
BL Shoreditch No. 1 Limited

Annual Report and Financial Statements

Year ended 31 March 2015

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Company number: 08570560

BL Shoreditch No. 1 Limited

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for the year ended 31 March 2015

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BL Shoreditch No. 1 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 Shoreditch No. 1 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 a property investment 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 has increased compared with the prior period and loss on ordinary activities before taxation £314,361 has increased by 373.8% compared with the prior period as a result of increased operating costs associated with the company's trade.

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 has, in net liability terms, increased compared with the prior period.

During the year the company remained a party to an option agreement for the re-development of Blossom Street Shoreditch which is described in more detail in note 7.

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**

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 *24 September 2015* and signed by the order of the board by:



N Ekpo
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 (appointed 14 June 2013 and resigned 31 July 2014)
S M Barzycki
S G Carter (resigned 30 January 2015)
C M J Forshaw
B T Grose (resigned 2 October 2014)
L M Bell
T A Roberts
J Vandevivere
N M Webb
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.

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.

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.

BL Shoreditch No. 1 Limited

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

Disclosure of information to auditors

Pricewaterhouse Coopers 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 period ended 31 March 2014.

This report was approved by the Board on *24 September 2015* and signed by the order of the board by:



N Ekpo
Secretary

BL Shoreditch No. 1 Limited

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
BL Shoreditch No. 1 Limited
for the year ended 31 March 2015**

Report on the financial statements

Our opinion

In our opinion, BL Shoreditch No. 1 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 loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

BL Shoreditch No. 1 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
BL Shoreditch No. 1 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 Choudhry

Saira Choudhry (Senior Statutory Auditor)
for and on behalf of Pricewaterhouse Coopers LLP
Chartered Accountants and Statutory Auditors
London

24 September 2015

BL Shoreditch No. 1 Limited

PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2015

	Note	Year ended 31 March 2015 £	10 months ended 31 March 2014 £
Turnover	3	574,099	310,651
Cost of sales		(888,460)	(376,997)
Gross result		(314,361)	(66,346)
Operating loss		(314,361)	(66,346)
Loss on ordinary activities before interest and taxation		(314,361)	(66,346)
Loss on ordinary activities before taxation		(314,361)	(66,346)
Tax on loss on ordinary activities	6	-	-
Loss for the financial year/period		(314,361)	(66,346)

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

BL Shoreditch No. 1 Limited

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

	Year ended 31 March 2015 £	10 months ended 31 March 2014 £
Loss for the financial year/period	(314,361)	(66,346)
Total comprehensive expense for the year/period	<u>(314,361)</u>	<u>(66,346)</u>

BL Shoreditch No. 1 Limited

BALANCE SHEET
as at 31 March 2015

	Note	2015 £	2014 £
Fixed assets			
Investments	7	7,242,717	3,618,935
		<u>7,242,717</u>	<u>3,618,935</u>
Current assets			
Debtors - due within one year	8	116,297	103,255
		<u>116,297</u>	<u>103,255</u>
Creditors due within one year	9	(7,739,720)	(3,788,535)
Net current liabilities		<u>(7,623,423)</u>	<u>(3,685,280)</u>
Total assets less current liabilities		<u>(380,706)</u>	<u>(66,345)</u>
Creditors due after more than one year		-	-
Net liabilities		<u>(380,706)</u>	<u>(66,345)</u>
Capital and reserves			
Called up share capital	10	1	1
Profit and loss account		<u>(380,707)</u>	<u>(66,346)</u>
Total equity		<u>(380,706)</u>	<u>(66,345)</u>

The financial statements of BL Shoreditch No. 1 Limited, company number 08570560, on pages 7 to 16, were approved by the Board of Directors and authorised for issue on ~~24 September 2015~~ and signed on its behalf by:

C. Forshaw
Director



BL Shoreditch No. 1 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 2014	1	(66,346)	(66,345)
Loss for the financial year	-	(314,361)	(314,361)
Total comprehensive expense for the year	-	(314,361)	(314,361)
Share issues	-	-	-
Dividends payable in year	-	-	-
Balance at 31 March 2015	1	(380,707)	(380,706)

**NOTES TO THE FINANCIAL STATEMENTS
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 period. Prior year policies were UK GAAP.

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.

Basis of preparation

This 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 financial statements have been prepared under the historical cost convention, modified to include the revaluation of properties. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

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 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 14.

NOTES TO THE FINANCIAL STATEMENTS (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. As part of this adoption, IFRS 13 Fair Value Measurement was adopted in the current year. IFRS 13 impacts the disclosure of investment properties, as set out in note 2. Also, IFRS 13 includes extensive disclosure requirements; the company has taken advantage of the exemption provided under FRS 101 from providing these disclosures.

