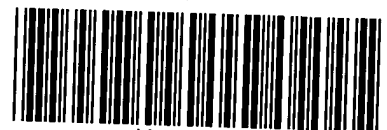

BL HC (DSCLI) Limited

Annual Report and Financial Statements

Year ended 31 March 2015

Company number: 04290601

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BL HC (DSCLI) Limited

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for the year ended 31 March 2015

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BL HC (DSCLI) Limited
STRATEGIC REPORT
for the year ended 31 March 2015

The directors present their Strategic Report for the year ended 31 March 2015.

Principal activities

BL HC (DSCLI) 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 that of an investment holding company in the United Kingdom (UK).

Business review

As shown in the company's Profit and Loss Account on page 7, the company's turnover is £nil compared to a turnover of £nil in the prior year and profit on ordinary activities before taxation is £333,878 compared to a profit on ordinary activities before taxation of £515,290 in the prior year.

Dividends of £nil (2014: £nil) were paid in the year.

The Balance Sheet on page 9 shows that the company's financial position at the year end is, in net asset terms, consistent with the prior year.

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

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.

For more information also see the 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.

During the year, the company transitioned from UK GAAP to FRS 101 - Reduced Disclosure Framework and has taken advantage of disclosure exemptions allowed under this framework. The company's parent undertaking, The British Land Company PLC, was notified and did not object to the use of EU-adopted IFRS disclosure exemptions. Following transition, no comparative figures were identified to be restated.

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.

STRATEGIC REPORT (CONTINUED)
for the year ended 31 March 2015

Principal risks and uncertainties (continued)

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 financial risks for the company are managed in accordance with the group financial risk management policy, as disclosed in the consolidated group accounts.

This report was approved by the Board on ~~28 September~~ 15 and signed by the order of the board by:



N. Ego
Secretary

DIRECTORS' REPORT
for the year ended 31 March 2015

The directors present their Annual Report on the affairs of the company, together with the audited financial statements and independent auditors' report for the year ended 31 March 2015.

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 sustainability report is available online at www.britishland.com/sustainability/reports-and-publications/2015.

Directors

The directors who were in office during the year and up to the date of signing the financial statements were:

A Braine (resigned 31 July 2014)
S M Barzycki
C M J Forshaw
L M Bell
T A Roberts
N M Webb
S G Carter (resigned 30 January 2015)
B T Grose (resigned 2 October 2014)
J M Vandevivere
V M Penrice (appointed 1 August 2014, resigned 29 April 2015)

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 the financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. 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 judgements and accounting estimates that are reasonable and prudent;
- state whether Financial Reporting Standard 101 Reduced Disclosure Framework has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

Subsequent events

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

Going concern

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.

DIRECTORS' REPORT (CONTINUED)
for the year ended 31 March 2015

Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

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

Independent auditors

PricewaterhouseCoopers LLP were appointed as auditors of the company for the year ended 31 March 2015 and have indicated their willingness to continue in office. Deloitte LLP were the auditors of the company for the year ended 31 March 2014.

This report was approved by the Board on *28 September 2015* and signed by the order of the board by:



N. Ego
Secretary

BL HC (DSCLI) Limited

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
BL HC (DSCLI) LIMITED
for the year ended 31 March 2015**

Report on the financial statements

Our opinion

In our opinion, BL HC (DSCLI) Limited's financial statements ("the financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2015 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.

What we have audited

BL HC (DSCLI) Limited's financial statements comprise:

- the Balance Sheet as at 31 March 2015;
- the Profit and Loss Account and Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, 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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

BL HC (DSCLI) Limited

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
BL HC (DSCLI) LIMITED (CONTINUED)
for the year ended 31 March 2015**

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual report and Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Saira Chaudhry

(Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

24 September 2015

BL HC (DSCLI) Limited

**PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2015**

	Note	2015 £	2014 £
Turnover		-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses		(1,000)	-
Movement in provision for losses attributable to LLP investment	9	334,878	515,290
Operating profit		333,878	515,290
Profit on disposal of investments		-	-
Profit on ordinary activities before taxation	3	333,878	515,290
Tax on profit on ordinary activities	5	-	-
Profit for the financial year		333,878	515,290

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

BL HC (DSCL) Limited

**STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2015**

	2015 £	2014 £
Profit for the financial year	333,878	515,290
Total comprehensive income for the year	333,878	515,290

