Company number: 00806862

Portman Investments (Baker Street) Limited

Directors' report and financial statements

31 December 2015

Portman Investments (Baker Street) Limited

Contents | Page

Contents	Page
Directors' report	1
Independent auditors' report	3
Statement of comprehensive income	5
Balance sheet	6
Statement of changes in equity	7
Notes to the financial statements	8 - 18

Directors
J D Burns
W H Moore
M Southern
P M Williams
D M A Wisniewski
J M Wythe

Secretary and registered office
T J Kite
25 Savile Row
London
W1S 2ER

Company number
806862

Independent Auditors
PricewaterhouseCoopers LLP
7 More London Riverside
London
SE1 2RT

Portman Investments (Baker Street) Limited

Directors' report

Principal activities and future developments

The Company is a property investment company. The directors foresee no material change in the nature of the Company's activities.

The Company is a private limited company incorporated and domiciled in the UK. The address of its registered office is 25 Savile Row, London, W1S 2ER.

Financial review and dividends

The results for the year are set out in the statement of comprehensive income on page 5. In 2015, the Company paid interim dividends of £3,500,000 on the 'A' and 'B' Ordinary Shares (2014: £17,515,075) and £nil on the 'C' Redeemable Shares (2014: £9,983,349). The directors do not recommend payment of a final dividend (2014: £nil).

Political contributions

There were no political contributions in the year (2014: £nil).

Directors

The directors who held office during the year and up to the date of signing were as follows
J D Burns
R N Lay (resigned 1 July 2015)
M Southern
P M Williams
D M A Wisniewski
W H Moore
J M Wythe (appointed 1 July 2015)

None of the above directors has an interest in the ordinary share capital of the company. The interests of the directors in the share capital of Derwent London plc, the company's parent company, are disclosed in the accounts of that company.

Disclosure of information to the auditors

The directors who held office at the date of approval of the directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and establish that the Company's auditors are aware of that information.

Independent auditors

PricewaterhouseCoopers LLP were appointed as auditors to the Company during 2015 and have expressed their willingness to continue in office. Under the Companies Act 2006 section 487 (2) it will be automatically re-appointed as auditor 28 days after these financial statements are sent to the members, unless the members exercise their rights under the Companies Act 2006 to prevent its re-appointment.

Portman Investments (Baker Street) Limited

Directors' report - Continued

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 the directors have prepared the financial statements in accordance with applicable law and 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of 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 safe guarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Small companies' exemption

This report has been prepared in accordance with the special provisions for small companies under Part 15 and section 417(1) of the Companies Act 2006.

By order of the board

T J Kite
Secretary
25 Savile Row
London
W1S 2ER

28 June 2016

Independent auditors' report to the members of Portman Investments (Baker Street) Limited

Report on the financial statements

Our opinion

In our opinion, Portman Investments (Baker Street) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- 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.

What we have audited

The financial statements, included within the Directors' report and financial statements (the "Annual Report"), comprise:

- the Balance sheet as at 31 December 2015;
- the Statement of comprehensive income for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter 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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of Portman Investments (Baker Street) Limited - Continued

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 1, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Craig Hughes (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
28 June 2016

Portman Investments (Baker Street) Limited

Statement of comprehensive income
for the year ended 31 December

	Note	2015	2014
		£	£
Gross property income	3	**6,978,391**	6,863,551
Net property income	3	**6,537,380**	6,591,118
Other income		**-**	34,794
Administrative expenses		**(312,007)**	(207,683)
Revaluation surplus		**20,073,926**	24,816,913
Profit/(loss) on disposal of investment properties		**968,036**	(25,217)
Operating profit	4	**27,267,335**	31,209,925
Interest receivable and similar income	5	**41,943**	65,660
Interest payable and similar charges	6	**(1,209,256)**	(1,235,855)
Movement in fair value of derivative financial instruments		**555,216**	(584,169)
Profit before tax		**26,655,238**	29,455,561
Tax charge	7	**(2,226,106)**	(2,636,799)
Profit for the financial year and total comprehensive income		**24,429,132**	26,818,762

All amounts relate to continuing activities

The notes on pages 8 to 18 form part of these financial statements.

