
Broadgate Financing PLC

Annual Report and Accounts

Year ended 31 March 2015

Company number: 05316365

Broadgate Financing PLC

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for the year ended 31 March 2015

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Broadgate Financing PLC

STRATEGIC REPORT for the year ended 31 March 2015

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 the 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 of Broadgate REIT Limited.

As shown in the company's profit and loss account on page 7, the company's profit on ordinary activities before taxation has remained consistent with the prior year. External interest payable has reduced by £2.6m principally due to bond amortisation in the period.

No dividends (2014: £nil) were paid in the year.

The balance sheet on page 9 shows the company's financial position at the year end is, in net liability terms, an increase from the prior year.

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; and
- environmental and health and safety policies.

These opportunities also represent risks, the most significant being change to the value of the property portfolio. This risk has high visibility to 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 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.

Broadgate Financing PLC

STRATEGIC REPORT (continued) **for the year ended 31 March 2015**

Principal risks and uncertainties

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 all amounts that are owed to the company to ensure that amounts are paid in full and on time.

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.

The company's activities expose it primarily to interest rate risk. The company uses interest rate swap contracts to hedge these exposures. The company does not use derivative financial instruments for speculative purposes.

The company finances its operations by a mixture of equity and public debt issues. The company borrows in Sterling at both fixed and floating rates of interest, using interest rate derivatives to hedge the interest rate risk on variable rate debt.

The company holds three derivatives as at 31 March 2015 (2014: three) to fix the LIBOR rate on external debt at approximately 4.86% (2014: 4.86%). The fair value of interest rate derivatives at the year end is a liability of £63.9m (2014: £53.7m liability).

This report was approved by the Board on 22nd July 2015 and signed on its behalf by



N Ekpo
Company Secretary

Broadgate Financing PLC

REPORT OF THE DIRECTORS **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 auditors' report for the year ended 31 March 2015.

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.

Subsequent events

Details of significant events since the balance sheet date, if any, are contained in note 15.

Environment

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 safe disposal of manufacturing waste, recycling and reducing energy consumption.

Directors

The directors who were in office during the year and up to the date of signing the financial statements were:

A Braine (resigned 31 July 2014)
L M Bell
C M J Forshaw (appointed 1 August 2014)
H Shah (appointed 1 August 2014)
S Barzycki (appointed 1 August 2014)
T Roberts (appointed 1 August 2014)

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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; 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 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.

Broadgate Financing PLC

**REPORT OF THE DIRECTORS (continued)
for the year ended 31 March 2015**

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 Company's Act 2006.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

This report was approved by the Board on 22nd July 2015 and signed on its behalf by



N Ekpo
Secretary

Broadgate Financing PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF Broadgate Financing PLC for the year ended 31 March 2015

Report on the financial statements

Our opinion

In our opinion, Broadgate Financing PLC'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 profit 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

Broadgate Financing PLC's financial statements comprise:

- the Balance Sheet as at 31 March 2015;
- the Profit and Loss Account and Statement of Total Recognised Gains and Losses for the year then ended;
- 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).

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 Report of the Directors 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.

Broadgate Financing PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF Broadgate Financing PLC (continued) for the year ended 31 March 2015

What an audit of financial statements involves

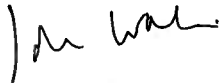
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.



John Waters (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditor
London
22 July 2015

Broadgate Financing PLC
PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2015

	Note	2015 £	2014 £
Administrative expenses		(1,000)	(1,000)
Operating loss		(1,000)	(1,000)
Loss on ordinary activities before interest and taxation		(1,000)	(1,000)
Interest receivable and similar income	3	89,157,227	91,659,746
Interest payable and similar charges	3	(89,148,326)	(91,650,711)
Profit on ordinary activities before taxation	2	7,901	8,035
Tax on profit on ordinary activities	5	(1,659)	(1,848)
Profit for the financial year	11	6,242	6,187

Results are derived from continuing operations within the United Kingdom. The company has only one significant class of business, that of to provide funding to fellow subsidiaries of Broadgate REIT Limited in the United Kingdom.

