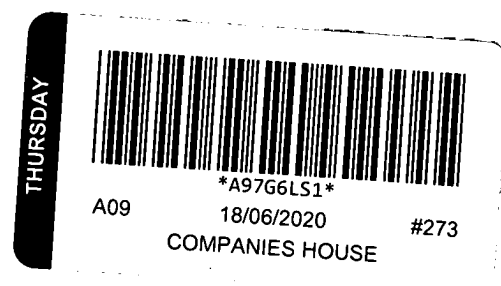


00277350

The Metropolitan Railway Surplus Lands Company
Directors' Report and Financial Statements
For the year ended 30 June 2019



The Metropolitan Railway Surplus Lands Company
Directors' Report and Financial Statements
For the year ended 30 June 2019
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The Metropolitan Railway Surplus Lands Company
Directors' Report and Financial Statements
For the year ended 30 June 2019
Company Information

Registered office	Sixth Floor 150 Cheapside London England EC2V 6ET
Directors	K Wilman S Cunningham (resigned 1 December 2018) M Torode (resigned 23 August 2019) C Judd (appointed 1 December 2018) J Lisbey (appointed 23 August 2019 and resigned 28 February 2020) D Duncan (appointed 28 February 2020)
Company Secretary	Hermes Secretariat Limited
Auditor	KPMG LLP 15 Canada Square Canary Wharf London E14 5GL
Registered number	00277350

The Metropolitan Railway Surplus Lands Company
Directors' Report and Financial Statements
For the year ended 30 June 2019
Directors' Report

The directors present their audited financial statements for the year to 30 June 2019. This Directors' Report has been prepared in accordance with the special provisions relating to small companies under s415 of the Companies Act 2006 and therefore taking exemption from the requirement to prepare a strategic report.

Directors

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

Principal activity and review of the business

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 Company had no employees during the year (2018: nil).

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons:

The directors have considered the cash requirements of the Company for at least 12 months from the date of approval of the financial statements. In this forecast the directors have taken account of the implications of the outbreak of COVID-19 which would impact the service charge income. The directors have modelled a severe but plausible downside scenario in respect to the Company's cash inflows and incorporating mitigating actions such as reduction of administrative expenses on its cash outflows. The results of this forecast indicate that in this scenario the Company's cash needs are still within the available financial resources of the Company.

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.

Results and dividends

The results for the year are set out in the Profit and Loss Account on page 7. The profit for the year was £nil (2018: £nil).

Events after the balance sheet date

In early 2020, the existence of a new coronavirus (COVID-19) was confirmed and since this time COVID-19 has spread across China and to a significant number of other countries. COVID-19 has caused disruption to businesses and economic activity which has been reflected in recent fluctuations in global stock markets. The directors consider the emergence and spread of COVID-19 to be a non-adjusting post balance sheet event. Given the inherent uncertainties, it is not practicable at this time to determine the impact of COVID-19 on the Company or to provide a quantitative estimate of this impact.

**The Metropolitan Railway Surplus Lands Company
Directors' Report and Financial Statements
For the year ended 30 June 2019
Directors' Report (continued)**

Disclosure of information to 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 auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be 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 418 of the Companies Act 2006.

Political contributions

The Company did not make any political donations or incur any political expenditure during the year (2018: £nil).


Brexit disclosure

The Company has considered the risk of Brexit. Given the uncertainty of consequences, the Company has evaluated the risk of Brexit to be minimal as at the date of the report. However, the Company would continuously monitor and evaluate any risks which arise out of Brexit.

Auditor

KPMG LLP has been appointed as auditors and will be deemed to be reappointed as auditor under section 487(2) of the Companies Act 2006.

This report was approved by the Board of Directors and signed on its behalf by:

DocuSigned by:

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**D Duncan
Director
The Metropolitan Railway Surplus Lands Company
Sixth Floor
150 Cheapside
London
EC2V 6ET**

Date: 21 May 2020

The Metropolitan Railway Surplus Lands Company
Directors' Report and Financial Statements
For the year ended 30 June 2019
Statement of Directors' Responsibilities

The directors are responsible for preparing the 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 applicable law and Section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

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;
- 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.

