

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

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2017



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

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 2017

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 2017.

Results and dividends

The Directors do not recommend the payment of a dividend for the year ended 31 December 2017 (2016: £nil). The profit for the Company for 2017 was £28,196 (2016: loss of £5,184).

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	

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 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 2017 (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 (2016: nil).

Going concern

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 2017 (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.

By order of the Board on 28 June 2018



N J Gardiner

Director

St Helen's
1 Undershaft
London
EC3P 3DQ

Statement of Directors' Responsibilities in respect of the Directors' report and Financial Statements

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.

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
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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 2018



N J Gardiner

Director

St Helen's
1 Undershaft
London
EC3P 3DQ

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

Opinion

We have audited the financial statements of 2-10 Mortimer GP Limited ("the company") for the year ended 31 December 2017, which comprise the the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The directors are responsible for the other information, which comprises, the directors' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the directors' report for the financial year is consistent with the financial statements; 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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

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

Directors' responsibilities

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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



Henry Todd (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

29 June 2018

Statement of Comprehensive Income For the year ended 31 December 2017

	Notes	2017 £	2016 £
Revenue	5	6,254	-
Administrative expenses	6	21,942	(5,184)
Profit/(loss) on ordinary activities before taxation		28,196	(5,184)
Tax on loss on ordinary activities	7	-	-
Profit/(loss) for the financial year		28,196	(5,184)
Other comprehensive income		-	-
Total comprehensive profit/(loss) for the financial year		28,196	(5,184)

All amounts reported in the Statement of Comprehensive Income for the years ended 31 December 2017 and 31 December 2016 relate to continuing operations.

The notes on pages 11 to 18 form an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2017

	Called up share capital £	Accumulated losses £	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)
At 1 January 2017	100	(28,304)	(28,204)
Profit for the financial year	-	28,196	28,196
At 31 December 2017	100	(108)	(8)

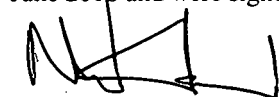
The notes on pages 11 to 18 form an integral part of these financial statements.

Statement of Financial Position

As at 31 December 2017

	Note	2017 £	2016 £
Non-current assets			
Investments	8	18	18
		<u>18</u>	<u>18</u>
Current assets			
Debtors: amounts falling due within one year	9	6,940,100	100
Cash at bank and in hand	10	381,110	9,016,519
		<u>7,321,210</u>	<u>9,016,619</u>
Creditors: amounts falling due within one year	11	(7,321,236)	(9,044,841)
Net current liabilities		(26)	(28,222)
Total assets less current liabilities		(8)	(28,204)
Net liabilities		(8)	(28,204)
Capital and reserves			
Called up share capital	12	100	100
Accumulated losses		(108)	(28,304)
Total shareholders' deficit		(8)	(28,204)

These audited Financial Statements were approved and authorised for issue by the Board of Directors on 28 June 2018 and were signed on its behalf by



N J Gardiner
Director

The notes on pages 11 to 18 form an integral part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2017

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 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 1A.8 of FRS 102, from preparing a statement of cash flows, on the basis that it qualifies as a small entity.

Notes to the financial statements (continued)

For the year ended 31 December 2017

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 2017

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. Revenue

	2017 £	2016 £
Income distribution from 2-10 Mortimer Street Limited Partnership	1,111	-
Priority distribution from 2-10 Mortimer Street Limited Partnership	5,143	-
	<u>6,254</u>	<u>-</u>

Notes to the financial statements (continued)

For the year ended 31 December 2017

6. 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 £1,000 (31 December 2016: £1,143) are settled by the Partnership.

Administrative expenses

	2017 £	2016 £
Fees payable to the auditor for the audit of the Company's financial statements	1,000	1,143
Bank charges	185	215
Administration fee	(23,127)	3,826
	<u>(21,942)</u>	<u>5,184</u>

In the current year the Directors received no emoluments from the Company for services to the Company for the year (2016: £nil). The Company had no employees during the year (2016: nil).

