

Registration number: 05316365

# Broadgate Financing PLC

Annual Report and Financial Statements

for the Year Ended 31 March 2022

**Broadgate Financing PLC**

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## **Broadgate Financing PLC**

### **Strategic Report for the Year Ended 31 March 2022**

The directors present their Strategic Report for the year ended 31 March 2022.

#### **Business review and principal activities**

Broadgate Financing PLC ("the company") is a wholly owned subsidiary of Broadgate Property Holdings Limited and operates as a constituent of Broadgate REIT Limited group of companies ("the group"). Broadgate REIT Limited operates as a joint venture between Euro Bluebell LLP, an affiliate of GIC, Singapore's sovereign wealth fund, and BL Bluebutton 2014 Limited, a wholly owned subsidiary of The British Land Company PLC.

The company's principal activity is to provide funding to fellow subsidiaries within the group.

As shown in the company's Profit and Loss Account on page 12, the company has no turnover and this has remained consistent with the prior year. Profit before taxation is £8,570 compared to a profit before taxation of £6,325 in the prior year. This is broadly in line with the prior year.

Dividends of £nil (2021: £nil) were paid in the year.

The Balance Sheet on page 14 shows that the company's financial position at the year end has, in net asset terms, stayed consistent with the prior year.

On 30 June 2021, 100 Liverpool Street was released from the Broadgate securitisation alongside the redemption of £107m of bonds, incurring a premium of £24.9m. These Bonds were redeemed on the Interest Payment Date falling on 5 July 2021.

Any expected future developments of the company are determined by the strategy of the group.

For more information also see Broadgate REIT Limited 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.

#### **Key performance indicators**

The directors measure how the group, of which this company is a member, is delivering its strategy through the key performance indicators.

The directors consider the primary measure of performance of the group to be net asset value.

#### **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. The key risks of this group are the performance of the properties and tenant default and credit risk of counterparties for holding cash deposits. These risks are mitigated by preference for tenants with strong covenants on long leases and by using highly rated Financial Institutions for placing cash deposits.

These risks have high visibility to senior executives and are considered and managed on a continuous basis. Executives 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.

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. In order to manage this risk, management regularly monitors the credit rating of credit counterparties and monitors all amounts that are owed to the company.

Liquidity risk is the risk that the entity will encounter difficulty in raising funds to meet commitments associated with financial liabilities. This risk is managed through day to day monitoring of future cash flow requirements to ensure that the company has enough resources to repay all future liabilities as they fall due.

**Broadgate Financing PLC**

**Strategic Report for the Year Ended 31 March 2022 (continued)**


The impact of the Covid-19 pandemic is considered to have decreased in the period with the lifting of national lockdown restrictions and activities, in some cases, returning to pre-pandemic levels.

The emergence of the conflict in Ukraine in February 2022 has led to increased global economic uncertainty with sanctions imposed upon Russia and heightened political and diplomatic tensions. The Directors do not consider the conflict at this stage to have had a material impact on the Company's financial statements owing to the nature of the Company's UK focused operations and limited exposure to Ukrainian and Russian markets and businesses. The Directors are closely monitoring the conflict for any future developments that may change the risk environment in which the Company operates.

The conflict has impacted inflation and related interest rates, however, third party debt of the Company is at fixed rates of interest. An increase in market interest rates has no impact on the finance costs of the Company.

17.05.2022

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

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Director

## **Broadgate Financing PLC**

### **Directors' Report for the Year Ended 31 March 2022**

The directors present their report and the audited financial statements for the year ended 31 March 2022.

#### **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:

H Shah  
D Richards  
D Lockyer

#### **Directors' responsibilities statement**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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, 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 the financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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;
- 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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.

#### **Directors' confirmations**

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

#### **Environmental matters**

The company 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 company's activities. The company operates in accordance with best practice policies and initiatives designed to minimise the company's impact on the environment including the safe disposal of manufacturing waste, recycling and reducing energy consumption.

In preparing the financial statements, the impact of climate change has been considered. Whilst noting the Group's commitment to sustainability, there has not been a material impact on the financial reporting judgements and estimates arising from our considerations, which include physical climate and transitional risk assessments conducted by the Group.

