

Registered number
05514581

MEPC Limited
Annual Report and Financial Statements
for the year ended
31 December 2010

WEDNESDAY



L5NJ8W66

LD7

27/07/2011

COMPANIES HOUSE

14

MEPC Limited

Directors' Report

The directors present their report and financial statements for the year ended 31 December 2010

Principal activities

The company's principal activity during the year continued to be asset management. The directors do not foresee any material changes in the scope or nature of the company's activities for the forthcoming year.

Business review

The results for the year are set out in the attached profit and loss account on page 5. The company's turnover has decreased from £7,082,598 in the 12 months to 31 December 2009 to £5,436,110 in the 12 months to 31 December 2010. The profit for the year was £888,039 (2009: £2,137,384).

The company's turnover is derived from fees earned from the management of commercial real estate and is based on the gross asset value of these assets. The economic downturn has continued to adversely affect the commercial real estate sector, which has impacted valuations and consequently fee income.

Going concern

The directors have acknowledged the latest guidance on going concern and, as explained in the accounting policies note on page 7, the financial statements have been prepared on a going concern basis.

Financial risk management objectives and policies

The company's activities expose it to a number of financial risks which are detailed below.

Property market risk

As noted above, the company's turnover is derived from fees earned from the management of commercial real estate. As such it is subject to the risks generally associated with real estate values and performance which include:

- Possible further adverse yield shifts in the real estate portfolio under management, and
- Reduced development activity in the real estate portfolio under management.

Taxation risk

The company is exposed to changes in the tax regime. Proposed and actual changes in legislation are monitored with the help of our professional advisors.

Dividends

An interim dividend of £1,000,000 has been paid (2009: £2,000,000). The directors do not recommend payment of a final dividend (2009: £nil).

Directors

The following persons served as directors during the year and to the date of signing:

Mr AH Cherry (resigned 23 January 2010)
Mr CRA Darroch (appointed 18 April 2011)
Mr RA De Blaby
Mr JA Dipple
Mr AD Evans (resigned 20 September 2010)
Mr P Freeman (resigned 16 February 2011)
Ms EA Mousley (appointed 29 September 2010)
Mrs R Page
Mr CM Taylor (appointed 1 December 2010)
Mr TWJ Turnbull (resigned 31 March 2011)
Mr JHC Walsh

The company secretary is MEPC Secretaries Limited.

MEPC Limited
Directors' Report (continued)

Charitable donations

During the year the company made charitable donations of £2,203 (2009 £1,271) principally to local and real estate charities serving the communities in which the company operates

Disclosure of information to auditors

Each person who was a director at the time that this report was approved confirms that

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware, and
- they have taken all the steps that they ought to have taken as a director in order to make themselves 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 Section 418 of the Companies Act 2006

Deloitte LLP, registered auditors, having consented to act, have been appointed as auditors of the company to hold office until the Directors determine otherwise

This report was approved by the board on 15 July 2011



R Page
Director

MEPC Limited
Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, 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 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.

MEPC Limited

Independent Auditors' Report to the Shareholder of MEPC Limited

We have audited the financial statements of MEPC Limited for the year ended 31 December 2010 which comprise the profit and loss account, balance sheet and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Section 495 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 auditors' 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.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatement or inconsistencies we consider the implications for our report for the year then ended.

Opinion on financial statements

In our opinion, the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

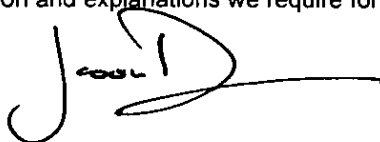
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, 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.



Jason Davies (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Reading, UK

11 July 2011

MEPC Limited
Profit and Loss Account
for the year ended 31 December 2010

	Notes	2010 £	2009 £
Turnover		5,436,110	7,082,598
Administrative expenses	2	(4,586,977)	(4,964,707)
Operating profit		<u>849,133</u>	<u>2,117,891</u>
Net interest	3	38,906	19,493
Profit on ordinary activities before taxation		<u>888,039</u>	<u>2,137,384</u>
Taxation	7	-	-
Profit on ordinary activities after taxation		<u>888,039</u>	<u>2,137,384</u>

All income is derived from United Kingdom continuing operations

The company has no other recognised gains or losses in the current or preceding year, and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the reported results and the results stated on a historic cost basis

