

11 Funds and joint ventures

British Land's summary share of profits of funds and joint ventures

	2007 £m	2006 £m
Gross rental income	109	116
Service charge income	6	7
Gross rental and related income	115	123
Net rental and related income	100	112
Other income and expenditure	(6)	(6)
Net financing costs	(57)	(67)
Underlying profit before taxation	37	39
Net valuation gains (including profits on disposals)	257	378
Goodwill impairment	(5)	
Profit on ordinary activities before taxation	289	417
REIT conversion charge	(48)	
Current tax	(19)	(9)
Deferred tax	237	(97)
Profit on ordinary activities after taxation	459	311

Summary movement for the year of the investments in funds and joint ventures

	Equity £m	Loans £m	Total £m
At 1 April 2006	1,216	18	1,234
Additions	170	38	208
Disposals	(191)	(6)	(197)
Share of profit after taxation	459		459
Distributions and dividends: capital	(80)		(80)
revenue	(32)		(32)
Hedging movements	18		18
At 31 March 2007	1,560	50	1,610

At 31 March 2007, the total investment in funds and joint ventures of £1,610m (2006: £1,234m) comprises £830m (2006: £599m) of investment in funds being Hercules Unit Trust (HUT), Hercules Income Fund (HIF) and Pillar Retail Europark Fund (PREF) after taking the conversion charge into account and £780m (2006: £635m) investment in joint ventures, being the total of £770m (2006: £589m) and City of London Office Unit Trust (CLOUT) of £10m (2006: £46m).

Distributions in the year include the receipt of £43m (£42m capital) from CLOUT; £38m (capital) from Tesco BL Property Partnership; £25m from HUT and £2m each from BL Davidson, HIF and PREF.

At 31 March 2007 the Group's share of funds and joint ventures properties is £2,886m (2006: £2,661m) of which £153m (2006: £69m) is carried at directors' valuation; external net debt is £1,238m (2006: £1,124m) and the mark to market adjustment for external debt is £8m asset (2006: £2m liability).

11 Funds and joint ventures (continued)

Funds' summary financial statements

All disclosures have been restated to British Land accounting policies under IFRS excluding performance and management fees due to the Group

	Hercules Unit Trust	Hercules Income Fund	Pillar Retail Europark Fund	City of London Office Unit Trust	Other	Group Share 2007	Group Share 2006
Percentage interest – 2007	36.27%	26.12%	22.35%*	35.94%			
– 2006	34.64%	26.12%	34.16%	35.94%			
Date established	22 September 2000	16 September 2004	17 March 2004	6 November 2000			
Accounting period	Year ended 31 March 2007	Year ended 31 March 2007	Year ended 31 December 2006	Year ended 31 March 2007			
Summarised income statements							
	£m	£m	£m	£m	£m	£m	£m
Gross rental and related income	116	7	20	3		49	35
Net rental and related income	107	7	16	3		45	34
Other income and expenditure	(5)	(1)	(6)	(1)		(4)	(2)
Net external interest payable	(63)	(1)	(7)	1		(24)	(20)
Underlying profit before taxation	39	5	3	3		17	12
Surplus on revaluation	321	14	29			126	169
Disposal of fixed assets	10	2	(2)	18		9	6
Goodwill impairment	(2)					(2)	
Profit on ordinary activities before taxation	368	21	30	21		150	187
REIT conversion charge					(25)	(25)	
Current tax	(9)	(1)	(2)	(1)		(4)	(4)
Deferred tax	315	5	3			116	(37)
Profit on ordinary activities after taxation	674	25	31	20	(25)	237	146
Summarised balance sheets							
Investment properties	3,408	153	340			1,352	1,225
Current assets	28	1	24	120		59	71
Cash and deposits	29	3	8	12		17	20
Gross assets	3,465	157	372	132		1,428	1,316
Current liabilities	(52)	(3)	(18)	(36)	(25)	(61)	(54)
Bank debt falling due within one year		(6)		(69)		(26)	(7)
Bank debt falling due after one year	(224)		(198)			(126)	(156)
Securitised debt	(1,013)					(367)	(332)
Deferred tax	(7)		(24)			(8)	(122)
Gross liabilities	(1,296)	(9)	(240)	(105)	(25)	(588)	(671)
Net external assets	2,169	148	132	27	(25)	840	645
Represented by:							
Investors' capital	2,169	148	132	27	(25)	840	645
Total investment	2,169	148	132	27	(25)	840	645
Capital commitments	65	5	154			59	14

* When the fund is fully invested, this will reach approximately 40%.

11 Funds and joint ventures (continued)

Joint ventures' summary financial statements

All disclosures have been restated to British Land accounting policies under IFRS

	The Scottish Retail Property Limited Partnership	BLT Properties Ltd	The Tesco British Land Property Partnership	Tesco BL Holdings Ltd	The Tesco Aqua Limited Partnership
All joint ventures are held equally on a 50:50 basis					
Partners	Land Securities Group PLC	Tesco PLC	Tesco PLC	Tesco PLC	Tesco PLC
Date established	March 2004	November 1996	February 1998	November 1999	March 2007
Accounting period	Year ended 31 March 2007	Year ended 31 March 2007	Year ended 31 March 2007	Year ended 31 March 2007	1 month ended 31 March 2007
Summarised income statements	£m	£m	£m	£m	£m
Gross rental and related income	49	17	8	27	1
Net rental and related income	29	16	7	26	1
Other income and expenditure	(1)			(1)	
Net interest – External	(22)	(10)	(3)	(17)	(1)
– Shareholders		1			
Net interest (payable) receivable	(22)	(9)	(3)	(17)	(1)
Underlying profit before taxation	6	7	4	8	
Surplus on revaluation	13	53	23	69	
Disposal of fixed assets		5	30		
Profit on property trading					
Goodwill impairment					(5)
Profit (loss) on ordinary activities before taxation	19	65	57	77	(5)
REIT conversion charge					
Current tax	7	(12)	(15)	(2)	
Deferred tax	(11)	(3)	2	(15)	
Profit on ordinary activities after taxation	15	50	44	60	(5)
Summarised balance sheets					
Investment properties	714	363	109	705	652
Development properties					
Total properties	714	363	109	705	652
Current assets	6	20	9	20	5
Upstream loans to joint venture shareholders		17			
Cash and deposits	13	40	3	22	8
Gross assets	733	440	121	747	665
Current liabilities	(7)	(18)	(22)	(29)	(10)
Bank debt falling due within one year					
Bank debt falling due after one year		(185)	(45)	(314)	(487)
Securitised debt	(427)				
Debentures					
Obligations under finance leases	(11)				
Deferred tax	(74)	(52)	(14)	(96)	
Gross liabilities	(519)	(255)	(81)	(439)	(497)
Net external assets	214	185	40	308	168
Represented by:					
Shareholder loans					52
Ordinary shareholders' funds/Partners' capital	214	185	40	308	116
Total investment	214	185	40	308	168
Capital commitments		17			

11 Funds and joint ventures (continued)

Joint ventures' summary financial statements

All disclosures have been restated to British Land accounting policies under IFRS

	BL Fraser Ltd	BL Davidson Ltd*	Other [†]	Group Share 2007	Group Share 2006
All joint ventures are held equally on a 50:50 basis					
Partners	House of Fraser plc	Manny Davidson, his family and trusts			
Date established	July 1999	September 2001			
Accounting period	Year ended 31 March 2007	5 months ended 31 August 2006			
Summarised income statements	£m	£m	£m	£m	£m
Gross rental and related income	14	15	1	66	88
Net rental and related income	13	14	2	55	78
Other income and expenditure		(1)	(1)	(2)	(4)
Net interest – External	(9)	(6)	(1)	(35)	(48)
– Shareholders			2	2	1
Net interest (payable) receivable	(9)	(6)	1	(33)	(47)
Underlying profit before taxation	4	7	2	20	27
Surplus on revaluation	10	23	2	98	194
Disposal of fixed assets			4	21	
Profit on property trading			3	3	9
Goodwill impairment				(3)	
Profit (loss) on ordinary activities before taxation	14	30	11	139	230
REIT conversion charge			(23)	(23)	
Current tax	(1)	(2)	(3)	(15)	(5)
Deferred tax	4	(5)	135	121	(60)
Profit on ordinary activities after taxation	17	23	120	222	165
Summarised balance sheets					
Investment properties	298		42	1,463	1,425
Development properties			77	77	4
Total properties	298		119	1,540	1,429
Current assets	1		24	54	65
Upstream loans to joint venture shareholders			20	28	24
Cash and deposits	5		17	63	47
Gross assets	304		180	1,685	1,565
Current liabilities	(7)		(50)	(97)	(98)
Bank debt falling due within one year	(4)		(1)	(3)	(17)
Bank debt falling due after one year	(126)		(17)	(595)	(401)
Securitised debt				(214)	(214)
Debentures					(57)
Obligations under finance leases	(2)			(6)	(8)
Deferred tax	(26)		131		(181)
Gross liabilities	(165)		63	(915)	(976)
Net external assets	139		243	770	589
Represented by:					
Shareholder loans	1		23	50	18
Ordinary shareholders' funds/Partners' capital	138		220	720	571
Total investment	139		243	770	589
Capital commitments			64	73	33

* Became a subsidiary with effect from 31 August 2006.

[†] Comprises smaller joint ventures including Eurofund Investments Zaragoza SL, a development joint venture, and Group adjustments. Amounts are shown at the relevant percentage for Group Share.