**Broadgate Financing PLC**

**Directors' Report for the Year Ended 31 March 2022 (continued)**

**Going concern**

The Directors have reviewed the company's forecast working capital and cash flow requirements and in addition to making enquiries and examining areas which could give risk to financial exposure. The directors have an expectation that the forecast cash flows on the secured properties will be sufficient to cover debt service on the bonds. The company has access to the drawn down term loan of £52,080,000 (2021: £92,187,000) to meet certain shortfalls on bond service, if there was a shortfall from the rent received. Therefore, the directors have a reasonable expectation that the company has adequate resources to continue its operations for at least twelve months after the signing of these financial statements and as a result they continue to adopt the going concern basis in preparing the accounts.

**Subsequent Events**

Details of significant events since the Balance Sheet date, if any, are contained in note 16.


**Disclosure of information to the auditors**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

**Reappointment of independent auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the next Board Meeting.

Approved by the Board on 17.05.2022 and signed on its behalf by:

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Director

# Independent auditors' report to the members of Broadgate Financing PLC

## Report on the audit of the financial statements

### Opinion

In our opinion, Broadgate Financing PLC's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 March 2022; the Profit and Loss Account, the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the directors.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the company in the period under audit.

### Our audit approach

#### Overview

Audit scope

- We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Key audit matters

- Accounting for loans and borrowings

#### Materiality

- Overall materiality: £11,832,000 (2021: £13,369,000) based on 1% of total assets.
- Performance materiality: £8,874,000 (2021: £10,027,000).

### The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

### Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Accounting for loans and borrowings is a new key audit matter this year. Covid-19, which was a key audit matter last year, is no longer included because of the limited impact it has had on the company's business and operations. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
<p><i>Accounting for loans and borrowings</i></p> <p>Refer to the Notes to the financial statements - Note 11 (Loans and borrowings). The company has debt totalling £1,154 million (2021: £1,308 million).</p> <p>There was a redemption in full of the Class A2 4.949% Bonds (principal of £77 million), as well as a partial redemption of the Class A3 4.851% Bonds (principal of £30 million), totalling a principal amount of £107 million, as well as a premium cost for early payment of £24.9 million in July 2021. There was a repayment of £40 million on the company's existing facility with Natwest and RBS.</p> <p>The only business activity of the company is to provide funding to fellow subsidiaries of the Broadgate group, and therefore the loans and borrowings are considered an area of focus.</p>	<p>We obtained and reviewed each loan contract to understand the terms and conditions.</p> <p>Where debt covenants were identified, we re-performed management's calculations to verify compliance with the loan contracts.</p> <p>We have either agreed the carrying value of debt to third party confirmations or performed alternative procedures. We traced payments to bank statements to confirm repayments made in the year on the bonds and term loans.</p> <p>From our work on the terms of the debt arrangements in place as at 31 March 2022, we consider the loans and borrowings to be accounted for appropriately.</p>

### How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

### Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and



extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

<i>Overall company materiality</i>	£11,832,000 (2021: £13,369,000).
<i>How we determined it</i>	1% of total assets
<i>Rationale for benchmark applied</i>	We believe that total assets are the primary measure used by the shareholders in assessing the performance of the entity, and is a generally accepted auditing benchmark.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2021: 75%) of overall materiality, amounting to £8,874,000 (2021: £10,027,000) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the directors that we would report to them misstatements identified during our audit above £591,600 (2021: £668,450) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

## Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Corroborated key assumptions (e.g. liquidity forecasts and financing arrangements) to underlying documentation and ensured this was consistent with our audit work in these areas;
- Understood and assessed the appropriateness of the key assumptions used both in the base case and in the severe but plausible downside scenario, including assessing whether we considered the downside sensitivities to be appropriately severe;
- Tested the integrity of the underlying formulas and calculations within the going concern and cash flow models;
- Considered the appropriateness of the mitigating actions available to management in the event of the downside scenario materialising. Specifically, we focused on whether these actions are within the company's control and are achievable; and
- Reviewed the disclosures provided relating to the going concern basis of preparation and found that these provided an explanation of the directors' assessment that was consistent with the evidence we obtained

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements

does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### **Strategic report and Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 March 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

## **Responsibilities for the financial statements and the audit**

### **Responsibilities of the directors for the financial statements**

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and the Listing Rules, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure. Audit procedures performed by the engagement team included:

- Discussions with management and internal audit, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud, and review of the reports made by management and internal audit;
- Understanding of management's internal controls designed to prevent and detect irregularities, risk-based monitoring of customer processes;
- Assessment of matters reported on the company's whistleblowing helpline and the results of management's investigation of such matters;
- Reviewing the company's litigation register in so far as it related to non-compliance with laws and regulations and fraud;
- Reviewing relevant meeting minutes; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing of interest income on bank deposits, a balance which would otherwise be immaterial.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report. In our engagement letter, we also agreed to describe our audit approach, including communicating key audit matters.