BL HC (DSCLI) Limited**BALANCE SHEET**
as at 31 March 2015

	Note	2015 £	2014 £	2013 £
Fixed assets				
Investments	6	48,219	48,219	48,219
		<u>48,219</u>	<u>48,219</u>	<u>48,219</u>
Current assets				
Debtors - due within one year	7	23,686,878	23,687,878	23,878,242
Cash at bank and in hand		-	-	-
		<u>23,686,878</u>	<u>23,687,878</u>	<u>23,878,242</u>
Creditors due within one year	8	(233,551)	(233,551)	(423,915)
Net current assets		<u>23,453,327</u>	<u>23,454,327</u>	<u>23,454,327</u>
Total assets less current liabilities		<u>23,501,546</u>	<u>23,502,546</u>	<u>23,502,546</u>
Provision for liabilities	9	(2,042,805)	(2,377,683)	(2,892,973)
Net assets		<u>21,458,741</u>	<u>21,124,863</u>	<u>20,609,573</u>
Capital and reserves				
Called up share capital	10	10,000,000	10,000,000	10,000,000
Profit and loss account		11,458,741	11,124,863	10,609,573
Total equity		<u>21,458,741</u>	<u>21,124,863</u>	<u>20,609,573</u>

The financial statements of BL HC (DSCLI) Limited, company number 04290601, on pages 7 to 16, were approved by the Board of Directors and authorised for issue on ~~26 September 2015~~ and signed on its behalf by:

C. Farshaw
Director



BL HC (DSCLI) Limited

**STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2015**

	Called up share capital £	Profit and loss account £	Total equity £
Balance at 1 April 2013	10,000,000	10,609,573	20,609,573
Profit for the financial year	-	515,290	515,290
Total comprehensive income for the year	-	515,290	515,290
Share issues	-	-	-
Dividends payable in year	-	-	-
Balance at 31 March 2014	10,000,000	11,124,863	21,124,863
Profit for the financial year	-	333,878	333,878
Total comprehensive income for the year	-	333,878	333,878
Share issues	-	-	-
Dividends payable in year	-	-	-
Balance at 31 March 2015	10,000,000	11,458,741	21,458,741

**NOTES TO THE ACCOUNTS
for the year ended 31 March 2015**

1. Accounting policies

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

Basis of preparation

The company is incorporated and domiciled in the United Kingdom under the Companies Act. The address of the registered office is York House, 45 Seymour Street, London, W1H 7LX.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2013/14 Cycle) issued in July 2014 and effective immediately have been applied.

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

In these financial statements, the company has adopted early FRS 101 and for the first time.

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 March 2015, the company has changed its accounting framework from UK GAAP to FRS 101 as issued by the Financial Reporting Council and has, in doing so, applied the requirements of IFRS 1.6-33 and related appendices. The prior year financial statements were restated for material adjustments on adoption of FRS 101 in the current year.

The financial statements have prepared under the historical cost convention. 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, because it is included in the group accounts of The British Land Company PLC. Details of the parent in whose consolidated financial statements the company is included in are shown in note 14 to the financial statements.

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

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

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 accounts of The British Land Company PLC. The group accounts of The British Land Company PLC are available to the public and can be obtained as set out in note 14.

NOTES TO THE ACCOUNTS (CONTINUED)
for the year ended 31 March 2015

1. Accounting policies (continued)

Adoption of new and revised standards

As explained above, the company has adopted FRS 101 for the first time in the current year.

Significant judgements and sources of estimation uncertainty

There are no such relevant judgements or estimates.

Going concern

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

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).

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.

2. Explanation of transition to FRS 101

This is the first year that the company has presented its financial statements under FRS 101 (Financial Reporting Standard 101) issued by the Financial Reporting Council. Following transition from UK GAAP to FRS 101 no comparative figures were identified to be restated. As a result, it was not deemed necessary to present tables reconciling the transition within these financial statements. The last financial statements under a previous GAAP (UK GAAP) were for the year ended 31 March 2014 and the date of transition to FRS 101 was therefore 1 April 2013.

3. Profit on ordinary activities before taxation

Auditors' remuneration

A notional charge of £1,000 is deemed payable to PricewaterhouseCoopers LLP in respect of the audit of the financial statements (2014: £1,000 was deemed payable to Deloitte LLP). Actual amounts payable to PricewaterhouseCoopers LLP are paid at group level by The British Land Company PLC.

No non-audit fees (2014: £nil was paid to Deloitte LLP) were paid to PricewaterhouseCoopers LLP.

NOTES TO THE ACCOUNTS (CONTINUED)
for the year ended 31 March 2015

4. Staff numbers and costs

No director received any remuneration for services to the company in either year. The remuneration of the directors were borne by another company within the group, for which no apportionment or recharges were made.

