

Registration number: 04290601

BL HC (DSCLI) Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 31 March 2020



BL HC (DSCLI) Limited

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BL HC (DSCLI) Limited

Strategic Report for the Year Ended 31 March 2020

The directors present their Strategic Report for the year ended 31 March 2020.

Business review and 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).

As shown in the company's Profit and Loss Account on page 5, the company's turnover has remained consistent with the prior year.

Profit on ordinary activities before taxation is £259,902 compared to a profit on ordinary activities before taxation of £454,578 in the prior year. The profit generated in both financial years relates to the movement on the provision for LLP losses which was fully written back in the year.

Dividends of £nil (2019: £nil) were paid in the year.

The Balance Sheet on page 7 shows that the company's financial position at the year end has, in net assets terms, remained the same as prior year.

The value of investments held as at 31 March 2020 has remained consistent with 2019, as shown in note 6 to the company's Balance Sheet.

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.

The 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 HC (DSCLI) Limited

Strategic Report for the Year Ended 31 March 2020 (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 group 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 group's preference for prime assets and their secure long term contracted rental income, primarily with upward only rent review clauses, presents lower risks than many other property portfolios.

The financial 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 general risk environment in which the group operates has heightened over the course of the year, which is largely due to the continued level of uncertainty associated with the future impact of the UK's exit from the EU, the significant deterioration in the UK retail market and weaker investment markets.

The company has no third party debt and no associated third party interest rate exposure.

The outbreak of Covid-19, declared by the World Health Organization as a "Global Pandemic" on 11 March 2020, creates an unprecedented degree of uncertainty over both the severity of the above risks and the effectiveness of the above mitigating actions. The decline in economic activity resulting from the pandemic is expected to heighten the risk of tenants becoming financially distressed, this will directly impact the degree of certainty around the valuation of investment properties at year-end which in turn will directly impact the degree of certainty around the carrying value of investments in subsidiaries.

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

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Jonty McNuff

Director

BL HC (DSCLI) Limited

Directors' Report for the Year Ended 31 March 2020

The directors present their report and the unaudited financial statements for the year ended 31 March 2020.

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:

S M Barzycki
N M Webb
C J Middleton
P S Macey
J C McNuff

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.

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:

www.britishland.com/sustainability/reporting/latest-reporting

BL HC (DSCLI) Limited

Directors' Report for the Year Ended 31 March 2020 (continued)

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 business risks successfully despite the current economic climate and the uncertainty resulting from the outbreak of Covid-19. 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 12.

Audit exemption taken for the year ended 31 March 2020

The company is exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of Section 479A of that Act, as disclosed on pages 193-194 of The British Land Company PLC Annual Report and Accounts 2020. The ultimate holding company and controlling party is The British Land Company PLC.

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

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Jonty McNuff

Director

BL HC (DSCLI) Limited

Profit and Loss Account for the Year Ended 31 March 2020

	Note	2020 £	2019 £
Turnover		-	-
Operating profit/(loss)		-	-
Movement in provision for losses attributable to LLP investment		259,902	454,578
Profit on ordinary activities before taxation		259,902	454,578
Taxation	5	-	-
Profit for the year		259,902	454,578

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

The notes on pages 9 to 14 form an integral part of these financial statements.

BL HC (DSCLI) Limited

Statement of Comprehensive Income for the Year Ended 31 March 2020

	2020 £	2019 £
Profit for the year	<u>259,902</u>	<u>454,578</u>
Total comprehensive income for the year	<u><u>259,902</u></u>	<u><u>454,578</u></u>

The notes on pages 9 to 14 form an integral part of these financial statements.

