



MEPC (1946) Limited

Directors' Report and Financial Statements

For the year ended 30 June 2018



MEPC (1946) Limited
Directors' Report and Financial Statements
For the year ended 30 June 2018
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MEPC (1946) Limited
Directors' Report and Financial Statements
For the year ended 30 June 2018
Company Information

Registered office Sixth Floor, 150 Cheapside
London
EC2V 6ET

Directors K Wilman
M Torode
C Judd (appointed 1 December 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 00420575

MEPC (1946) Limited
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.

Principal activity and review of the business

The principal activity of MEPC (1946) Limited (the "Company") is to act as the holding company for other group entities. The principal activity of other group entities is investment in real estate.

The results for the year are set out in the profit and loss account on page 6.

The profit before tax for the financial year was £4,339,000 (2017: £4,428,000) and the directors consider this to be the key performance indicator for the Company.

The programme to reduce the number of unrequired dormant subsidiaries in existence within the group is ongoing, but otherwise, the directors foresee no material change in the scope or nature of the Company's activities in the next year.

Directors

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

Going concern

The financial statements are prepared on the basis of going concern on the basis that the directors intend MEPC (1946) Limited ("the Company") to continue to hold investments in subsidiary undertakings for the foreseeable future.

The Company is in a net current liability position as at 30 June 2018 of £9,121,000 however the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future given the net asset position as at 30 June 2018 of £251,162,000. Accordingly, the directors are satisfied that, at the time of approving the financial statements, it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

Results and dividends

The results for the year are set out in the Profit and Loss Account on page 6. The turnover for the year was £nil (2017: £nil) and the profit for the year was £4,206,000 (2017: £4,428,000). Interim dividends totalling £10,800,000 have been paid in the year (2017: £nil)

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

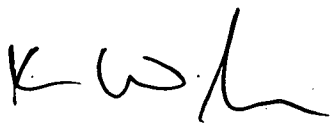
- the director has taken all steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

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
MEPC (1946) Limited
Registered office: Sixth floor, 150 Cheapside, London, EC2V 6ET

14 March 2019

MEPC (1946) Limited

Directors' Report and Financial Statements

For the year ended 30 June 2018

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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; and
- 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.

MEPC (1946) Limited
Directors' Report and Financial Statements
For the year ended 30 June 2018
Independent Auditor's Report to the Members of MEPC (1946) Limited

Opinion

We have audited the financial statements of MEPC (1946) Limited ("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 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.

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.

MEPC (1946) Limited
Directors' Report and Financial Statements
For the year ended 30 June 2018
Independent Auditor's Report to the Members of MEPC (1946) Limited (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 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 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 3, 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 intend to either 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

14 March 2019

MEPC (1946) Limited
Directors' Report and Financial Statements
For the year ended 30 June 2018
Profit and Loss Account

	Notes	2018 £'000	2017 £'000
Administrative expenses		(253)	(143)
Other income		65	46
Operating loss	2	(188)	(97)
Loss on ordinary activities before interest and taxation		(188)	(97)
Interest receivable	4	4,527	4,525
Profit on ordinary activities before taxation		4,339	4,428
Tax on profit on ordinary activities	5	(133)	-
Profit for the financial year		4,206	4,428

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 prepared.

Notes 1 to 11 form part of these financial statements.


MEPC (1946) Limited
Directors' Report and Financial Statements
As at 30 June 2018
Balance Sheet

	Notes	2018 £'000	2017 £'000
<i>Fixed assets</i>			
Investments	6	7,807	7,857
Debtors: amounts falling due after more than one year	7	252,476	247,954
		<u>260,283</u>	<u>255,811</u>
<i>Current assets</i>			
Debtors: amounts falling due within one year	7	374	359
Cash at bank and in hand		770	5,007
		<u>1,144</u>	<u>5,366</u>
<i>Current liabilities</i>			
Creditors: amounts falling due within one year	8	(10,265)	(3,421)
		<u>(10,265)</u>	<u>(3,421)</u>
Net current (liabilities) / assets		<u>(9,121)</u>	<u>1,945</u>
Net assets		<u>251,162</u>	<u>257,756</u>
<i>Capital and reserves</i>			
Called up share capital	9	130,359	130,359
Share premium account	9	78,073	78,073
Profit and loss account		42,730	49,324
Shareholders' funds		<u>251,162</u>	<u>257,756</u>