### **Use of this report**

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.

## **Other required reporting**

### **Companies Act 2006 exception reporting**

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

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

### **Appointment**

Following the recommendation of the directors, we were appointed by the members on 31 March 2015 to audit the financial statements for the year ended 31 March 2015 and subsequent financial periods. The period of total uninterrupted engagement is 8 years, covering the years ended 31 March 2015 to 31 March 2022.

## Other matter

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements will form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report will be prepared using the single electronic format specified in the ESEF RTS.

Sandra Dowling (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
17 May 2022

**Broadgate Financing PLC****Profit and Loss Account for the Year Ended 31 March 2022**

	Note	2022 £	2021 £
<b>Turnover</b>		-	-
Administrative expenses		<u>(1,000)</u>	<u>(1,000)</u>
<b>Operating loss</b>		<b>(1,000)</b>	<b>(1,000)</b>
<b>Loss on ordinary activities before interest and taxation</b>		<b>(1,000)</b>	<b>(1,000)</b>
Interest receivable and similar income	3	<b>80,997,965</b>	60,294,016
Interest payable and similar expenses	4	<u><b>(80,988,395)</b></u>	<u>(60,286,691)</u>
<b>Profit on ordinary activities before taxation</b>		<b>8,570</b>	<b>6,325</b>
Tax on profit on ordinary activities	7	<u><b>(1,628)</b></u>	<u>(1,202)</u>
<b>Profit for the year</b>		<u><b>6,942</b></u>	<u>5,123</u>

Turnover and results were derived from continuing operations within the United Kingdom. The company has only one class of business, that of to provide funding to fellow subsidiaries within the group.

The notes on pages 16 to 24 form an integral part of these financial statements.

**Broadgate Financing PLC****Statement of Comprehensive Income for the Year Ended 31 March 2022**

	2022 £	2021 £
Profit for the year	<u>6,942</u>	<u>5,123</u>
Total comprehensive income for the year	<u><u>6,942</u></u>	<u><u>5,123</u></u>

The notes on pages 16 to 24 form an integral part of these financial statements.

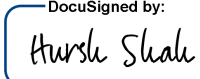
**Broadgate Financing PLC**

(Registration number: 05316365)

**Balance Sheet as at 31 March 2022**

	Note	31 March 2022 £	31 March 2021 £
<b>Current assets</b>			
Debtors due within one year	8	28,288,111	34,382,974
Cash at bank and in hand	9	56,037,031	97,578,027
Debtors due after more than one year	8	<u>1,098,840,136</u>	<u>1,204,907,390</u>
		<b>1,183,165,278</b>	1,336,868,391
Creditors due within one year	10	<u>(31,806,469)</u>	<u>(39,342,320)</u>
<b>Total assets less current liabilities</b>		<b>1,151,358,809</b>	1,297,526,071
Loans and borrowings	11	<u>(1,150,920,186)</u>	<u>(1,297,094,390)</u>
<b>Net assets</b>		<u><b>438,623</b></u>	<u>431,681</u>
<b>Capital and reserves</b>			
Share capital	12	12,500	12,500
Profit and loss account		<u>426,123</u>	<u>419,181</u>
<b>Total shareholders' funds</b>		<u><b>438,623</b></u>	<u>431,681</u>

Approved by the Board on 17.05.2022 and signed on its behalf by:

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Director

The notes on pages 16 to 24 form an integral part of these financial statements.

**Broadgate Financing PLC****Statement of Changes in Equity for the Year Ended 31 March 2022**

	Share capital £	Profit and loss account £	Total £
<b>Balance at 1 April 2020</b>	12,500	414,058	<b>426,558</b>
Profit for the year	-	5,123	<b>5,123</b>
Total comprehensive income for the year	-	5,123	<b>5,123</b>
<b>Balance at 31 March 2021</b>	<b>12,500</b>	<b>419,181</b>	<b>431,681</b>
At 1 April 2021	<b>12,500</b>	<b>419,181</b>	<b>431,681</b>
Profit for the year	-	<b>6,942</b>	<b>6,942</b>
Total comprehensive income for the year	-	<b>6,942</b>	<b>6,942</b>
<b>Balance at 31 March 2022</b>	<b>12,500</b>	<b>426,123</b>	<b>438,623</b>

The notes on pages 16 to 24 form an integral part of these financial statements.



