

04007123

Leconport Estates

Directors' Report and Consolidated Financial Statements

For the year ended 30 June 2019



Leconport Estates
Directors' Report and Consolidated Financial Statements
Year ended 30 June 2019
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Leconport Estates
Directors' Report and Consolidated Financial Statements
Year ended 30 June 2019
Company Information

Directors

K Wilman

M Torode (resigned 23 August 2019)

C Judd (appointed 1 December 2018)

S Cunningham (resigned 1 December 2018)

J Lisbey (appointed 23 August 2019 and resigned 28 February 2020)

D Duncan (appointed 28 February 2020)

Secretary

Hermes Secretariat Limited

Auditor

KPMG LLP

15 Canada Square

Canary Wharf

London

E14 5GL

Bankers

Royal Bank of Scotland

PO Box 39952

2 1/2 Devonshire Square

London

United Kingdom

EC2M 4XJ

Registered office

Sixth Floor

150 Cheapside

London

United Kingdom

EC2V 6ET

Registered number

04007123

Leconport Estates
Directors' Report and Consolidated Financial Statements
Year ended 30 June 2019
Strategic Report

The directors present their strategic report for the year ended 30 June 2019. The Strategic Report has been prepared for the Group consisting of Leconport Estates ("the Company") and its subsidiary undertakings ("the Group").

Principal activities

The principal activity of the Group is property investment. The principal activity of the Company is to act as an intermediate holding company. All income received during the current and prior year relates to management fees.

Review of the business

The results for the Group are set out in the Consolidated Profit and Loss Account on page 8. The turnover for the Group was £9,320,000 (2018: £5,120,000), which generated an operating profit of £5,642,000 (2018: £1,490,000) and a profit for the financial year of £5,309,000 (2018: £1,504,000).

The turnover for the Company was £nil (2018: £nil), which generated an operating loss of £8,000 (2018: £nil) and a profit for the financial year of £2,838,000 (2018: loss of £10,927,000).

The Balance Sheet shows that the Group has a net asset position of £104,889,000 at 30 June 2019 (2018: £115,580,000) and the Company has a net asset position of £98,599,000 at 30 June 2019 (2018: £95,761,000). The majority of the direct real estate investments held by the Group have been disposed of in previous years and the directors continue to seek to relinquish investments in subsidiaries while managing the remaining assets and continuing the management activities of the Group.

Key Performance Indicators ("KPIs")

The principal KPIs used by management are the profit for the year and the net asset value of the business as included in the review of the business above.


Principal risks and uncertainties

The directors consider the following to be the principal risks of both the Group and Company:

- Market risk resulting in unforeseen changes to asset values.
- Credit risk associated with debtors resulting in a potential loss to the business.
- Receivables from its immediate parent entity.
- Amounts payable to and receivable from subsidiary undertakings.

The directors expect the current level of activity to continue in the forthcoming year.

Approved by the Board of Directors on 21 May 2020 and signed on its behalf:

DocuSigned by:

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D Duncan
Director

Leconport Estates
Directors' Report and Consolidated Financial Statements
Year ended 30 June 2019
Directors' Report

The directors present their report and consolidated financial statements for the year ended 30 June 2019.

Directors

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

Principal activity, review of the business and future developments

Details of the principal activity, review of the business, and risks and uncertainties can be found in the Strategic Report on page 2.

Going concern

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

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

Results and dividends

The results of the Group are shown in the Strategic Report on page 2. Interim dividends totalling £16,000,000 have been paid in the year (2018: £10,800,000). The directors do not recommend payment of a final dividend (2018: £nil).

Events after the Balance Sheet date

On 11 December 2018, the loan facility between MEPC (1946) Limited and Leconport Estates was extended. The £300 million facility is due for repayment on 31 December 2020. The interest rate in respect of the facility is LIBOR plus 1.5%.

The investment held by MEPC (1946) Limited in MEPC Limited was sold on 15 January 2020 to Hermes Fund Managers Limited.