The Metropolitan Railway Surplus Lands Company

Directors' Report and Financial Statements

For the year ended 30 June 2019

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

Opinion

We have audited the financial statements of The Metropolitan Railway Surplus Lands Company ("the company") for the year ended 30 June 2019 which comprise the Profit and Loss Account, the Balance Sheet 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 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards applicable to smaller entities, including Section 1A of 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 for 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

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease their operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

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 a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Directors' report

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

Our responsibility is to read the 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 directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

**The Metropolitan Railway Surplus Lands Company
Directors' Report and Financial Statements
For the year ended 30 June 2019**

**Independent Auditor's Report to the Members of The Metropolitan Railway Surplus Lands Company
(continued)**

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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

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.

DocuSigned by:

R Kelly

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

Date: 22/5/2020 | 15:57 BST

The Metropolitan Railway Surplus Lands Company
Directors' Report and Financial Statements
For the year ended 30 June 2019
Profit and Loss Account

	Notes	2019 £	2018 £
Service charge income		154,293	181,421
Service charge expenses		(154,293)	(181,421)
Net property expense		-	-
Profit before taxation	2	-	-
Tax on profit/(loss) on ordinary activities		-	-
Profit for the year		-	-

All activities derive from continuing operations.

There were no recognised gains and losses for the year other than those included in the Profit and Loss Account, and as a result no Statement of Other Comprehensive Income has been presented.

Notes 1 to 11 form part of these financial statements.

The Metropolitan Railway Surplus Lands Company
Directors' Report and Financial Statements
As at 30 June 2019
Balance Sheet

	Notes	2019 £	2018 £
<i>Current assets</i>			
Debtors	5	686,814	682,039
Creditors: amounts falling due within one year	6	(43,609)	(38,834)
Net current assets		<u>643,205</u>	<u>643,205</u>
Net assets		<u>643,205</u>	<u>643,205</u>
<i>Capital and reserves</i>			
Called up share capital	7	1,000	1,000
Profit and loss account		642,205	642,205
Shareholders' funds		<u>643,205</u>	<u>643,205</u>

Company number: 00277350

Notes 1 to 11 form part of these financial statements.

The financial statements are prepared in accordance with applicable law and Section 1A of FRS 102 The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (UK Generally Accepted Accounting Practice applicable to Smaller Entities). The financial statements were approved by the Board of Directors and authorised for issue on 21 May 2020 and signed on their behalf by:

DocuSigned by:

 345E2A039CAA4ED...
D Duncan

Director
The Metropolitan Railway Surplus Lands Company

Date: 21 May 2020

The Metropolitan Railway Surplus Lands Company
Directors' Report and Financial Statements
For the year ended 30 June 2019
Notes to the Financial Statements

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 and are in accordance with Section 1A Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council as applicable to small entities.

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

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 Directors' Report on pages 2 to 3.

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons:

The directors have considered the cash requirements of the Company for at least 12 months from the date of approval of the financial statements. In this forecast the directors have taken account of the implications of the outbreak of COVID-19 which would impact the service charge income. The directors have modelled a severe but plausible downside scenario in respect to the Company's cash inflows and incorporating mitigating actions such as reduction of administrative expenses on its cash outflows. The results of this forecast indicate that in this scenario the Company's cash needs are still within the available financial resources of the Company.

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.

**The Metropolitan Railway Surplus Lands Company
Directors' Report and Financial Statements
For the year ended 30 June 2019
Notes to the Financial Statements (continued)**

1 Accounting policies (continued)

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid 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.

Trade receivables

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 payables

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.

Statement of Changes in Equity

The company has taken advantage of exemptions under Section 1A of FRS 102 to not present a Statement of Changes in Equity.

Cash flow statement

The Company has taken advantage of exemptions available under FRS 102 Section 1A not to present a cash flow statement and related notes as it meets the definition of a small entity as set out in Section 1A of FRS 102.

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 Directors are 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.

2 Profit before taxation

The auditor's remuneration of £5,590 (2018: £5,200) for the Company has been borne by MEPC (1946) Limited.

As of 30 June 2019, there are no non-audit services provided by the Company's auditors.

The Metropolitan Railway Surplus Lands Company
Directors' Report and Financial Statements
For the year ended 30 June 2019
Notes to the Financial Statements (continued)

3 Employees and directors' emoluments

The Company had no employees during the year (2018: nil).

The directors received no remuneration in respect of their services to the Company (2018: nil).

4 Deferred tax

The company has unrecognised deferred tax assets in 2019. The company had an unrecognised deferred tax asset of £121,860 relating to UK property losses carried forward and owned fixed assets realised through use (2018: £121,860).

The criteria for recognising the deferred tax asset has not been met, and consequently, the amount has accumulated over the previous years. The tax group in which the company is a member of has a policy of claiming/surrendering Group Relief for nil consideration. As at 30 June 2019, there were sufficient revenue losses across the tax group to offset potential tax liabilities.

5 Debtors: amounts falling due within one year	2019	2018
	£	£
Amount due from MEPC (1946) Ltd	612,883	617,917
Other debtors	73,931	64,122
	<u>686,814</u>	<u>682,039</u>

The amount due from MEPC (1946) Ltd of £612,883 (2018: £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	2019	2018
	£	£
VAT	393	3,513
Accruals	43,216	35,321
	<u>43,609</u>	<u>38,834</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	2,019	2018	2019	2018
	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>

**The Metropolitan Railway Surplus Lands Company
Directors' Report and Financial Statements
For the year ended 30 June 2019
Notes to the Financial Statements (continued)**

8 Related party transactions

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

At 30 June 2019, MEPC (1946) Limited owed the Company £612,883 (2018: £617,917). During the year MEPC (1946) Limited settled VAT liabilities on behalf of the Company.

9 Ultimate parent company and controlling party

The directors regard MEPC (1946) Limited to be the Company's immediate parent. The directors regard Leconport Estates to be MEPC (1946) Limited's immediate parent, and the parent of the smallest group of which the Company is a member to prepare group financial statements.

The directors regard the BT Pension Scheme (a UK pension scheme with scheme registration number 100850030) as the Company's ultimate controlling entity. It is also the parent of the largest group of which the Company is a member and for which consolidated accounts are drawn up. The consolidated accounts of this group are available from One America Square, 17 Crosswall, London, EC3N 2LB.

The address of Leconport Estates is Sixth Floor, 150 Cheapside, London, EC2V 6ET. The address of the BT Pension Scheme is: One America Square, 17 Crosswall, London, EC3N 2LB, where copies of BT Pension Scheme's financial statements are available.

10 Events after the balance sheet date

In early 2020, the existence of a new coronavirus (COVID-19) was confirmed and since this time COVID-19 has spread across China and to a significant number of other countries. COVID-19 has caused disruption to businesses and economic activity which has been reflected in recent fluctuations in global stock markets. The directors consider the emergence and spread of COVID-19 to be a non-adjusting post balance sheet event. Given the inherent uncertainties, it is not practicable at this time to determine the impact of COVID-19 on the Company or to provide a quantitative estimate of this impact.

11 Market considerations - Brexit

The United Kingdom has officially left the European Union on 31 January 2020 ("Brexit"); however, under the agreed transitional arrangements, all relevant rules and regulations will currently remain in place until 31 December 2020. It is currently not practicable to forecast with certainty how the value of, or the cash flows arising from, assumption involved in the Company's assets might be affected by Brexit. Consequently, it is currently not possible to accurately quantify the possible effect of Brexit on the Company.