

COMPANY BALANCE SHEET

Prepared in accordance with
UK GAAP as at 31 March 2007

Company Balance Sheet UK GAAP		2007	2006
	Note	£m	£m
Non-current assets			
Investments and loans to subsidiaries	d	28,329	14,721
Investments in joint ventures	d	51	26
Other investments	d	8	11
		28,388	14,758
Current assets			
Debtors	g	299	252
Pension scheme asset (non-current)	f	9	
Cash and short-term deposits	e	9	13
		317	265
Current liabilities			
Short-term borrowings and overdrafts	e	(10)	(102)
Creditors	h	(367)	(95)
Amounts due to subsidiaries		(18,374)	(10,167)
		(18,751)	(10,364)
Net current liabilities			
		(18,434)	(10,099)
Total assets less current liabilities			
		9,954	4,659
Non-current liabilities			
Debentures and loans	e	(2,916)	(1,606)
Provisions for liabilities	i		(3)
Pension scheme liability	f		(8)
		(2,916)	(1,617)
Net assets			
		7,038	3,042
Equity			
Called up share capital	j	130	130
Share premium	k	1,266	1,256
Other reserves	k	71	(8)
Revaluation reserve	k	139	143
Retained earnings	k	5,432	1,521
Equity shareholders' funds			
		7,038	3,042

(a) Accounting policies

Accounting basis

The financial statements are prepared in accordance with applicable United Kingdom law and Accounting Standards (UK GAAP) and under the historical cost convention as modified by the revaluation of investment properties and fixed asset investments.

Except as set out below, the accounting policies applied by the Company are consistent with those applied by the Group, as stated in note 1 of the consolidated financial statements, and have been applied consistently throughout the current and the previous year.

Investments

Investments in joint ventures are stated at cost less provision for impairment. Investments in subsidiaries are stated at cost or directors' valuation less provision for impairment.

Deferred taxation

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on the sale has been recognised in the financial statements.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

(b) Dividends

Details of dividends paid and proposed are included in note 21 of the consolidated financial statements.

(c) Company profit for the financial year after tax

The Company has not presented its own profit and loss account as permitted by Section 230 of the Companies Act 1985. The profit after tax for the year was £3,992m (2006: £860m).

The average number of employees of the Company during the year was 192 (2006: 200). Employee costs include wages and salaries of £22m (2006: £25m), social security costs of £3m (2006: £3m) and pension costs of £nil (2006: £12m). Details of the executive directors' remuneration are disclosed in the Remuneration Report.

Audit fees in relation to the Parent Company were £0.5m (2006: £0.5m).

Chris Gibson-Smith Chairman

Graham Roberts Finance Director

Approved by the Board on 21 May 2007.

(d) Investments and loans to subsidiaries

	Shares in subsidiaries £m	Loans to subsidiaries £m	Investments in joint ventures £m	Other investments £m	Total £m
On 1 April 2006	7,058	7,663	26	11	14,758
Additions	37,349	2,281	25	7	39,662
Disposals	(26,001)			(10)	(26,011)
Reallocations	2,567	(2,567)			
Exchange fluctuations	(5)				(5)
Permanent diminution	(16)				(16)
31 March 2007	20,952	7,377	51	8	28,388

Shares in subsidiaries are included at cost or directors' valuation in 1977, 1995, 1997 and 1999 to 2007 inclusive; their historical cost is £21,066m (2006: £7,227m).

The amount of £51m (2006: £26m) includes £34m (2006: £8m) of loans to joint ventures by the Company. The Company has a 50% interest in The Public House Company Limited, which is registered and operates in England and Wales.

Results of the joint ventures are set out in note 11 of the consolidated financial statements.

The historical cost of other investments is £12m (2006: £14m).

(d) Investments and loans to subsidiaries (continued)

The principal subsidiaries, which are wholly owned, and except where stated are registered and operate in England and Wales are:

Executive	Property	British Land Retail Warehouses Limited	Broadgate (PHC 15a) Limited
The British Land Corporation Limited*	1 & 4 & 7 Triton Limited	British Land Superstores (Non-Securitisised) Limited	Broadgate (PHC 16) 2005 Limited
British Land Developments Limited	122 Leadenhall St Limited	Broadgate (PHC 1) Limited	City Wall (Holdings) Limited
British Land Financing Limited*	2 Plantation Place Limited	Broadgate (PHC 2) Limited	Eastgate Shopping Centre Basildon Limited
British Land Properties Limited*	201 Bishopsgate Limited	Broadgate (PHC 3) Limited	Euston Tower Limited
	350 Euston Road Limited	Broadgate (PHC 4) Limited	Meadowhall Limited Partnership (Jersey)
Finance, Investment and Management	51 Lime St Limited	Broadgate (PHC 5) 2005 Limited	Peacocks Centre Limited
British Land Property Management Limited	BF Propco (No 10) Limited	Broadgate (PHC 6) 2005 Limited	Pillar Denton Limited
BLD Property Holdings Limited	BLD Properties Limited	Broadgate (PHC 7) Limited	Ropemaker Place Unit Trust (Jersey)
BL European Fund Management LLP (70% Owned)	British Land Industrial Limited	Broadgate (PHC 8) Limited	Stockton Retail Park Limited
BL European Holdings Limited	British Land In Town Retail Limited	Broadgate (PHC 9) Limited	The Mary Street Estate Limited
BL Superstores Finance PLC	British Land Leisure Limited	Broadgate (PHC 11) 2005 Limited	The Retail and Warehouse Company Limited
British Land (Joint Ventures) Limited	British Land Offices (Non-City) Limited	Broadgate (PHC 14) Limited	York House W1 Limited
British Land Property Advisors Limited			
Broadgate Financing PLC			
Meadowhall Finance PLC			

* Direct subsidiaries of the Company.

(e) Net debt

	2007 £m	2006 £m
Secured on the assets of the Company		
5.264% First Mortgage Debenture Bonds 2035	327	
5.0055% First Mortgage Amortising Debentures 2035	106	
8.875% First Mortgage Debenture Bonds 2035		247
5.357% First Mortgage Debenture Bonds 2028	307	
9.375% First Mortgage Debenture Stock 2028		197
10.50% First Mortgage Debenture Stock 2019/24		13
11.375% First Mortgage Debenture Stock 2019/24		20
6.75% First Mortgage Debenture Bonds 2020	224	
6.75% First Mortgage Debenture Bonds 2011	103	
Floating Rate Secured Loan Notes 2035	256	
	1,323	477
Unsecured		
5.50% Senior Notes 2027	98	
6.30% Senior US Dollar Notes 2015 ¹	78	88
10.25% Bonds 2012	2	2
7.35% Senior US Dollar Notes 2007 ¹		92
Bank loans and overdrafts	1,425	1,049
	1,603	1,231
Gross debt	2,926	1,708
Interest rate derivatives: liabilities	19	37
Interest rate derivatives: assets	(62)	(24)
	2,883	1,721
Cash and short-term deposits	(9)	(13)
Net debt	2,874	1,708

¹ Principal and interest on these borrowings were fully hedged into Sterling at the time of issue.

Maturity analysis of net debt		2007 £m	2006 £m
Repayable between:	within one year and on demand	10	102
	one and two years	53	10
	two and five years	1,136	1,003
	five and ten years	689	114
	ten and fifteen years	213	
	fifteen and twenty years	106	32
	twenty and twenty five years	342	198
	twenty five and thirty years	377	249
		2,916	1,606
Gross debt		2,926	1,708
Interest rate derivatives		(43)	13
Cash and short-term deposits		(9)	(13)
Net debt		2,874	1,708

(f) Pension

The Company's pension scheme is the principal pension scheme of the Group and details are set out in note 9 of the consolidated financial statements.

(g) Debtors

	2007 £m	2006 £m
Trade and other debtors	5	4
Amounts owed by subsidiaries	232	208
Corporation tax		16
Interest rate derivative assets*	62	24
	299	252

(h) Creditors

	2007 £m	2006 £m
Trade creditors	1	1
Amounts due to joint ventures	27	26
Corporation tax	249	
Other taxation and social security	12	6
Accruals and deferred income	59	25
Interest rate derivative liabilities*	19	37
	367	95

* Includes contracted cash flow with a maturity greater than one year at fair value.

(i) Provision for liabilities

	Deferred tax 2007 £m	2006 £m
At 1 April 2006	3	2
Charged to the profit and loss account	(3)	1
At 31 March 2007		3
Deferred tax is provided as follows		
Temporary differences		3
		3

(j) Share capital

The authorised share capital, being 25p ordinary shares, was 800,000,000 at 31 March 2007 (2006: 800,000,000).

	£m	Ordinary shares of 25p each
Issued, called and fully paid		
At 1 April 2006	130	519,185,289
Issues		2,113,068
At 31 March 2007	130	521,298,357

Details of outstanding share options, restricted and performance shares awarded to employees including executive directors are given in notes 8 and 20 of the consolidated financial statements.