Average number of employees, excluding directors, of the company during the year was nil (2014: nil).

5. Tax on profit on ordinary activities

	2015 £	2014 £
Current tax		
UK corporation tax	-	-
Total current taxation charge	-	-
Deferred tax		
Origination and reversal of timing differences	-	-
Total deferred tax charge	-	-
Total taxation charge	-	-
Tax reconciliation		
Profit on ordinary activities before taxation	333,878	515,290
Tax on profit on ordinary activities at UK corporation tax rate of 21% (2014: 23%)	70,114	118,517
Effects of:		
REIT exempt income and gains	(374,360)	(411,984)
Expenses not deductible for tax purposes	374,360	293,467
Transfer pricing adjustments	176,515	53,057
Group relief claimed for nil consideration	(246,629)	(53,057)
Total tax charge	-	-

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. These rate reductions have been reflected in the calculation of deferred tax at the Balance Sheet date.

In the Budget, on 8 July 2015, the Chancellor announced additional planned reductions to 18% by 2020. This will reduce the company's future current tax charge accordingly. 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.

BL HC (DSCLI) Limited

**NOTES TO THE ACCOUNTS (CONTINUED)
for the year ended 31 March 2015**

6. Investments

	Investment in LLP £	Total £
Underlying net asset value of investment		
1 April 2014	48,219	48,219
Additions	-	-
Disposals	-	-
Provision written-back	-	-
31 March 2015	48,219	48,219
Underlying net asset value of investment		
1 April 2013	48,219	48,219
Additions	-	-
Disposals	-	-
Provision written-back	-	-
31 March 2014	48,219	48,219
Provisions for underlying net asset change		
1 April 2014	-	-
Provision written back	-	-
Disposals	-	-
31 March 2015	-	-
Provisions for underlying net asset change		
1 April 2013	-	-
Provision written back	-	-
Disposals	-	-
31 March 2014	-	-
At cost		
31 March 2015	48,219	48,219
31 March 2014	48,219	48,219
1 April 2013	48,219	48,219

The company has investments in the following direct and indirect Limited Liability Partnerships:

Name	Principal Activity	Interest	Country
BL HC PH No 3 LLP	Property investment	99.9958%	United Kingdom
BL HC Hampshire PH LLP	Property investment	32.1466%	United Kingdom
BL HC PH CRG LLP	Property investment	32.1466%	United Kingdom
BL HC PH LLP	Property investment	32.1466%	United Kingdom

NOTES TO THE ACCOUNTS (CONTINUED)
for the year ended 31 March 2015

7. Debtors

	2015 £	2014 £	2013 £
Current debtors (due within one year)			
Amounts owed by group companies - current accounts	23,686,878	23,687,878	23,878,242
	<u>23,686,878</u>	<u>23,687,878</u>	<u>23,878,242</u>

8. Creditors due within one year

	2015 £	2014 £	2013 £
Corporation tax	233,551	233,551	423,915
	<u>233,551</u>	<u>233,551</u>	<u>423,915</u>

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

9. Provision for liabilities

	2015 £	2014 £	2013 £
Opening balance	2,377,683	2,892,973	5,017,790
Movement for the year	(334,878)	(515,290)	(2,124,817)
Closing balance	<u>2,042,805</u>	<u>2,377,683</u>	<u>2,892,973</u>

The provision relates to the LLP's share of accumulated losses incurred by its subsidiary undertakings. This is in accordance with the fact that the members would settle any surplus liabilities at the date of winding up the LLP undertakings.

10. Called up share capital

	2015 £	2014 £	2013 £
Issued share capital - allotted, called up and fully paid			
Ordinary shares of £1.00 each			
Balance as at 1 April and 31 March: 10,000,000 shares	<u>10,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>

BL HC (DSCLI) Limited

**NOTES TO THE ACCOUNTS (CONTINUED)
for the year ended 31 March 2015**

11. Capital commitments

The company had capital commitments contracted as at 31 March 2015 of £nil (2014: £nil; 2013: £nil).

12. Contingent liabilities

The company is jointly and severally liable with BL HC Property Holdings Limited and fellow subsidiaries for all monies falling due under the group VAT registration.

13. Subsequent events

There have been no significant events since the year end.

14. Immediate parent and ultimate holding company

The immediate parent company is BL HC (DSCH) 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 The British Land Company PLC, York House, 45 Seymour Street, London, W1H 7LX.