7. Tax on loss on ordinary activities

The total tax charge/ (credit) comprises:

	2017 £	2016 £
Current tax		
UK Corporation tax on losses for the year	-	-
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:

	2017 £	2016 £
Profit / (loss) on ordinary activities before tax	<u>28,196</u>	<u>(5,184)</u>
Tax calculated at standard UK corporation tax rate of 19.25% (2016: 20%)	5,428	(1,037)
Effect of:		
Share of partnership taxable profits	481	270
Non taxable income	(1,204)	-
Changes to tax rates	(550)	-
Deferred tax not recognised	(4,155)	764
Tax charge/ credit on ordinary activities for the year	<u>-</u>	<u>-</u>

Notes to the financial statements (continued)

For the year ended 31 December 2017

(b) Deferred tax

At 31 December 2017 the Company had the following unrecognised deferred tax assets (calculated at 17% (2016: 20%) to carry forward indefinitely against future taxable income.

	2017 £	2016 £
Balance as at 1 January	4,231	3,761
Prior year adjustment	33	-
Charge for the year	(3,669)	680
Changes to tax rates	(486)	(210)
Balance as at 31 December	<u>109</u>	<u>4,231</u>

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 2017

8. Investments

a) Investments in Partnership

	2017	2016
	£	£
Cost		
Balance as at 1 January	10	10
Balance as at 31 December	<u>10</u>	<u>10</u>

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

	2017	2016
	£	£
b) Investments in Subsidiary undertakings		
Shares at cost		
Balance as at 1 January	8	8
Balance as at 31 December	<u>8</u>	<u>8</u>

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 total historical cost of investments is £18.

Notes to the financial statements (continued)

For the year ended 31 December 2017

9. Debtors: amounts falling due within one year

	2017 £	2016 £
Amounts due from Fitzroy Place Residential Ltd	6,940,000	-
Other debtors	100	100
	<u>6,940,100</u>	<u>100</u>

Amounts due from related parties are interest free and repayable on demand.

10. Cash at bank and in hand

Company cash at bank and in hand is £381,110 (2016: £9,016,519).

11. Creditors: amounts falling due within one year

	2017 £	2016 £
Accruals	1,000	4,738
Amount due to Aviva Investors Global Services Limited	-	19,389
Amounts due to Aviva Life & Pensions UK Limited	10	10
Amounts due to the 2-10 Mortimer Street Limited Partnership	7,320,218	9,020,696
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
	<u>7,321,236</u>	<u>9,044,841</u>

Amounts due to related parties are interest free and repayable on demand.

12. Called up share capital

	2017 £	2016 £
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
	<u>100</u>	<u>100</u>

Notes to the financial statements (continued)

For the year ended 31 December 2017

13. Contingent liabilities and capital commitments

There were no contingent liabilities or commitments at the Statement of Financial Position date (2016: £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. Income distribution from the Partnership of £1,111 was recognised in the year as well as priority distribution to cover expenses incurred of £5,143.

(c) Services provided by related parties

During the year Aviva Investors Global Services Limited (AIGSL) received refund of administration fees of £23,127 (2016: £3,738) on behalf of the Company. Amounts due to AIGSL as at 31 December 2017 are £nil (2016: £19,389) as disclosed in note 11. AIGSL provides asset management and administration services to the Partnership. The ultimate holding company of AIGSL is Aviva plc.

At 31 December 2017, £10 (2016: £10) was due from the Company to the Partnership as disclosed in note 11.

At the year end date £2 (2016: £2) was due from the Company to 2-10 Mortimer Street GP (No 1) Limited, Fitzroy Place GP 2 Limited, Fitzroy Place Management Company Limited and Mortimer Street Nominee 1 Limited, as disclosed in note 11.

The amount due to the Partnership at the year end date was £7,320,218 (2016: £9,020,696), which consisted of group VAT received on behalf of group in the prior year of £10,630,691 netted off against payments of expenses made on behalf of the Partnership and amounts due from Partnership for distributions made in the year.

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

15. Parent and ultimate controlling undertaking

At 31 December 2017 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

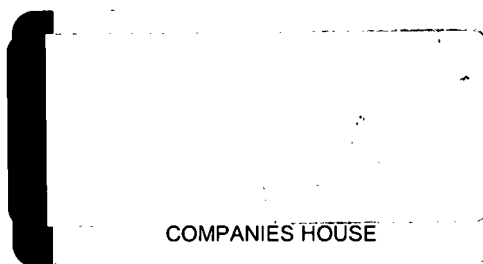
There are no significant balance sheet events to report.

2-10 MORTIMER STREET LIMITED PARTNERSHIP

Registered in England No: LP14228

**GENERAL PARTNER'S REPORT AND CONSOLIDATED
FINANCIAL STATEMENTS FOR THE YEAR ENDED**

31 DECEMBER 2017



2-10 Mortimer Street Limited Partnership

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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 Auditor

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 2017

The directors of the General Partner (the “directors”) present their strategic report of 2-10 Mortimer Street Limited Partnership (the “Partnership”) the year ended 31 December 2017.

