2-10 MORTIMER STREET GP LIMITED
Registered in England and Wales No: 07458495

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

Contents

Directors, Officers and Other Information

Directors:

P A Ferrari
C-E Lawrence
T A Smithers
L Baker
N J Gardiner
D A Diemer

Officer – Company Secretary

Aviva Company Secretarial Services Limited
St Helen's
1 Undershaft
London
EC3P 3DQ

Independent Auditor

KPMG LLP
15 Canada Square
London
E14 5GL

Registered Office

St Helen's
1 Undershaft
London
EC3P 3DQ

Company Number

Registered in England and Wales: No. 07458495

Directors' Report
For the year ended 31 December 2016

The Directors present their annual report and audited financial statements for 2-10 Mortimer Street GP Limited ("the Company") for the year ended 31 December 2016.

Results and dividends

The Directors do not recommend the payment of a dividend for the year ended 31 December 2016 (2015: £nil). The loss for the Company for 2016 was £5,184 (2015: £4,837).

Directors

The current Directors of the Company and those in office throughout the year, except as noted, are as follows:

P A Ferrari	(appointed 18 January 2017)
C-E Lawrence	(appointed 18 January 2017)
T A Smithers	(appointed 18 January 2017)
L Baker	(appointed 01 January 2017)
N J Gardiner	
D A Diemer	
A S Arnardottir	(resigned 21 November 2016)
J P Reyndal	(resigned 21 November 2016)
M C Luscombe	(resigned 31 December 2016)

Principal activity of the Company

The principal activity of the Company is to act as the General Partner of 2-10 Mortimer Street Limited Partnership (the "Partnership"). The Company also has a 0.01% interest in the Partnership. The Directors consider that this will continue unchanged into the foreseeable future.

Review of the Company's business

On 21 November 2016, Kaupthing ehf transferred to Tower View Limited, the whole of its interest in and obligations in respect of the transfer interest, including the whole of the benefit of its partnership capital, its advances and deficit loans.

The Company continued to act as the General Partner to the Partnership.

Future outlook

The directors aim to maintain the management policies which have resulted in the Company's current position. The Directors consider that this will continue for the foreseeable future.

Risk management policies

The Company does not hold any capital investment in the Partnership but is entitled to a priority distribution of 0.01% of the Net Income available for distribution from the Partnership. The principal risk therefore is the performance of the Partnership which the Directors monitor regularly.

Principal risks and uncertainties

The key risks arising in the Partnership are market, credit, operational and liquidity risks which are discussed in more detail below.

Directors' Report
For the year ended 31 December 2016 (continued)

Principal risks and uncertainties (continued)

The Aviva Group's approach to risk and capital management

The Aviva Investors Global Services Limited (the "Fund Manager") operates within the overall Aviva Group governance structure and priority framework. It also has its own established governance framework, with clear terms of reference for the Board and the Aviva Executive Committee and a clear organisation structure, with documented delegated authorities and responsibilities (largely through role profiles). The management of the Company's risk falls within the mandate of the Fund Manager.

Management of financial and non-financial risks

The Company's exposure to different types of risk is limited by the nature of its business as follows:

Market risk

The Company's exposure to market risk takes the form of property valuations, which have a direct impact on the value of the Partnership's investments. Market risk is managed by ongoing proactive asset management. The management of this risk falls within the mandate of Aviva Investors Global Services Limited, which makes and manages investments on behalf of the Company.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company has no significant concentrations of credit risk.

The Company structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparties, and to geographical and industry segments. Such risks are subject to a quarterly or more frequent review.

Operational risk

Operational risk arises as a result of inadequate or failed internal processes, people or systems; or from external events. Details of the Aviva Group approach to operational risk are set out in the financial statements of Aviva Investors Global Services Limited which manages and administers the Company's activities.

Liquidity risk

Liquidity risk is managed by ensuring that there is always sufficient headroom available to meet the working capital requirements of the business.

Employees

The Company has no employees (2015: nil).

Going concern

The Company is reliant on the support of the Partnership to be able to meet its liabilities as they fall due. The Partnership has confirmed that it will provide such financial support as might be necessary to ensure that the Company is a going concern for at least twelve months from the date of signing of these Financial Statements.

Therefore, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Financial Statements.

Directors' Report
For the year ended 31 December 2016 (continued)

Events after the reporting financial year

Events after the reporting financial year have been evaluated up to the date the audited financial statements were approved and authorised for issue by the directors. No events that would have a material impact on the financial statements have been identified.

Independent Auditor

It is the intention of the Directors to reappoint the auditor, KPMG LLP, under the deemed appointment rules of section 487 of the Companies Act 2006.

Disclosure of information to the independent auditors

Each person who was a Director of the Company on the date that this report was approved, confirms that:

(a) so far as the Director is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing their report, of which the auditor is unaware; and

(b) each Director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

2-10 Mortimer Street GP Limited
Registered in England and Wales: No. 07458495

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They 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.

This report has been prepared in accordance with the special provisions relating to small companies within part 415(A) of the Companies Act 2006.

By order of the Board on 28 June 2017

D A Diemer

Director

Independent Auditor's Report to the Members of 2-10 Mortimer Street GP Limited

We have audited the Financial Statements of 2-10 Mortimer Street GP Limited (the "Company") for the year ended 31 December 2016 as set out on pages 8 to 17. 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 Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102").

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 Statement of Directors' Responsibilities 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. 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.

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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its loss 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.

Independent Auditors' Report to the Members of 2-10 Mortimer Street GP Limited (continued)

Opinion on other matters prescribed by the Companies Act 2006

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

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' Report:

- we have not identified material misstatements in that report; and
- in our opinion, that report has been prepared in accordance with the Companies Act 2006.

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; and
- we have not received all the information and explanations we require for our audit;
- the Directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

Henry Todd

Henry Todd (Senior Statutory Auditor)
for and on behalf of KPMG LLP
Chartered Accountants and Statutory Auditors
15 Canada Square
London
E14 5GL

30/06/2017

Statement of Comprehensive Income
For the year ended 31 December 2016

	Notes	2016 £	2015 £
Administrative expenses	5	(5,184)	(4,837)
Loss on ordinary activities before taxation		**(5,184)**	**(4,837)**
Tax on loss on ordinary activities	6	-	-
Loss for the financial year	12	**(5,184)**	**(4,837)**
Other comprehensive income		-	-
Total comprehensive loss for the financial year		**(5,184)**	**(4,837)**

All amounts reported in the Statement of Comprehensive Income for the years ended 31 December 2016 and 31 December 2015 relate to continuing operations.

The notes on pages 11 to 17 form an integral part of these financial statements.

Statement of Changes in Equity
For the year ended 31 December 2016

	Called up share capital £	Retained earnings £	Total £
At 1 January 2015	100	(18,283)	(18,183)
Loss for the financial year	-	(4.837)	(4,837)
At 31 December 2015	**100**	**(23,120)**	**(23,120)**
At 1 January 2016	100	(23,120)	(23,020)
Loss for the financial year	-	(5,184)	(5,184)
At 31 December 2016	**100**	**(28,304)**	**(28,204)**

The notes on pages 11 to 17 form an integral part of these financial statements.

2-10 Mortimer Street GP Limited
Registered in England and Wales: No. 07458495

Statement of Financial Position
As at 31 December 2016

	Note	2016 £	2015 £
Non-current assets			
Investments	7	18	18
		18	18
Current assets			
Debtors: amounts falling due within one year	8	100	100
Cash at bank and in hand	9	9,016,519	-
		9,016,619	100
Creditors: amounts falling due within one year	10	**(9,044,841)**	**(23,138)**
Net current liabilities		**(28,222)**	**(23,038)**
Total assets less current liabilities		**(28,204)**	**(23,020)**
Net liabilities		**(28,204)**	**(23,020)**
Capital and reserves			
Called up share capital	11	100	100
Retained earnings	12	(28,304)	(23,120)
Total shareholders' deficit		**(28,204)**	**(23,020)**

These audited Financial Statements were approved and authorised for issue by the Board of Directors on 28 June 2017 and were signed on its behalf by

D A Diemer
Director

The notes on pages 11 to 17 form an integral part of these financial statements.

Notes to the financial statements
For the year ended 31 December 2016

1. General information

2-10 Mortimer Street GP Limited acts as the general partner to the Partnership.

The Company is registered as a private company limited by its shares and its registered address is St Helen's, 1 Undershaft, London, EC3P 3DQ.

