

Midlands Land Portfolio Limited

Annual report and financial statements for the year ended 31 March 2021

Company number: 07559692

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Midlands Land Portfolio Limited

**Annual report and financial statements
for the year ended 31 March 2021**

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Midlands Land Portfolio Limited

Company information

| | |
|--------------------------|---|
| Company number | 07559692 |
| Directors | R C McPheely J F Rossiter (Resigned 16 December 2020) H M Miles (Appointed 1 July 2020) A P Smith (Resigned 1 July 2020) |
| Secretary | G Eagle |
| Registered office | Severn Trent Centre 2 St John's Street Coventry CV1 2LZ |
| Banker | Barclays Bank PLC 1 Churchill Place London E14 5HP |
| Solicitor | Herbert Smith Freehills LLP Exchange House Primrose Street London EC2A 2EG |
| Auditor | Deloitte LLP Hill House 1 Little New Street London EC4A 3TR |

Midlands Land Portfolio Limited

Strategic report

The Directors present their Strategic report for the year ended 31 March 2021.

Business review and principal activities

The Company is a wholly owned subsidiary of Severn Trent Plc.

The principal activity of the Company is to own a portfolio of sites which it intends to sell with the benefit of planning consents. During the year, the Company sold no sites (2020: five) and as such recognised nil turnover from the sale of properties (2020: £8,465,000).

There have not been any significant changes in the Company's principal activities in the year under review. The Directors are not aware, at the date of this report, of any likely major changes in the Company's activities or prospects in the next year.

Severn Trent Plc manages its operations on a divisional basis and the Company's Directors do not believe that further key performance indicators for the Company are necessary to enhance the understanding of the development, performance or position of the business. The performance of the Business Services segment, which includes this company, is discussed in Severn Trent Plc's Annual Report and Accounts (which does not form part of this report). The Company has considered the potential impact of COVID-19 which is discussed in the financial position and going concern paragraph below.

Results and dividends

The Company's profit before taxation for the financial year was £132,000 (2020: £3,071,000), and the loss after taxation for the financial year was £231,000 (2020: profit of £2,280,000).

The Directors do not recommend the payment of a dividend (2020: nil).

Principal risks and uncertainties

Treasury management

The Severn Trent Group manages its treasury operations on a group basis. Financial risk management is performed by Severn Trent's Group Treasury department. This includes assessment and mitigation of price risk, credit risk, liquidity risk and interest rate cash flow risk. The Group's treasury management policies and operations are discussed in Severn Trent Plc's Annual Report and Financial Statements (which does not form part of this report).

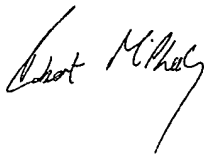
Financial position and going concern

The Directors have considered the Company's financial position at the balance sheet date and its prospects for the period to 12 months from the date of this report.

As at 31 March 2021, the Company had net assets of £12,271,000 (2020: £12,502,000) and net current assets of £27,200,000 (2020: £23,380,000). The Company's main source of funding is loans from other Group companies. No repayments of such loans fall due in the period under consideration. The Company participates in the Group's pooled banking arrangements and may draw down on funding, when required, from the Severn Trent Group in the form of intra-group loans. The Directors have a reasonable expectation that the Company has adequate resources, including financial resources available from other group companies, to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the report and annual financial statements.

Throughout the year and following the year end, the Board has considered and monitored the impact of COVID-19, in particular to evaluate its impact on financing and liquidity. This indicates that, while there has been a financial impact, it has been relatively minor and has not resulted in a significant impact to the Company's expected liquidity or solvency that cannot be addressed by mitigating actions.

By order of the Board



R C McPheely
Director
23 August 2021

Midland Land Portfolio Limited

Directors' report

The Directors present their report and the audited financial statements of the Company for the year ended 31 March 2021.

Matters included in the Strategic report

The following matters are included in the Company's Strategic report on the preceding page:

- Business review and principal activities of the Company
- Results and dividends
- Principal risks and uncertainties, including financial risk management
- Financial position and going concern.