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 21 November 2017.

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 the whole of its partnership interest in and obligations in the Group to Tower View Limited.

1 Fitzroy Place was fully let during the year ended 31 December 2017.

As at 31 December 2017, 100% (2016: 78%) of the units in 2 Fitzroy Place were let. During the year ended 31 December 2017, 2 Fitzroy Place Partnership entered into 2 lease agreements with London and Capital Group Ltd and Netflix Services UK Ltd for the remaining vacant units.

One apartment in Fitzroy Residential Limited was sold during the year ended 31 December 2017 (2016: 233 apartments) leaving only the penthouse to be sold as at 31 December 2017.

Events after the reporting period

On 2 March 2018, the penthouse in Fitzroy Residential Limited was sold for an amount of £11 million excluding costs of sale.

Future outlook

The partners expect the level of activity to be maintained in the foreseeable future. 1 Fitzroy Place and 2 Fitzroy Place are expected to continue to be fully let out.

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.

2-10 Mortimer Street Limited Partnership

Strategic Report for the year ended 31 December 2017 (continued)

Aviva Group's approach to risk and capital management

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.

Management of financial and non-financial risks

The Group'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 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. Even though the biggest tenant represents 63% of the Group's rental income for the year to 31 December 2017 (31 December 2016: 71%), they represent 0% of the tenant receivables balance at 31 December 2017 (31 December 2016: 0%).

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 Aviva's approach to operational risk are set out in the financial statements of Aviva Investors Global Services Limited, which manages and administers the Partnership's activities.

2-10 Mortimer Street Limited Partnership

Strategic Report for the year ended 31 December 2017 (continued)

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.

The maturity analysis of the Group's financial assets and liabilities as at 31 December 2017 was as follows:

Group	1-12 months £	1 to 5 years £	Total £
Financial assets			
Trade and other debtors (see notes 14 and 15)	8,703,818	1,619,344	10,323,162
Cash at bank and in hand	12,762,996	-	12,762,996
	<u>21,466,814</u>	<u>1,619,344</u>	<u>23,086,158</u>
Financial liabilities			
Trade and other creditors (see notes 17 and 18)	12,197,030	1,605,415	13,802,445
	<u>12,197,030</u>	<u>1,605,415</u>	<u>13,802,445</u>

The maturity analysis of the Partnership's financial assets and liabilities as at 31 December 2017 was as follows:

Partnership	1-12 months £	1 to 5 years £	Total £
Financial assets			
Investments (see note 13)	-	31,811,883	31,811,883
Trade and other debtors (see notes 14 and 15)	193,929,204	18,415	193,947,619
Cash at bank and in hand	1,071,165	-	1,071,165
	<u>195,000,369</u>	<u>31,830,298</u>	<u>226,830,667</u>
Financial liabilities			
Trade and other creditors (see note 17)	30,230,994	-	30,230,994
	<u>30,230,994</u>	<u>-</u>	<u>30,230,994</u>

2-10 Mortimer Street Limited Partnership

Strategic Report for the year ended 31 December 2017 (continued)

Employees

The Partnership had no employees during the year (2016: none).

For and on behalf of the Partnership:

A handwritten signature in black ink, appearing to read 'N J Gardiner', written over a horizontal line.

N J Gardiner

Director of 2-10 Mortimer Street GP Limited

28 June 2018

2-10 Mortimer Street Limited Partnership

General Partner's Report for the year ended 31 December 2017

The directors of the General Partner (the "directors") present their report and the audited financial statements of 2-10 Mortimer Street Limited Partnership (the "Partnership") and Group for the year ended 31 December 2017.

Results and Distributions

The profit for the Group, for 2017 was £8,854,457 (2016: restated profit of £110,902,961). Income distributions to the Partners of £12,332,891 (2016: £nil) and priority distributions to the General Partner of £14,323 (2016: £nil) were recognised within finance costs in the Statement of Total Comprehensive Income

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 1 January 2017)
Neil Johnston Gardiner	
David Anthony Diemer	

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

On 29 March 2018, the penthouse was sold for an amount of £11 million excluding costs of sale.