The notes on pages 7 to 11 form part of these financial statements

MEPC Limited
Balance Sheet
as at 31 December 2010

	Notes	2010 £	2009 £
Fixed assets			
Tangible assets	9	<u>240,351</u>	<u>188,358</u>
Current assets			
Debtors	10	16,874,761	8,455,295
Short term cash deposits		4,000,000	6,000,000
Cash at bank and in hand		<u>96,223</u>	<u>1,004,304</u>
		20,970,984	15,459,599
Creditors' amounts falling due within one year	11	(14,750,746)	(9,075,407)
Net current assets		<u>6,220,238</u>	<u>6,384,192</u>
Net assets		<u>6,460,589</u>	<u>6,572,550</u>
Capital and reserves			
Share capital	12,13	1	1
Profit & loss account	13	6,460,588	6,572,549
Shareholder's funds		<u>6,460,589</u>	<u>6,572,550</u>

The notes on pages 7 to 11 form part of these financial statements

The financial statements of MEPC Limited, registration number 05514581, were approved by the board of directors on 18 July 2011

Signed on behalf of the board of directors

R Page
Director



MEPC Limited
Notes to the Financial Statements
for the year ended 31 December 2010

1 Accounting policies

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

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

Going concern

The company operates in the commercial real estate sector managing a portfolio of properties throughout the UK.

The company is subject to general economic risks as well as operational risks and uncertainties which include:

- Possible further adverse yield shifts in the real estate portfolio under management, and
- Reduced development activity in the real estate portfolio under management

The directors have assessed the key business risks and uncertainties in preparing cash flow forecasts and have concluded, based on the cash flow forecast, that the company has adequate resources to continue in operational existence for the foreseeable future and that it is appropriate to prepare the accounts on a going concern basis.

Turnover

Turnover represents the value, net of value added tax and discounts, of goods provided to customers and work carried out in respect of services provided to customers.

Fixed assets

Fixed assets are stated at cost net of depreciation. Depreciation is provided on a straight-line basis with reference to the expected useful lives of each asset.

IT equipment	3 years
Office furniture	3 to 5 years

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, on-demand deposits together with short term liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value. Cash at bank consists of all funds in current accounts available within 24 hours. Short-term deposits generally include bank deposits and fixed-term investments whose maturities are of three months or less from the transaction date.

Taxation

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

Full provision is made for deferred taxation resulting from timing differences between the recognition of gains and losses in the accounts and their recognition for tax purposes. Deferred taxation is calculated on an un-discounted basis at the tax rates which are expected to apply in the periods when the timing differences will reverse.

MEPC Limited
Notes to the Financial Statements
for the year ended 31 December 2010

1 Accounting policies (continued)

Pensions

The company made pension contributions to the MEPC Limited Pension & Assurance Scheme (the DB Scheme). The DB scheme is a defined benefit scheme. The company is unable to determine its share of the underlying assets and liabilities of the DB Scheme and accordingly accounts for the DB Scheme as if it were a defined contribution scheme. Contributions to the DB Scheme were therefore charged to the profit and loss account when incurred.

Until April 2010, the company also made pension contributions to the MEPC Limited (Defined Contribution) Pension Scheme (the DC Scheme) on behalf of its employees. From April 2010, pension contributions are being made to a new arrangement of a Group Personal Pension Plan.

Cash flow statement

Under Financial Reporting Standard (FRS) 1 Cash Flow Statement (revised 1996), the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly-owned subsidiary undertaking, and is included in consolidated accounts which are publicly available.

Related party transactions

Under FRS 8, Related Party Transactions the company is exempt from the requirements to disclose related party transactions on the grounds that it is a wholly-owned subsidiary undertaking.

2 Administrative expenses

Administrative expenses include audit fees of £6,305 (2009 £6,305) and depreciation charged on fixed assets of £103,312 (2009 £138,244).

3 Net interest

	2010 £	2009 £
Bank interest receivable	42,901	24,223
Bank interest payable	(3,995)	(4,730)
	<u>38,906</u>	<u>19,493</u>

4 Staff costs

	2010 No	2009 No
The average monthly number of employees (including executive directors)	<u>46</u>	<u>47</u>
	2010 £	2009 £
Aggregate remuneration comprised		
Wages and salaries	3,127,810	3,861,224
Social security costs	377,814	491,310
Other pension costs	228,979	228,187
	<u>3,734,603</u>	<u>4,580,721</u>

MEPC Limited
Notes to the Financial Statements
for the year ended 31 December 2010

5 Directors' remuneration

	2010 £	2009 £
Emoluments	1,073,138	1,292,090
Company contributions to money purchase schemes	<u>57,845</u>	<u>54,845</u>

	2010 No	2009 No.
The number of directors who		
Are members of a money purchase scheme	<u>4</u>	<u>4</u>

	2010 £	2009 £
Remuneration of the highest paid director		
Emoluments	370,070	513,052
Company contributions to money purchase scheme	<u>16,845</u>	<u>16,845</u>

6 Pensions

Until April 2010, the company contributed to the MEPC Limited (Defined Contribution) Pension Scheme. The wind up of that Scheme, which commenced in April 2010, was completed on 30 March 2011. From 1 April 2010, the company has contributed to a Group Personal Pension Plan. The total pension cost to the company was £171,421 (2009 £162,444).

