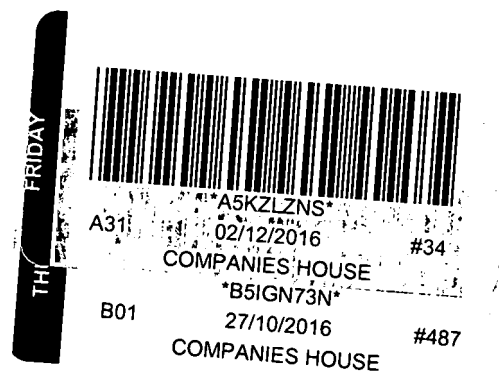


PORTMAN SQUARE PROPERTIES LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2016



PORTMAN SQUARE PROPERTIES LIMITED

COMPANY INFORMATION

Directors	T A Courtauld N Sanderson N Thompson
Secretary	D L Martin
Company number	3872261
Registered office	33 Cavendish Square London W1G 0PW
Auditor	Deloitte LLP Chartered Accountants London United Kingdom

PORTMAN SQUARE PROPERTIES LIMITED

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PORTMAN SQUARE PROPERTIES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2016

The directors present their report and financial statements for the year ended 31 March 2016.

This report has been prepared in accordance with the special provisions relating to small companies under s415A Companies Act 2006 taking the exemption from preparing a strategic report.

Principal activities

The Company is a wholly owned subsidiary of Great Portland Estates plc and operates as part of the Great Portland Estates plc Group's ('the Group') central London focused business.

The Company's principal activities are the investment in freehold and leasehold property in the United Kingdom. There have not been any significant changes in the Company's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

Results and dividends

The results for the year are set out on page 7.

The profit for the year, after taxation, amounted to £2,802,624 (2015: £9,295,453). The directors have paid a dividend of £nil (2015: £nil).

The Group converted to REIT status on 1 January 2007 and as a result the Company benefits from an exemption from UK corporation tax on both rental profits and chargeable gains relating to the property investment business.

The Company is managed on a day to day basis by Great Portland Estates plc. The performance of the Company is discussed in the Great Portland Estates plc Annual Report. For this reason, the Directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business.

Directors

The directors, who served throughout the year except as noted, were as follows:

T A Courtauld
N Sanderson
N Thompson

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the reporting date.

Going concern

The directors have reviewed the current and projected financial position of the Company and the Group, making reasonable assumptions about future trading performance, valuation projections and debt requirements. In making this assessment, the directors have taken into account available market information, consulted with advisers and applied their own knowledge and experience to the Company and Group's property portfolio and markets.

On the basis of this review, and the confirmed support of the ultimate parent company where necessary, and after making due enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the report and financial statements.

PORTMAN SQUARE PROPERTIES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

Rent receivable

Rent receivable for the year was £3,991,039, a decrease from 2015 of £89,857 due to asset management activity.

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk.

Liquidity risk

To maintain liquidity and ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of long-term and short-term debt finance.

Credit risk

The Company's principal financial assets are bank balances and cash, trade and other receivables and investments. The Company's credit risk is primarily to its trade receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Company has no significant concentration of credit risk, with exposure spread over a diverse tenant base. Further details regarding credit risk can be found in the accounting policies in the notes to the financial statements.

Cash flow risk

Cash and cash equivalents comprise cash in hand, demand deposits and other short-term highly liquid investments that are readily convertible into a known amount of cash and are subject to insignificant risk of changes in value.

Future prospects

Whilst tenant interest levels are currently healthy for our limited available space, it is likely that the uncertainty created by the EU referendum result will have a negative impact on economic growth in London. In the near-term, we expect confidence to reduce and some business investment decisions to be deferred whilst negotiations to establish our trading arrangements with the EU are undertaken. As a result, we can expect London's commercial property markets to weaken during this period of uncertainty with the benefits of lower bond yields and weaker sterling offset by reduced rental growth prospects.

Within this more challenging economic context, we are well positioned: the wider Group's balance sheet has never been stronger with gearing at record low levels, the portfolio is almost fully occupied, off attractively low rents, with minimal exposure to financial services tenants, and we have a first class team ready to capitalise on this period of uncertainty.

PORTMAN SQUARE PROPERTIES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

Changes to accounting framework

The Financial Reporting Council ('FRC') developed a set of new Financial Reporting Standards ('FRS') applicable for periods beginning on or after 1 January 2015 that provide a number of options for all UK entities. These revised financial reporting standards fundamentally reform financial reporting and are implemented by FRS 100 'Application of Financial Reporting Requirements' ('FRS 100'). FRS 100 sets out rules and guidance on the appropriate accounting framework options for companies and groups within FRS 101 'Reduced Disclosure Framework' ('FRS 101'), FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' ('FRS 102') or EU-adopted IFRS.

Transition to FRS 101 from previous UKGAAP

The Company has chosen to adopt FRS 101, a reduced disclosure framework of EU-adopted IFRS. The Company assessed the options available and decided to adopt FRS 101 as it is considered by the Directors to be the most appropriate framework available.

An explanation of these and how the transition affected the previously reported financial position and financial performance of the Company has been disclosed in note 15 to the financial statements. The transition date from the previous accounting standards is 1 April 2015.

Auditor

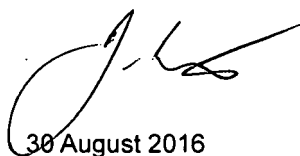
Each of the persons who is a director at the date of approval of this report confirms that:

- 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 steps that ought to have been taken as a director in order to be made aware of any relevant audit information and to establish that the company's auditor is aware of the information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements to reappoint them will be proposed at the forthcoming Annual General Meeting.

On behalf of the board



30 August 2016
D L Martin
Secretary

PORTMAN SQUARE PROPERTIES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2016

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PORTMAN SQUARE PROPERTIES LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PORTMAN SQUARE PROPERTIES LIMITED

We have audited the financial statements of Portman Square Properties Limited for the year to 31 March 2016 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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 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 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.

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 March 2016 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.

Opinion on other matter prescribed by the Companies Act 2006

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

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

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

PORTMAN SQUARE PROPERTIES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PORTMAN SQUARE PROPERTIES LIMITED

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 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
- the directors were not entitled to take advantage of the small companies exemption in preparing the Directors' Report or from the requirement to prepare a Strategic Report; or
- we have not received all the information and explanations we require for our audit.



Stephen Craig ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP

30 August 2016

Chartered Accountants and Statutory Auditor
London
United Kingdom

PORTMAN SQUARE PROPERTIES LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016 £	2015 £
Revenue	3	3,991,039	4,080,896
Ground rent		(7,042)	(6,896)
Gross profit		3,983,997	4,074,000
Property expenses	5	(70,810)	(170,276)
Administrative expenses		(337,007)	(321,704)
Net rental and related income		3,576,180	3,582,020
Surplus on revaluation of investment properties	9	124,876	6,757,870
Profit on ordinary activities before finance charges		3,701,056	10,339,890
Interest receivable and similar income	6	-	40
Finance costs	7	(898,432)	(1,044,477)
Profit before taxation		2,802,624	9,295,453
Tax	8	-	-
Profit for the financial year		2,802,624	9,295,453

The income statement has been prepared on the basis that all operations are continuing operations.

PORTMAN SQUARE PROPERTIES LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2016

	2016	2015
	£	£
Profit for the year	2,802,624	9,295,453
Other comprehensive income		
Total other comprehensive income for the year	-	-
Total comprehensive income for the year	2,802,624	9,295,453

PORTMAN SQUARE PROPERTIES LIMITED


STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2016

	Notes	2016 £	2015 £
Non-current assets			
Investment properties	9	80,000,000	79,800,000
Current assets			
Trade and other receivables	10	659,767	242,067
Cash at bank and in hand		1,155	1,155
Total assets		80,660,922	80,043,222
Current liabilities			
Trade and other payables	11	(23,469,372)	(25,680,861)
Taxation and social security		(116,386)	(89,821)
		(23,585,758)	(25,770,682)
Total liabilities		(23,585,758)	(25,770,682)
Net assets		57,075,164	54,272,540
Equity			
Called up share capital	12	1	1
Retained earnings		57,075,163	54,272,539
Total equity		57,075,164	54,272,540

The financial statements were approved by the Board of directors and authorised for issue on 30 August 2016.

Signed on its behalf by:


N Sanderson
Director

Company Registration No. 3872261

PORTMAN SQUARE PROPERTIES LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2016

	Share capital £	Retained earnings £	Total £
Balance at 1 April 2014	1	44,977,086	44,977,087
Profit for the year	-	9,295,453	9,295,453
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	9,295,453	9,295,453
Balance at 31 March 2015	1	54,272,539	54,272,540
Profit for the year	-	2,802,624	2,802,623
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	2,802,624	2,802,623
Balance at 31 March 2016	1	57,075,163	57,075,164

PORTMAN SQUARE PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies

1.1 Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements have been prepared on the historical cost basis, except for investment property that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

1.2 Key accounting judgements

In the process of applying the Company's accounting policies, the directors are required to make judgements, estimates and assumptions that may affect the financial statements. The directors believe that the judgements made in the preparation of the financial statements are reasonable. However, actual outcomes may differ from those anticipated. Critical accounting judgements include the adoption of the external portfolio valuation without adjustment and the recognition of purchases and disposal of assets. The accounting policies for these areas of judgement are set out in the accounting policies below.

1.3 New accounting standards

During the year ended 31 March 2016, the following accounting standards and guidance were adopted by the Company the pronouncements either had no impact on the financial statements or resulted in changes to presentation and disclosure only:

- Amendments to IAS19 Employee Benefits – Contributions from employees or third parties that are linked to service
- Amendments to IFRS (Annual Improvements cycle 2010-2012)
- Amendments to IFRS (Annual Improvements cycle 2011-2013)

The adoption of the Standards and Interpretations has not significantly impacted these financial statements.

1.4 Transition to FRS 101

These financial statements were prepared by the directors in accordance with FRS 101 for the first time. The transition date from the previous financial reporting framework to FRS 101 was 1 April 2015. FRS 101 grants elections and certain exemptions from its full requirements when preparing the first financial statements that conform to FRS 101. An explanation of these and how the transition affected the previously reported financial position and financial performance of the Company has been disclosed in note 15.

Under FRS 101, the Company has chosen to apply the recognition and measurement provisions of International Accounting Standard ('IAS') 27 'Separate Financial Statements', as endorsed by the European Union ('EU').

The Company has taken advantage of certain disclosure exemptions in FRS 101 as its financial statements are included in the publicly available consolidation financial statements of Great Portland Estates plc. These disclosure exemptions relate to the statement of cash flows and related party transactions. Copies of those consolidated financial statements may be obtained by writing to the Company Secretarial Department at Great Portland Estates plc.

The Company is not a financial institution and is therefore able to take advantage of exemption from all requirements of, IFRS 7 'Financial Instruments: Disclosures' and from the disclosure requirements of IFRS 13 'Fair Value Measurement'.

PORTMAN SQUARE PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies

(Continued)

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, share-based payment, non-current assets held for sale and discontinued operations, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, accounting policies, changes in accounting estimates and errors, standards not yet effective, impairment of assets and related party transactions.

1.5 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.6 Tenant leases

The directors have considered the potential transfer of risks and rewards of ownership in accordance with IAS17 - Leases for all properties leased to tenants and in their judgement have determined that all such leases are operating leases.

1.7 Leases incentives

Lease incentives including rent-free periods and payments to tenants, are allocated to the income statement on a straight-line basis over the lease term or on another systematic basis, if applicable. The value of the resulting accrued rental income is included within the respective property.

1.8 Other property expenses

Irrecoverable running costs directly attributable to specific properties within the Group's portfolio are charged to the income statement as other property expenses. Costs incurred in the improvement of the portfolio which, in the opinion of the directors, are not of a capital nature are written off to the income statement as incurred.

1.9 Administration expenses

Costs not directly attributable to individual properties are treated as administration expenses.

PORTMAN SQUARE PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies

(Continued)

1.10 Investment Properties

Investment properties, including those in the course of development, are professionally valued each year, by external valuers and the directors must ensure that they are satisfied that the valuation of the property is appropriate for inclusion in the accounts without adjustment.

The valuations of investment properties and investment properties under development have been prepared in accordance with the RICS Valuation – Professional Standards (January 2014) (the Red Book).

For investment property this approach involves applying market-derived capitalisation yields to current and market-derived future income streams with appropriate adjustments for income voids arising from vacancies or rent-free periods. These capitalisation yields and future income streams are derived from comparable property and leasing transactions and are considered to be the key inputs in the valuation. Other factors that are taken into account in the valuations include the tenure of the property, tenancy details, planning, building and environmental factors that might affect the property.

In the case of investment property under development, the approach applied is the 'residual method' of valuation, which is the investment method of valuation as described above with a deduction for the costs necessary to complete the development, together with an allowance for the remaining risk.

Sales and purchases of investment properties are recognised when the risks and rewards of ownership transfer.

No depreciation is provided in respect of freehold investment properties and leasehold investment properties.

Financial risk management objectives:

1.11 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a policy of only dealing with creditworthy tenants and obtaining sufficient rental cash deposits or third party guarantees as a means of mitigating financial loss from defaults.

The concentration of credit risk is limited due to the diverse tenant base. Accordingly the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts. The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk without taking account of the value of rent deposits obtained.

1.12 Capital risk

The Group manages its capital to ensure that it will be able to continue as a going concern and as such it aims to maintain an appropriate mix of debt and equity financing. The current capital structure of the Group consists of a mix of equity and debt.

1.13 Liquidity risk

The Group operates a framework for the management of the Group's short-, medium- and long-term funding requirements. Cash flow and funding needs are regularly monitored to ensure sufficient facilities are in place. The Group operates strict counterparty limits on its deposits.

1.14 Interest rate risk

Interest rate risk arises from the Group's use of interest bearing financial instruments. It is the risk that future cash flows from a financial instrument will fluctuate due to changes in interest rates. It is the Group's policy to mitigate the risk through fixed interest rates on its debt.

PORTMAN SQUARE PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies

(Continued)

Financial instruments:

1.15 Trade receivables and payables

Trade receivables and payables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method.

1.16 Interest bearing loans and borrowings

Borrowings are held at amortised cost, with any discounts, premiums and attributable costs charged to the income statement using the effective interest rate method.

1.17 Taxation

Current tax is the amount payable on the taxable income for the year and any adjustment in respect of previous years.

2 Directors' remuneration and employees

The Company had no employees other than directors, in the current year or preceding year. None of the directors received any emoluments for their services to the Company in the current or preceding financial year.

3 Revenue

This comprises rental income and premiums on lease surrenders on investment properties for the year, exclusive of service charges receivable. Rental uplifts from rent reviews are recognised when agreed with the tenant. Service charges are credited against relevant expenditure.

4 Auditor's remuneration

	2016	2015
	£	£
Fees payable to the Company's auditor and its associates:		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	6,000	5,000
Total audit fees	6,000	5,000

5 Property expenses

	2016	2015
	£	£
Service charge income	(770,528)	(719,552)
Service charge expenses	875,032	779,942
Other property (cost recovery)/expenses	(33,694)	109,886
	70,810	170,276

PORTMAN SQUARE PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

6 Interest receivable and similar income

	2016	2015
	£	£
Other interest income	-	40

7 Finance costs

	2016	2015
	£	£
Interest payable to Group undertakings	898,432	1,044,477

8 Tax

	2016	2015
	£	£
Total tax charge for the year	-	-

The charge for the year can be reconciled to the profit per the income statement as follows:

	2016	2015
	£	£
Profit before taxation	2,802,624	9,295,453
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20% (2015 - 21%)	560,525	1,952,045
Taxation impact of factors affecting tax charge:		
Effect of revaluation of investment property	(24,975)	(1,419,153)
Ring-fenced rental profits and gains	(535,550)	(532,884)
Tax losses claimed by Company for nil consideration	-	(8)
Total adjustments	(560,525)	(1,952,045)
Tax charge for the year	-	-

A reduction in the UK corporation tax rate from 21% to 20% took place on 1 April 2015.

PORTMAN SQUARE PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

9 Investment properties

	Leasehold £
Valuation	
At 1 April 2014	73,200,000
Additions	68,530
Surplus on revaluation	6,531,470
	<hr/>
At 31 March 2015	79,800,000
Additions	75,124
Surplus on revaluation	124,876
	<hr/>
At 31 March 2016	80,000,000
	<hr/> <hr/>

The Company's investment properties were valued on the basis of Fair Value by CBRE Limited (CBRE), external valuers, as at 31 March 2016 in accordance with the Global RICS Valuation – Professional Standards January 2014 and the RICS UK valuation standards and guidance notes December 2014 (the Red Book) and have been primarily derived using comparable recent market transactions on arm's length terms.

The historical cost of investment properties at 31 March 2016 was £36,948,188 (2015: £36,873,064).

10 Trade and other receivables

	2016 £	2015 £
Trade receivables	599,762	182,062
Other receivables	60,005	60,005
	<hr/>	<hr/>
	659,767	242,067
	<hr/> <hr/>	<hr/> <hr/>

11 Trade and other payables

	2016 £	2015 £
Trade payables	194,585	216,829
Tenant's reserve fund	40,000	40,000
Amount due to parent undertaking	21,789,657	23,918,328
Accruals and rent in advance	1,385,130	1,368,704
Other payables	60,000	137,000
	<hr/>	<hr/>
	23,469,372	25,680,861
	<hr/> <hr/>	<hr/> <hr/>

Interest on intercompany debt is charged at variable rates based on the weighted average interest rate of Group third party debt. The intercompany loans are repayable on demand.

PORTMAN SQUARE PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

12 Share capital	2016	2015
	£	£
Ordinary share capital		
Allotted, called up and fully paid		
1 Ordinary share of £1 each	1	1
	<u> </u>	<u> </u>

13 Operating leases

Future aggregate minimum rentals receivable under non-cancellable operating leases are:

	2016	2015
	£	£
The Company as a lessor		
Less than one year	3,314,762	4,158,822
Between two and five years	5,011,992	3,088,824
More than five years	874,350	-
	<u> </u>	<u> </u>
	9,201,104	7,247,646
	<u> </u>	<u> </u>

14 Ultimate controlling party

The Company is a wholly-owned subsidiary undertaking of Great Portland Estates plc, a company incorporated in Great Britain and registered in England & Wales, the ultimate parent undertaking and controlling entity, and the only Company within the Group which prepares consolidated financial statements. The financial statements of Great Portland Estates plc can be obtained from 33 Cavendish Square, London W1G 0PW.

PORTMAN SQUARE PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

15 Transition to FRS 101 from previous UK GAAP

These are the Company's first financial statements prepared in accordance with FRS 101.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2016 and the comparative information presented in these financial statements for the year ended 31 March 2015.

In preparing its FRS 101 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its previous basis of accounting. An explanation of how the transition to FRS 101 has affected the Company's financial position is set out in the following tables and the notes that accompany the tables.

Key changes

The main difference between FRS 101 and previous UK GAAP are listed below:

- Revaluation surpluses and deficits on investment properties are reported in the income statement. Previously such movements were taken to equity as movements on the revaluation reserve as seen in reserves on the below Statement of financial position.

Statement of financial position

		31 March 2015			1 April 2014		
	Note	Previous UK GAAP £	Effect of transition to FRS 101 £	FRS 101 £	Previous UK GAAP £	Effect of transition to FRS 101 £	FRS 101 £
Called up share capital		1	-	1	1	-	1
Revaluation reserve	(a)	42,924,109	(42,924,109)	-	36,392,639	(36,392,639)	-
Retained earnings	(b)	11,348,430	42,924,109	54,272,539	8,584,447	36,392,639	44,977,086
Total equity		54,272,540	-	54,272,540	44,977,087	-	44,977,087

PORTMAN SQUARE PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

15 Transition to FRS 101 from previous UK GAAP

(Continued)

Reconciliation of income statement for comparative year

	Note	Previous UK GAAP £	Effect of transition to FRS 101 £	FRS 101 £
Net rental income	(c)	4,307,296	(226,400)	4,080,896
Ground rent		(6,895)	-	(6,895)
Gross profit		4,300,401	(226,400)	4,074,001
Property expenses		(170,276)	-	(170,276)
Administrative expenses		(321,704)	-	(321,704)
Net rental and related income	(c)	3,808,421	(226,400)	3,582,021
Surplus on revaluation of investment properties	(d)	-	6,757,870	6,757,870
Profit on ordinary activities before finance charges		3,808,421	6,531,470	10,339,891
Interest receivable and similar income		40	-	40
Finance costs		(1,044,477)	-	(1,044,477)
Profit before taxation		2,763,984	6,531,470	9,295,454
Taxation		-	-	-
Profit for the financial year		2,763,984	6,531,470	9,295,454

PORTMAN SQUARE PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

15 Transition to FRS 101 from previous UK GAAP

(Continued)

Notes

	31 March 2015 £	1 April 2014 £
(a) Revaluation reserves		
Revaluation reserve reported in income statement	(42,924,109)	(36,392,639)
(b) Retained earnings		
Revaluation reserve reported in statement of comprehensive income	42,924,109	36,392,639
(c) Gross and net property (expense)/income		
Lease incentives amortised over period to lease expiry	(226,400)	
(d) Surplus on revaluation of investment property		
Revaluation reserve of investment properties reported in income statement	6,531,470	
Lease incentive amortised over period to lease expiry	226,400	
	6,757,870	
Total impact on income statement	6,531,470	