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 2017 (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 2017	Capital Contributions	Capital Advance
	£	£
Aviva Life & Pensions UK Limited	49,995	48,973,512
Tower View Limited	49,995	48,973,512
2-10 Mortimer Street GP Limited	10	-
Total	100,000	97,947,024

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

2-10 Mortimer Street Limited Partnership

Statement of General Partner's responsibilities in respect of the Strategic Report, the General Partner's Report and the Financial Statements

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

The Partnerships (Accounts) Regulations 2008 require the general partner to prepare group and partnership financial statements for each financial year in accordance with Part 15 and Chapter 1 of Part 16 of the Companies Act 2006. Under that law the General Partner has elected to prepare both the group and partnership financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

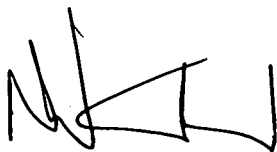
Under company law the General Partner must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the partnership and of the profit or loss of the Group and Partnership for that period. In preparing each of the Group and Partnership 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 FRS102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the qualifying partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the qualifying partnership or to cease operations, or have no realistic alternative but to do so.

The General Partner is responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and Partnership and to prevent and detect fraud and other irregularities.

The General Partner is responsible for the maintenance and integrity of the corporate and financial information included on the qualifying partnership's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

For and on behalf of the Partnership:



N J Gardiner

Director of 2-10 Mortimer Street GP Limited

28 June 2018

2-10 Mortimer Street Limited Partnership

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

Opinion

We have audited the financial statements of 2-10 Mortimer Street Partnership ("the qualifying partnership and its subsidiaries (together, the "Group")") for the year ended 31 December 2017 which comprise the Consolidated and Partnership Statement of Comprehensive Income, Consolidated and Partnership Statements of Financial Position, Consolidated and Partnership Statement of Changes in Net Assets Attributable to Partners, Consolidated and Partnership Cash Flow Statements and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of the Group and Partnership's affairs as at 31 December 2017 and of the Group and Partnership profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including *FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008.

Basis for opinion

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

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and General Partner's report

The General Partner is responsible for the Strategic report and the General Partner's report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the Strategic report and the General Partner's report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in those reports;
- in our opinion the information given in the Strategic Report and the General Partner's report for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

2-10 Mortimer Street Limited Partnership

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit or

We have nothing to report in these respects.

General Partner's Responsibilities

As explained more fully in the their statement set out 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the qualifying partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the qualifying partnership or to cease operations, or have no realistic alternative but to do so.

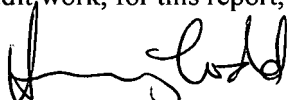
Auditor's Responsibilities

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

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

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

This report is made solely to the qualifying partnership 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 qualifying 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 qualifying partnership and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Henry Todd (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London, E14 5GL

29 June 2018

2-10 Mortimer Street Limited Partnership

Consolidated and Partnership Statement of Comprehensive Income For the year ended 31 December 2017

		Group 2017 £	Group 2016 £	Partnership 2017 £	Partnership 2016 £
	Notes		Restated (note 3)		Restated (note 3)
Turnover	5	19,060,197	429,763,295	-	-
Distribution from subsidiaries		-	-	13,472,531	52,793,717
Cost of sales	6	(4,229,932)	(295,062,465)	-	-
Gross profit		14,830,265	134,700,830	13,472,531	52,793,717
Administrative expenses	7	(1,921,916)	(1,287,735)	9,794	(16,433)
Impairment of inventory	12	(338,557)	-	-	-
Change in fair value of investment properties	11	8,585,191	(6,896,002)	-	-
Operating profit		21,154,983	126,517,093	13,482,325	52,777,264
Finance income	8	352	931	-	413,615
Finance cost	9	(12,332,891)	(270,300)	(12,320,204)	-
Profit on ordinary activities before taxation		8,822,444	126,247,724	1,162,121	53,190,899
Tax credit/(charge) on profit on ordinary activities	10	32,013	(15,344,763)	-	-
Profit for the financial year		8,854,457	110,902,961	1,162,121	53,190,899
Other comprehensive income		-	-	-	-
Total comprehensive income attributable to Partners		8,854,457	110,902,961	1,162,121	53,190,899

Continuing operations

All amounts reported in the Consolidated and Partnership Statement of Comprehensive Income for the years ended 31 December 2017 and 31 December 2016 relate to continuing operations.