Portman Investments (Baker Street) Limited

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Balance sheet
as at 31 December

	Note	2015 £	2014 £
Non-current assets			
Investment properties	9	**192,564,194**	170,511,890
		192,564,194	170,511,890
Current assets			
Debtors: Amount falling due within one year	10	**10,448,632**	8,613,037
Debtors: Amount falling due after more than one year	10	**724,043**	885,925
		11,172,675	9,498,962
Current liabilities			
Creditors falling due within one year	11	**(5,421,955)**	(3,645,607)
Net current assets		**5,750,720**	5,853,355
Non-current liabilities			
Creditors: Amounts falling due after more than one year	11	**(30,111,333)**	(30,655,528)
Deferred taxation	12	**(6,198,270)**	(4,633,538)
		(36,309,603)	(35,289,066)
Net assets		**162,005,311**	141,076,179
Capital and reserves			
Called up share capital	13	**51,800**	51,800
Retained earnings		**161,953,511**	141,024,379
Total equity		**162,005,311**	141,076,179

The financial statements on pages 5 to 18 were approved by the Board of Directors on 28 June 2016 and signed on its behalf by

D M A Wisniewski

M Southern

The notes on pages 8 to 18 form part of these financial statements.

Portman Investments (Baker Street) Limited

Statement of changes in equity
for the year ended 31 December

	Note	Called up share capital	Other reserves	Retained earnings	Total equity
		£	£	£	£
At 1 January 2015		51,800	-	141,024,379	141,076,179
Profit for the financial year		-	-	24,429,132	24,429,132
Dividends paid	8	-	-	(3,500,000)	(3,500,000)
At 31 December 2015		**51,800**	**-**	**161,953,511**	**162,005,311**
At 1 January 2014		32,945,072	10,199,028	104,611,741	147,755,841
Profit for the financial year		-	-	26,818,762	26,818,762
Redemption of 'C' Redeemable Shares		(6,000,000)	6,000,000	(6,000,000)	(6,000,000)
Redemption of 'C' Deferred Shares		(26,893,272)	26,893,272	-	-
Capital reduction			(43,092,300)	43,092,300	-
Dividends paid	8	-	-	(27,498,424)	(27,498,424)
At 31 December 2014		51,800	-	141,024,379	141,076,179

The notes on pages 8 to 18 form part of these financial statements.

Portman Investments (Baker Street) Limited

Notes to the financial statements

1. Basis of preparation

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

The financial statements of Portman Investments (Baker Street) Limited have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties measured at fair value through profit or loss, and in accordance with the Companies Act 2006 as applied to FRS 101.

The Company is a qualifying entity for the purpose of FRS 101. Note 17 gives details of the Company's ultimate parent company and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

FRS 101 sets out amendments to EU-adopted IFRS that are necessary to achieve compliance with the Act and related Regulations. The disclosure exemptions adopted by the Company in accordance with FRS 101 are as follows:

- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of IAS 7 Statement of Cash Flows; and
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group.

Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Changes in accounting policies

New standards adopted during the year
The following standards, amendments and interpretations endorsed by the EU were effective for the first time for the Company's 31 December 2015 year end and had no material impact on the financial statements.

Annual Improvements to IFRSs (2011 - 2013 Cycle)

Standards and interpretations in issue but not yet effective
The followings standards, amendments and interpretations were in issue at the date of approval of these financial statements but were not yet effective for the current accounting year and have not been adopted early. Based on the Company's current circumstances the Directors do not anticipate that their adoption in future periods will have a material impact on the financial statements of the Company.