2. Statement of compliance

The individual financial statements of 2-10 Mortimer Street GP (No1) Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 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 functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The Company has taken advantage of the exemptions under Section 400 of the Companies Act 2006 not to prepare group financial statements as it and its subsidiaries are included in the consolidated financial statements of Norwich Union (Shareholder GP) Limited.

Strategic report

A strategic report has not been included in these financial statements as the Partnership qualifies for exemption as a small entity under Section 382 of the Companies Act 2006 relating to small entities.

Going concern

The Company is reliant upon the support of the Partnership to be able to meet its liabilities as they fall due. The Partnership has confirmed that it will provide such financial support as might be necessary to ensure that the Company is a going concern for at least twelve months from the date of signing of these Financial Statements.

Therefore, the Directors have a reasonable expectation that the Company will have access to adequate resources to continue in operational existence for the foreseeable future and have therefore continued to adopt the going concern basis in preparing the Financial Statements.

Cash flow statement

The Company has taken advantage of the exemption, under paragraph 1.12(b) of FRS 102, from preparing a statement of cash flows, on the basis that it is owned equally by Norwich Union (Shareholder GP) Limited and Tower View (GP) Limited and the Company's cash flows are included within the consolidated statement of cash flows of Norwich Union.

Notes to the financial statements (continued)
For the year ended 31 December 2016

3. Accounting policies (continued)

Investment in the Partnership

Investment in the Partnership is held at cost, subject to an annual impairment review.

Investment in subsidiary undertakings

Investments in subsidiary undertakings are held at cost, subject to an annual impairment review.

Debtors and other current assets

Receivables are recognised and carried at the lower of their originally invoiced value and recoverable amount. Where the time value of money is material the receivables are carried at amortised cost. Provisions are made where there is objective evidence that the amount will not be recovered in full.

Current liabilities

Other payables are initially recognised and carried at transaction price plus attributable transaction costs. Where the time value of money is material the payables are carried at amortised cost.

Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Financial assets are recognised when the Partnership becomes a party to the contractual provisions of the instrument.

Basic financial assets, including trade and other receivables are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

(ii) Financial liabilities

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Basic financial liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs).

Cash at bank and in hand

Cash at bank and in hand comprises cash balances held with banks.

Administrative expenses

Administrative expenses include administration, finance and management expenses.

Notes to the financial statements (continued)
For the year ended 31 December 2016

3. Accounting policies (continued)

Taxation

The tax charge in the Statement of Comprehensive Income is based on the taxable losses for the year, after any adjustments in respect of prior years. Tax, including tax relief for losses if applicable, is allocated over profits before taxation and amounts charged or credited to reserves as appropriate.

Provision is made for deferred tax liabilities, or credit taken for deferred tax assets, using the liability method, on all material timing differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

The principal temporary differences arise from the creation of current year taxation losses. The rates enacted or substantively enacted at the Statement of Financial Position date are used to determine the deferred tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the timing differences can be utilised.

Deferred tax is provided on temporary differences arising from investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future.

4. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Company's Financial Statements requires the Directors to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. The estimates and associated assumptions are based on historical experience, expectations of future events and other factors that are considered to be relevant.

However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected.
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.

5. Loss on ordinary activities before taxation

Fees payable to the auditors for the audit of the Company's Financial Statements for the year amounting to £1,143 (31 December 2015: £750) are settled by the Partnership.

Administrative expenses

	2016	2015
	£	£
Fees payable to the auditor for the audit of the Company's financial statements	1,143	750
Bank charges	215	300
Administration fee	3,826	3,787
	5,184	**4,837**

In the current year the Directors received no emoluments from the Company for services to the Company for the year (2015: £nil).The Company had no employees during the year (2015: nil).

Notes to the financial statements (continued)
For the year ended 31 December 2016

6. Tax on loss on ordinary activities

The total tax charge/ (credit) comprises:

	2016	2015
	£	£
Current tax		
UK Corporation tax on losses for the year	-	-
Prior year adjustments	-	-
Total current tax credit	-	-
Deferred tax		
Origination and reversal of timing differences	-	-
Total deferred tax	-	-
Tax charge/(credit) on losses on ordinary activities	-	-

(a) Tax reconciliation

The tax on the Company's loss before tax differs from the theoretical amount that would arise using the tax rate in the United Kingdom as follows:

	2016	2015
	£	£
Loss on ordinary activities before tax	(5,184)	(4,837)
Tax calculated at standard UK corporation tax rate of 20% (2015: 20%)	(1,037)	(970)
Effect of:		
Share of Partnership allowable losses	270	234
Unutilised trading and capital losses	764	736
Current tax charge/ credit on ordinary activities for the year	-	-

(b) Deferred tax

At 31 December 2016 the Company had the following unrecognised deferred tax assets (calculated at 20% (2015: 20%) to carry forward indefinitely against future taxable income.

	2016	2015
	£	£
Balance as at 1 January	3,761	3,441
Prior year adjustment	-	-
Charge for the year	680	737
Changes to tax rates	(210)	(417)
Balance as at 31 December	**4,231**	**3,761**

The above deferred tax asset has not been provided for as there is insufficient evidence under FRS 102 as to the availability of suitable taxable profits in the foreseeable future.

A reduction in the UK Corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly.

Notes to the financial statements (continued)
For the year ended 31 December 2016

7. Investments

a) Investments in Partnership

	2016	2015
	£	£
Cost		
Balance as at 1 January	10	10
Addition	-	-
Balance as at 31 December	**10**	**10**

Details of the principal associates at the year end are as follows:

Investments in associated companies	% Interest held	Nature of business	Address
2-10 Mortimer Street Limited Partnership	0.01%	Developing property in the United Kingdom	St Helen's 1 Undershaft London EC3P 3DQ

b) Investments in Subsidiary undertakings

	2016	2015
	£	£
Shares at cost		
Balance as at 1 January	8	8
Addition	-	-
Balance as at 31 December	**8**	**8**

Subsidiary undertakings	% Ordinary shares held	Nature of business	Address
2-10 Mortimer Street (GP No.1) Limited	100%	Property investment	St Helen's 1 Undershaft London EC3P 3DQ
Mortimer Street Nominee 1 Limited	100%	Nominee company	St Helen's 1 Undershaft London EC3P 3DQ
Fitzroy Place GP 2 Limited	100%	Property investment	St Helen's 1 Undershaft London EC3P 3DQ
Fitzroy Place Management Company Limited	100%	Management of communal areas between property developments at Fitzroy Place	St Helen's 1 Undershaft London EC3P 3DQ

The investment represents 0.01% of the total interests in the 2-10 Mortimer Street Limited Partnership.

The total historical cost of investments is £18.

Notes to the financial statements (continued)
For the year ended 31 December 2016

8. Debtors: amounts falling due within one year

	2016 £	2015 £
Amounts due from Parent undertaking	100	100
	100	**100**

9. Cash at bank and in hand

Company cash at bank and in hand is £9,016,519 (2015: Overdraft of £5).

Included within cash at bank is VAT refunded from HMRC on behalf of the Partnership, as disclosed in note 11.

Fair value is considered carrying value, with time value of money considered immaterial. This is a level B valuation under FRS 102.

10. Creditors: amounts falling due within one year

	2016 £	2015 £
Accruals	4,738	4,399
Amount due to Aviva Investors Global Services Limited	19,389	15,651
Amounts due to Aviva Life & Pensions UK Limited	10	10
Amounts due to the 2-10 Mortimer Street Limited Partnership	9,020,696	3,065
Amounts due to 2-10 Mortimer Street GP (No 1) Limited	2	2
Amounts due to Fitzroy Place GP 2 Limited	2	2
Amounts due to Fitzroy Place Management Company Limited	2	2
Amounts due to Mortimer Street Nominee 1 Limited	2	2
Overdraft	-	5
	9,044,841	**23,138**

11. Called up share capital

	2016 £	2015 £
The allotted, called up and share capital of the Company at 31 December was:		
50 A ordinary shares of £1 each and 50 B shares of £1 each	100	100
	100	**100**

12. Reconciliation of movements in total shareholders' deficit and reserves

	Called up share capital £	Retained earnings £	Total £
At 1 January 2016	100	(23,120)	(23,020)
Loss for the financial year	-	(5,184)	(5,184)
At 31 December 2016	**100**	**(28,304)**	**(28,204)**

Notes to the financial statements (continued)
For the year ended 31 December 2016

13. Contingent liabilities and capital commitments

There were no contingent liabilities or commitments at the Statement of Financial Position date (2015: £nil).

14. Related party transactions

(a) Key management compensation

The members of the Board of Directors, who are considered to be the key management of the Company, are listed on page 1 of these Financial Statements.
There are no amounts receivable from or payments due to members of the Board of Directors.