The notes on pages 15 to 34 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 2017

	Notes	Group 2017 £	Group 2016 £ Restated (note 3)	Partnership 2017 £	Partnership 2016 £ Restated (note 3)
Fixed assets					
Investment properties	11	408,818,181	400,195,274	-	-
Investment in subsidiaries	13	-	-	31,811,883	31,811,883
		<u>408,818,181</u>	<u>400,195,274</u>	<u>31,811,883</u>	<u>31,811,883</u>
Debtors: amounts falling due after one year	15	30,826,245	27,872,596	18,415	13,415
Current assets					
Inventory	12	10,584,000	12,715,500	-	-
Debtors due in less than one year	14	11,848,646	15,295,412	193,989,171	193,351,585
Cash at bank and in hand	16	12,762,996	7,912,286	1,071,165	171,372
		<u>35,195,642</u>	<u>35,923,198</u>	<u>195,060,336</u>	<u>193,522,957</u>
Creditors: amounts falling due within one year	17	(19,874,894)	(16,269,399)	(30,253,326)	(28,073,068)
Net current assets		15,320,748	19,653,799	164,807,010	165,449,889
Total assets less current liabilities		<u>454,965,174</u>	<u>447,721,669</u>	<u>196,637,308</u>	<u>197,275,187</u>
Creditors: amounts falling due after more than one year	18	(2,844,407)	(2,655,359)	-	-
Net assets attributable to Partners		<u>452,120,767</u>	<u>445,066,310</u>	<u>196,637,308</u>	<u>197,275,187</u>

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 its behalf by

28 June 2018 and were signed on



N J Gardiner

Director of 2-10 Mortimer Street GP Limited

The notes on pages 15 to 34 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 2017

	Notes	Group 2017 £	Group 2016 £ Restated (note 3)	Partnership 2017 £	Partnership 2016 £ Restated (note 3)
Balance at 1 January		445,066,310	399,563,445	197,275,187	209,484,384
Profit for the financial year (restated)	21	8,854,457	110,902,961	1,162,121	53,190,899
Advance capital repaid during the year	21	(1,800,000)	(65,400,096)	(1,800,000)	(65,400,096)
Net assets attributable to Partners at 31 December		<u>452,120,767</u>	<u>445,066,310</u>	<u>196,637,308</u>	<u>197,275,187</u>

The notes on pages 15 to 34 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 2017

		Group 2017	Group 2016	Partnership 2017	Partnership 2016
		£	£	£	£
Cash flows from operating activities	Notes				
Profit for the year		8,854,457	110,902,961	1,162,121	53,190,899
<i>Adjustments for:</i>					
Change in value of investment property	11	(8,585,191)	6,896,002	-	-
Tax (credit)/charge	10	(32,013)	15,344,763	-	-
Interest receivable and similar income	8	(352)	(931)	-	(413,615)
Interest payable and similar charges	9	12,332,891	270,300	12,320,204	-
		<u>12,569,792</u>	<u>133,413,095</u>	<u>13,482,325</u>	<u>52,777,284</u>
(Increase)/decrease in trade and other debtors	14/15	725,962	(18,217,089)	(642,586)	34,678,106
Decrease in inventory	12	2,131,500	276,968,927	-	-
Increase / (decrease) in trade and other creditors	17/18	6,445,444	(89,713,645)	(1,874,091)	26,581,031
Decrease in provisions	19	(710,214)	(46,072,455)	-	(44,000,000)
Tax paid		(6,206,928)	(9,160,000)	-	-
Net cash from operating activities		<u>14,955,586</u>	<u>247,218,833</u>	<u>10,965,648</u>	<u>70,036,421</u>
Cash flows from investing activities					
Capital expenditure	11	(37,716)	(1,695,064)	-	-
Loan to subsidiary	14/15	-	-	-	(5,363,734)
Net cash used in investing activities		<u>(37,716)</u>	<u>(1,695,064)</u>	<u>-</u>	<u>(5,363,734)</u>
Cash flows from financing activities					
Proceeds from the issue of advance capital	21	-	950,000	-	950,000
Repayment of advance capital	21	(1,800,000)	(66,350,095)	(1,800,000)	(66,350,095)
Loan repayment		-	(189,601,580)	-	-
Interest received		352	931	-	413,614
Distributions paid		(8,267,482)	-	(8,265,855)	-
Net cash used in financing activities		<u>(10,067,130)</u>	<u>(255,000,744)</u>	<u>(10,065,855)</u>	<u>(64,986,481)</u>
Net increase/(decrease) in cash and cash equivalents		4,850,710	(9,476,976)	899,793	(313,794)
Cash and cash equivalents at 1 January		<u>7,912,286</u>	<u>17,389,261</u>	<u>171,372</u>	<u>485,166</u>
Cash and cash equivalents at 31 December		<u>12,762,996</u>	<u>7,912,286</u>	<u>1,071,165</u>	<u>171,372</u>

The notes on pages 15 to 34 form an integral part of these financial statements.

