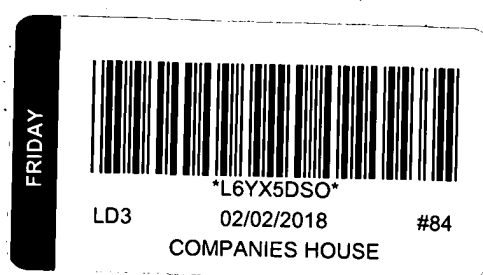


The Metropolitan Railway Surplus Lands Company

Directors' Report and Financial Statements

For the year ended 30 June 2017

Registered number
00277350



**The Metropolitan Railway Surplus Lands Company
Directors' Report and Financial Statements
Contents**

	Page
Company Information	1
Strategic Report	2
Directors' Report	3
Directors' Responsibilities Statement	4
Independent Auditor's Report to the members of The Metropolitan Railway Surplus Lands Company	5
Profit and Loss Account	7
Balance Sheet	8
Statement of Changes in Equity	9
Notes to the Financial Statements	10

The Metropolitan Railway Surplus Lands Company
Company Information

Directors

D Grose
K Wilman

Secretary

MEPC Secretaries Limited

Auditor

KPMG LLP
15 Canada Square
Canary Wharf
London
E14 5GL

Registered office

Lloyds Chambers
1 Portsoken Street
London
E1 8HZ

Registered number

00277350

The Metropolitan Railway Surplus Lands Company Strategic Report

The directors present their strategic report for the year ended 30 June 2017.

Principal activity, review of the business and future developments

The principal activity of The Metropolitan Railway Surplus Lands Company ("the Company") is property investment. This takes the form of managing the provision of services for the infrastructure of a trading estate at South Marston Gate. The day to day activities are carried out by a managing agent. In the absence of bad debts and irrecoverable expenses, this is a cost-neutral exercise.

The result before tax for the year is a loss of £50,000 (2016: £nil) as shown in the attached Profit and Loss Account on page 7 and the directors consider this to be the key performance indicator for the Company.

The directors do not foresee any changes to the Company's investment or activity in the forthcoming year.

The Company did not have any employees during the current or prior year.

Principal risks and uncertainties

The Company's financial assets relate to an intercompany receivable and the directors do not consider that there are any issues around the recoverability of this amount.

The only fixed asset is the property comprising the infrastructure of the trading estate at South Marston Gate. By nature, this property is not vulnerable to normal market movements, so it is not regarded as a material risk to the Company.

Approved by the Board of Directors and signed on its behalf by:



K Wilman
Director

23 January 2018

The Metropolitan Railway Surplus Lands Company Directors' Report

The directors present their report and financial statements for the year ended 30 June 2017.

Directors

The directors who served throughout the year are as stated in the Company Information.

Future developments

Likely future developments are discussed in the Strategic Report on page 2.

Going concern

The directors intend The Metropolitan Railway Surplus Lands Company to continue to hold an investment in land for the foreseeable future. As there are no financial obligations associated with this investment, the directors are satisfied that, at the time of approving the financial statements, it is appropriate to adopt the going concern basis in preparing the financial statements.

Results and dividends

The result before tax for the year is a loss of £50,000 (2016: £nil) as shown in the attached Profit and Loss Account on page 7. The directors do not recommend payment of a dividend for the current year (2016: £nil).

Disclosure of information to the auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- 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 auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

KPMG LLP, statutory auditor, have indicated their willingness to be appointed for their first and appropriate arrangements have been put in place for them to be deemed appointed as auditor in absence of an Annual General Meeting.

Approved by the Board of Directors and signed on its behalf by:



**K Wilman
Director**

23 January 2018

The Metropolitan Railway Surplus Lands Company Directors' Responsibilities Statement

The directors are responsible for preparing the Strategic Report, Directors' 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 the Companies Act 2006. They are 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, and 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.

Independent Auditor's Report

To the Members of The Metropolitan Railway Surplus Lands Company

We have audited the financial statements of The Metropolitan Railway Surplus Lands Company ("the Company") for the year ended 30 June 2017 which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The directors are responsible for the strategic report and directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

- 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Independent Auditor's Report
To the Members of The Metropolitan Railway Surplus Lands Company

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.