Company number: 00420575

Notes 1 to 11 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

MEPC (1946) Limited
Registered office: Sixth floor, 150 Cheapside, London, EC2V 6ET

14 March 2019

MEPC (1946) Limited
Directors' Report and Financial Statements
For the year ended 30 June 2018
Statement of Changes in Equity

	Called up Share Capital £'000	Share Premium Account £'000	Profit and Loss Account £'000	Total £'000
Balance at 1 July 2016	130,359	78,073	44,896	253,328
Total profit for the year	-	-	4,428	4,428
Balance at 1 July 2017	<u>130,359</u>	<u>78,073</u>	<u>49,324</u>	<u>257,756</u>
Total profit for the year	-	-	4,206	4,206
Dividend paid	-	-	(10,800)	(10,800)
Balance at 30 June 2018	<u><u>130,359</u></u>	<u><u>78,073</u></u>	<u><u>42,730</u></u>	<u><u>251,162</u></u>

Notes 1 to 11 form part of these financial statements.

MEPC (1946) Limited
Directors' Report and Financial Statements
For the year ended 30 June 2018
Notes to the financial statements

1 Accounting policies

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

Going concern

The financial statements are prepared on the basis of going concern on the basis that the directors intend MEPC (1946) Limited ("the Company") to continue to hold investments in subsidiary undertakings for the foreseeable future.

The Company is in a net current liability position as at 30 June 2018 of £9,121,000 however the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future given the net asset position as at 30 June 2018 of £251,162,000. Accordingly, the directors are satisfied that, at the time of approving the financial statements, it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

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 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 page 2.

The functional and presentational currency of MEPC (1946) Limited ("the Company") is considered to be pounds sterling as this is the currency of the primary economic environment in which the Company operates.

Consolidation exemption

Group accounts incorporating the financial statements of subsidiary undertakings are not prepared as the company is a wholly owned subsidiary undertaking of a company registered in England and Wales. Advantage has been taken of the exemption as defined in FRS 102 section 1A from preparing consolidated accounts as the group is consolidated by Leconport Estates.

Cash flow statement

The Company has taken advantage of exemptions available under FRS 102 section 1A not to present a cash flow statement.

Trade and other 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 rate method, less any impairment losses.

Trade and other payables

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

Investment in subsidiaries

Investments in subsidiary are held at cost less provision for impairment.

MEPC (1946) Limited
Directors' Report and Financial Statements
For the year ended 30 June 2018
Notes to the financial statements

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.

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.

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.

Valuation of investments in subsidiaries

Investments in subsidiaries are carried on the balance sheet at cost less estimated provision for impairment which is reviewed annually by reference to net asset values of the subsidiaries and the effect of disposals or liquidations of subsidiary companies during the year.

Related party transaction

The Company has taken advantage of exemptions available under FRS 102 section 1A whereby transactions with and between wholly owned subsidiaries are not required to be disclosed. There are no other related party transactions.

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 following are the 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.

Valuation of investments in subsidiaries

Investments in subsidiaries are carried on the balance sheet at cost less estimated provision for impairment which is reviewed annually by reference to net asset values of the subsidiaries and the effect of disposals or liquidations of subsidiary companies during the year.

MEPC (1946) Limited
Directors' Report and Financial Statements
For the year ended 30 June 2018
Notes to the financial statements

2 Operating loss

This is stated after charging auditor's remuneration for statutory services of £14,600 (2017: £14,600). There have been no non-audit fees paid during the course of either year.

Auditor's remuneration of £5,200 (2017: £5,200) was paid on behalf of The Metropolitan Railway Surplus Lands Company.

3 Employees and directors

There was no directors' remuneration paid in the current year (2017: £nil). At the year end no retirement benefits were accrued for any directors (2017: £nil) under defined contribution schemes or under defined benefit schemes.

The Company had no employees during the current and prior year.