There is no material difference in either year between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

Broadgate Financing PLC

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 March 2015**

	Note	2015 £	2014 £
Profit on ordinary activities after taxation		6,242	6,187
Derivative valuation movements on net investments	11	(10,488,233)	27,732,877
Deferred tax credited/(debited) on derivative valuation movements on net investments	9,11	(10,014,819)	(7,880,785)
Total recognised gains and losses relating to the financial year		<u>(20,496,810)</u>	<u>19,858,279</u>

Broadgate Financing PLC**BALANCE SHEET
as at 31 March 2015**

	Note	2015 £	£	2014 £	£
Fixed assets					
Investment properties			-		-
Investments			-		-
			<hr/>		<hr/>
			-		-
Current assets					
Debtors - due within one year	6	70,373,287		69,626,618	
Debtors - due after more than one year	6	1,667,314,396		1,727,284,400	
Cash at bank and in hand		200,130,562		200,130,484	
		<hr/>		<hr/>	
		1,937,818,245		1,997,041,502	
Creditors due within one year	7	(330,666,614)		(319,437,875)	
		<hr/>		<hr/>	
Net current assets (including long term debtors)		1,607,151,631		1,677,603,627	
		<hr/>		<hr/>	
Total assets less current liabilities		1,607,151,631		1,677,603,627	
Creditors due after one year	8	(1,667,314,396)		(1,717,269,582)	
		<hr/>		<hr/>	
Net liabilities		(60,162,765)		(39,665,955)	
		<hr/>		<hr/>	
Capital and reserves					
Called up share capital	10	12,500		12,500	
Hedging and translation reserve	11	(60,562,328)		(40,059,276)	
Profit and loss account	11	387,063		380,821	
		<hr/>		<hr/>	
Total shareholders' deficit	11	(60,162,765)		(39,665,955)	
		<hr/>		<hr/>	

The financial statements of Broadgate Financing PLC, company number 05316365, on pages 7 to 18, were approved by the Board of Directors on 22nd July 2015 and signed on its behalf by:



H Shah
Director

Broadgate Financing PLC
NOTES TO THE ACCOUNTS
for the year ended 31 March 2015

1. Accounting policies

The principal accounting policies adopted by the directors are summarised below. They have been applied consistently throughout the current and previous year.

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.

Accounting basis

The financial statements are prepared in accordance with the Companies Act 2006, applicable United Kingdom law and Accounting Standards and under the historical cost convention as modified by the revaluation of investment properties and other fixed asset investments.

Basis of preparation

The net liability position of the balance sheet at the year end is as a result of market swap rates being below the fixed rate payable on the company's interest rate swaps. This has had a detrimental effect on the fair value of the company's interest rate derivatives at the year end. The interest rate swaps fix the rate payable on the company's liabilities at a rate slightly below the interest on loans receivable. The change in mark to market is not envisaged to have an impact on the company's cash flow for the foreseeable future.

Having reviewed the company's forecast working capital and cash flow requirements, in addition to making enquiries and examining areas which could give risk to financial exposure, the directors have a reasonable expectation that the company has adequate resources to continue its operations for the foreseeable future. As a result they continue to adopt the going concern basis in preparing the accounts.

Financial assets

The company classifies all financial assets, with the exception of derivative financial instruments into the category Loans and Debtors. Loans and Debtors are initially measured at fair value including any transaction costs. They are subsequently measured at amortised cost using the effective interest rate method.

Cash flow statement

The company is exempt under FRS 1 (Revised) from preparing a cash flow statement.

Financial liabilities - borrowings

Debt instruments are stated at their net proceeds on issue. Finance charges including premiums payable on settlement or redemption and direct issue costs are spread over the period to redemption, using the effective interest method.