IFRS 9 Financial Instruments;
IFRS 10 (amended) - Consolidated Financial Statements;
IFRS 11 (amended) - Joint Arrangements;
IFRS 14 Regulatory Deferral Accounts;
IFRS 16 Leases;
IAS 1 (amended) - Presentation of Financial Statements;
IAS 16 (amended) - Property Plant and Equipment;
IAS 19 (amended) - Employee Benefits;
IAS 27 (amended) - Separate Financial Statements;
IAS 28 (amended) - Investments in Associates and Joint Ventures;
IAS 38 (amended) - Intangible Assets;
IAS 41 (amended) - Agriculture;
Annual Improvements to IFRSs (2010-2012 Cycle); and
Annual Improvements to IFRSs (2014).

In addition to the above, IFRS 15 Revenue from Contracts with Customers was in issue at the date of approval of these financial statements but was not yet effective for the current accounting year and has not been adopted early. The Company has not yet completed its evaluation of the effect of its adoption.

1. Basis of preparation - Continued

Significant judgements, key assumptions and estimates

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The Company's significant accounting policies are stated in note 2. Not all of these accounting policies require management to make difficult, subjective or complex judgements or estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates. The following is intended to provide an understanding of the policies that management consider critical because of the level of complexity, judgement or estimation involved in their application and their impact on the financial statements.

Trade receivables
The Company is required to judge when there is sufficient objective evidence to require the impairment of individual trade receivables. It does this on the basis of the age of the relevant receivables, external evidence of the credit status of the debtor entity and the nature of any disputed amounts.

Property portfolio valuation
The Company uses the valuation carried out by its independent valuers as the fair value of its property portfolio. The valuation is based upon assumptions including future rental income, anticipated maintenance costs, future development costs and the appropriate discount rate. The valuers also make reference to market evidence of transaction prices for similar properties.

Outstanding rent reviews
Where the outcome of an outstanding rent review is reasonably certain, rent is accrued from the rent review date based upon an estimated annual rent. This estimate is derived from knowledge of market rents.

Financial risks

The Company faces financial risks, in particular, that it becomes unable to meet its financial obligations or finance the business appropriately. The Company has identified increasing interest rates as its key financial risk. An increase in interest rates can lead to higher property yields which would cause property values to fall, having an adverse effect loan-to-value ratios, total return and total property return.

The Company controls and mitigates this risk by regularly monitoring the impact of yield changes on performance as part of its quarterly management accounting process. In addition, project appraisals are regularly reviewed and updated in order to monitor the effect of yield changes.

2. Accounting policies

Gross property income
Gross property income arises from two main sources:

(i) Rental income – This arises from operating leases granted to tenants. An operating lease is a lease other than a finance lease. A finance lease is one whereby substantially all the risks and rewards of ownership are passed to the lessee.

Rental income is recognised in the statement of comprehensive income on a straight-line basis over the term of the lease in accordance with SIC 15 Operating Leases - Incentives and IAS 17 Leases. This includes the effect of lease incentives given to tenants, which are normally in the form of rent free or half rent periods or capital contributions in lieu of rent free periods, and the effect of contracted rent uplifts and payments received from tenants on the grant of leases.

For income from property leased out under a finance lease, a lease receivable asset is recognised in the balance sheet at an amount equal to the net investment in the lease, as defined in IAS 17 Leases. Minimum lease payments receivable, again defined in IAS 17, are apportioned between finance income and the reduction of the outstanding lease receivable so as to produce a constant periodic rate of return on the remaining net investment in the lease. Contingent rents, being the difference between the rent currently receivable and the minimum lease payments when the net investment in the lease was originally calculated, are recognised in property income in the years in which they are receivable.

(ii) Surrender premiums – Payments received from tenants to surrender their lease obligations are recognised immediately in the statement of comprehensive income.

Notes to the financial statements - Continued

2. Accounting policies - Continued

Expenses

(i) Lease payments – Where investment properties are held under operating leases, the leasehold interest is classified as if it were held under a finance lease, which is recognised at its fair value on the balance sheet, within the investment property carrying value. Upon initial recognition, a corresponding liability is included as a finance lease liability. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability so as to produce a constant periodic rate of interest on the remaining finance lease liability. Contingent rents payable, being the difference between the rent currently payable and the minimum lease payments when the lease liability was originally calculated, are charged as expenses within property expenditure in the years in which they are payable.