7 Taxation

	2010 £	2009 £
UK corporation tax	<u>-</u>	<u>-</u>
Tax charge on profit on ordinary activities	<u>-</u>	<u>-</u>

The tax charge in the year is lower than the standard rate of corporation tax in the the UK of 28% (2009 28%). The differences are explained below

	2010 £	2009 £
Profit on ordinary activities before taxation	<u>888,039</u>	<u>2,137,384</u>
Corporation tax in the UK of 28% (2009 28%)	248,651	598,468
Group relief claimed	(269,643)	(617,885)
Non taxable income of imputed income and expenses not deductible for tax purposes	(9,264)	2,542
Depreciation in excess of capital allowances	<u>30,256</u>	<u>16,875</u>
	<u>-</u>	<u>-</u>

Deferred tax assets totalling £71,739 (2009 £20,192) in respect of capital allowances have not been recognised as the company is not sufficiently certain that it will be able to recover these assets within a relatively short period of time.

MEPC Limited
Notes to the Financial Statements
for the year ended 31 December 2010

8 Dividends

	2010 £	2009 £
Interim dividend paid for the year ended 31 December 2010 of £1,000,000 per ordinary share (2009 £2,000,000 per ordinary share)	<u>1,000,000</u>	<u>2,000,000</u>

9 Tangible operating assets

	IT equipment £	Office furniture £	Total £
Cost			
At 1 January 2010	363,100	174,674	537,774
Additions	155,305	-	155,305
Disposals	<u>(248,248)</u>	<u>-</u>	<u>(248,248)</u>
At 31 December 2010	<u>270,157</u>	<u>174,674</u>	<u>444,831</u>
Depreciation			
At 1 January 2010	(302,837)	(46,579)	(349,416)
Charge for the year	(68,377)	(34,935)	(103,312)
Disposals	<u>248,248</u>	<u>-</u>	<u>248,248</u>
At 31 December 2010	<u>(122,966)</u>	<u>(81,514)</u>	<u>(204,480)</u>
Net book value			
At 1 January 2010	<u>60,263</u>	<u>128,095</u>	<u>188,358</u>
At 31 December 2010	<u>147,191</u>	<u>93,160</u>	<u>240,351</u>

10 Debtors

	2010 £	2009 £
Amounts owed by group undertakings	16,524,176	8,249,181
Other debtors	<u>350,585</u>	<u>206,114</u>
	<u>16,874,761</u>	<u>8,455,295</u>

11 Creditors amounts falling due within one year

	2010 £	2009 £
Trade creditors	35,771	89,697
Amounts owed to group undertakings	13,216,874	7,384,632
Other taxes and social security costs	167,087	126,508
Other creditors	<u>1,331,014</u>	<u>1,474,570</u>
	<u>14,750,746</u>	<u>9,075,407</u>

MEPC Limited
Notes to the Financial Statements
for the year ended 31 December 2010

12 Share capital

	Allotted, issued and fully paid 2010 & 2009		Authorised 2010 & 2009
	No	£	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1,000</u>

13 Capital and reserves

	Share capital	Profit & loss account	Total 2010	Total 2009
	£	£	£	£
As at 1 January	1	6,572,549	6,572,550	6,435,166
Profit for the year	-	888,039	888,039	2,137,384
Dividends	-	(1,000,000)	(1,000,000)	(2,000,000)
As at 31 December	<u>1</u>	<u>6,460,588</u>	<u>6,460,589</u>	<u>6,572,550</u>

14 Controlling party

The ultimate parent company and largest group in which the results of the company are consolidated is that headed by the BT Pension Scheme. The consolidated accounts of this group are available from Lloyds Chambers, Portsoken Street, London, E1 8HZ.

The intermediate holding company and smallest group in which the results of the company are consolidated is that headed by Leconport Estates. The consolidated accounts of this group are available from 4th Floor, Lloyds Chambers, Portsoken Street, London, E1 8HZ.