2-10 Mortimer Street Limited Partnership

Notes to the Consolidated Financial Statements For the year ended 31 December 2017

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 21 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.

Certain items in the prior period have been represented in order to be consistent with current year presentation. There is no impact of these adjustments on net assets, equity or profit/loss for the prior year.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Partnership and its Group undertakings, as at 31 December 2017. The financial statements of the Group undertakings are prepared for the same reporting period as the Partnership, 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

The consolidated financial statements comprise the financial statements of the Partnership and its Group undertakings as at 31 December 2017. 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.

2-10 Mortimer Street Limited Partnership

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December 2017

3. Accounting policies (continued)

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.

Investment in subsidiaries

Investment in subsidiaries is shown in the Statement of Financial Position 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).

2-10 Mortimer Street Limited Partnership

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December 2017

3. Accounting policies (continued)

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.

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 probable 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 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.

2-10 Mortimer Street Limited Partnership

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December 2017

3. Accounting policies (continued)

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"), is entitled to a fixed fee of £590,000 for fund management services along with a fixed fee of £10,000 for administration services, which applied prior to practical completion. Both fees are calculated on a quarterly basis and payable quarterly in arrears. On 20 April 2016, the Group reached practical completion and from this date, the fee for the fund management services altered 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.

Turnover

Turnover represents rental income comprising of rent receivable, ground rent from residential flats on completion 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, which is recognised on completion of contracts.

Rent and ground rent receivable are recognised on an accruals basis in the Statement of Comprehensive Income, 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.

As at 31 December 2017, 234 apartments were exchanged, which represents 99.57% of all apartments available for sale, leaving just the penthouse to be sold as at 31 December 2017.

Turnover of the Partnership represents distributions received from its subsidiaries.

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.

Income allocation and distributions

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

2-10 Mortimer Street Limited Partnership

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December 2017

3. Accounting policies (continued)

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.

Prior year error and restatement of comparative figures

Group only

When preparing the current year Group financial statements the General Partner identified that it had recorded an incorrect investment property valuation at 31 December 2016. This was an administration error in extracting an incorrect figure from the external valuation report. The impact of correcting this at and for the year ended 31 December 2016 is to reduce the investment property carrying value and the revaluation gain from investment properties by £1,720,000. The deferred tax liability relating to unrealised gains on the investment property decreased by £292,400. The net impact on profit before tax, retained earnings and shareholders' equity was a decrease of £1,427,600. There is no impact of this adjustment to the financial position, cash flow statements, profit or loss or shareholders' equity as at, or prior to, 1 January 2016.

Partnership only

In addition, in preparing the current year partnership financial statements the General Partner identified that an amount of £26,408,673 was incorrectly recognised as a distribution income in the partnership accounts in the prior period even though it represented an intercompany loan transaction. The impact of correcting this error as at 31 December 2016 is the decrease of retained earnings and increase in intercompany creditors by this amount. There is no impact of this adjustment to the financial position, profit or loss or shareholders' equity as at, or prior to, 1 January 2016.

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:

2-10 Mortimer Street Limited Partnership

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December 2017

4. Critical accounting judgements and key sources of estimation uncertainty (continued)

(a) Valuation of investment properties

The fair value of the Group's investment properties represents an estimate by independent professional valuers of the open market value of each 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 1: 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 2: 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 3: 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, the General Partner considers this a level 3 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	Group	Partnership	
	2017	2016	2017	2016
	£	£	£	£
Gross rental income	16,665,292	16,410,233	-	-
Proceeds on sale of inventory	2,214,641	413,251,130	-	-
Ground rental income	179,515	101,932	-	-
Late penalty interest	749	-	-	-
	19,060,197	429,763,295	-	-

2-10 Mortimer Street Limited Partnership

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December 2017

6. Cost of sales

	Group	Group	Partnership	
	2017	2016	2017	2016
	£	£	£	£
Property related expenses	858,345	1,850,785	-	-
Cost of the sale of inventory	3,371,587	293,211,680	-	-
	<u>4,229,932</u>	<u>295,062,465</u>	<u>-</u>	<u>-</u>