Apart from the above, no other material transactions have taken place post the balance sheet date.

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

Leconport Estates
Directors' Report and Consolidated Financial Statements
Year ended 30 June 2019
Directors' Report (continued)

Disclosure of information to auditor

Each of the persons who is a director at the date of approval of this report confirms that:

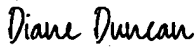
- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware;
and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that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

This confirmation is given and should be interpreted in accordance with the provisions of s418 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:

DocuSigned by:


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D Duncan

Director

Sixth Floor, 150 Cheapside, London, EC2V 6ET

Date: 21 May 2020

Leconport Estates

Directors' Report and Consolidated Financial Statements

Year ended 30 June 2019

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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.

Leconport Estates
Directors' Report and Consolidated Financial Statements
Year ended 30 June 2019
Independent Auditor's Report to the Members of Leconport Estates

Opinion

We have audited the Group's and Company's financial statements of Leconport Estates ("the Company") for the year ended 30 June 2019 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated and Company Statements of Changes of Equity, the Consolidated Statement of Cash Flows, and the 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 Group's and Company's affairs as at 30 June 2019 and of the profit of the Group for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including 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 of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

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

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

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

Strategic report and general partner's report

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

Our responsibility is to read the strategic report and directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

Based solely on that work:

- we have not identified material misstatements in those reports;
- in our opinion the information given in those reports 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.

Leconport Estates
Directors' Report and Consolidated Financial Statements
Year ended 30 June 2019
Independent Auditor's Report to the Members of Leconport Estates (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to 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 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

R Kelly

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

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

Leconport Estates
Directors' Report and Consolidated Financial Statements
Year ended 30 June 2019
Consolidated Profit and Loss Account

	<u>Notes</u>	2019 £'000	2018 £'000
Management fee income		9,320	5,120
Administrative expenses		(3,678)	(3,695)
Other income		-	65
Operating profit	2	<u>5,642</u>	<u>1,490</u>
Interest receivable and similar income		66	147
Profit on ordinary activities before taxation		<u>5,708</u>	<u>1,637</u>
Tax on profit on ordinary activities	5	(399)	(133)
Profit for the financial year		<u><u>5,309</u></u>	<u><u>1,504</u></u>

All activities derive from continuing operations.

There are no recognised gains or losses for the current and preceding year other than those stated above. Accordingly, no separate Statement of Other Comprehensive Income has been presented.

Notes 1 to 13 form part of these financial statements.


Leconport Estates
Directors' Report and Consolidated Financial Statements
Year ended 30 June 2019
Consolidated Balance Sheet

	<u>Notes</u>	2019 £'000	2018 £'000
Current assets			
Debtors	7	104,166	101,759
Cash		<u>5,982</u>	<u>18,680</u>
		110,148	120,439
 Creditors: amounts falling due within one year	 8	 (5,259)	 (4,859)
 Net current assets		 <u>104,889</u>	 <u>115,580</u>
 Net assets		 <u>104,889</u>	 <u>115,580</u>
 Capital and reserves			
Called up share capital	9	1,000	1,000
Preference shares	9	350	350
Profit and loss account		103,539	114,230
 Shareholder's funds		 <u>104,889</u>	 <u>115,580</u>

Company number: 04007123

Notes 1 to 13 form part of these financial statements.

The financial statements of Leconport Estates (registered no.04007123) were approved by the Board of Directors and authorised for issue on 21 May 2020 and signed on their behalf by:

DocuSigned by:

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D Duncan
Director

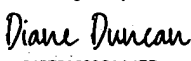
Leconport Estates
Directors' Report and Consolidated Financial Statements
Year ended 30 June 2019
Company Balance Sheet

	<u>Notes</u>	2019 £'000	2018 £'000
Fixed assets			
Investment in subsidiary undertakings	6	<u>260,065</u>	<u>251,345</u>
		<u>260,065</u>	<u>251,345</u>
Current assets			
Debtors	7	100,009	100,009
Cash		<u>55</u>	<u>63</u>
		100,064	100,072
Creditors: amounts falling due within one year	8	(3,181)	(3,180)
Net current assets		<u>96,883</u>	<u>96,892</u>
Creditors: amounts falling due after more than one year	8	(258,349)	(252,476)
Net assets		<u>98,599</u>	<u>95,761</u>
Capital and reserves			
Called up share capital	9	1,000	1,000
Preference shares	9	350	350
Profit and loss account		97,249	94,411
Shareholder's funds		<u>98,599</u>	<u>95,761</u>

Company number: 04007123

Notes 1 to 13 form part of these financial statements.