Directors

The Directors who served during the year are shown on page 2.

Directors' indemnities

The Company's Articles of Association provide that directors of the Company shall be indemnified by the Company against any costs incurred by them in carrying out their duties, including defending any proceedings arising out of their positions as directors in which they are acquitted or judgment is given in their favour or relief from any liability is granted to them by the court. These indemnities were in force throughout the year and up to the date of signing of the financial statements.

Environment

The Company recognises the importance of its environmental responsibilities, monitors its impact on the environment and designs and implements policies to reduce any damage that might be caused by its activities. The Company operates in accordance with the Group policies of Severn Trent Plc which are described in the Group's Annual Report and Financial Statements (which does not form part of this report).

Post balance sheet events

On 25 June 2021, the sale of land for consideration of £6.4 million was completed, achieving profit on sale of £2.6 million.

Auditor and disclosure of information to the auditor

In the case of each of the persons who are directors of the Company at the date when this report is approved:

- so far as each of the Directors is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each of the Directors has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Relevant audit information means information needed by the Company's auditor in connection with preparing its report. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditors and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Midland Land Portfolio Limited

Directors' report (continued)

Directors' responsibilities statement

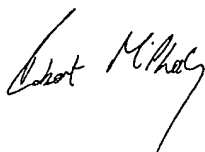
The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting standards, including Financial Reporting Standard 101 Reduced Disclosure Framework has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping 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 also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board and signed on its behalf by:



R C McPheely
Director
23 August 2021

Severn Trent Centre
2 St John's Street
Coventry
CV1 2LZ

Independent auditor's report to the members of Midlands Land Portfolio Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Midlands Land Portfolio Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- based on the work we have performed, we have not identified any material uncertainties that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report to the members of Midlands Land Portfolio Limited (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as tax and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports, and reviewing correspondence with HMRC.

Independent auditor's report to the members of Midlands Land Portfolio Limited (continued)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Use of our report

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.

Marianne Milnes

Marianne Milnes (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
23 August 2021

Midlands Land Portfolio Limited

Income statement

For the year ended 31 March 2021

| | Note | 2021 £'000 | 2020 £'000 |
|--|------|---------------|---------------|
| Revenue | 3 | 42 | 8,524 |
| Operating costs | 4 | 110 | (5,495) |
| Profit before interest and tax | | 152 | 3,029 |
| Finance income | 7 | 197 | 261 |
| Finance costs | 8 | (217) | (219) |
| Net finance (costs)/income | | (20) | 42 |
| Profit on ordinary activities before taxation | | 132 | 3,071 |
| Current tax | 9 | (25) | (583) |
| Deferred tax | 9 | (338) | (208) |
| Taxation on profit on ordinary activities | | (363) | (791) |
| (Loss)/profit for the year | | (231) | 2,280 |

All results are from continuing operations in both the current and preceding year.

The Company has no recognised gains or losses other than the results above and therefore no separate statement of comprehensive income has been presented.

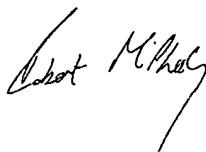
Midlands Land Portfolio Limited

Balance sheet

At 31 March 2021

| | Note | 2021 £'000 | 2020 £'000 |
|--|------|-----------------|-----------------|
| Non-current assets | | | |
| Trade and other receivables | 10 | 7,630 | 11,353 |
| Current assets | | | |
| Inventory | 11 | 25,625 | 22,833 |
| Trade and other receivables | 10 | 3,986 | 5,401 |
| Cash and cash equivalents | | 11 | – |
| | | 29,622 | 28,234 |
| Current liabilities | | | |
| Borrowings | 12 | – | (66) |
| Trade and other payables | 13 | (1,811) | (2,306) |
| Current tax payable | | (611) | (2,482) |
| | | (2,422) | (4,854) |
| Net current assets | | 27,200 | 23,380 |
| Total assets less current liabilities | | 34,830 | 34,733 |
| Non-current liabilities | | | |
| Borrowings | 12 | (18,652) | (17,577) |
| Trade and other payables | 13 | (2,279) | (3,364) |
| Deferred tax | 14 | (1,628) | (1,290) |
| | | (22,559) | (22,231) |
| Net assets | | 12,271 | 12,502 |
| Equity | | | |
| Share capital | 15 | – | – |
| Total retained earnings | | 12,271 | 12,502 |
| | | 12,271 | 12,502 |