(ii) Dilapidations – Dilapidations monies received from tenants in respect of their lease obligations are recognised immediately in the statement of comprehensive income, unless they relate to future capital expenditure. In the latter case, where the costs are considered to be recoverable they are capitalised as part of the carrying value of the property.

(iii) Reverse surrender premiums – Payments made to tenants to surrender their lease obligations are charged directly to the statement of comprehensive income unless the payment is to enable the probable redevelopment of a property. In the latter case, where the costs are considered to be recoverable, they are capitalised as part of the carrying value of the property.

(iv) Other property expenditure – Vacant property costs and other property costs are expensed in the year to which they relate, with the exception of the initial direct costs incurred in negotiating and arranging leases which are, in accordance with IAS 17 Leases, added to the carrying value of the relevant property and recognised as an expense over the lease term on the same basis as the lease income.

Investment property

(i) Valuation – Investment properties are those that are held either to earn rental income or for capital appreciation or both, including those that are undergoing redevelopment. Investment properties are measured initially at cost, including related transaction costs. After initial recognition, they are carried in the Company balance sheet at fair value adjusted for the carrying value of leasehold interests and lease incentive and letting cost receivables. Fair value is the price that would be received to sell an investment property in an orderly transaction between market participants at the measurement date. The valuation is undertaken by independent valuers who hold recognised and relevant professional qualifications and have recent experience in the locations and categories of properties being valued.

Surpluses or deficits resulting from changes in the fair value of investment property are reported in the statement of comprehensive income in the year in which they arise.

(ii) Capital expenditure – Capital expenditure, being costs directly attributable to the redevelopment or refurbishment of an investment property, up to the point of it being completed for its intended use, are capitalised in the carrying value of that property. In addition, in accordance with IAS 23 Borrowing Costs, finance costs that are directly attributable to such expenditure are capitalised using the Group average cost of borrowings during each quarter.

(iii) Disposal – Properties are treated as disposed when the Company transfers the significant risks and rewards of ownership to the buyer. Generally this would occur on completion of contract. On disposal, any gain or loss is calculated as the difference between the net disposal proceeds and the carrying value at the last year end plus subsequent capitalised expenditure during the year. Where the net disposal proceeds have yet to be finalised at the balance sheet date, the proceeds recognised reflect the Directors' best estimate of the amounts expected to be received. Any contingent consideration is recognised at fair value at the balance sheet date. The fair value is calculated using future discounted cash flows based on expected outcomes with estimated probabilities taking account of the risk and uncertainty of each input.

(iv) Development – When the Company begins to redevelop an existing investment property for continued use as an investment property or acquires a property with the subsequent intention of developing as an investment property, the property is classified as an investment property and is accounted for as such. When the Company begins to redevelop an existing investment property with a view to sale, the property is transferred to trading properties and held as a current asset. The property is remeasured to fair value as at the date of transfer with any gain or loss being taken to the statement of comprehensive income. The remeasured amount becomes the deemed cost at which the property is then carried in trading properties.

Financial assets

(i) Trade receivables – Trade receivables are recognised and carried at the original transaction value. A provision for impairment is established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables concerned.

Portman Investments (Baker Street) Limited

Notes to the financial statements - Continued

2. Accounting policies - Continued

Financial liabilities

(i) Bank loans – Bank loans are included as financial liabilities on the balance sheet at the amounts drawn on the particular facilities. Interest payable is expensed as a finance cost in the year to which it relates.

(ii) Trade payables – Trade payables are recognised and carried at the original transaction value.

(iii) Finance lease liabilities – Finance lease liabilities arise for those investment properties held under a leasehold interest and accounted for as investment property. The liability is initially calculated as the present value of the minimum lease payments, reducing in subsequent years by the apportionment of payments to the lessor, as described above under the heading for lease payments.

(iv) Interest rate derivatives – The Company uses derivative financial instruments to manage the interest rate risk associated with the financing of the Company's business. No trading in financial instruments is undertaken. At each reporting date, these interest rate derivatives are measured at fair value, being the estimated amount that the Company would receive or pay to terminate the agreement at the balance sheet date, taking into account current interest rates and the current credit rating of the counterparties. The gain or loss at each fair value remeasurement is recognised in the Company income statement because the Company does not apply hedge accounting.

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Dividends

Dividends payable on the ordinary share capital are recognised in the year in which they are declared.

3. Property income

	£	£
Gross rental income	**6,978,391**	6,863,551
Gross property income	**6,978,391**	6,863,551
Property outgoings less amounts recovered from tenants	**(441,011)**	(344,183)
Dilapidations received	**-**	71,750
Net property income	**6,537,380**	6,591,118

4. Operating profit

	2015	2014
	£	£
This is stated after charging:		
Rent payable under property leases	**24,531**	24,549
Audit fees	**15,000**	15,000
	39,531	39,549

The Company does not have any employees (2014: nil) and there were no directors' emoluments (2014: £nil).

Portman Investments (Baker Street) Limited

Notes to the financial statements - Continued

5. Interest receivable and similar income

	2015 £	2014 £
Other interest receivable	**41,943**	65,660
	41,943	65,660

6. Interest payable and similar charges

	2015 £	2014 £
Interest capitalisation	**(14,768)**	-
Bank loans and overdraft	**1,205,502**	1,214,942
Amortisation of loan arrangement costs	**11,053**	11,053
Finance Leases	**7,469**	7,451
Other interest payable	**-**	2,409
	1,209,256	1,235,855

7. Tax charge

	2015 £	2014 £
Analysis of tax in the year		
Corporation tax		
UK corporation tax and income tax on profits for the year	**601,454**	771,961
Adjustments in respect of previous periods	**59,920**	23,745
Corporation tax charge	**661,374**	795,706
Deferred tax		
Origination/reversal of timing differences	**1,564,732**	1,841,093
Deferred tax charge	**1,564,732**	1,841,093
Tax charge	**2,226,106**	2,636,799

Portman Investments (Baker Street) Limited

Notes to the financial statements - Continued

7. Tax charge - Continued

Factors affecting the tax for the year

The effective rate of tax for the year is lower (2014: lower) than the standard rate of corporation tax in the UK. The differences are explained below.

	2015	2014
	£	£
Current tax reconciliation		
Profit before tax	**26,655,238**	29,455,561
Current tax at 20.25% (2014: 21.5%)	**5,397,686**	6,332,946
Effects of:		
Differences between expenses and deductions for tax purposes	**(26,200)**	(28,581)
Revenue items capitalised	**(348)**	2,806
REIT exempt income	**(549,769)**	(647,818)
Adjustments to tax charge in respect of previous periods	**59,920**	23,745
Difference in interest rate on intercompany loans for tax purposes	**70,365**	225,437
Difference in capital gain for tax purposes	**83,148**	16,421
Derivative FV adj't not allowable for tax purposes	**(112,431)**	125,596
Revaluation surplus attributable to REIT properties	**(4,064,970)**	(5,335,636)
Lease incentives and costs transition to FRS 101	**-**	75,368
REIT exempt disposal	**(196,027)**	5,422
Origination and reversal of temporary differences	**1,564,732**	1,841,093
Tax charge for the year	**2,226,106**	2,636,799

The Finance Act 2015 set the main rate of UK corporation tax at 20% with effect from 1 April 2015. Finance (No.2) Act 2015 has introduced further reductions in the main corporation tax rate from 20% to 19% with effect from 1 April 2017 and from 19% to 18% with effect from 1 April 2020.

8. Dividend

	2015	2014
	£	£
Dividend paid - £67.57 per 'A' Ordinary Share (2014: £338.13)	**1,925,000**	9,633,291
Dividend paid - £67.57 per 'B' Ordinary Share (2014: £338.13)	**1,575,000**	7,881,784
Dividend paid - £nil per 9,983,349 of the 'C' Redeemable Share (2014: £1)	**-**	9,983,349
	3,500,000	27,498,424

Portman Investments (Baker Street) Limited

Notes to the financial statements - Continued

9. Investment properties

	Long leasehold £	Short leasehold £	Total £
Valuation			
Fair value at 1 January 2015	168,680,000	2,800,000	171,480,000
Capital expenditure	2,631,659	(3,250)	2,628,409
Disposals	(650,000)	-	(650,000)
Revaluation	19,318,341	553,250	19,871,591
Fair value at 31 December 2015	189,980,000	3,350,000	193,330,000
Lease incentives and costs included in prepayments	(925,078)	-	(925,078)
Grossing up of headlease liability	159,272	-	159,272
At 31 December 2015	**189,214,194**	**3,350,000**	**192,564,194**
Valuation			
Fair value at 1 January 2014	144,180,000	2,600,000	146,780,000
Capital expenditure	282,059	7,000	289,059
Disposals	(198,000)	-	(198,000)
Revaluation	24,415,941	193,000	24,608,941
Fair value at 31 December 2014	168,680,000	2,800,000	171,480,000
Lease incentives and costs included in prepayments	(1,127,414)	-	(1,127,414)
Grossing up of headlease liability	159,304	-	159,304
At 31 December 2014	167,711,890	2,800,000	170,511,890

Historical cost of revalued assets	£
At 31 December 2015	**19,120,038**
At 31 December 2014	16,493,529

The investment properties were revalued at 31 December 2015 by external valuers, CBRE Limited, on the basis of fair value in accordance with the RICS Valuation – Professional Standards. The valuers' opinion was primarily derived using comparable recent market transactions on arm's length terms.

Properties with a value of £144,800,000 (2014: £129,100,000) are secured against borrowings.

Portman Investments (Baker Street) Limited

Notes to the financial statements - Continued

10. Debtors

	2015	2014
	£	£
Falling due within one year:		
Amounts due from group undertakings	**3,059,189**	2,998,612
Trade debtors	**341,464**	304,842
Taxation and social security	**461,632**	233,392
Prepayments and accrued income	**2,141,903**	631,747
Amounts owed by shareholders		
- L.M.S. Industrial Finance Limited	**2,444,444**	2,444,444
- Portman Secondary Settlement (Fund 02)	**2,000,000**	2,000,000
	10,448,632	8,613,037
Falling due after more than one year:		
Prepayments and accrued income	**724,043**	885,925
	11,172,675	9,498,962

Amounts owed by group undertakings are unsecured, have no fixed date of repayment and are repayable on demand.

11. Creditors

	2015	2014
	£	£
Falling due within one year:		
Trade creditors	**-**	56,146
Other creditors	**1,298,513**	1,166,660
Accruals and deferred income	**2,954,107**	1,914,840
Corporation tax	**1,169,335**	507,961
	5,421,955	3,645,607

	2015	2014
	£	£
Falling due after more than one year:		
Bank loan	**28,000,000**	28,000,000
Amortisation of loan arrangement costs	**(22,105)**	(33,158)
Leasehold liability	**159,272**	159,304
Derivative financial instruments	**1,974,166**	2,529,382
	30,111,333	30,655,528

The bank loan consists of a £28 million ten-year term loan expiring June 2018.

The loan is secured against four of the Company's properties and is fully drawn.

Portman Investments (Baker Street) Limited

Notes to the financial statements – Continued

11. Creditors - Continued

At 31 December 2015, the weighted average interest rate for the bank loan was 1.35% (2014: 1.35%) and the weighted average life was 2.5 years (2014: 3.5 years).

The Company has entered into £28 million of interest rate swaps in accordance with the terms of the facility expiring on 10 March 2019. At 31 December 2015, the weighted average fixed payment on these swaps was 3.5% (2014: 3.5%) and the weighted average life was 3.2 years (2014: 4.2 years).

12. Deferred Tax

	2015	2014
	£	£
Deferred tax liability		
At 1 January	**4,633,538**	2,792,445
Charged to the income statement	**1,564,732**	1,974,067
Change in tax rates in the income statement	**-**	(132,974)
At 31 December	**6,198,270**	4,633,538

The movement in the deferred tax liability is as a result of the revaluation of the Company's investment properties.

13. Called up share capital

	2015	2014
	£	£
Authorised		
28,490 (2014: 28,490) 'A' Ordinary Shares of £1 each	**28,490**	28,490
23,310 (2014: 23,310) 'B' Ordinary Shares of £1 each	**23,310**	23,310
	51,800	51,800

'A' and 'B' Ordinary Shares
Dividends
The 'A' Ordinary and 'B' Ordinary Shares rank together pari passu for participation in any distribution of profits in the Company.

Voting and winding up
The 'A' Ordinary and 'B' Ordinary Shares rank together pari passu in all respects save that at General Meetings where a poll is called, the holders of 'A' Ordinary Shares shall have three votes for every 'A' Ordinary held and the holders of 'B' Ordinary Shares shall have seven votes for every 'B' Ordinary Share held.

Directors
The holders of 'A' Ordinary and the holders of 'B' Ordinary Shares may from time to time each appoint any person to be a director of the Company but not so that more than two directors are thus appointed at any one time. The quorum for a meeting of directors shall be two persons one appointed by the holders of 'A' Ordinary and one by the holders of 'B' Ordinary Shares.

14. Analysis of net debt

	2014 £	Non-cash movements £	**2015** **£**
Debt due after more than one year-			
Bank loan	(27,966,842)	(11,053)	**(27,977,895)**
	(27,966,842)	(11,053)	**(27,977,895)**

15. Leases

	2015 **£**	2014 £
Operating lease receipts:		
Minimum lease receipts under non-cancellable operating leases to be received:		
not later than one year	**6,840,427**	6,926,109
later than one year and not later than five years	**15,000,175**	18,736,195
later than five years	**5,109,497**	7,137,446
	26,950,099	32,799,750

At the year end the company had finance lease obligations as set out below:

	2015 **£**	2014 £
Minimum lease payments under finance leases that fall due:		
not later than one year	**7,500**	7,500
later than one year and not later than five years	**30,000**	30,000
later than five years	**523,418**	530,938
	560,918	568,438
Future contingent rent payable on finance leases	**46,994**	1,562
Future finance charges on finance leases	**(448,640)**	(410,696)
Present value of finance lease liabilities	**159,272**	159,304
Present value of minimum finance lease obligations:		
later than one year and not later than five years	**238**	478
later than five years	**158,979**	158,826
	159,217	159,304

Portman Investments (Baker Street) Limited

Notes to the financial statements – Continued

15. Leases - Continued

In accordance with IAS 17, Leases, the minimum lease payments are allocated as follows:

Finance charge	**7,469**	7,451
Contingent rent	**24,531**	49
Total	**32,000**	7,500

16. Related party transactions

The Company has provided funding to its shareholders through an interest free loan with each shareholder. At 31 December 2015 this amount was £4,444,444 (2014: £4,444,444).

The Company has given funding to its ultimate parent company, Derwent London plc, and the amount receivable as at 31 December 2015 was £3,059,189 (2014: £2,998,612). This balance is payable on demand. The maximum amount receivable from Derwent London plc during the year was £5,613,481 (2014: £6,630,145).

The Company paid property management fees during the year of £174,229 (2014: £171,589) to Derwent London plc.

17. Parent company

The Company's immediate parent undertaking is Derwent Valley Limited, a company incorporated in England and Wales.

The Company's ultimate parent company is Derwent London plc, a company incorporated in England and Wales, whose registered office is at 25 Savile Row, London, W1S 2ER. Copies of the consolidated group accounts can be obtained from this address.

18. Post balance sheet event

On 23 June 2016, the UK electorate voted to leave the European Union. This decision commences a process that is likely to take a minimum of two years to complete, and during this time the UK remains a member of the European Union. There will be a resulting period of uncertainty for the UK economy and real estate markets, with increased volatility expected in financial markets. This does not impact the fair value of assets and liabilities, including investment property, reported at the balance sheet date of 31 December 2015.