## **Broadgate Financing PLC**

### **Notes to the Financial Statements for the Year Ended 31 March 2022**

#### **1 General information**

The company is a public limited company limited by share capital and 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.

The directors do not consider there to be any significant accounting judgements or key sources of estimation uncertainty in the preparation of these financial statements.

##### **Basis of preparation**

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

The financial statements are prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Instances in which advantage of the FRS 101 disclosure exemptions have been taken are set out below.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of derivative financial instruments. 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.

##### **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;

**Broadgate Financing PLC****Notes to the Financial Statements for the Year Ended 31 March 2022  
(continued)****2 Accounting policies (continued)**

- (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 Broadgate REIT Limited. The group financial statements of Broadgate REIT Limited are available to the public and can be obtained as set out in note 17.

**Going concern**

The Directors have reviewed the company's forecast working capital and cash flow requirements and in addition to making enquiries and examining areas which could give risk to financial exposure. The directors have an expectation that the forecast cash flows on the secured properties will be sufficient to cover debt service on the bonds. The company has access to the drawn down term loan of £52,080,000 (2021: £92,187,000) to meet certain shortfalls on bond service, if there was a shortfall from the rent received. Therefore, the directors have a reasonable expectation that the company has adequate resources to continue its operations for at least twelve months after the signing of these financial statements and as a result they continue to adopt the going concern basis in preparing the accounts.

**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.

**Financial assets and liabilities**

Trade debtors and creditors are initially recognised at fair value and subsequently measured at amortised cost and discounted as appropriate. On initial recognition the company calculates the expected credit loss for debtors based on lifetime expected credit losses under the IFRS 9 simplified approach.

Loans and receivables classified as amortised cost are measured using the effective interest method, less any impairment. Interest is recognised by applying the effective interest rate.

Debt instruments are stated at their net proceeds on issue. Finance charges including premia payable on settlement or redemption and direct issue costs are spread over the period to redemption, using the effective interest method. Exceptional finance charges incurred due to early redemption (including premia) are recognised in the Income Statement when they occur.

Cash equivalents are limited to instruments with a maturity of less than three months.

**Impairment of financial assets**

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

**Broadgate Financing PLC****Notes to the Financial Statements for the Year Ended 31 March 2022  
(continued)****2 Accounting policies (continued)****Interest payable and receivable**

Interest payable and receivable is recognised as incurred under the accruals concept. Interest payable includes financing charges which are spread over the period to redemption, using the effective interest method. Commitment fees on non-utilised facilities are also included within interest payable.

Premiums payable and receivable on early redemption are recognised as finance charges and income when incurred.

**3 Interest receivable and similar income**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Interest receivable on amounts due from related parties	<b>56,067,650</b>	60,085,780
Premium income on early repayment due from related parties	<b>24,871,910</b>	-
Interest income on bank deposits	<b>58,405</b>	208,236
	<b><u>80,997,965</u></b>	<b><u>60,294,016</u></b>

See note 11 for information on the increase in Interest receivable on amounts due from related parties.

**4 Interest payable and similar expenses**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Interest payable on bonds and borrowings	<b>56,116,413</b>	60,278,226
Premium costs on early repayment	<b>24,871,860</b>	-
Interest payable on amounts due to group companies	<b>122</b>	8,465
	<b><u>80,988,395</u></b>	<b><u>60,286,691</u></b>

See note 11 for information on the Premium costs on early repayment.

**5 Auditors' remuneration**

A notional charge of £15,000 (2021: £5,377) is deemed payable to PricewaterhouseCoopers LLP in respect of the audit of the financial statements for the year ended 31 March 2022.

Fees of £8,500 (2021: £7,027) were paid to PricewaterhouseCoopers LLP in relation to audit related assurance services.

Actual amounts payable to PricewaterhouseCoopers LLP are paid by Bluebutton Properties UK Limited. Bluebutton Properties UK Limited is a holding company within the group.

Non-audit fees for the period were nil (2021: nil.)

**Broadgate Financing PLC****Notes to the Financial Statements for the Year Ended 31 March 2022  
(continued)****6 Staff costs**

No director (2021: 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.

Average number of employees, excluding directors, of the company during the year was nil (2021: nil).

**7 Taxation**

Tax charged in the profit and loss account

	<b>2022</b> £	<b>2021</b> £
<b>Current taxation</b>		
UK corporation tax	<u>1,628</u>	<u>1,202</u>

	<b>2022</b> £	<b>2021</b> £
<b>Tax reconciliation</b>		
Profit on ordinary activities	<b>8,570</b>	6,325
Tax on profit on ordinary activities at UK corporation tax rate of 19% (2021 : 19%)	<u>1,628</u>	<u>1,202</u>
Income tax expense	<u>(1,628)</u>	<u>(1,202)</u>

**Broadgate Financing PLC****Notes to the Financial Statements for the Year Ended 31 March 2022  
(continued)****8 Debtors**

	<b>31 March 2022 £</b>	<b>31 March 2021 £</b>
<b>Debtors due within one year</b>		
Amounts due from related parties	<b>15,363,873</b>	20,458,721
Accrued income	<b>12,911,052</b>	13,921,998
Prepayments	-	367
Other debtors	<b>11,338</b>	40
Corporation tax asset	<b>1,848</b>	1,848
	<b><u>28,288,111</u></b>	<b><u>34,382,974</u></b>
<b>Debtors due after more than one year</b>		
Amounts due from related parties - Long term loans	<b><u>1,098,840,136</u></b>	<u>1,204,907,390</u>
	<b><u>1,098,840,136</u></b>	<u>1,204,907,390</u>

The intercompany loans to Broadgate Funding (2005) Ltd are being repaid from April 2005 to July 2033, with the average interest rate of these intercompany loans being 4.93% per annum (31 March 2021 4.93%). As at 31 March 2022, the intercompany loans to Broadgate Funding (2005) Ltd were £1,102m (31 March 2021: £1,215m). There is no interest charged on the remainder of amounts owed by related parties.

**9 Cash at bank and in hand**

	<b>31 March 2022 £</b>	<b>31 March 2021 £</b>
Cash at bank	<b>131,031</b>	131,027
Short-term deposits	<b><u>55,906,000</u></b>	<u>97,447,000</u>
	<b><u>56,037,031</u></b>	<u>97,578,027</u>

Short term deposits mature within 3 months and therefore meet the definition of cash and cash equivalents.

**Broadgate Financing PLC****Notes to the Financial Statements for the Year Ended 31 March 2022  
(continued)****10 Creditors due within one year**

	<b>31 March 2022</b>	<b>31 March 2021</b>
	<b>£</b>	<b>£</b>
Accruals	<b>12,994,986</b>	14,006,824
Amounts due to related parties	<b>15,927,798</b>	14,740,349
Debenture Loans	<b>2,866,380</b>	10,589,350
Other creditors	<b>17,305</b>	5,797
	<b><u>31,806,469</u></b>	<b><u>39,342,320</u></b>

Amounts due to related parties relate to amounts owed to group companies and are repayable on demand. There is no interest charged on these balances.

**11 Loans and borrowings**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Loans</b>		
Loans due 1 to 2 years	<b>2,866,810</b>	11,076,579
Loans due 2 to 5 years	<b>129,050,000</b>	113,050,137
Loans due after 5 years	<b><u>1,019,003,376</u></b>	<u>1,172,967,674</u>
	<b><u>1,150,920,186</u></b>	<u>1,297,094,390</u>

Amounts due after five years includes £52,080,000 (2021: £92,187,000) in relation to the non-current revolving liquidity facility with NatWest Markets PLC. The cash received is held on deposit.

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Borrowings repayment analysis</b>		
Borrowing repayments due within one year	<b>2,866,380</b>	10,589,350
Borrowing repayments due within 1-2 years	<b>2,866,810</b>	11,058,270
Borrowing repayments due within 2-5 years	<b><u>129,050,000</u></b>	<u>112,927,160</u>
	<b><u>134,783,190</u></b>	134,574,780
After 5 years	<b><u>1,019,003,376</u></b>	<u>1,172,967,674</u>
Total borrowings	<b><u>1,153,786,566</u></b>	<u>1,307,542,454</u>
<b>Gross debt</b>	<b><u>1,153,786,566</u></b>	<u>1,307,542,454</u>

**Broadgate Financing PLC****Notes to the Financial Statements for the Year Ended 31 March 2022  
(continued)****11 Loans and borrowings (continued)**

	2022 £	2021 £
<b>Borrowings repayment analysis</b>		
Class A2 4.949% bonds due 2031	-	79,633,890
Class A3 4.851% bonds due 2033	<b>143,900,050</b>	175,000,000
Class A4 4.821% bonds due 2036	<b>400,000,000</b>	400,000,000
Class B 4.999% bonds due 2033	<b>365,000,000</b>	365,000,000
Class C2 5.098% bonds due 2035	<b>192,783,190</b>	195,650,000
<b>Total secured bond borrowings</b>	<b>1,101,683,240</b>	1,215,283,890
Other borrowings		
Term loan	<b>52,080,000</b>	92,187,000
<b>Total secured borrowings</b>	<b>1,153,763,240</b>	1,307,470,890

At 31 March 2022, 100% (2021: 100%) of the bonds were fixed. The bonds amortise from 2005 and are expected to be repaid by 2033. Legal repayment is required by 2036. The term loan matures on the date when all the bonds have been redeemed in full. The bonds are secured on properties of the group valued at £3,413m (2021: £4,086m) and cash of £nil (2021: £nil).

On 30 June 2021, 100 Liverpool Street was released from the Broadgate securitisation alongside the redemption of £107m of bonds.

A notice was issued to Bondholders on 3 June 2021 for the redemption in full of the Class A2 4.949% Bonds, as well as a partial redemption of the Class A3 4.851% Bonds, totalling £107m principal amount of bonds and a premium of £24.9m (see note 4). These Bonds were redeemed on the Interest Payment Date falling on 5 July 2021.

At 31 March 2022 the company was financed by £1,102m bonds (2021: £1,215m). The weighted average interest rate of the bonds is 4.93% (2021: 4.93%). The weighted average maturity of the bonds is 8.9 years (2021: 9.5 years).

The fair values of the bonds have been established by obtaining quoted market prices from brokers.

Except as detailed below, the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements are approximately equal to their fair values:

	2022 £	2021 £
Secured bonds at fair value	<b>1,265,148,835</b>	1,454,352,802

**Broadgate Financing PLC****Notes to the Financial Statements for the Year Ended 31 March 2022  
(continued)****11 Loans and borrowings (continued)****Risk Management****Capital risk management:**

The company finances its operations by a mixture of equity and public debt issues to support the property strategy of the group.

The approach adopted has been to engage in debt financing with long term maturity dates and as such the bonds issued are due from 2005 and are expected to be repaid by 2033. Legal repayment is required by 2036. Including debt amortisation 88% (2021: 89%) of the total company borrowings is due for payment after 5 years.

The company aims to ensure that potential debt providers understand the business and a transparent approach is adopted with lenders so they can understand the level of their exposure within the overall context of the group.

Details of bond covenants are outlined in the bonds publicly available Offering Circular.

**Liquidity risk:**

Liquidity risk is the risk that the entity will encounter difficulty in raising funds to meet commitments associated with financial liabilities. This risk is managed through day to day monitoring of future cash flow requirements to ensure that the company has enough resources to repay all future amounts outstanding.

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

	No.	31 March 2022 £	No.	31 March 2021 £
Ordinary shares of £0.25 each	50,000	12,500	50,000	12,500

**13 Capital commitments**

The total amount contracted for but not provided in the financial statements was £nil (2021: £nil).

**14 Contingent liabilities**

The company has no contingent liabilities as at 31 March 2022 of £nil (2021: £nil).

**15 Related party transactions**

The company has taken advantage of the exemption granted to wholly owned subsidiaries not to disclose transactions with group companies under the provisions of FRS 101.

**16 Subsequent events**

There have been no subsequent events since 31 March 2022.



**Broadgate Financing PLC**

**Notes to the Financial Statements for the Year Ended 31 March 2022  
(continued)**

**17 Parent and ultimate parent undertaking**

The immediate parent company is Broadgate Property Holdings Limited.

The ultimate parent company is Broadgate REIT Limited. Broadgate REIT Limited operates as a joint venture between Euro Bluebell LLP, an affiliate of GIC, Singapore's sovereign wealth fund, and BL Bluebutton 2014 Limited, a wholly owned subsidiary of The British Land Company PLC.

Broadgate REIT Limited is the largest group for which group accounts are available and which include the company. Bluebutton Properties UK Limited is the smallest group for which group accounts are available and which include this company. The ultimate holding company and controlling party is Broadgate REIT Limited. Group accounts for Broadgate REIT Limited are available on request from British Land, York House, 45 Seymour Street, London, W1H 7LX.