The financial statements were approved by the Board of Directors on 23 August 2021. They were signed on its behalf by:



R C McPheely
Director
23 August 2021
Company Number: 07559692

Midlands Land Portfolio Limited

Statement of changes in equity

For the year ended 31 March 2021

| | Share capital | Retained earnings | Total |
|-------------------------|------------------|----------------------|---------------|
| | £'000 | £'000 | £'000 |
| At 1 April 2019 | – | 10,222 | 10,222 |
| Profit for the year | – | 2,280 | 2,280 |
| At 1 April 2020 | – | 12,502 | 12,502 |
| Loss for the year | – | (231) | (231) |
| At 31 March 2021 | – | 12,271 | 12,271 |

Midlands Land Portfolio Limited

Notes to the financial statements

1. Accounting policies

a) Accounting convention

The financial statements have been prepared on the going concern basis (see Strategic report) under the historical cost convention as modified by the revaluation of certain financial assets and liabilities at fair value, and in accordance with applicable United Kingdom Accounting Standards and comply with the requirements of the Companies Act 2006.

As at 31 March 2021, the Company had net assets of £12,271,000 (2020: £12,502,000) and net current assets of £27,200,000 (2020: £23,380,000). The Company's main source of funding is loans from other Group companies. No repayments of such loans fall due in the period under consideration. The Company participates in the Group's pooled banking arrangements and may draw down on funding, when required, from the Severn Trent Group in the form of intra-group loans. The Directors have a reasonable expectation that the Company has adequate resources, including financial resources available from other group companies, to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the report and annual financial statements.

The principal accounting policies, which have been applied consistently in the current and preceding year are set out below. These financial statements are presented in pounds sterling which is the currency of the primary economic environment in which the Company operates.

Midlands Land Portfolio Limited (the Company) is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales.

b) Basis of preparation

(i) General

The Company is a wholly owned subsidiary of Severn Trent Plc and is included in the consolidated financial statements of Severn Trent Plc.

The Company meets the definition of a qualifying entity under FRS 100 Application of Financial Reporting Requirements. Accordingly, the Company has elected to apply FRS 101 Reduced Disclosure Framework. Therefore the recognition and measurement requirements of International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union have been applied, with amendments where necessary in order to comply with the Companies Act 2006 and The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410) as these are Companies Act 2006 accounts.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the Group financial statements of Severn Trent Plc which are available to the public and can be obtained as set out in note 20.

c) Revenue recognition

Revenue includes turnover and other income.

Turnover represents the fair value of consideration receivable, excluding stamp duty, in the ordinary course of business for goods and services provided. Turnover is not recognised until the title has passed to the customer or there is an exchange of an unconditional contract.

Where the timing of payments agreed under a contract provide the customer with a significant benefit of financing the transfer of property, then the contract is considered to contain a significant financing component. The financing component is measured by applying the discount rate that would reflect the credit characteristics of the customer to the amount financed. The rate is not adjusted for changes in interest rates or credit risk after inception of the contract.

Other income represents the fair value of consideration receivable for commercial leases, excluding value added tax and trade discounts in the ordinary course of business for services provided. Income from rent is recognised on a straight-line basis over the contract term of the agreement.