(b) Services provided to related parties

During the year the Company acted as General Partner for the Partnership. No fees were received for services provided to the Partnership.

(c) Services provided by related parties

During the year Aviva Investors Global Services Limited (AIGSL) paid administration fees of £3,738 (2015: £3,801) on behalf of the Company. Amounts due to AIGSL as at 31 December 2016 are £19,389 (2015: £15,651) as disclosed in note 7. AIGSL provides asset management and administration services to the Partnership. The ultimate holding company of AIGSL is Aviva plc.

At 31 December 2016, £10 (2015: £10) was due from the Company to the Partnership as disclosed in note 5.

At the year end date £2 (2015: £2) was due from the Company to 2-10 Mortimer Street GP (No 1) Limited, Fitzroy Place GP 2 Limited and Fitzroy Place Management Company Limited, as disclosed in note 7.

The amount due to the Partnership at the year end date was £9,020,696 (2015:£3,065), which consisted of net group VAT refunds received from HMRC during the year of £9,425,877 and £839 of prior year audit fees, which were offset by a payment for insurance of £409,644, see note 7.

Amounts due to related parties are unsecured and no guarantees were received in respect thereof.

15. Parent and ultimate controlling undertaking

At 31 December 2016 2-10 Mortimer Street GP Limited is owned equally by Norwich Union (Shareholder GP) Limited and Tower View (GP) Limited. No party has overall control.

Norwich Union (Shareholder GP) Limited is incorporated in the United Kingdom and is a wholly owned subsidiary of Aviva Life & Pensions UK Limited, whose ultimate controlling entity is Aviva plc.

Tower View (GP) Limited is incorporated in Jersey and is a wholly owned subsidiary of New Riverview Limited, who is the ultimate controlling entity.

Aviva plc is a company incorporated in the United Kingdom. New Riverview Limited is a company incorporated in Jersey. Copies of the financial statements of Aviva plc are publically available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

16. Post balance sheet events

There are no significant balance sheet events to report.

2-10 MORTIMER STREET LIMITED PARTNERSHIP
Registered in England No: LP14228

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2-10 Mortimer Street Limited Partnership

Contents

2-10 Mortimer Street Limited Partnership

Partners, Advisers and Other Information

Partners:

Limited Partners

Aviva Life & Pensions UK Limited
St Helen's
1 Undershaft
London
EC3P 3DQ

Tower View Limited
13 Castle Street
St Helier
Jersey
JE4 5UT

General Partner

2-10 Mortimer Street GP Limited
St Helen's
1 Undershaft
London
EC3P 3DQ

Fund Manager

Aviva Investors Global Services Limited
St Helen's
1 Undershaft
London
EC3P 3DQ

Independent Auditors

KPMG LLP
15 Canada Square
London
E14 5GL

Bankers

Barclays Bank PLC
1 Churchill Place
London
E14 5HP

Registered Office

St Helen's
1 Undershaft
London
EC3P 3DQ

Registered Number

Registered in England and Wales: No. LP14228

2-10 Mortimer Street Limited Partnership

Strategic Report for the year ended 31 December 2016

The directors of the General Partner (the "directors") present their strategic report and the audited financial statements of 2-10 Mortimer Street Limited Partnership (the "Partnership") and Group for the year ended 31 December 2016.

The Partnership

The Partnership was established on 6 December 2010 and is registered as a limited partnership in England and Wales under the Limited Partnerships Act 1907. The amended and restated limited partnership deed is dated 21st November 2016.

The Group

For the purposes of these consolidated financial statements, 'the Group' consists of the following entities:

2-10 Mortimer Street Limited Partnership ('The Partnership')

1 Fitzroy Place Jersey Unit Trust

2 Fitzroy Place Jersey Unit Trust

1 Fitzroy Place Limited Partnership

2 Fitzroy Place Limited Partnership

Fitzroy Place Residential Limited

Principal Activity of the Partnership

The principal activity of the Partnership is investment in its subsidiary vehicles to achieve capital growth.

Review of the Partnership's business

On 21 November 2016, Kaupthing ehf transferred to Tower View Limited, the whole of its interest in and obligations in respect of the transfer interest, including the whole of the benefit of its partnership capital, its advances and deficit loans.

1 Fitzroy Place was fully let by 31 December 2016, with the lease to Estee Lauder being in place from 1 January 2015.

As at 31 December 2016, 78% (2015: 21.56%) of the units in 2 Fitzroy Place were let, with the majority of leases commencing in 2015. The remaining units are expected to be let during the course of 2017.

As at 31 December 2016, 233 apartments were handed over, with 2 remaining unsold during the year, within Fitzroy Place Residential Limited. 1 of the apartments reached sale completion in April 2017.

Future Outlook

The partners expect the level of activity to be maintained in the foreseeable future, with the focus on the completion of the 1 remaining residential sale and the active asset management to continue to lease the 2 vacant floors at 2 Fitzroy Place.

Principal risks and uncertainties

The key risks arising in the Group are market, credit, operational and liquidity risks which are discussed in more detail below.

The Aviva Group's approach to risk and capital management

The Aviva Investors Global Services Limited (the "Fund Manager") operates within the overall Aviva Group governance structure and priority framework. It also has its own established governance framework, with clear terms of reference for the Board and the Aviva Executive Committee and a clear organisation structure, with documented delegated authorities and responsibilities (largely through role profiles). The management of the Group's risk falls within the mandate of the Fund Manager.

2-10 Mortimer Street Limited Partnership

Strategic Report for the year ended 31 December 2016 (continued)

Management of financial and non-financial risks

The Partnership's exposure to different types of risk is limited by the nature of its business as follows:

Market risk

The Group's exposure to market risk takes the form of property valuations, which have a direct impact on the value of investments. Market risk is managed by ongoing proactive asset management. The management of this risk falls within the mandate of the Fund Manager, which makes and manages investments on behalf of the Group.

Credit risk

The Group does not have a significant exposure to credit risk as receivables are mainly short-term trading items. The Group's investments are managed by agents who have responsibility for the prompt collection of amounts due.

The exposure to credit risk for the Group and Partnership consists of:

	Group		Partnership	
	2016	2015	2016	2015
	£	£	£	£
Trade and other debtors (excluding lease incentives)	12,674,000	8,246,128	193,365,001	222,679,371
Cash at bank and in hand	9,511,569	19,892,665	171,372	485,166
	22,185,569	28,138,793	193,536,373	223,164,537

The Group manages this risk of tenant default by ensuring that a dedicated credit control team is engaged in collecting the advance quarterly rent from tenants as soon as it falls due. The biggest tenant represents 71% of the Group's rental income for the year to 31 December 2016 (31 December 2015: 64%) and 0% of the tenant receivables balance at 31 December 2016 (31 December 2015: nil).

Loan commitments are made under the Limited Partnership Agreement ("Partnership Agreement" or "LPA") that is signed by all parties so that all members of the Partnership are aware of their commitments. The General Partner communicates regularly with all the members of the Partnership to make them aware of likely future capital requirements and provide explanations for investment performance to manage the risk of default.

Cash at bank is held with financial institutions with good credit ratings.

Operational risk

Operational risk arises as a result of inadequate or failed internal processes, people or systems; or from external events. Details of the Aviva Group approach to operational risk are set out in the financial statements of the Fund Manager, which manages and administers the Partnership's investments.

Liquidity risk

The Group does not have a significant exposure to liquidity risk. Liquidity risk is managed by ensuring that there is always sufficient headroom available to meet the working capital requirements of the business. The General Partner monitors the maturity of the Group's obligations as and when they fall due.

2-10 Mortimer Street Limited Partnership

Strategic Report for the year ended 31 December 2016 (continued)

Liquidity risk (continued)

The maturity analysis of the Group's financial assets and liabilities as at 31 December 2016 was as follows:

Group	On demand	Less than one year	One to five years	More than five years
	£	£	£	£
Financial assets				
Investments (see note 13)	-	-	-	-
Inventories (see note 12)	-	12,715,500	-	-
Trade and other debtors (see notes 14 and 15)	-	11,624,249	5,787,087	24,157,391
	-	**24,339,749**	**5,787,087**	**24,157,391**
Financial liabilities				
Loans payable (see note 17)	-	-	-	-
Trade and other creditors (see notes 17 and 18)	-	17,612,008	-	1,605,152
	-	**17,612,008**	**-**	**1,605,152**

The maturity analysis of the Partnership's financial assets and liabilities as at 31 December 2016 was as follows:

Partnership	On demand	Less than one year	One to five years	More than five years
	£	£	£	£
Financial assets				
Investments (see note 13)	-	-	31,811,883	-
Inventories (see note 12)	-	-	-	-
Trade and other debtors (see notes 14 and 15)	-	193,351,585	13,415	-
	-	**193,351,585**	**31,825,298**	**-**
Financial liabilities				
Loans payable (see note 17)	-	-	-	-
Trade and other creditors (see note 17)	-	1,664,395	-	-
	-	**1,664,395**	**-**	**-**

2-10 Mortimer Street Limited Partnership

Strategic Report for the year ended 31 December 2016 (continued)

Employees

The Partnership had no employees during the year (2015: none).

For and on behalf of the Partnership:

D A Diemer

Director of 2-10 Mortimer Street GP Limited

28 June 2017

2-10 Mortimer Street Limited Partnership

General Partner's Report for the year ended 31 December 2016

The directors of the General Partner (the "directors") present their annual report and the audited financial statements of 2-10 Mortimer Street Limited Partnership (the "Partnership") and Group for the year ended 31 December 2016.

Results and Distributions

The profit for the Group, for 2016 was £102,158,161 (2015: £73,024,999). Distributions to the Partners were £nil (2015: £nil).

Directors

The current directors of 2-10 Mortimer Street GP Limited and those in office throughout the year, except as noted, are as follows:

Peter Adrian Ferrari	(appointed 18 January 2017)
Charles-Etienne Lawrence	(appointed 18 January 2017)
Thomas Ashley Smithers	(appointed 18 January 2017)
Luke Baker	(appointed 01 January 2017)
Neil Johnston Gardiner	
David Anthony Diemer	
Anna Sigridur Arnardottir	(resigned 21 November 2016)
Johann Petur Reyndal	(resigned 21 November 2016)
Michael Charles Luscombe	(resigned 31 December 2016)

Going concern

The General Partner has reviewed the current and projected financial position of the Partnership, making reasonable assumptions about future trading performance. After making enquiries, the directors of the General Partner have a reasonable expectation that the Partnership has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Post balance sheet events

There are no significant balance sheet events to report.

Independent auditor

Pursuant to Section 487 of the Companies Act 2006, as applied in accordance with the provisions of the Partnership (Accounts) Regulations 2008, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Disclosure of information to the independent auditor

Each person who was a director of the General Partner on the date that this report was approved confirms that:

(a) so far as the director is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing their report, of which the Partnership's auditors is unaware; and

(b) each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Partnership's auditors is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006, as applied in accordance with the provisions of the Partnership (Accounts) Regulations 2008.

2-10 Mortimer Street Limited Partnership

General Partner's Report for the year ended 31 December 2016 (continued)

Partners' accounts

Partners' accounts consist of capital contributions and non interest bearing loans. The Partnership has classified the Partners' accounts as a financial liability in accordance with FRS 102 based on the contractual arrangements within the Limited Partnership Agreement which require repayment of the net assets/liabilities upon wind up of the Partnership.

The Partners accounts include capital contributions and partners advance as follows:

As at 31 December 2016	**Capital Contributions**	**Capital Advance**
	£	**£**
Aviva Life & Pensions UK Limited	49,995	49,873,512
Tower View Limited	49,995	49,873,512
2-10 Mortimer Street GP Limited	10	-
Total	**100,000**	**99,747,024**

As at 31 December 2015	**Capital Contributions**	**Capital Advance**
	£	**£**
Aviva Life & Pensions UK Limited	49,995	78,652,255
Kaupthing ehf	49,995	86,494,865
2-10 Mortimer Street GP Limited	10	-
Total	**100,000**	**165,147,120**

2-10 Mortimer Street Limited Partnership

Statement of General Partner's Responsibilities in respect of the Members' Report and the Financial Statements

The General Partner is responsible for preparing the General Partner's Report and the Group and Partnership financial statements in accordance with applicable law and regulations.

Under that law the General Partner has elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). Under Company Law the General Partner 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 Group and the Partnership and of the profit or loss of the Group and Partnership for that period. In preparing these financial statements, the General Partner is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the partnership will continue in business.

The General Partner is responsible for keeping adequate accounting records that are sufficient to show and explain the Partnership's transactions and disclose with reasonable accuracy at any time the financial position of the Partnership and the Group and to enable it to ensure that the financial statements comply with the Companies Act 2006 as required by regulation 4 of the Partnerships (Accounts) Regulations 2008. It is also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

For and on behalf of the Partnership:

D A Diemer

Director of 2-10 Mortimer Street GP Limited

28 June 2017

2-10 Mortimer Street Limited Partnership

Independent Auditor's Report to the Members of 2-10 Mortimer Street Limited Partnership

We have audited the financial statements of 2-10 Mortimer Street Limited Partnership for the year ended 31 December 2016 as set out on pages 11 to 33. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102").

This report is made solely to the qualifying partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as required by regulation 4 of the Partnerships (Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the partnership'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 partnership and the partnership's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditor

As explained more fully in the Statement of the General Partner's Responsibilities set out on page 8, the General Partner is 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the qualifying partnership's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008.

Opinion on other matters prescribed by the Companies Act 2006

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

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic Report and the General Partners' report:

- we have not identified material misstatements in these reports and
- in our opinion, these reports have been prepared in accordance with the Companies Act 2006.

2-10 Mortimer Street Limited Partnership

Independent Auditor's Report to the Members of 2-10 Mortimer Street Limited Partnership (continued)

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 as applied to qualifying partnerships 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 members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Henry Todd (Senior Statutory Auditor)
for and on behalf of KPMG LLP
Chartered Accountants and Statutory Auditors
15 Canada Square
London, E14 5GL

30 June 2017

2-10 Mortimer Street Limited Partnership

Consolidated and Partnership Statement of Comprehensive Income
For the year ended 31 December 2016

	Notes	Group 2016 £	Group 2015 £	Partnership 2016 £	Partnership 2015 £
Turnover	5	429,763,295	42,752,191	-	-
Distribution from subsidiaries		-	-	79,202,390	-
Cost of sales	6	(295,062,465)	(21,799,320)	-	-
Gross profit		**134,700,830**	**20,952,871**	**79,202,390**	-
Administrative expenses	7	(1,287,735)	(742,397)	(16,433)	(10,681)
Change in fair value of investment properties	11	(5,176,002)	56,212,672	-	-
Operating profit/(loss)		**128,237,093**	**76,423,146**	**79,185,957**	**(10,681)**
Interest receivable	8	931	1,540	413,615	870,854
Interest payable	9	(270,300)	(2,564,286)	-	-
Profit on ordinary activities before taxation		**127,967,724**	**73,860,400**	**79,599,572**	**860,173**
Tax on profit on ordinary activities	10	(15,637,163)	(835,401)	-	-
Profit for the financial year		**112,330,561**	**73,024,999**	**79,599,572**	**860,173**
Other comprehensive income		-	-	-	-
Total comprehensive income attributable to Partners		**112,330,561**	**73,024,999**	**79,599,57**	**860,173**

Continuing operations
All amounts reported in the Consolidated and Partnership Statement of Comprehensive Income for the years ended 31 December 2016 and 31 December 2015 relate to continuing operations.

The notes on pages 15 to 33 form an integral part of these financial statements.

2-10 Mortimer Street Limited Partnership

Consolidated and Partnership Statements of Financial Position
As at 31 December 2016

	Notes	Group 2016 £	Group 2015 £	Partnership 2016 £	Partnership 2015 £
Fixed assets					
Investment properties	11	401,915,274	405,396,212	-	-
Investment in subsidiaries	13	-	-	31,811,883	31,811,883
		401,915,274	405,396,212	31,811,883	31,811,883
Debtors: amounts falling due after one year	14	29,944,478	15,673,762	13,415	8,950
Current assets					
Inventory	12	12,715,500	289,684,427	-	-
Debtors due in less than one year	14	11,624,249	7,066,155	193,351,585	222,670,422
Cash at bank and in hand	16	9,511,569	19,892,665	171,372	485,166
		33,851,318	316,643,247	193,522,957	223,155,588
Creditors: amounts falling due within one year	17	(17,612,008)	(336,814,223)	(1,664,395)	(45,492,037)
Net current assets/(liabilities)		16,239,310	(20,170,976)	(191,858,562)	177,663,551
Total assets less current liabilities		448,099,062	400,898,998	223,683,860	209,484,384
Creditors: amounts falling due after more than one year	18	(1,605,152)	(1,335,552)	-	-
Net assets attributable to Partners		**446,493,910**	**399,563,445**	**223,683,860**	**209,484,384**

These audited financial statements were approved and authorised for issue by the Board of Directors of 2-10 Mortimer Street GP Limited, the General Partner on 28 June 2017 and were signed on its behalf by

D A Diemer

Director of 2-10 Mortimer Street GP Limited

The notes on pages 15 to 33 form an integral part of these financial statements.

2-10 Mortimer Street Limited Partnership

Consolidated and Partnership Statements of Changes in Net Assets Attributable to Partners
For the year ended 31 December 2016

	Notes	Group 2016 £	Group 2015 £	Partnership 2016 £	Partnership 2015 £
Balance at 1 January		**399,563,445**	**316,421,766**	**209,484,384**	**198,507,531**
Profit for the financial year	21	112,330,561	73,024,999	79,599,572	860,173
Advance capital during the year	21	(65,400,096)	3,651,389	(65,400,096)	3,651,389
Premium reserves during the year	21	-	6,465,291	-	6,465,291
Net assets attributable to Partners at 31 December		**446,493,910**	**399,563,445**	**223,683,860**	**209,484,384**

The notes on pages 15 to 33 form an integral part of these financial statements.

2-10 Mortimer Street Limited Partnership

Consolidated and Partnership Cash Flow Statements
For the year ended 31 December 2016

	Notes	Group 2016 £	Group 2015 £	Partnership 2016 £	Partnership 2015 £
Cash flows from operating activities					
Profit for the year		112,330,561	73,024,999	79,599572	860,173
Adjustments for:					
Change in value of investment property	11	5,176,002	(56,212,672)	-	-
Interest receivable and similar income		(931)	(1,540)	(413,615)	(870,854)
Interest payable and similar charges	9	270,300	2,564,286	-	-
(Increase)/decrease in trade and other debtors	14/15	(18,828,810)	(21,844,674)	34,678,106	4,313,320
Decrease in inventory	12	276,968,927	1,946,160	-	-
Increase in trade and other creditors	17/18	(43,443,102)	13,529,170	172,358	429,418
(Decrease)/increase in provisions	19	(46,072,454)	(13,783,401)	(44,000,000)	5,698,000
Net cash from operating activities		**286,400,493**	**(777,672)**	**70,036,421**	**10,430,057**
Cash flows from investing activities					
Capital expenditure	11	(34,155,168)	(17,112,529)	-	-
Loan to subsidiary	14/15	-	-	(5,363,734)	(22,052,524)
Net cash from investing activities		**(34,155,168)**	**(17,112,529)**	**(5,363,734)**	**(22,052,524)**
Cash flows from financing activities					
Proceeds from the issue of advance capital	21	950,000	10,116,680	950,000	10,116,680
Repayment of advance capital	21	(66,350,095)	-	(66,350,095)	-
Proceeds from loan	17/18	-	25,111,805	-	-
Loan repayment		(197,227,257)	-	-	-
Interest received		931	1,540	413,615	1,364
Net cash from financing activities		**(262,626,421)**	**35,230,025**	**(64,986,481)**	**10,118,044**
Net (decrease)/ increase in cash and cash equivalents		(10,381,096)	17,339,824	(313,794)	(1,504,423)
Cash and cash equivalents at 1 January		19,892,665	2,552,841	485,166	1,989,589
Cash and cash equivalents at 31 December		**9,511,569**	**19,892,665**	**171,372**	**485,166**

The notes on pages 15 to 33 form an integral part of these financial statements.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2016

1. **General information**

The Partnership was established on 6 December 2010 and is registered as a limited partnership in England and Wales under the Limited Partnerships Act 1907. The amended and restated limited partnership deed is dated 21st November 2016.

2. **Statement of compliance**

The financial statements of the Partnership have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, ''The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland'' (''FRS 102'') and the Companies Act 2006.

3. **Accounting policies**

Basis of accounting

The Group and Partnership financial statements have been prepared under the historical cost convention, as modified by the revaluation of property investments and certain financial assets and liabilities measured at fair value through the Statement of Comprehensive Income and in accordance with Financial Reporting Standard 102 ("FRS 102") the Financial Reporting Standard applicable in the UK and Republic of Ireland.

The functional currency of 2-10 Mortimer Street Limited Partnership is considered to be pounds sterling because that is the currency of the primary economic environment in which the Partnership operates. The consolidated financial statements are also presented in pounds sterling.

The carrying amount of the cost of investment in subsidiaries is its deemed cost at 1 January 2014, the date of transition to FRS 102.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Partnership and its Group undertakings, as at 31 December 2016. The financial statements of the Group undertakings are prepared for the same reporting period as the parent company, using consistent accounting policies. The results of subsidiaries acquired are consolidated for the period from or to the date on which control passed. Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies into line with those used by the Group. All intra-group balances, transactions, income and expenses with subsidiaries are eliminated on consolidation.

Investments in Group undertakings have been included in the Partnership financial statements at the original equity contribution value less any subsequent repayments of capital.

Going concern basis

The consolidated financial statements comprise the financial statements of the Partnership and its Group undertakings as at 31 December 2016. The financial position of the Group and Partnership and their liquidity position are set out in these financial statements.

The General Partner has reviewed the current and projected financial position of the Partnership, making reasonable assumptions about future trading performance. After making enquiries, the directors of the General Partner have a reasonable expectation that the Partnership has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Investment properties

Investment properties for which fair value can be measured reliably without undue cost or effort on an ongoing basis are measured at fair value annually by reference to a third party valuation report produced by independent appraisers, with any change recognised in the statement of comprehensive income.

3. Accounting policies (continued)

Investment in subsidiaries

Investment in subsidiaries is shown in the balance sheet of the Partnership at cost less any provision for impairment.

Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to sell. Cost includes material, direct labour and where appropriate, an element of site overheads.

At the end of each reporting period, inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the statement of comprehensive income. Where a reversal of the impairment is required the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the statement of comprehensive income.

Debtors and other current assets

Receivables are recognised and carried at the lower of their originally invoiced value and recoverable amount. Where the time value of money is material the receivables are carried at amortised cost. Provisions are made where there is objective evidence that the amount will not be recovered in full.

Current liabilities

Other payables are initially recognised and carried at transaction price plus attributable transaction costs. Where the time value of money is material, the payables are carried at amortised cost.

Financial instruments

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument.

Basic financial assets, including trade and other receivables, cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

(ii) Financial liabilities

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Basic financial liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs).

Loans and borrowings

Loans and borrowings are recognised initially at their issue proceeds less transaction costs incurred. Subsequently, borrowings are stated at amortised cost with interest being accrued cyclically as defined in the facility agreements. Borrowing costs have been capitalised and are being amortised using the effective interest rate method over the life of the loan. Interest expense associated with loans and borrowings is accounted for on an accruals basis.

3. Accounting policies (continued)

Leases

Leases, where the lessor retains substantially all of the risks and rewards of ownership, are classified as operating leases. If the impact of straight-lining is material the income is amortised over the lease term. The same applies for receipts as lessors under operating leases (net of any incentives given to the lessee) which are credited to the statement of comprehensive income on a straight-line basis over the period of the lease if there is a material impact.

Provisions and contingent liabilities

Provisions are recognised when the Partnership has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Where the Partnership expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is more probable than not. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

Contingent liabilities are not recognised. Contingent liabilities arise as a result of past events when (i) it is not probably that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Group's control. Contingent liabilities are disclosed if the future obligation is probable and the amount cannot be reasonably estimated.

Cash at bank and in hand

Cash at bank and in hand comprises of cash and cash on deposit with banks, both of which are immediately available.

Cash flow

The Group reports cash flows from operating activities using the indirect method. Interest received and paid is presented within Cash flows from financing activities. Capitalised development expenditure is disclosed as cash flows from investing activities because this most appropriately reflects the Group's business activities.

Fund manager fees

Under the terms of the Amended and Restated Asset Management Agreement dated 21 November 2016 between the Partnership and Aviva Investors Global Services Limited (the "Fund Manager"), up until the date of Practical Completion, the Fund Manager is entitled to a fixed fee of £590,000 for fund management services along with a fixed fee of £10,000 for administration services, with both fees calculated on a quarterly basis and payable quarterly in arrears. Post Practical Completion, the fee for the fund management services alters to being based upon 0.3% of the market value of the properties less £10,000. The administration fee remained unchanged, with both fees being calculated on a quarterly basis and payable quarterly in arrears.

3. Accounting policies (continued)

Turnover

Turnover comprises the net income receivable from the investment portfolio and is recognised on an accruals basis.

