

**BBC Property Development
Limited**

**Directors' report and financial
statements**

Registered number 4243136

31 March 2004



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Directors' report

The directors present their report and the audited financial statements for the year ended 31 March 2004.

Principal activity

The principal activity of the Company during the period was the holding of investments in joint ventures to redevelop the Broadcasting House site.

The Company did not receive any income nor incur any expenditure and consequently did not make a profit or loss in this and the prior period.

The Directors

The directors who served during the period were as follows:

John Smith	(Chairman)
Ian Robertson	(resigned 21 January 2004)
Chris Kane	(appointed 21 January 2004)

Directors interests

No director had any interest in the share capital of the Company at 31 March 2004 or at any time during the period. No rights to subscribe for shares in or debentures of the Company or any other Company within the British Broadcasting Corporation group (the Group) were granted to any of the directors or their immediate families, or exercised by them, during the financial period.

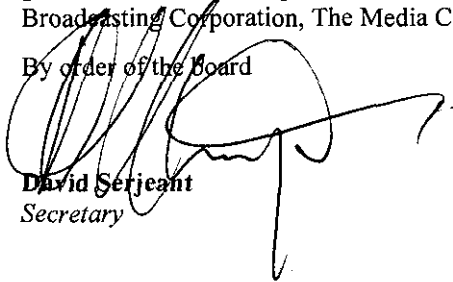
The environment

BBC Property Development Limited does not operate in industries where there is potential for serious industrial pollution. However, the Company recognises its responsibility to be aware of, and take steps to control and minimise, any damage its business may cause to the environment.

Corporate governance

As a wholly owned subsidiary of the British Broadcasting Corporation, the Company fully supports the recommendations of the Combined Code. However, following a review of the related disclosures made by the British Broadcasting Corporation, the directors consider that the Company's own disclosures provide little useful additional information. Consequently the directors have not included this information in these financial statements. Disclosure of how the British Broadcasting Corporation complies with the requirements of the Combined Code is given in its annual report and consolidated accounts, which may be obtained from The Secretary, British Broadcasting Corporation, The Media Centre, 201 Wood Lane, White City, London, W12 7TQ.

By order of the Board


David Serjeant
Secretary

The Media Centre
201 Wood Lane
London
W12 7TQ

25 January 2005

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- *make judgements and estimates that are reasonable and prudent;*
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



KPMG LLP

8 Salisbury Square
London
EC4Y 8BB
United Kingdom

Report of the independent auditors to the members of BBC Property Development Limited.

We have audited the financial statements on pages 4 to 8.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2004 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP
KPMG LLP
Chartered Accountants
Registered Auditor

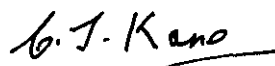
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Balance sheet

at 31 March 2004

	Note	£	2004 £	£	2003 £
Fixed assets					
Investment in joint venture	5		10		-
Current assets					
Debtors		-		-	
Cash		-		2	
		-		2	
Creditors: amounts falling due within one year	6	(9)		(1)	
Net current liabilities			(9)		1
Total assets less current liabilities			1		1
Net assets			1		1
Capital and reserves					
Called up share capital	7		1		1
Profit and loss account	8		-		-
Equity shareholders' funds			1		1

These financial statements were approved by the Board of Directors on 25 January 2005 and were signed on its behalf by:



Chris Kane
 Director

The accompanying notes form an integral part of these financial statements. During the year, and in the prior year, there were no trading transactions that should have been shown in the Profit and Loss account.

Reconciliation of movements in shareholders' funds

for the year ended 31 March 2004

	2004 £	2003 £
Results for the financial year	-	-
Net addition to shareholders' funds	-	-
Opening shareholders' funds	1	1
Closing shareholders' funds	1	1

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable Accounting Standards and under the historical cost accounting rules.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

The company is exempt by virtue of s248 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

The financial statements have been prepared on a going concern basis as the ultimate parent undertaking has confirmed that it will support the company for the foreseeable future.

Investments

Investments are recorded at cost less provisions for any impairment in value.

2 Remuneration of directors

Remuneration

The Company did not make any payments in respect of salary and bonuses and did not provide any benefits to its directors during the period or make any pension contributions to the BBC Pension Scheme.

Service Contracts

All directors are employed under service contracts with the British Broadcasting Corporation.

3 Employees and remuneration

The Company did not employ staff at any time during the period nor make any payments in respect of wages and salaries.

Administrative services are provided by the British Broadcasting Corporation.

4 Operating results

The auditor's remuneration was met by the British Broadcasting Corporation in both years.

Notes (continued)

5 Investment in joint venture

	2004 £
Cost	
At the beginning of the year	-
Additions	10
At the end of the year	10

In July 2003 the British Broadcasting Corporation entered into arrangements with Daunus Limited to redevelop the Broadcasting House site. Under these arrangements the British Broadcasting Corporation granted a 150 year head lease on Broadcasting House to Daunus Limited and Morgan Stanley Gamma Investments. A subsidiary of Land Securities Trillium Limited has entered into a contract with Daunus Limited to redevelop the site. The British Broadcasting Corporation has leased back the site from Daunus Limited and Morgan Stanley Gamma Investments for 30 years.

<u>Name of entity</u>	<u>Members</u>	<u>Class of share</u>	<u>£</u>	<u>% Holding</u>
Daunus Limited	BBC Property Development Limited	A	10	10
	Morgan Stanley Delta LLC	B	10	10
	Land Securities Trillium (BH) Limited	C	10	10
	Structured Finance Management Limited	D	70	70

The Company owns 100% of the A shares which entitle the Company to receive in certain circumstances dividends relating to a proportion of the value of Daunus Limited's interest in Broadcasting House.

Morgan Stanley Delta LLC, Land Securities Trillium (BH) Limited and Structured Finance Management Limited own 100% of the B, C and D shares respectively, the ordinary equity.

6 Creditors: amounts falling due within one year

	2004 £	2003 £
Amounts owed to ultimate parent undertaking	9	1
	9	1

Notes (continued)

7 Called up share capital

	2004	2003
	£	£
<i>Authorised</i>		
100 ordinary share of £1 each	100	100
<i>Allotted, called up and fully paid</i>		
Ordinary share of £1 each	1	1

8 Reserves

	Profit and loss account 2004 £
At the beginning of the year	-
Profit for the year	-
At 31 March 2004	-

9 Related party transactions

Under FRS 8, the Company is exempt from the requirement to disclose related party transactions with the BBC on the grounds that it is a wholly owned subsidiary undertaking of the British Broadcasting Corporation, whose financial statements are publicly available, and with other group entities, where more than 90% of these entities' voting rights are controlled within the Group.

10 Ultimate holding and controlling party

The Company's ultimate parent undertaking and controlling party is the British Broadcasting Corporation which is incorporated in the United Kingdom by Royal Charter. The largest and the only group in which the results of the Company are consolidated is that headed by the British Broadcasting Corporation. Copies of the financial statements of the British Broadcasting Corporation may be obtained from The Secretary, British Broadcasting Corporation, The Media Centre, 201 Wood Lane, White City, London, W12 7TQ