Midlands Land Portfolio Limited

Notes to the financial statements (continued)

1. Accounting policies (continued)

d) Taxation

Current tax payable is based on taxable profit for the year and is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on taxable temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred taxation is measured on a non-discounted basis using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Current and deferred tax are recognised in profit or loss, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

A deferred tax asset is only recognised to the extent it is probable that sufficient taxable profits will be available in the future to utilise it. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities.

e) Inventory

Inventory is land held for resale and is stated at the lower of cost and net realisable value. Cost includes acquisition and development costs.

f) Financial assets

Financial assets represent deferred consideration under an agreed contract for the sale of land. Financial assets are recognised at fair value at initial recognition and subsequently measured at amortised cost. The unwinding of the financing component is recognised in finance income and it is unwound over the life of the contract. If the recoverable amount of a financial asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

2. Critical accounting judgments and key sources of estimation uncertainty

In the process of applying the Company's accounting policies, the Company has made no critical accounting judgments and there are no key sources of estimation uncertainty.

3. Revenue

The principal activity of the Company is to own a portfolio of sites which it intends to sell with the benefit of planning consents. All income is earned in the UK.

| | 2021 £'000 | 2020 £'000 |
|------------------|---------------|---------------|
| Sale of property | – | 8,465 |
| Other income | 42 | 59 |
| Revenue | 42 | 8,524 |

4. Operating costs

| | 2021 £'000 | 2020 £'000 |
|-------------------------|---------------|---------------|
| Cost of properties sold | (131) | 5,491 |
| Other operating costs | 21 | 4 |
| | (110) | 5,495 |

The credit for cost of properties sold in current year arose from the release of an over-accrual in the previous year.

Audit fees of £1,000 (2020: £1,000) are paid by the parent company for the audit of the statutory financial statements. No other fees were payable to the auditor (2020: nil).

Midlands Land Portfolio Limited

Notes to the financial statements (continued)

5. Employee numbers

The average monthly number of employees (including Executive Directors) during the year was nil (2020: nil).

6. Directors' remuneration

The emoluments of the Directors are paid by other companies within the Severn Trent Group.

7. Finance income

| | 2021 £'000 | 2020 £'000 |
|--|---------------|---------------|
| Unwind of discount on deferred consideration | 197 | 261 |

8. Finance costs

| | 2021 £'000 | 2020 £'000 |
|---------------------------------------|---------------|---------------|
| Interest charged on: | | |
| Amounts payable to group undertakings | 217 | 219 |

9. Taxation

a) Analysis of tax charge in the year

| | 2021 £'000 | 2020 £'000 |
|--|---------------|---------------|
| Current tax at 19% (2020: 19%) | | |
| Current year | 25 | 583 |
| Total current tax charge | 25 | 583 |
| Deferred tax | | |
| Origination and reversal of temporary differences: | | |
| - current year | 252 | 80 |
| - prior year | 86 | 1 |
| Impact of rate change | – | 127 |
| Total deferred tax charge | 338 | 208 |
| | 363 | 791 |

b) Factors affecting the tax charge in the year

The tax assessed for the current year is higher (2020: higher) than the tax at the standard rate of corporation tax in the UK of 19% (2020: 19%).

The differences are explained below:

| | 2021 £'000 | 2020 £'000 |
|---|---------------|---------------|
| Profit before taxation | 132 | 3,071 |
| Tax at the standard rate of corporation tax in the UK 19% (2020: 19%) | 25 | 583 |
| Deferred tax arising on land held for resale | 252 | 80 |
| Adjustments in respect of prior years | 86 | 1 |
| Deferred tax arising on rate change | – | 127 |
| Total tax charge | 363 | 791 |

Midlands Land Portfolio Limited

Notes to the financial statements (continued)

10. Trade and other receivables

| | 2021 £'000 | 2020 £'000 |
|--|---------------|---------------|
| Current assets | | |
| Trade receivables | 6 | 50 |
| Amounts receivable from group undertakings | 25 | 191 |
| Deferred consideration | 3,955 | 5,160 |
| | 3,986 | 5,401 |
| Non-current assets | | |
| Deferred consideration | 7,630 | 11,353 |
| | 11,616 | 16,754 |

The carrying values of trade and other receivables are reasonable approximations of their fair values.