Turnover represents rental income, comprising of rent receivable and surrender premiums on investment properties leased out under operating lease agreements, arising in the United Kingdom net of VAT. Additionally, turnover also includes the proceeds on the sale of inventory, being residential flats. As at 31 December 2016, 233 apartments were exchanged, which represents 99.15% of all apartments available for sale. Turnover of the Partnership represents distributions received from its subsidiaries.

Rent receivable is recognised on an accruals basis in the Profit and Loss Account, over the period to which the income relates. Rent receivable also includes incentives given to tenants, such as rent-free periods, and if the impact of these is material to the financial statements they are amortised over the period of the lease. Surrender premiums are recognised on unconditional exchange of contracts.

Cost of sales

Cost of sales includes amounts invoiced in respect of facilities management services provided, and other expenses incurred on an accruals basis. Cost of sales also includes the cost of disposals of the residential flats. The cost of disposals is calculated on a proportionate amount based on the sales valuation of the whole residential development.

Administrative expenses

Administrative expenses include all costs not directly incurred in the operation of the Partnership's property portfolio. This includes administration, finance and management expenses.

Interest receivable and similar income

Interest income and similar income is recognised on an accruals basis.

Interest payable and similar charges

Interest payable and similar charges are recognised on an amortised cost basis and include loan facility interest.

Deposits

Deposits comprise monies received from the pre sale of residential units and are recognised at fair value. Deposits are derecognised when sales transactions are completed.

Income allocation and distributions

In accordance with the Limited Partnership Agreement net results are to be allocated to Partners at their respective proportions. Fund Manager, with approval of General Partner, shall distribute net proceeds received after making provision for fees and expenses of the Partnership.

Taxation

The Partnership itself is transparent for tax purposes, with each partner exclusively liable for any tax liabilities arising out of their interest in the Partnership.

Within Fitzroy Place Residential Limited the current tax expense is based on the taxable profits for the year, after any adjustments in respect of prior years. Tax including tax relief for losses if applicable, is allocated over profits before taxation and amounts charged or credited to reserves as appropriate.

Related party transactions

The Group discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the Group financial statements.

4. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Partnership's Consolidated Financial Statements requires the General Partner to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. The estimates and associated assumptions are based on historical experience, expectations of future events and other factors that are considered to be relevant.

However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected.

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.

In the process of applying the Partnership's accounting policies, the General Partner has made the following judgements which have the most significant effect on the amounts recognised in the Consolidated Financial Statements:

(a) Valuation of investment properties

The fair value of the Partnership's investment properties represents an estimate by independent professional valuers of the open market value of that property as at the balance sheet date. The determination of the fair value of investment properties requires the use of estimates such as future cash flows from assets (such as lettings, tenants' profiles, future revenue streams, capital values of fixtures and fittings, plant and machinery, any environmental matters and the overall repair and condition of the property) and discount rates applicable to those assets. The valuers also make reference to market evidence of transaction prices for similar properties. Fair value disclosures in relation to investment property are given in Note 11.

Under section 11 of FRS 102, fair value is classified as one of the following:

Level A: The best evidence of fair value is a quoted price for an identical asset in an active market. Quoted in an active market in this context means quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted price is usually the current bid price.

Level B: When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the entity can demonstrate that the last transaction price is not a good estimate of fair value (eg because it reflects the amount that an entity would receive or pay in a forced transaction, involuntary liquidation or distress sale), that price is adjusted.

Level C: If the market for the asset is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, an entity estimates the fair value by using a valuation technique. The objective of using a valuation technique is to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations.

For the valuation of investment property, we consider this a level C valuation.

(b) Impairment of non-financial assets

Property and other non-financial assets are reviewed for impairment at each balance sheet date. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

5. Turnover

Turnover is attributable to one continuing activity in the UK, the selling, letting and management of property.

	Group		Partnership	
	2016	2015	2016	2015
	£	£	£	£
Gross rental income	16,410,233	13,408,341	-	-
Proceeds on sale of inventory	413,251,130	29,343,850	-	-
Ground rental income	101,932	-	-	-
	429,763,295	**42,752,191**	-	-

6. Cost of sales

	Group		Partnership	
	2016	2015	2016	2015
	£	£	£	£
Property related expenses	1,850,785	1,056,960	-	-
Cost of the sale of inventory	293,211,680	20,742,360	-	-
	295,062,465	**21,799,320**	-	-

7. Administrative expenses

	Group		Partnership	
	2016	2015	2016	2015
	£	£	£	£
Asset management fees	1,084,940	590,000	-	-
Legal and professional fees	78,561	10,000	-	-
Audit fees	32,573	16,550	10,522	4,050
Operator fees	20,535	19,800	-	-
Bank charges	1,576	1,718	411	1,131
Taxation fees	18,376	17,200	5,500	5,500
Sundry expenses	9,724	27,516	-	-
Valuation fees	41,450	59,613	-	-
	1,287,735	**742,397**	**16,433**	**10,681**

The Group and Partnership had no employees in the current or prior year. In the current year the Directors received no emoluments for services to the Partnership for the financial year (2015: £nil).

8. Interest receivable and similar income

	Group		Partnership	
	2016	2015	2016	2015
	£	£	£	£
Bank interest receivable	931	1,540	-	1,363
Loan interest receivable	-	-	413,615	869,491
	931	**1,540**	**413,615**	**870,854**

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2016

9. Interest payable and similar charges

	Group		Partnership	
	2016	**2015**	**2016**	**2015**
	£	**£**	**£**	**£**
Interest payable on deposits	270,300	2,564,286	-	-
	270,300	**2,564,286**	-	-

Unit sale deposits received are incurring 3% annual interest payable on completion of development.

10. Tax on profit on ordinary activities

The total tax charge comprises:

	Group 2016 £	Group 2015 £
Current tax:		
For this year	15,354,879	-
Prior year adjustments	-	-
Total current tax	15,354,879	-
Deferred tax:		
Origination and reversal of temporary differences	401,162	953,215
Changes in tax rates or tax laws	(118,878)	(117,814)
Total deferred tax	282,284	835,401
Tax charge on profit on ordinary activities	15,637,163	835,401

(a) Tax reconciliation

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the tax rate in the United Kingdom as follows:

	Group 2016 £	Group 2015 £
Profit on ordinary activities before tax	127,967,724	73,860,400
Less: Change in fair value of investment properties	5,176,002	(56,212,672)
Profit before distributions and taxation	133,143,726	17,647,728
Tax calculated at standard UK corporation tax rate of 20% (2015:20%)	26,628,745	3,529,546
Adjustment to tax charge in respect of prior years	2,150	-
Partnership profits not taxable	(10,874,854)	(1,332,317)
Disallowable expenses	-	897
Movement in unrecognised deferred tax asset	-	(1,244,911)
Changes in tax rates or tax laws	(118,878)	(117,814)
Total tax charge on ordinary activities for the year	15,637,163	835,401

10. Tax on profit on ordinary activities (continued)

(b) Deferred tax

(i) The balance at the period end comprises:

	Group 2016 £	Group 2015 £
Unrealised losses on investments	(1,342,607)	(1,175,616)
Unused losses and tax credits	-	115,292
Net deferred tax liability	(1,342,607)	(1,060,324)

(ii) The movement in net deferred tax liability was as follows:

	Group 2016 £	Group 2015 £
Net deferred tax liability at 1 January	(1,060,324)	(224,923)
Amounts charged to profit	(282,284)	(835,401)
	(1,342,608)	(1,060,324)

Factors affecting current and future tax charges

At 31 December 2016 the company had the following unrecognised deferred tax assets (calculated at 20% (2015: 20%)) to carry forward indefinitely against future taxable income.

	Group 2016 £	Group 2015 £
Balance as at 1 January	-	1,244,911
Prior year adjustment	-	-
Movement in the year	-	(1,244,911)
Balance as at 31 December	-	-

The above deferred tax asset has not been provided for as there is insufficient evidence under FRS 102 as to the availability of suitable taxable profits in the foreseeable future.

A reduction in the UK Corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly.

2-10 Mortimer Street Limited Partnership

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2016

11. Investment properties

	Group 2016 £	Group 2015 £
Cost		
Opening balance	211,424,005	195,640,465
Capital expenditure	1,695,064	15,783,540
Cost at 31 December	**213,119,069**	**211,424,005**
Fair value adjustment		
Opening balance	193,972,207	137,759,535
Net gain on revaluation of investment property	(5,176,002)	56,212,672
Fair Value adjustment 31 December	**188,796,205**	**193, 972,207**
Carrying amount at 31 December	**401,915,274**	**405,396,212**
Lease incentives		
Current		
Unamortised rent free incentives	481,060	65,834
Unamortised capital contributions	82,270	94,995
Non-Current		
Unamortised rent free incentives	27,121,986	13,041,279
Unamortised capital contributions	1,209,410	1,291,680
Gross asset value at 31 December	**430,810,000**	**419,890,000**

11. Investment properties (continued)

The investment property tenure is freehold.

For the valuation of investment properties, we consider this a level C valuation.

The investment properties were valued to fair value in accordance with the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors, as at 31 December 2016 by CBRE, independent professionally qualified chartered surveyors. The valuer has significant experience in the location and class of the investment properties being valued.

The valuations performed by the independent valuer for financial reporting processes have been reviewed by the Fund Manager. Discussions of valuation processes and results are held between the Fund Manager and the independent valuers at least once every quarter. At each year end, the Fund Manager:

- Verifies all major inputs to the independent valuation report
- Assesses property valuation movements when compared to the prior year valuation report
- Holds discussions with the independent valuer

Investment properties are valued by using the investment method which involves applying capitalisation yields to current and estimated future rental streams net of income voids arising from vacancies or rent-free periods and associated running costs. These capitalisation yields and rental values are based on comparable property and leasing transactions in the market, using the valuers' professional judgement and market observation. Other factors taken into account in the valuations include the tenure of the property, tenancy details and ground and structural conditions, being assumptions applied by the valuers and information provided by the General Partner which is derived from the Partnership's financial and property management systems and is subject to the Partnership's overall control environment.

12. Inventories

	Group		Partnership	
	2016	**2015**	**2016**	**2015**
	£	**£**	**£**	**£**
At 1 January	289,684,427	291,630,586	-	-
Capitalised residential property costs	16,242,753	18,796,201	-	-
Cost on disposal of flats	(293,211,680)	(20,742,360)	-	-
At 31 December	**12,715,500**	**289,684,427**	**-**	**-**

Inventories are represented by two private apartments held for sale, a penthouse and ground floor flat.

As per CBRE valuation report the cost to complete (£13.2m) is exceeding the value of the unsold units (£13m).

13. Investment in subsidiaries

	Group 2016 £	Group 2015 £	Partnership 2016 £	Partnership 2015 £
Cost at 1 January	-	-	31,811,883	31,811,883
Historic cost of investment at 31 December	**-**	**-**	**31,811,883**	**31,811,883**

There was no impairment during the year.

The General Partner believes that the carrying value of the investments is supported by their underlying net assets.

At the year end the Group had the following material interests:

Name of subsidiary	Shareholding	Held through	Nature of business	Address
Fitzroy Place Residential Limited	100.00%	Ordinary shares	Trade of residential property development	St Helen's 1 Undershaft London EC3P 3DQ
1 Fitzroy Place Jersey Unit Trust	90.80%	Units	The Trust invests in 1 Fitzroy Place Limited Partnership	3rd Floor Liberation House Castle Street St Helier Jersey Channel Islands JE1 1BL
2 Fitzroy Place Jersey Unit Trust	86.20%	Units	The Trust invests in 2 Fitzroy Place Limited Partnership	3rd Floor Liberation House Castle Street St Helier Jersey Channel Islands JE1 1BL
1 Fitzroy Place Limited Partnership	90.80%	Ordinary shares	Trade of investment property development	St Helen's 1 Undershaft London EC3P 3DQ
2 Fitzroy Place Limited Partnership	86.19%	Ordinary shares	Trade of investment property development	St Helen's 1 Undershaft London EC3P 3DQ

14. Debtors – amounts due falling within one year

	Group		**Partnership**	
	2016	**2015**	**2016**	**2015**
	£	**£**	**£**	**£**
Other amounts due from intercompany loans:				
1 Fitzroy Place Limited Partnership	-	-	116,847,320	105,242,136
2 Fitzroy Place Limited Partnership	-	-	66,651,869	59,923,872
Fitzroy Place Residential Limited	-	-	-	12,969,447
Other debtors:				
Trade debtors	811,093	486,177	-	-
VAT refund due from HMRC	148,257	640,602	47,007	484,691
Amounts due from the General Partner	9,017,039	605	9,017,039	305
Performance fee due from subsidiary undertakings	-	-	-	44,000,000
Prepayments	153,991	118,300	-	-
Other debtors	682,173	5,413,129	5,826	-
Fitzroy Place Management Company Limited	248,366	246,515	782,524	49,970
Lease incentives	563,330	160,830	-	-
Total debtors amounts falling due within one year	**11,624,249**	**7,066,155**	**193,351,585**	**222,670,421**

Included in other amounts due from intercompany loans are loans to 1 Fitzroy Place Limited Partnership and 2 Fitzroy Place Limited Partnership, which are interest free and are repayable on 8 November 2020.

Intercompany loans to Fitzroy Place Residential Limited were repaid on 13 June 2016.

All other balances are due to be settled within 12 months of the balance sheet date.

Fair value is considered carrying value, with time value of money considered immaterial.

15. Debtors – amounts falling due after one year

	Group		Partnership	
	2016	**2015**	**2016**	**2015**
	£	**£**	**£**	**£**
Other amounts due from intercompany loans:				
1 Fitzroy Place Jersey Unit Trust	-	-	2,743	1,850
2 Fitzroy Place Jersey Unit Trust	-	-	2,743	1,850
2-10 Mortimer Street GP Limited	2,643	1,750	2,643	1,750
2-10 Mortimer Street GP (No 1) Limited	2,643	1,750	2,643	1,750
Fitzroy Place GP 2 Limited	2,643	1,750	2,643	1,750
Other debtors:				
Lease incentives	28,331,397	14,332,959	-	-
Tenant rent deposits	1,605,152	1,335,553	-	-
Total debtors amounts falling due after one year	**29,944,478**	**15,673,762**	**13,415**	**8,950**

Intercompany loans to 1 Fitzroy Place Jersey Unit Trust, 2 Fitzroy Place Jersey Unit Trust, 2-10 Mortimer Street GP Limited, 2-10 Mortimer Street GP (No 1) Limited and Fitzroy Place GP 2 Limited relate to prior year audit fees paid by the Partnership.

Fair value is considered carrying value, with time value of money considered immaterial.

16. Cash at bank and in hand

Group cash at bank and in hand is £9,511,569 (2015: £19,892,665) and includes £1,599,283 (2015: £2,503,404) of which is held by the property managers.

Fair value is considered carrying value, with time value of money considered immaterial.

2-10 Mortimer Street Limited Partnership

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2016

17. Creditors - amounts falling due within one year

	Group		Partnership	
	2016	**2015**	**2016**	**2015**
	£	**£**	**£**	**£**
Trade and other creditors	2,269,784	811,025	375,426	77,279
Accruals and deferred income	3,764,944	9,318,480	16,835	17,503
Taxation payable	7,537,486	1,060,324	-	-
Performance fee provision	-	44,000,000	-	44,000,000
Construction cost provision	2,650,000	1,800,000	-	-
Agent fee provision	700,000	3,622,455	-	-
VAT intercompany with subsidiaries	-	-	1,134,419	397,255
Agent output VAT	689,794	117,810	-	-
Aviva Life and Pensions UK Limited loan	-	94,165,639	-	-
Kaupthing ehf loan	-	94,165,639	-	-
Exemplar loans	-	1,000,000	-	1,000,000
Deposits received from pre sale of units	-	86,752,851	-	-
Amounts due to Fitzroy Place Residential Limited	-	-	137,715	-
Total creditors amounts falling due within one year	**17,612,008**	**336,814,223**	**1,664,395**	**45,492,037**

The performance fee due to the development manager was paid on 19th September 2016.

The Exemplar loan of £1,000,000 was repaid on 19 September 2016 together with interest amounting to £2,328,598.

Aviva Life and Pensions UK Limited and Kaupthing ehf loans consisted of a Tranche A and Tranche B. In June 2016, following the sale of the residential apartments, both the Tranche A and Tranche B loans were fully repaid.

Fair value is considered carrying value, with time value of money considered immaterial.

18. Creditors – amounts falling due after more than one year

	Group		Partnership	
	2016	**2015**	**2016**	**2015**
	£	**£**	**£**	**£**
Tenant rent deposits	1,605,152	1,335,553	-	-
Total creditors amounts falling due after one year	**1,605,152**	**1,335,553**	**-**	**-**

Fair value is considered carrying value, with time value of money considered immaterial.