The financial statements of Leconport Estates were approved by the Board of Directors and authorised for issue on 21 May 2020 and signed on their behalf by:

DocuSigned by:

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D Duncan
Director

Leconport Estates
Directors' Report and Consolidated Financial Statements
Year ended 30 June 2019
Consolidated and Company Statements of Changes in Equity

Group	Called up Share Capital £'000	Preference Shares £'000	Profit and Loss Account £'000	Total £'000
Balance at 1 July 2017	1,000	350	123,526	124,876
Total profit for the year	-	-	1,504	1,504
Dividend paid	-	-	(10,800)	(10,800)
Balance at 1 July 2018	<u>1,000</u>	<u>350</u>	<u>114,230</u>	<u>115,580</u>
Total profit for the year	-	-	5,309	5,309
Dividend paid	-	-	(16,000)	(16,000)
Balance at 30 June 2019	<u><u>1,000</u></u>	<u><u>350</u></u>	<u><u>103,539</u></u>	<u><u>104,889</u></u>

Company	Called up Share Capital £'000	Preference Shares £'000	Profit and Loss Account £'000	Total £'000
Balance at 1 July 2017	1,000	350	105,338	106,688
Total loss for the year	-	-	(10,927)	(10,927)
Balance at 1 July 2018	<u>1,000</u>	<u>350</u>	<u>94,411</u>	<u>95,761</u>
Total profit for the year	-	-	2,838	2,838
Balance at 30 June 2019	<u><u>1,000</u></u>	<u><u>350</u></u>	<u><u>97,249</u></u>	<u><u>98,599</u></u>

Notes 1 to 13 form part of these financial statements.

Leconport Estates
Directors' Report and Consolidated Financial Statements
Year ended 30 June 2019
Consolidated Statement of Cash Flows

	Notes	2019 £'000	2018 £'000
Operating profit		5,642	1,490
<i>Adjustments for:</i>			
Taxation paid		(399)	-
(Increase) / decrease in debtors due within one year	7	(2,407)	47
Increase in creditors due within one year	8	400	348
Net cash inflow from operating activities		<u>3,236</u>	<u>1,885</u>
Cash flows from investing activities			
Interest received		66	147
Cash outflows from financing activities			
Dividends paid		(16,000)	(10,800)
Net decrease in cash and cash equivalents		<u>(12,698)</u>	<u>(8,768)</u>
Cash and cash equivalents at beginning of year		18,680	27,448
Cash and cash equivalents at end of year		<u><u>5,982</u></u>	<u><u>18,680</u></u>

Notes 1 to 13 form part of these financial statements.

Leconport Estates
Directors' Report and Consolidated Financial Statements
Year ended 30 June 2019
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 prior year.

Basis of accounting

The financial statements have been prepared under the historical cost and are in accordance with Financial Reporting Standard 102 ("FRS 102") issued by the Financial Reporting Council.

The address of the registered office is given on page 1. The nature of the Group's operations and its principal activities are set out in the Strategic Report on page 2.

The functional currency of Leconport Estates ("the Company") is considered to be pounds sterling as this is the currency of the primary economic environment in which the Company operates.

Basis of consolidation

The Group financial statements consolidate the financial statements of Leconport Estates and its subsidiary undertakings drawn up to 30 June each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. All intra-group transactions, balances, income and expenses are eliminated on consolidation. A separate Profit and Loss Account for Leconport Estates has not been prepared as permitted by section 408 of the Companies Act 2006.