Bill Holland (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL

29 January 2018

The Metropolitan Railway Surplus Lands Company
Profit and Loss Account
for the year ended 30 June 2017

	Notes	Year ended 30 June 2017 £	Year ended 30 June 2016 £
Service charge income		100,639	171,138
Service charge expenses		<u>(100,639)</u>	<u>(171,138)</u>
Net property expense		-	-
Impairment of investment properties		(50,000)	-
Loss on ordinary activities before taxation	2	<u>(50,000)</u>	-
Tax on loss on ordinary activities	3	-	-
Loss for the financial year		<u><u>(50,000)</u></u>	<u><u>-</u></u>

Notes 1 to 9 form part of these financial statements.

There are no recognised gains or losses for the current and prior year other than the loss of £50,000 (2016: £nil). Accordingly, no separate Statement of Other Comprehensive Income is presented.

All results derive from continuing operations.

The Metropolitan Railway Surplus Lands Company

Registered number 00277350

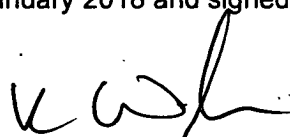
Balance Sheet

as at 30 June 2017

	Notes	30 June 2017 £	30 June 2016 £
Fixed assets			
Investment properties	4	-	50,000
Current assets			
Debtors	5	652,317	652,515
Creditors: Amounts falling due within one year	6	(9,112)	(9,310)
Net current assets		<u>643,205</u>	<u>643,205</u>
Net assets		<u>643,205</u>	<u>693,205</u>
Capital and reserves			
Called up share capital	7	1,000	1,000
Profit and loss account		642,205	692,205
Shareholders' funds		<u>643,205</u>	<u>693,205</u>

Notes 1 to 9 form part of these financial statements.

The financial statements of The Metropolitan Railway Surplus Lands Company (registered no. 00277350) were approved by the Board of Directors and authorised for issue on 23 January 2018 and signed on their behalf by:



K Wilman
Director

The Metropolitan Railway Surplus Lands Company
Statement of Changes in Equity
for the year ended 30 June 2017

	Notes	Called up share capital £	Profit and Loss Account £	Total £
Balance at 1 July 2015		1,000	692,205	693,205
Total loss for the year		-	-	-
Balance at 1 July 2016		<u>1,000</u>	<u>692,205</u>	<u>693,205</u>
Total loss for the year		-	(50,000)	(50,000)
Balance at 30 June 2017		<u>1,000</u>	<u>642,205</u>	<u>643,205</u>

Notes 1 to 9 form part of these financial statements.

The Metropolitan Railway Surplus Lands Company
Notes to the Financial Statements
for the year ended 30 June 2017

1 Accounting policies

The principal accounting policies have been summarised below. They have all been applied consistently throughout the current and prior year.

Basis of accounting

The financial statements have been prepared under the historical cost convention, other than investment properties which are held at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the Strategic Report on page 2.

The functional and presentational currency of The Metropolitan Railway Surplus Lands Company ("the Company") is considered to be pounds sterling as this is the currency of the primary economic environment in which the Company operates.

The Company has taken advantage of exemptions available under FRS 102 not to present a cash flow statement as it meets the definition of a small entity as set out in FRS 102.

Going concern

The directors intend The Metropolitan Railway Surplus Lands Company to continue to hold an investment in land for the foreseeable future. As there are no financial obligations associated with this investment, the directors are satisfied that, at the time of approving the financial statements, it is appropriate to adopt the going concern basis in preparing the financial statements.

Service charge income and expenses

Property service-charge income represents the value of goods and services obtained by the company, via the managing agent, duly apportioned under industry-standard RICS formulae and invoiced to the tenants, net of value added tax and trade discounts.

Property service-charge expenses represent the invoiced value of goods and services supplied to the company, via the managing agent, net of value added tax and trade discounts.

In the absence of bad debts and irrecoverable expenses, service-charge income and expenses are expected to be cost-neutral. Timing differences and balancing charges or credits are applied subsequent to the service-charge year-end to eliminate under- and over-charging to the tenants in line with RICS guidelines.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax at a future date, at rates expected to apply when they crystallise based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

The Metropolitan Railway Surplus Lands Company
Notes to the Financial Statements
for the year ended 30 June 2017

1 Accounting policies (continued)

Investment properties

Investment properties are included at fair value, which is based on directors' valuation in the current and prior year.