19. Provisions for liabilities

	Group 2016	**Group 2015**	**Partnership 2016**	**Partnership 2015**
	£	**£**	**£**	**£**
Balance at 1 January	(49,422,455)	(63,205,856)	(44,000,000)	(38,302,000)
Movement (debited)/credited to inventories and properties under development	46,072,455	13,783,401	44,000,000	(5,698,000)
Balance at 31 December	**(3,350,000)**	**(49,422,455)**	**-**	**(44,000,000)**

20. Contingent liabilities and commitments

There were no commitments or contingent liabilities at the balance sheet date (2015: £nil).

2-10 Mortimer Street Limited Partnership

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2016

21. Movement in Partners' Funds – Consolidated

	Aviva Life & Pensions UK Limited Capital A215	Aviva Life & Pensions UK Limited Capital A214	Kaupthing ehf	Tower View Limited	2-10 Mortimer Street GP Limited	Total
	33.33%	16.665%		49.995%	0.01%	**100%**
	£	£	£	£	£	£
Capital account						
Opening balances	33,330	16,665	49,995	-	10	100,000
Transferred during the year	-	-	(49,995)	49,995	-	-
At 31 December 2016	**33,330**	**16,665**	**-**	**49,995**	**10**	**100,000**
Other capital account						
Opening balances	66,733	33,367	100,100	-	-	200,200
Transferred during the year	-	-	(100,100)	100,100	-	-
At 1 January and 31 December 2016	**66,733**	**33,367**	**-**	**100,100**	**-**	**200,200**
Partnership premium account						
Opening balances	10,445,091	5,224,112	15,669,202	-	-	31,338,405
Transferred during the year	-	-	(15,669,202)	15,669,202	-	-
At 1 January and 31 December 2016	**10,445,091**	**5,224,112**	**-**	**15,669,202**	**-**	**31,338,405[2]**
Advance capital account						
Opening balances	55,619,896[1]	27,808,224[1]	81,718,999	-	-	165,147,120
Advance capital issued during the year	316,635	158,365	475,000	-	-	950,000
Advance capital repayment during the year	(22,690,849)	(11,338,760)	(32,320,487)	-	-	(66,350,096)
Transferred during the year	-	-	(49,873,512)	49,873,512	-	-
At 31 December 2016	**33,245,683**	**16,627,829**	**-**	**49,873,512**	**-**	**99,747,024**
Revenue account						
Opening balances	67,627,902	33,760,960	101,388,858	-	-	202,777,720
Transferred during the year	-	-	(101,388,858)	101,388,858	-	-
Profit during the year	37,439,776	18,725,505	-	56,165,280	-	112,330,561
At 31 December 2016	**105,067,678**	**52,486,465**	**-**	**157,554,138**	**-**	**315,108,281**
Net assets at 31 December 2016	**148,858,515**	**74,388,438**	**-**	**223,246,947**	**10**	**446,493,910**
Net assets at 31 December 2015	**133,792,952**	**66,843,328**	**198,927,155**	**-**	**10**	**399,563,445**

1 See Aviva advance capital note on page 32
2 See clause 8.6 of the LPA dated 5 May 2016

2-10 Mortimer Street Limited Partnership

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2016

21. Movement in Partners' Funds - Partnership

	Aviva Life & Pensions UK Limited Capital A215	Aviva Life & Pensions UK Limited Capital A214	Kaupthing ehf	Tower View Limited	2-10 Mortimer Street GP Limited	Total
	33.33%	16.665%		49.995%	0.01%	**100%**
	£	**£**	**£**		**£**	**£**
Capital account						
Opening balances	33,330	16,665	49,995	-	10	100,000
Transferred during the year	-	-	(49,995)	49,995	-	-
At 1 January and 31 December 2016	**33,330**	**16,665**	**-**	**49,995**	**10**	**100,000**
Partnership premium account						
Opening balances	10,445,091	5,224,112	15,669,202	-	-	31,338,405
Transferred during the year	-	-	(15,669,202)	15,669,202	-	-
At 1 January and 31 December 2016	**10,445,091**	**5,224,112**	**-**	**15,669,202**	**-**	**31,338,405**[2]
Advance capital account						
Opening balances	55,619,897[1]	27,808,224[1]	81,718,999	-	-	165,147,120
Advance capital issued during the year	316,635	158,365	475,000	-	-	950,000
Advance capital repayment during the year	(22,690,849)	(11,338,760)	(32,320,487)	-	-	(66,350,096)
Transferred during the year	-	-	(49,873,512)	49,873,512	-	-
At 31 December 2016	**33,245,683**	**16,627,829**	-	**49,873,512**	**-**	**99,747,024**
Revenue account						
Opening balances	4,299,617	2,149,813	6,449,429	-	-	12,898,859
Transferred during the year	-	-	(6,449,429)	6,449,429	-	-
Profit during the year	26,530,537	13,269,249	-	39,799,786	-	79,599,572
At 31 December 2016	**30,830,154**	**15,419,062**	**-**	**46,249,215**	**-**	**92,498,431**
Net assets at 31 December 2016	**74,554,258**	**37,287,668**	**-**	**111,841,924**	**10**	**223,683,860**
Net assets at 31 December 2015	**70,397,934**	**35,198,814**	**103,887,626**	**-**	**10**	**209,484,384**

1 See Aviva advance capital note on page 32
2 See clause 8.6 of the LPA dated 5 May 2016

2-10 Mortimer Street Limited Partnership

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2016

21. Movement in Partners' Funds (continued)

Aviva Life and Pensions UK Limited advance capital

Aviva advance capital is non-interest bearing.

Kaupthing ehf /Tower View Limited advance capital

On 21 November 2016, Kaupthing ehf transferred to Tower View Limited, the whole of its interest in and obligations in respect of the transfer interest, including the whole of the benefit of its partnership capital, its advances and deficit loans.

Tower View Limited advance capital is non-interest bearing.

22. Related party transactions

	Expense in year		Payable at year end	
	2016 **£'000**	**2015** **£'000**	**2016** **£'000**	**2015** **£'000**
AIGSL asset management fees	1,085	590	937	148
AIGSL administration fees	10	10	8	5
	1,095	600	945	153

Aviva Investors Global Services Limited (AIGSL) provides asset management and administration services to the Partnership. The ultimate holding company of AIGSL is Aviva plc. The agreed fees for the asset management services are £1,084,940 (2015: £590,000) per annum and £10,000 (2015: £10,000) per annum for the administration services.

The related party payables are not secured and no guarantees were received in respect thereof. The payables will be settled in accordance with normal credit terms.

The directors received no emoluments for services to the Partnership for the financial year (31 December 2015: £nil).

Amounts due from related parties

Amounts of £248,366 (2015: £246,515) are included in the Group's financial statements in respect of receivables from Fitzroy Place Management Company Limited. Transactions are in respect of service charge funding and project expenditure incurred.

23. Parent and ultimate controlling undertaking

The 2-10 Mortimer Street Limited Partnership does not have an ultimate controlling party. The Partnership is owned 49.995% by Aviva Life & Pensions UK Limited, 49.995% by Tower View Limited and 0.010% by 2-10 Mortimer Street GP Limited.

The Partnership is managed by the General Partner, 2-10 Mortimer Street GP Limited (the General Partner). The General Partner is owned 50% by Norwich Union (Shareholder GP) Limited, a wholly owned entity of Aviva Plc and 50% by Tower View (GP) Limited, which is controlled by New Riverview Limited.

2-10 Mortimer Street Limited Partnership

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2016

24. Financial instruments

The carrying values of the Group and Partnership's financial assets and liabilities are summarised by category below:

Financial assets	Group 2016 £	Group 2015 £	Partnership 2016 £	Partnership 2015 £
Measured at undiscounted amount receivable:				
Investments (see note 13)	-	-	31,811,883	31,811,883
Trade and other debtors - amounts falling due after one year (see note 15)	29,944,478	15,673,762	13,415	8,950
Trade and other debtors - amounts falling due in less than one year (see note 14)	11,624,249	7,066,155	193,351,585	222,670,422
	41,568,727	**22,739,917**	**225,176,883**	**254,491,255**

Financial liabilities	Group 2016 £	Group 2015 £	Partnership 2016 £	Partnership 2015 £
Measured at undiscounted amount payable:				
Loans payable (see note 17)	-	189,331,278	-	-
Trade and other creditors - amounts falling due after one year (see note 18)	1,605,512	1,335,553	-	-
Trade and other creditors - amounts falling due in less than one year (see note 17)	17,612,008	147,482,945	1,664,395	45,492,037
	19,217,520	**338,149,776**	**1,664,395**	**45,492,037**

25. Post balance sheet events

There are no significant balance sheet events to report.