4 Interest receivable

	Year ended 30 June 2018 £'000	Year ended 30 June 2017 £'000
Interest receivable and similar income		
Interest income on loans to immediate parent company	4,527	4,525
	<u>4,527</u>	<u>4,525</u>

5 Taxation

	Year ended 30 June 2018 £'000	Year ended 30 June 2017 £'000
Taxation in profit and loss account;		
United Kingdom corporation tax at 19% (2017: 19.75%)	133	-
Total current taxation	<u>133</u>	<u>-</u>

Factors affecting tax charge for year;

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

Profit on ordinary activities before taxation	<u>4,339</u>	<u>4,428</u>
Profit on ordinary activities before taxation multiplied by tax at the UK standard rate of 19% (2017: 19.75%)	824	875
Effects of:		
Expenses not deductible for tax purposes	15	14
Income not taxable for tax purposes	(6)	(9)
Effects of group relief/ other reliefs	(567)	-
Adjust closing deferred tax to average rate of 19.75%	-	4,210
Adjust opening deferred tax to average rate of 19.75%	-	(2,757)
Use of losses for which no deferred tax recognised	(133)	(2,333)
Current tax charge for the year	<u>133</u>	<u>-</u>

Deferred tax assets totalling £26,170,000 (2017: £26,289,000) have not been recognised in respect of carried forward losses as the Company is not sufficiently certain that it will be able to recover these assets in the foreseeable future.

MEPC (1946) Limited
Directors' Report and Financial Statements
For the year ended 30 June 2018
Notes to the financial statements

6 Investment in subsidiary undertakings

Cost	£'000
At 1 July 2017	20,057
As at 30 June 2018	<u>20,057</u>
Provision for impairment	
At 1 July 2017	(12,200)
Movement in provision in the year	(50)
At 30 June 2018	<u>(12,250)</u>
Net book value at 1 July 2017	<u>7,857</u>
Net book value at 30 June 2018	<u>7,807</u>

The subsidiary entities (all registered in England and Wales) owned by MEPC (1946) Limited are:

% Holding of ordinary shares	
30 June 2018	30 June 2017

The following 3 subsidiaries were passed into the hands of the liquidator on 8 August 2018:

Louisville Investments Limited^	100.00%	100.00%
MEPC Milton Park Limited^	100.00%	100.00%
MEPC UK Limited^	100.00%	100.00%

The other 5 subsidiary companies are:

The London County Freehold and Leasehold Properties Limited	100.00%	100.00%
Hermes Asset Management Limited*	100.00%	100.00%
MEPC Limited*	100.00%	100.00%
MEPC Secretaries Limited*	100.00%	100.00%
The Metropolitan Railway Surplus Lands Company*	100.00%	100.00%

^The registered office of all entities is 1020 Eskdale Road Winnersh, Wokingham, RG41 5TS.

*The registered office of all entities is Sixth Floor, 150 Cheapside, London, EC2V 6ET.

MEPC (1946) Limited
Directors' Report and Financial Statements
For the year ended 30 June 2018
Notes to the financial statements

7 Debtors	2018 £'000	2017 £'000
Amounts falling due within one year		
Amounts due from group undertakings	159	159
Other debtors	215	200
	<u>374</u>	<u>359</u>
Amounts falling due after more than one year		
Loans	<u>252,476</u>	<u>247,954</u>

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

8 Creditors	2018 £'000	2017 £'000
Amounts due to subsidiary undertakings	10,075	3,365
Corporation tax	133	-
Other creditors	57	56
	<u>10,265</u>	<u>3,421</u>

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

Amounts due to subsidiary undertakings are non interest bearing, no security is provided in respect of the amounts due and all amounts are repayable on demand.

9 Called up share capital	2018 £'000	2017 £'000
Allotted, called up and fully paid:		
430,759,951 Ordinary shares of £0.3026 each	<u>130,359</u>	<u>130,359</u>

At 30 June 2018 there were 430,759,951 (2017: 430,759,951) ordinary shares in issue.

At 30 June 2018 the Share Premium Account was valued at £78,073,000 (2017: £78,073,000).

10 Related parties	2018 £'000	2017 £'000
The following amounts were due to MEPC (1946) Limited:		
Leconport Estates, immediate parent undertaking	252,476	247,954
Caduceus Estates Limited, parent undertaking	<u>139</u>	<u>100</u>
The following amounts were due from MEPC (1946) Limited:		
Other subsidiary undertakings	<u>10,075</u>	<u>3,365</u>

MEPC (1946) Limited
Directors' Report and Financial Statements
For the year ended 30 June 2018
Notes to the financial statements

11 Ultimate parent company and controlling party

The directors regard Leconport Estates to be the Company'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 as the Company's ultimate parent controlling party. It is the parent of the largest 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: Sixth Floor, 150 Cheapside, London, EC2V 6ET, where copies of the BT Pension Scheme's and Leconport Estate's financial statements are available.