All surpluses and deficits against book value arising on the valuation of property are included in the profit and loss account.

Net gains and losses on disposal of properties are calculated by reference to the book value at the date of disposal.

Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Trade and other receivables are recognised initially at transaction value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

A provision for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when they are specifically identified. Other debtors are recognised at fair value.

Trade and other payables are recognised initially at transaction value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The investment valuation involves critical judgements, apart from those involving estimations, that the Company has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

The Metropolitan Railway Surplus Lands Company
Notes to the Financial Statements
for the year ended 30 June 2017

2 Loss on ordinary activities before taxation

The directors of the Company received no remuneration during the current or prior year. The Company did not employ any other persons in the current or prior year.

Auditor's remuneration of £5,200 for the year ended 30 June 2017 (2016: £6,000) was borne by MEPC (1946) Limited.

3 Taxation

	Year ended 30 June 2017 £	Year ended 30 June 2016 £
Analysis of tax charge in the year:		
Current tax	-	-
UK corporation tax at 19.75% (2016: 20.00%)	-	-
Tax on loss on ordinary activities	-	-

The tax charge in the year is higher than the standard rate of corporation tax in the UK.
The differences are explained below:

Loss on ordinary activities before tax	(50,000)	-
Tax on loss on ordinary activities at standard corporation rate of 19.75% (2016: 20.00%)	(9,875)	-
Expenses not deductible for tax purposes	9,875	-
Adjustments to tax charge in respect of previous periods - deferred tax	-	(3,695)
Adjust closing deferred tax to average rate of 19.75%	3,283	2,437
Adjust opening deferred tax to average rate of 19.75%	(2,133)	-
Deferred tax not recognised	(1,150)	1,258
Current tax charge for the year	-	-

Deferred tax assets totalling £20,785 (2016: £21,935) being in respect of capital allowances not used on fully depreciated PPE of £12,734 (2016: £13,483) and tax losses of £8,051 (2016: £8,452) have not been recognised as the company is not sufficiently certain that it will be able to recover these assets within a relatively short period of time.

4 Investment properties

	2017 £	2016 £
Valuation		
At the beginning of the year	50,000	50,000
Impairment	(50,000)	-
At the end of the year	-	50,000

The historical cost of properties at 30 June 2017 was £46,139 (2016: £46,139).

The Metropolitan Railway Surplus Lands Company
Notes to the Financial Statements
for the year ended 30 June 2017

5 Debtors: Amounts falling due within one year	2017	2016
	£	£
Amount due from MEPC (1946) Ltd	617,917	617,917
Other debtors	34,400	34,598
	<u>652,317</u>	<u>652,515</u>

The amount due from MEPC (1946) Ltd of £617,917 (2016: £617,917) is non interest bearing and is receivable on demand.

Debtors are initially recognised at transaction value and the carrying value is considered to be the same as fair value.

6 Creditors: Amounts falling due within one year	2017	2016
	£	£
VAT	2,584	2,379
Accruals	6,528	6,931
	<u>9,112</u>	<u>9,310</u>

Creditors are initially recognised at transaction value and the carrying value is considered to be the same as fair value.

7 Called up share capital	2017	2016	2017	2016
	No.	No.	£	£
Allotted, called up and fully paid:				
Ordinary shares of £0.00001879 each	<u>53,230,000</u>	<u>53,230,000</u>	<u>1,000</u>	<u>1,000</u>

8 Related parties

Throughout this and the preceding year, The Metropolitan Railway Surplus Lands Company was wholly owned by MEPC (1946) Limited.

At 30 June 2017, MEPC (1946) Limited owed the Company £617,917 (2016: £617,917).

9 Ultimate parent and controlling party

The directors regard the BT Pension Scheme to be the Company's ultimate parent and controlling party. It is the parent of the largest group of which the Company is a member to prepare group financial statements.

Leconport Estates is the parent of the smallest group of which the Company is a member to prepare group financial statements.

The address of both the BT Pension Scheme and Leconport Estates is: Lloyds Chambers, 1 Portsoken Street, London E1 8HZ, where copies of both their financial statements are available.