Going concern

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

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

Investment in subsidiaries

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

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.

Cash and deposits

Cash and deposits includes cash at bank, cash on hand and overnight deposits.

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.

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.

Turnover

Turnover represents the value, net of valued added tax and discounts, of goods provided to customers and work carried out in respect of services provided to customers. The Company's policy is to recognise income when the service has substantively been provided.

Leconport Estates
Directors' Report and Consolidated Financial Statements
Year ended 30 June 2019
Notes to the Financial Statements

1 Accounting policies (continued)

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.

Carrying value 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.

2 Operating profit

Audit fees for the consolidated group of Leconport Estates and subsidiaries of £28,595 for the year ended 30 June 2019 (2018: £26,600) were borne by the Company's subsidiary undertaking, MEPC (1946) Limited.

3 Staff costs

	2019 No.	2018 No.
The average monthly number of employees (including executive directors):		
Asset management and development	<u>19</u>	<u>18</u>
	2019	2018
	£'000	£'000
Aggregate remuneration comprised:		
Wages and salaries	2,445	2,563
Social security costs	325	319
Other pension costs	80	114
	<u>2,850</u>	<u>2,996</u>

4 Directors' remuneration

	2019 £'000	2018 £'000
Emoluments	<u>1,312</u>	<u>682</u>
	<u>1,312</u>	<u>682</u>
	2019	2018
Number of directors who:		
Are members of a money purchase scheme	<u>1</u>	<u>1</u>
	2019	2018
	£'000	£'000
Remuneration of the highest paid director:		
Emoluments	<u>1,067</u>	<u>502</u>
	<u>1,067</u>	<u>502</u>

Leconport Estates
Directors' Report and Consolidated Financial Statements
Year ended 30 June 2019
Notes to the Financial Statements

5 Taxation

	2019 £'000	2018 £'000
Analysis of tax charge in the year		
Current tax:		
UK corporation tax	411	133
Adjustment in respect of prior periods	-	-
Current tax charge	<u>411</u>	<u>133</u>
Deferred tax:		
Origination and reversal of timing differences	(9)	-
Adjustment in respect of prior periods	(4)	-
Effect of tax rate charge	1	-
Deferred tax charge	<u>(12)</u>	<u>-</u>
Total tax charge on profit	<u><u>399</u></u>	<u><u>133</u></u>
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.		
Profit on ordinary activities before taxation	<u>5,708</u>	<u>1,637</u>
Profit on ordinary activities multiplied by tax at the UK standard rate of 19% (2018: 19%).	1,085	311
Effects of:		
Expenses not deductible for tax purposes	18	6
Income not taxable for tax purposes	(37)	(31)
Adjustments in respect of prior periods	(133)	-
Other short term timing differences	208	(20)
Capital losses	(2,062)	-
Use of losses for which no deferred tax recognised	<u>1,332</u>	<u>(133)</u>
Total taxation	<u><u>411</u></u>	<u><u>133</u></u>

Factors that may affect future tax charges:

At 30 June 2018 there are deferred tax assets not recognised in respect of tax losses carried forward of £29,432,000 (2018: £28,501,000) as the Company is not sufficiently certain that it will be able to recover these assets in the foreseeable future and £14,000 (2018: £nil) in respect of capital allowances and other short term differences.

Leconport Estates
Directors' Report and Consolidated Financial Statements
Year ended 30 June 2019
Notes to the Financial Statements

6 Investment in subsidiary undertakings

	Company 2019 £'000	Company 2018 £'000
Cost		
Opening Balance	739,581	739,581
Disposals	-	-
Closing Balance	<u>739,581</u>	<u>739,581</u>
Provision for impairment		
Opening Balance	488,236	481,838
Provision / (reversal of provision) for impairment of investment in subsidiary	(8,720)	6,398
Closing Balance	<u>479,516</u>	<u>488,236</u>
Net book value	<u>260,065</u>	<u>251,345</u>

As at 30 June 2019, the Company owned 100% of the share capital of MEPC (1946) Limited.

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

	Principal activity	2019 % Holding of ordinary	2018
The following subsidiary was dissolved with effect on 29 January 2019:			
MEPC Secretaries Limited*	Dormant	100%	100%
The following 3 subsidiaries were passed into the hands of the liquidator on 8 August 2018 and dissolved and struck from the company register on 1 November 2019:			
Louisville Investments Limited^	Dormant	100%	100%
MEPC Milton Park Limited^	Dormant	100%	100%
MEPC UK Limited^	Dormant	100%	100%
The other 4 subsidiary companies are:			
The London County Freehold and Leasehold Properties Limited*	Dormant	100%	100%
Hermes Asset Management Limited*	Dormant	100%	100%
MEPC Limited*	Property Investment	100%	100%
The Metropolitan Railway Surplus Lands Company*	Property Investment	100%	100%

^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.

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7 Debtors	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Amounts due from Caduceus Estates Limited	139	138	-	-
Amounts due from BT Pension Scheme	100,015	100,000	100,000	100,000
VAT recoverable	-	-	9	9
Deferred tax asset	151	139	-	-
Prepayments and other debtors	3,861	1,482	-	-
	<u>104,166</u>	<u>101,759</u>	<u>100,009</u>	<u>100,009</u>

The amount due from BT Pension Scheme of £100,000,000 (2018: £100,000,000) is non interest bearing and is receivable on demand.

8 Creditors	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Amounts due to Caduceus Estates Limited	3,169	3,169	3,169	3,169
Trade creditors	9	-	-	-
VAT payable	406	345	-	-
Corporation tax payable	544	133	-	-
Accruals and other creditors	1,131	1,212	12	11
	<u>5,259</u>	<u>4,859</u>	<u>3,181</u>	<u>3,180</u>
<i>Amounts falling after more than one year:</i>				
Amounts due to MEPC (1946) Limited	-	-	258,349	252,476
	<u>-</u>	<u>-</u>	<u>258,349</u>	<u>252,476</u>

The amount due to Caduceus Estates Limited of £3,169,000 (2018: £3,169,000) is non interest bearing and is payable on demand.

9 Called up share capital	2019 £'000	2018 £'000
Issued, called up and fully paid		
1,000,000 ordinary shares of £1 (2018: 1,000,000)	1,000	1,000
350,050 'Z' fixed rate cumulative preference shares of £1	350	350
	<u>1,350</u>	<u>1,350</u>

The 'Z' preference shares carry no entitlement to any dividend from the profits which the Company may decide to distribute.

10 Related parties	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
The following amounts were due to Leconport Estates:				
BT Pension Scheme, immediate and ultimate controlling party	100,015	100,000	100,000	100,000
Caduceus Estates Limited, parent undertaking	<u>139</u>	<u>138</u>	<u>-</u>	<u>-</u>
The following amounts were due from Leconport Estates:				
Caduceus Estates Limited, parent undertaking	(3,169)	(3,169)	(3,169)	(3,169)
MEPC (1946) Limited, subsidiary undertaking	<u>-</u>	<u>-</u>	<u>(258,349)</u>	<u>(252,476)</u>

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11 Subsequent events

The amount due to subsidiary undertakings of £258,349,000 (2018: £252,476,000) is payable to MEPC (1946) Limited. The balance represents the utilisation of a £300m facility with interest payable at Libor +1.5%. This facility was extended on 12 December 2019 as set out in the events after the balance sheet date section of the directors' report and not due for repayment before 31 December 2020.

The investment held by MEPC (1946) Limited in MEPC Limited was sold on 15 January 2020 to Hermes Fund Managers Limited. Apart from the above, no other material transactions have taken place post the balance sheet date.

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

12 Ultimate controlling party

The directors regard the BT Pension Scheme as the Company's immediate and ultimate controlling party. It is the parent of the smallest and largest groups of which the Company is a member to prepare group financial statements.

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.

13 Market consideration - Brexit

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