BL HC (DSCLI) Limited
 (Registration number: 04290601)
Balance Sheet as at 31 March 2020

	Note	31 March 2020 £	31 March 2019 £
Fixed assets			
Investments	6	<u>48,219</u>	<u>48,219</u>
		<u>48,219</u>	<u>48,219</u>
Current assets			
Debtors	7	<u>23,697,977</u>	<u>23,697,977</u>
		<u>23,687,877</u>	<u>23,687,877</u>
Total assets less current liabilities		23,736,096	23,736,096
Provisions for liabilities	9	<u>-</u>	<u>(259,902)</u>
Net assets		<u>23,736,096</u>	<u>23,476,194</u>
Capital and reserves			
Share capital	8	10,000,000	10,000,000
Profit and loss account		<u>13,736,096</u>	<u>13,476,194</u>
Total shareholders' funds		<u>23,736,096</u>	<u>23,476,194</u>

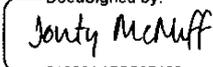
For the financial year ending 31 March 2020 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

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

DocuSigned by:

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 Jonty McNuff

The notes on pages 9 to 14 form an integral part of these financial statements.

BL HC (DSCLI) Limited

Statement of Changes in Equity for the Year Ended 31 March 2020

	Share capital £	Profit and loss account £	Total £
Balance at 1 April 2018	10,000,000	13,021,616	23,021,616
Profit for the year	-	454,578	454,578
Total comprehensive income for the year	-	454,578	454,578
Balance at 31 March 2019	<u>10,000,000</u>	<u>13,476,194</u>	<u>23,476,194</u>
Balance at 1 April 2019	10,000,000	13,476,194	23,476,194
Profit for the year	-	259,902	259,902
Total comprehensive income for the year	-	259,902	259,902
Balance at 31 March 2020	<u><u>10,000,000</u></u>	<u><u>13,736,096</u></u>	<u><u>23,736,096</u></u>

The notes on pages 9 to 14 form an integral part of these financial statements.

BL HC (DSCLI) Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 March 2020

1 General information

The company is a private company limited by share capital, incorporated and domiciled in England, United Kingdom.

The address of its registered office is:

York House
45 Seymour Street
London
W1H 7LX

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

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

The financial statements have been prepared under the historical cost convention. 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 HC (DSCLI) Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 March 2020 (continued)

2 Accounting policies (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 13.

Adoption status of relevant new financial reporting standards and interpretations

During the year the company adopted the following standards:

IFRS 16 - Leases

The new standard results in lessees bringing almost all operating leases on balance sheet as the distinction between operating and finance leases is removed. The accounting for lessors has not significantly changed. The Company does not hold any material leases as lessee therefore adoption of IFRS 16 has not had a material impact on the financial statements of the Company.

Apart from the changes in the standards highlighted above, no other standards, interpretations and amendments effective for the first time from 1 April 2019 have had a material effect on the financial statements.

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 business risks successfully despite the current economic climate and the uncertainty resulting from the outbreak of Covid-19. Accordingly, they believe the going concern basis is an appropriate one.

Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 April 2019 have had a material effect on the financial statements.

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.

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.

BL HC (DSCLI) Limited

**Notes to the Unaudited Financial Statements for the Year Ended 31 March 2020
(continued)**

2 Accounting policies (continued)

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

3 Significant accounting judgements and key sources of estimation uncertainty

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 group's business, to be limited.

Fixed asset investments are stated at the lower of cost and the underlying net asset value of the investments. In the year ended 31 March 2020, less certainty - and a higher degree of caution - can be attached to the underlying net asset value of the company's investments which hold investment property, than would normally be the case. The third party valuers for properties recognised at 31 March 2020 include a material valuation uncertainty clause in their reports. The clause highlights significant estimation uncertainty regarding the valuation of investment property due to the Covid-19 pandemic. The valuations as at the current balance sheet date should therefore be treated with additional caution. The significant estimation uncertainty regarding the valuation of investment property results in estimation uncertainty in the underlying net asset value of the investments which carry investment property.

4 Staff costs

No director (2019: 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. The value of this service was negligible.

Average number of employees, excluding directors, of the company during the year was nil (2019: nil).