11. Inventory

| | 2021 £'000 | 2020 £'000 |
|--------------------|---------------|---------------|
| Land held for sale | 25,625 | 22,833 |

12. Borrowings

| | 2021 £'000 | 2020 £'000 |
|--|---------------|---------------|
| Current | | |
| Bank overdraft | – | 66 |
| Non-current | | |
| Loans due to parent and fellow subsidiary undertakings | 18,652 | 17,577 |

The Company has a facility of £35,000,000 available from Severn Trent Plc. The loan is unsecured with interest payable at 6m LIBOR + 1.075%. The facility matures on 29 March 2024.

13. Trade and other payables

| | 2021 £'000 | 2020 £'000 |
|---|---------------|---------------|
| Current liabilities | | |
| Trade payables | 32 | 25 |
| Amounts owed to fellow subsidiary undertakings | 1,168 | 1,677 |
| Accruals | 290 | 498 |
| Deferred income | 321 | 106 |
| | 1,811 | 2,306 |
| Non-current liabilities | | |
| Amounts owed to parent and fellow subsidiary undertakings | 2,168 | 3,253 |
| Deferred income | 111 | 111 |
| | 2,279 | 3,364 |
| | 4,090 | 5,670 |

Amounts owed to fellow subsidiary undertakings included within trade and other payables are trading in nature, unsecured, and do not bear interest.

Midlands Land Portfolio Limited

Notes to the financial statements (continued)

14. Deferred tax

An analysis of the movement in the deferred tax liability recognised by the Company is set out below:

| | Land held for resale £'000 |
|--------------------------------------|----------------------------------|
| As at 1 April 2019 | 1,082 |
| Charge to income | 81 |
| Charge to income from change of rate | 127 |
| As at 31 March 2020 | 1,290 |
| Charge to income | 252 |
| Adjustments in respect of prior year | 86 |
| As at 31 March 2021 | 1,628 |

Deferred tax is provided at 19%, being the corporation tax rate applicable at the balance sheet date. In March 2021 the UK Government announced its intention to increase the rate of corporation tax to 25% with effect from 1 April 2023. If this rate had applied at the balance sheet date the Company's deferred tax liability would have been £514,000 higher.

15. Share capital

| | 2021 £'000 | 2020 £'000 |
|--|---------------|---------------|
| Total issued and fully paid share capital | | |
| 1 ordinary share of £1 (2020: 1) | – | – |

16. Operating lease arrangements

During the year, the Company has earned rental income of £42,000 (2020: £59,000). The lessee does not have the option to purchase the property at the expiry of the lease period.

At the balance sheet date, the Company had contracted with tenants for the following future minimum lease payments:

| | 2021 £'000 | 2020 £'000 |
|----------------------------|---------------|---------------|
| Within one year | 39 | 17 |
| Between one and five years | 117 | 55 |
| After five years | 737 | 235 |
| | 893 | 307 |

17. Contingent liabilities

The banking arrangement of the Company operate on a pooled basis with certain fellow group undertakings. Under these arrangements participating companies guarantee each other's balances only to the extent that their credit balances can be offset against overdrawn balances of other Severn Trent Group companies.

At 31 March 2021 the Company's maximum exposure under these arrangements was £11,000 (2020: nil).

18. Post balance sheet events

On 25 June 2021, the sale of land for consideration of £6.4 million was completed, achieving profit on sale of £2.6 million.

19. Related party transactions

There have been no transactions with the Directors of the Company during the last financial year.

In accordance with the exemption allowed by FRS 101, no disclosure is made of transactions with other wholly owned subsidiary companies which are consolidated into the Severn Trent Plc Group.

Midlands Land Portfolio Limited

Notes to the financial statements (continued)

20. Ultimate parent undertaking

The immediate parent undertaking is Severn Trent Holdings Limited.

The ultimate parent undertaking and controlling party is Severn Trent Plc, which is the parent undertaking and controlling party of the smallest and largest group to consolidate these financial statements. Copies of the Severn Trent Plc consolidated financial statements can be obtained from Severn Trent Plc's registrars at Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA.