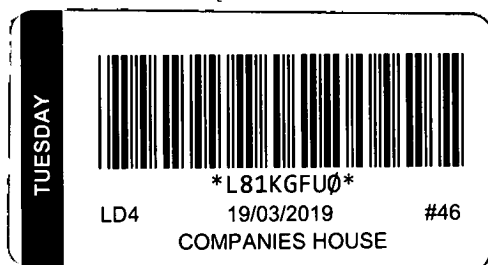




**The Metropolitan Railway Surplus Lands Company**  
**Directors' Report and Financial Statements**  
**For the year ended 30 June 2018**



**The Metropolitan Railway Surplus Lands Company**  
**Directors' Report and Financial Statements**  
**For the year ended 30 June 2018**  
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**The Metropolitan Railway Surplus Lands Company**  
**Directors' Report and Financial Statements**  
**For the year ended 30 June 2018**  
**Company Information**

**Registered office**

Sixth Floor  
150 Cheapside  
London  
England  
EC2V 6ET

**Directors**

K Wilman  
M Torode (appointed 16 February 2018)  
C Judd (appointed 1 December 2018)  
D Grose (resigned 31 January 2018)  
S Cunningham (appointed 16 February 2018; resigned 1 December 2018)

**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 2018**  
**Directors' Report**

The directors present their report and the audited financial statements for the year to 30 June 2018. 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 (2017: nil).

**Going concern**

The directors intend The Metropolitan Railway Surplus Lands Company to continue to hold an investment in land held at cost less provision at £nil value 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.

**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 (2017: loss of £50,000).

**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 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.

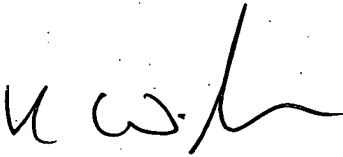
This confirmation is given and should be interpreted in accordance with the provisions of 418 of the Companies Act 2006.

**The Metropolitan Railway Surplus Lands Company**  
**Directors' Report and Financial Statements**  
**For the year ended 30 June 2018**  
**Directors' Report (continued)**

**Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

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



**K Wilman**  
**Director**

**The Metropolitan Railway Surplus Lands Company**  
**Sixth Floor, 150 Cheapside, London, EC2V 6ET**

14 March 2019

**The Metropolitan Railway Surplus Lands Company**  
**Directors' Report and Financial Statements**  
**For the year ended 30 June 2018**  
**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 2018**

**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 2018 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 2018 and of its result 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.

**The impact of uncertainties due to the UK exiting the European Union on our audit**

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as valuation of investment property and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

**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, including the impact of Brexit, 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.

**The Metropolitan Railway Surplus Lands Company  
Directors' Report and Financial Statements  
For the year ended 30 June 2018**

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

**Directors' report (continued)**

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.

**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, take advantage of the small companies exemption in preparing the directors' report 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](http://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

14 March 2019



**The Metropolitan Railway Surplus Lands Company**  
**Directors' Report and Financial Statements**  
**For the year ended 30 June 2018**  
**Profit and Loss Account**

	Notes	2018 £	2017 £
Service charge income		181,421	100,639
Service charge expenses		<u>(181,421)</u>	<u>(100,639)</u>
Net property expense		-	-
Impairment of investment properties		-	(50,000)
<b>Profit/(loss) on ordinary activities before taxation</b>	<b>2</b>	<u>-</u>	<u>(50,000)</u>
Tax on profit/(loss) on ordinary activities	<b>3</b>	-	-
<b>Profit/(loss) for the financial year</b>		<u><u>-</u></u>	<u><u>(50,000)</u></u>

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 8 form part of these financial statements.

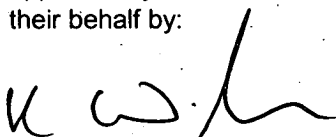
**The Metropolitan Railway Surplus Lands Company**  
**Directors' Report and Financial Statements**  
**As at 30 June 2018**  
**Balance Sheet**

	Notes	2018 £	2017 £
<i>Current assets</i>			
Debtors	4	682,039	652,317
Creditors: Amounts falling due within one year	5	(38,834)	(9,112)
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	6	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 8 form part of these financial statements.

The financial statements are prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006. The financial statements were approved by the Board of Directors and authorised for issue on 14 March 2019 and signed on their behalf by:



**K Wilman**  
**Director**

**The Metropolitan Railway Surplus Lands Company**

14 March 2019

**The Metropolitan Railway Surplus Lands Company**  
**Directors' Report and Financial Statements**  
**For the year ended 30 June 2018**  
**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 Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and section 1A 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 directors intend The Metropolitan Railway Surplus Lands Company to continue to hold an investment in land held at cost less provision at £nil value 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 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**  
**Directors' Report and Financial Statements**  
**For the year ended 30 June 2018**  
**Notes to the Financial Statements (continued)**

**1 Accounting policies (continued)**

*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.

*Cash flow statement*

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.

*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 / (loss) on ordinary activities before taxation**

The auditor's remuneration of £5,200 (2017: £5,200) for the Company has been borne by MEPC (1946) Limited. There have been no non-audit fees paid during the course of either year.

**The Metropolitan Railway Surplus Lands Company**  
**Directors' Report and Financial Statements**  
**For the year ended 30 June 2018**  
**Notes to the Financial Statements (continued)**

**3 Taxation**

	2018 £	2017 £
<b>Analysis of charge in year</b>		
<i>Current tax:</i>		
UK corporation tax	-	-
Tax on profit / (loss) on ordinary activities	-	-

**Factors affecting tax charge for the year**

The tax charge in the year is higher than the standard rate of corporation tax in the UK.

The differences are explained below:

	£	£
Profit / (loss) on ordinary activities before tax	-	(50,000)
Tax on profit / (loss) on ordinary activities at standard corporation tax rate of 19% (2017: 19.75%)	-	(9,875)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	-	9,875
Adjust closing deferred tax to average rate of 19.75%	-	3,283
Adjust opening deferred tax to average rate of 19.75%	-	(2,133)
Deferred tax not recognised	-	(1,150)
Current tax charge for year	-	-

**4 Debtors: Amounts falling due within one year**

	2018 £	2017 £
Amount due from MEPC (1946) Ltd	617,917	617,917
Other debtors	64,122	34,400
	682,039	652,317

The amount due from MEPC (1946) Ltd of £617,917 (2017: £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.

**5 Creditors: Amounts falling due within one year**

	2018 £	2017 £
VAT	3,513	2,584
Accruals	35,321	6,528
	38,834	9,112

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

**The Metropolitan Railway Surplus Lands Company**  
**Directors' Report and Financial Statements**  
**For the year ended 30 June 2018**  
**Notes to the Financial Statements (continued)**

<b>6</b>	<b>Called up share capital</b>	<b>2018 No.</b>	<b>2017 No.</b>	<b>2018 £</b>	<b>2017 £</b>
	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>

**7 Related parties**

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

At 30 June 2018, MEPC (1946) Limited owed the Company £617,917 (2017: £617,917).

**8 Ultimate parent company and controlling party**

The directors regard the BT Pension Scheme as the Company's immediate and 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 the BT Pension Scheme is: One America Square, 17 Crosswall, London, EC3N 2LB, where copies of BT Pension Scheme's financial statements are available.