Going concern

The Balance Sheet shows that the company has net liabilities and net current liabilities. However, the principal creditor is the ultimate parent company and the terms of the borrowing include the right of the subsidiary to request that the amount of the loan equal to any deficit be eliminated by converting the loan into share capital.

As a consequence of this the directors feel that the company can continue to trade for the foreseeable and 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.

Significant judgements and sources of estimation uncertainty

The key source of estimation uncertainty relates to the valuation of the property portfolio and investments, where an external valuation is obtained. In accounting for net rental income, the group is required to judge the recoverability of any income accrued and provides against the credit risk on these amounts. The potential for management to make judgements or estimates relating to those items which would have a significant impact on the financial statements is considered, by the nature of the group's business, to be limited.

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 provided for 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.

Turnover

Net rental income

Rental income is recognised on an accruals basis and is derived from the option agreement described in note 7. The option agreement grants the company the right to collect rental income from residual tenants on the site.

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 period ended 31 March 2014 and the date of transition to FRS 101 was therefore 14 June 2013.

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

3. Turnover

	Year ended 31 March 2015 £	10 months ended 31 March 2014 £
Rent receivable	574,099	310,651
	574,099	310,651

4. Loss on ordinary activities before taxation

Auditors' remuneration

A notional charge of £1,000 (2014: £2,000 was deemed payable to Deloitte LLP) is deemed payable to PricewaterhouseCoopers LLP in respect of the audit of the financial statements for the year ended 31 March 2015. Actual amounts payable to PricewaterhouseCoopers LLP are paid at group level by The British Land Company PLC.

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

5. Staff numbers and costs

No director received any remuneration for services to the company in either year/period. 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/period was nil (2014: nil).

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

6. Tax on loss on ordinary activities

	Year ended 31 March 2015 £	10 months ended 31 March 2014 £
Current tax		
UK corporation tax	-	-
Adjustments in respect of prior periods	-	-
Total current tax charge	-	-
Deferred tax		
Origination and reversal of timing differences	-	-
Total deferred tax charge	-	-
Tax on loss on ordinary activities	-	-
Tax reconciliation		
Loss on ordinary activities before taxation	(314,361)	(66,346)
Tax on loss on ordinary activities at UK corporation tax rate of 21% (2014: 23%)	(66,016)	(15,260)
Effects of:		
REIT exempt income and gains	66,016	15,260
Total tax expense	-	-

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 Shoreditch No. 1 Limited

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

7. Investments

	Option £	Total £
At cost or underlying net asset value of investment		
1 April 2014	3,618,935	3,618,935
Additions	3,623,782	3,623,782
Disposals	-	-
Provision written-back	-	-
31 March 2015	7,242,717	7,242,717
Provisions for underlying net asset change		
1 April 2014	-	-
Provision written back	-	-
Disposals	-	-
31 March 2015	-	-
At cost or underlying net asset value of investment		
14 June 2013	-	-
Additions	3,618,935	3,618,935
Disposals	-	-
Provision written-back	-	-
31 March 2014	3,618,935	3,618,935
Provisions for underlying net asset change		
14 June 2013	-	-
Provision written back	-	-
Disposals	-	-
31 March 2014	-	-
At cost		
31 March 2015	7,242,717	7,242,717
31 March 2014	3,618,935	3,618,935

During the year, the company continued to be a party to an option agreement with The City of London Corporation for the re-development of Blossom Street, Shoreditch. Along with fellow subsidiary undertakings, BL Shoreditch No. 2 Limited and BL Shoreditch Limited Partnership, the option agreement gives the company the option to draw down a development agreement, subject to securing revised planning consent.

8. Debtors

	2015 £	2014 £
Current debtors (receivable within one year)		
Trade debtors	83,878	85,911
Other debtors	9,407	2,520
Prepayments and accrued income	949	14,824
VAT	22,063	-
	116,297	103,255

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

9. Creditors due within one year

	2015	2014
	£	£
Trade creditors	2,487	36,470
Amounts owed to group companies - current accounts	7,622,435	3,655,606
Taxation and social security	-	8,061
Other creditors	21,593	-
Accruals and deferred income	93,205	88,398
	<u>7,739,720</u>	<u>3,788,535</u>

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

10. Share capital

	2015	2014
	£	£
Issued share capital - allotted, called up and fully paid		
Ordinary Shares of £1.00 each		
Opening balance as at 1 April 2014: 1 share (14 June 2013 : nil shares)	1	-
Allotted shares: nil shares (31 March 2014: 1 share)	-	1
Balance as at 31 March 2015: 1 share (31 March 2014: 1 share)	<u>1</u>	<u>1</u>

During the prior period, the company allotted 1 Ordinary share with a nominal value of £1.00 for intercompany debt.

11. Capital commitments

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

12. Contingent liabilities

The company is jointly and severally liable with Osnaburgh Street 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 City Offices Holding Company Limited.

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