Derivative financial instruments

As defined by FRS 26, derivative financial instruments are measured at fair value in the balance sheet. Changes in the fair value of derivatives that are designated and qualify as effective cash flow hedges are recognised directly in the hedging reserve. Any ineffective portion is recognised in the profit and loss account.

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.

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 at the balance sheet date. Taxable profit differs from net profit as reported in the income statement 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.

Broadgate Financing PLC
NOTES TO THE ACCOUNTS
for the year ended 31 March 2015

2. Profit on ordinary activities before taxation

	2015	2014
	£	£
Profit on ordinary activities before taxation is stated after charging:		
Fees payable to company's auditors		
- audit of company's financial statements	3,796	3,796

Audit fees relating to the year ended 31 March 2015 are paid to PricewaterhouseCoopers LLP. Audit fees relating to the year ended 31 March 2014 were paid to Deloitte LLP.

No non-audit fees were incurred in the year ended 31 March 2015 (2014: £nil).

3. Interest payable and receivable

	2015	2014
	£	£
Interest payable on		
Bank loans and overdrafts	6,227	(1,260,125)
Bonds	(74,210,549)	(73,831,225)
Derivatives	(14,819,228)	(16,489,373)
	(89,023,550)	(91,580,723)
Group loans	(124,776)	(69,988)
Total interest payable	(89,148,326)	(91,650,711)
Interest receivable on		
Cash and deposits	1,022,787	924,228
Group loans and receivables	88,134,440	90,735,518
Total interest receivable	89,157,227	91,659,746

4. Staff costs

No director received any remuneration for services to the company in either year.

Average number of employees, excluding directors, of the company during the year was nil (2014: nil).

Broadgate Financing PLC
NOTES TO THE ACCOUNTS
for the year ended 31 March 2015

5. Tax on profit on ordinary activities

	2015	2014
	£	£
Current tax		
UK corporation tax	1,659	1,848
Total current taxation charge	1,659	1,848
Deferred tax		
Total deferred tax charge	1,659	1,848

The tax assessed for the year is the same (2014: the same) as the standard rate of corporation tax in the UK of 21% (2014: 23%).

	2015	2014
	£	£
Tax reconciliation		
Profit on ordinary activities before taxation	7,901	8,035
Tax on profit on ordinary activities at UK corporation tax rate of 21% (2014: 23%)	1,659	1,848
Effects of:		
Current tax charge	1,659	1,848

Included in the tax charge is a net charge of £nil (2014: £nil) attributable to property sales.

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.

Broadgate Financing PLC
NOTES TO THE ACCOUNTS
for the year ended 31 March 2015

6. Debtors

	2015 £	2014 £
Current debtors (receivable within one year)		
Amounts owed by group companies - current account with Broadgate (Funding) 2005 Limited	49,955,185	48,616,087
Prepayments and accrued income	20,418,102	21,010,531
	70,373,287	69,626,618
Long-term debtors (receivable after more than one year)		
Deferred tax asset (see note 9)	-	10,014,819
Amounts owed by group companies - Long term loans	1,667,314,396	1,717,269,581
	1,667,314,396	1,727,284,400

7. Creditors due within one year

	2015 £	2014 £
Term Loan	185,000,000	185,000,000
Debentures loans (see note 8)	49,955,185	48,616,087
Interest rate derivative liabilities*	63,889,743	53,716,694
Amounts owed to group companies - current accounts	14,701,792	14,746,232
Corporation tax	-	3,338
Other creditors	10,000	9,000
Accruals and deferred income	17,109,894	17,346,524
	330,666,614	319,437,875

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

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

The term loan of £185m represents a fully drawn revolving liquidity facility with The Royal Bank Of Scotland PLC. The cash drawn from the revolving credit facility is held on deposit.

Broadgate Financing PLC
NOTES TO THE ACCOUNTS
for the year ended 31 March 2015

8. Creditors due after one year (including borrowings)

	2015	2014
	£	£
Debentures and loans due 1 to 2 years	50,689,237	49,955,185
due 2 to 5 years	156,214,855	154,061,528
due after 5 years	1,460,410,304	1,513,252,869
	<u>1,667,314,396</u>	<u>1,717,269,582</u>

Hedge accounting

The company uses interest rate swaps to hedge exposure to the variability in cash flows on floating rate debt. At 31 March 2015 the market value of these derivatives, which have been designated cash flow hedges under FRS 26, is a liability of £63.9m (2014: £53.7m liability). The valuation movement reflects the reduction in Sterling interest rates since the beginning of the year.

The Treasury Function

The company borrows in Sterling at both fixed and floating rates of interest, using interest rate derivatives to hedge the interest rate risk on variable rate debt.

The ineffectiveness recognised in the income statement on cash flow hedges in the year ended 31 March 2015 was £nil (2014: £nil). The table below summarises variable rate debt hedged at 31 March 2015.

	2015	2014
	£	£
Outstanding: after one year	292,492,390	328,711,760
after two years	256,272,550	292,492,390
after five years	147,613,500	183,833,340

Borrowings repayment analysis

Repayments due:

Within one year	49,955,185	48,616,087
1-2 years	50,689,237	49,955,185
2-5 years	156,214,855	154,061,528
	<u>256,859,277</u>	<u>252,632,800</u>
After 5 years	1,460,410,304	1,513,252,869
	<u>1,717,269,581</u>	<u>1,765,885,669</u>
Total borrowings	1,717,269,581	1,765,885,669
Fair value of interest rate derivatives	63,889,743	53,716,694
	<u>1,781,159,324</u>	<u>1,819,602,363</u>

Broadgate Financing PLC
NOTES TO THE ACCOUNTS
for the year ended 31 March 2015

8. Creditors due after one year (including borrowings) continued

Secured bonds on the assets of the Broadgate Property Holding Group

	2015	2014
	£	£
Class A1 Floating Rate Bonds due 2032	204,545,250	218,181,600
Class A2 4.949% Bonds due 2031	235,281,690	245,521,710
Class A3 4.851% Bonds due 2033	175,000,000	175,000,000
Class A4 4.821% Bonds due 2036	400,000,000	400,000,000
Class B4.999% Bonds due 2033	365,426,131	365,432,359
Class C1 Floating Rate Bonds due 2022	97,916,510	117,500,000
Class C2 5.098% Bonds due 2035	212,850,000	215,000,000
Class D Floating Rate Bonds due 2025	26,250,000	29,250,000
	<hr/>	<hr/>
Total borrowings	1,717,269,581	1,765,885,669
Fair value of interest rate derivative liabilities	63,889,743	53,716,694
	<hr/>	<hr/>
Total secured borrowings	1,781,159,324	1,819,602,363
	<hr/> <hr/>	<hr/> <hr/>

At 31 March 2015 taking into account the effect of derivatives, 100% (2014: 100%) of the bonds were fixed. The bonds amortise between 2005 to 2036, and are secured on properties of the group valued at £3,411m (2014: £2,922m) and cash of £nil (2014: £nil). The weighted average interest rate of the bonds is 5.05% (2014: 5.06%). The weighted average maturity of the bonds is 12.7 years (2014: 13.3 years).

On 2 March 2005 the company issued Bonds with a nominal value of £2,080,000,000 for proceeds of £2,080,710,056.

At 31 March 2015 the company was financed by £1,717m bonds (2014: £1,766m).

The fair values of the bonds have been established by obtaining quoted market prices from brokers. The derivatives have been valued by calculating the present value of future cash flows, using appropriate market discount rates, by an independent treasury advisor.

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:

	2015	2014
	£	£
Debenture loans	2,013,240,417	1,881,186,111
	<hr/> <hr/>	<hr/> <hr/>

Broadgate Financing PLC
NOTES TO THE ACCOUNTS
for the year ended 31 March 2015

8. Creditors due after one year (including borrowings) (continued)

Risk Management

Capital risk management:

The company finances its operations by a mixture of equity, public debt issues to ensure that sufficient competitively priced finance is available 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 between 2025 and 2036. Including debt amortisation 85.0% (2014: 85.7%) of the total borrowings is due for payment after 5 years. There are no immediate debt refinancing requirements.

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 Offering Circular, accessible via <http://www.britishland.com/investors/strategic-partnerships/broadgate-financing-plc.aspx>.

Credit risk:

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. The carrying amount of financial assets recorded in the financial statements represents the company's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Cash and deposits at 31 March 2015 amounted to £200m (2014: £200m) and are placed with European Financial institutions with A or better credit ratings. At 31 March 2015, prior to taking account of any offset arrangements, the largest combined credit exposure to a single counterparty arising from money market deposits and interest rate swaps was £200m (2014: £200m). This represents 10.40% (2014: 10.02%) of gross assets.

The company's principal credit risk relates to an intra-group loan to Broadgate (Funding) 2005 Limited. At 31 March 2015 this loan stood at £1,717,269,581 (2014: £1,765,885,669). The purpose of this loan is to provide funding to fellow subsidiaries of the Bluebutton Properties Limited group.

At 31 March 2015, the fair value of all interest rate derivatives which had a positive value was £nil (2014: £nil).

In order to manage this risk, management regularly monitors all amounts that are owed to the company to ensure that amounts are paid in full and on time.

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.

Interest rate risk:

The company's activities expose it primarily to interest rate risk. The group uses interest rate swap contracts to hedge these exposures. The group does not use derivative financial instruments for speculative purposes.

Broadgate Financing PLC
NOTES TO THE ACCOUNTS
for the year ended 31 March 2015

9. Deferred tax asset

	2015	2014
	£	£
Revaluation of interest rate derivatives	-	10,014,819
	-	10,014,819
	-	10,014,819
	2015	2014
	£	£
1 April 2014	10,014,819	17,895,604
(Debited) to hedging and translation reserve	(10,014,819)	(7,880,785)
	-	10,014,819
31 March 2015	-	10,014,819

The deferred tax asset recognised in the prior year arose as a result of the revaluation of interest rate derivatives.

10. Called up share capital

	2015	2014
	£	£
Issued share capital - allotted, called up and fully paid		
Ordinary shares of £1.00 each called up to the extent of £0.25 each		
Balance as at 1 April and 31 March: 50,000 shares	12,500	12,500
	12,500	12,500
	12,500	12,500

11. Reconciliation of movements in shareholders' deficit and reserves

	Called up share capital	Hedging and translation reserve	Profit and loss account	Total
	£	£	£	£
Opening shareholders' deficit	12,500	(40,059,276)	380,821	(39,665,955)
Profit for the financial year	-	-	6,242	6,242
Dividends	-	-	-	-
Derivative valuation movements on net investments	-	(10,488,233)	-	(10,488,233)
Taxation on hedging translation movements	-	(10,014,819)	-	(10,014,819)
	12,500	(60,562,328)	387,063	(60,162,765)
	12,500	(60,562,328)	387,063	(60,162,765)

Broadgate Financing PLC
NOTES TO THE ACCOUNTS
for the year ended 31 March 2015

12. Capital commitments

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

13. Contingent liabilities

The company had no contingent liabilities as at 31 March 2015 (2014: £nil).

14. Related parties

The company has taken advantage of the exemption granted to wholly owned subsidiaries not to disclose transactions with group companies under the provisions of Financial Reporting Standard 8.

15. Subsequent events

There have been no significant events since the year end.

16. Immediate parent and ultimate holding company

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 smallest and largest group for which group accounts are available and which include the company. The accounts of Broadgate REIT Limited can be obtained from The British Land Company PLC, York House, 45 Seymour Street, London, W1H 7LX.