company	4,863,734
Corporation tax	37,665
Accruals and deferred income	106,943
	<u>5,008,342</u>

9. Provision for liabilities and charges

	£
At incorporation	-
Charged to profit and loss account	-
31 March 2002	<u>-</u>

Deferred tax is provided as follows

	2002 £
Capital allowances	-
Other timing differences	-
	<u>-</u>

The deferred tax provision relates primarily to capital allowances claimed on plant and machinery within investment properties. When a property is sold and the agreed disposal value for this plant and machinery is less than original cost there is a release of the surplus part of the provision.

10. Share capital

	2002 £
Authorised	
1,000 ordinary shares of £1 each	<u>1,000</u>
Allotted and fully paid	
2 ordinary shares of £1 each	<u>2</u>

BALSENIA LIMITED

NOTES TO THE ACCOUNTS
for the period from 25 January 2001 to 31 March 2002

11. Directors' interests in share and loan capital

No director held a beneficial interest in the share capital of the company. Messrs. C Metliss and R E Bowden are also directors of The British Land Company PLC and, as such, their interests in the share and loan capital, including share options, of that company are shown in the accounts of the ultimate holding company. The beneficial interests of the other directors in the ultimate holding company are as follows:-

	Fully paid Ordinary shares	6% Irredeemable Convertible Bonds (£ nominal)	Options over ordinary shares 1984 Option Scheme	Sharesave Scheme
	<u>31 March 2002</u>	<u>31 March 2002</u>	<u>31 March 2002</u>	<u>31 March 2002</u>
M Al Dajani	180	-	-	1,619
R W Blackburn	-	-	-	-
C M J Forshaw	5,224	-	25,000	4,863
M I Gunston	49,682	-	90,059	4,753
J H Iddiols	32,912	-	47,142	4,753
T A Roberts	5,403	-	-	2,965

	Rights under Restricted Share Plan	
	Ordinary shares	6% Irredeemable Convertible Bonds (£ nominal)
	<u>31 March 2002</u>	<u>31 March 2002</u>
M Al Dajani	37,500	-
R W Blackburn	-	-
C M J Forshaw	21,868	-
M I Gunston	40,671	-
J H Iddiols	36,237	-
T A Roberts	50,803	-

M I Gunston exercised options over 15,150 shares and had options over 15,150 shares lapse during the period.

J H Iddiols exercised options over 9,090 shares and had options over 9,090 shares lapse during the period.

T A Roberts exercised options over 2,183 shares and was granted options over 2,015 shares during the period.

12. Reconciliation of movements in shareholders' funds

	Share capital £	Capital reserve -revaluation £	Profit and loss account £	Total £
Opening shareholders' funds at incorporation	-	-	-	-
Retained profit	-	-	87,885	87,885
Issue of ordinary share capital	2	-	-	2
Revaluation of properties	-	(309,104)	-	(309,104)
Closing shareholders' deficit	2	(309,104)	87,885	(221,217)

BALSENIA LIMITED

NOTES TO THE ACCOUNTS
for the period from 25 January 2001 to 31 March 2002

13. Capital commitments

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

14. Contingent liabilities

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

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. Related parties

The company has taken advantage of the exemption granted to 90% subsidiaries not to disclose transactions with group companies under the provisions of Financial Reporting Standard 8.

16. Subsequent events

There have been no significant events since the period end.

17. Ultimate holding company

The immediate parent company is Meadowhall Centre Limited.

The ultimate holding company is The British Land Company PLC, which is incorporated in Great Britain. Group accounts for this company are available on request from 10 Cornwall Terrace, Regent's Park, London NW1 4QP.