5 Taxation

	2020 £	2019 £
Current taxation		
UK corporation tax	-	-
Tax charge in the profit and loss account	-	-

BL HC (DSCLI) Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 March 2020
(continued)

5 Taxation (continued)

	2020 £	2019 £
Tax reconciliation		
(Loss)/profit on ordinary activities before taxation	-	454,578
Tax on (loss)/profit on ordinary activities at UK corporation tax rate of 19% (2019: 19%)	-	86,370
Effects of:		
Taxable transfer pricing adjustments	104,866	109,367
Increase in fair value of property & investments	-	(86,370)
Group relief	<u>(104,866)</u>	<u>(109,367)</u>
Total tax charge	<u>-</u>	<u>-</u>

On 17 March 2020 legislation was substantially enacted confirming that the tax rate would not be reduced from 1 April 2020 but would remain at 19%. Where relevant this has been reflected in the deferred tax calculation.

6 Investments

	Shares in subsidiaries £	Total £
Underlying net asset value of investment		
1 April 2019	<u>48,219</u>	<u>48,219</u>
31 March 2020	<u>48,219</u>	<u>48,219</u>
Underlying net asset value of investment		
1 April 2018	<u>48,219</u>	<u>48,219</u>
31 March 2019	<u>48,219</u>	<u>48,219</u>
Provision for underlying net asset change		
31 March 2020	<u>-</u>	<u>-</u>
31 March 2019	<u>-</u>	<u>-</u>
At cost		
31 March 2020	<u>48,219</u>	<u>48,219</u>
31 March 2019	<u>48,219</u>	<u>48,219</u>

BL HC (DSCLI) Limited

**Notes to the Unaudited Financial Statements for the Year Ended 31 March 2020
(continued)**

6 Investments (continued)

Details of the subsidiaries as at 31 March 2020 are as follows:

Subsidiary	Principal activity	Interest	Country
BL HC PH No 3 LLP	Investment Holding	100%	United Kingdom

Associates

Details of the associates as at 31 March 2020 are as follows:

Associates	Principal activity	Interest	Country
BL HC Hampshire PH LLP	Property Investment	32%	United Kingdom
BL HC PH CRG LLP	Property Investment	32%	United Kingdom
BL HC PH LLP	Property Investment	32%	United Kingdom

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

The carrying value of investments is the lower of cost and the underlying net asset value. Therefore, where the company's investments hold investment property, the underlying net asset value of those investments is dependent on the valuation of the investment property held. The outbreak of Covid-19, declared by the World Health Organization as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. As at the valuation date, the external valuers consider that they can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. The current response to Covid-19 means that external valuers are faced with an unprecedented set of circumstances on which to base a judgement. The valuations across all asset classes are therefore reported on the basis of "material valuation uncertainty" as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty - and a higher degree of caution - should be attached to the valuations provided than would normally be the case. The external valuers have confirmed, the inclusion of the "material valuation uncertainty" declaration does not mean that valuations cannot be relied upon. Rather, the phrase is used in order to be clear and transparent with all parties, in a professional manner that - in the current extraordinary circumstances - less certainty can be attached to valuations than would otherwise be the case.

As a result, less certainty can be attached to the carrying value of investments which hold investment property than would otherwise be the case.

7 Debtors

	31 March 2020 £	31 March 2019 £
Amounts due from related parties	<u>23,687,877</u>	<u>23,687,877</u>
	<u>23,687,877</u>	<u>23,687,877</u>

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

BL HC (DSCLI) Limited

**Notes to the Unaudited Financial Statements for the Year Ended 31 March 2020
(continued)**

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

	No.	31 March 2020 £	No.	31 March 2019 £
Ordinary shares of £1 each	10,000,000	10,000,000	10,000,000	10,000,000

9 Provision for liabilities

	2020 £	2019 £
Opening balance	259,902	714,480
Movement for the year	<u>(259,902)</u>	<u>(454,578)</u>
Closing balance	<u>-</u>	<u>259,902</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 undertaking. The movement in the provision is shown in the table above.

10 Capital commitments

The total amount contracted for but not provided in the financial statements was £nil (2019: £nil).

11 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.

12 Subsequent events

There have been no significant events since the year end.

13 Parent and ultimate parent undertaking

The immediate parent company is BL HC (DSCH) 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.