7. Administrative expenses

	Group	Group	Partnership	
	2017	2016	2017	2016
	£	£	£	£
Asset management fees	1,315,513	1,084,940	-	-
Legal and professional fees	447,481	68,321	-	-
Audit fees	29,125	32,573	12,458	10,522
Operator fees	10,000	20,535	-	-
Trustee fees	32,782	10,240	-	-
Bank charges	1,768	1,576	363	411
Taxation fees	11,650	18,376	1,375	5,500
Valuation fees	59,172	41,450	-	-
Sundry expenses	14,425	9,724	(23,990)	-
	<u>1,921,916</u>	<u>1,287,735</u>	<u>(9,794)</u>	<u>16,433</u>

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 (2016: £nil).

There are no non-audit fees paid to the auditor.

8. Finance income

	Group	Group	Partnership	
	2017	2016	2017	2016
	£	£	£	£
Bank interest receivable	352	931	-	-
Loan interest receivable	-	-	-	413,615
	<u>352</u>	<u>931</u>	<u>-</u>	<u>413,615</u>

2-10 Mortimer Street Limited Partnership

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December 2017

9. Finance cost and distributions

	Group	Group	Partnership	
	2017	2016	2017	2016
	£	£	£	£
Income distributions to Limited Partners	(12,316,286)	- (12,313,950)	-	-
Income distributions to General Partners	(2,282)	- (1,111)	-	-
Priority distributions to General Partners	(14,323)	- (5,143)	-	-
Interest expense	-	(270,300)	-	-
	<u>(12,332,891)</u>	<u>(270,300)</u>	<u>(12,320,204)</u>	<u>-</u>

10. Tax on profit on ordinary activities

The total tax charge comprises:

	Group 2017 £	Group 2016 £ Restated (note 3)
Current tax:		
For this year	-	15,354,879
Prior year adjustments	(220,798)	-
Total current tax	<u>(220,798)</u>	<u>15,354,879</u>
Deferred tax:		
Origination and reversal of temporary differences	188,785	108,761
Changes in tax rates or tax laws	-	(118,878)
Total deferred tax	<u>188,785</u>	<u>(10,117)</u>
Tax (credit) / charge on profit on ordinary activities	<u>(32,013)</u>	<u>15,344,761</u>

2-10 Mortimer Street Limited Partnership

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December 2017

10. Tax on profit on ordinary activities (continued)

(a) Tax reconciliation

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

	Group 2017 £	Group 2016 £ Restated (note 3)
Profit on ordinary activities before tax	8,822,444	126,247,724
Less: Change in fair value of investment properties	(8,585,191)	6,896,002
Add: Distributions	12,332,891	-
Profit before distributions and taxation	<u>12,570,144</u>	<u>133,143,726</u>
Tax calculated at standard UK corporation tax rate 19.25% (2016:20%)	2,419,752	26,628,745
Adjustment to tax charge in respect of prior years	(12,897)	(290,250)
Partnership profits not taxable	(2,439,965)	(10,874,854)
Disallowable expenses	9,869	-
Tax losses utilised	(8,772)	-
Changes in tax rates or tax laws	-	(118,878)
Total tax (credit) / charge on ordinary activities for the year	<u>(32,013)</u>	<u>15,344,763</u>

(b) Deferred tax

(i) The balance at the year end comprises:

	Group 2017 £	Group 2016 £ Restated (note 3)
Unrealised losses on investments	(1,238,992)	(1,050,207)
Net deferred tax liability	<u>(1,238,992)</u>	<u>(1,050,207)</u>

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

	Group 2017 £	Group 2016 £ Restated (note 3)
Net deferred tax liability at 1 January	(1,050,207)	(1,060,324)
Amounts charged to profit and loss	(188,785)	10,117
	<u>(1,238,992)</u>	<u>(1,050,207)</u>

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 Group'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 2017

11. Investment properties

	Group 2017 £	Group 2016 £ Restated (note 3)
Cost		
Opening balance	213,119,069	211,424,005
Capital expenditure	37,716	1,695,064
Cost at 31 December	213,156,785	213,119,069
Fair value adjustment		
Opening balance	187,076,205	193,972,207
Net gain/ (loss) on revaluation of investment property	8,585,191	(6,896,002)
Fair Value adjustment 31 December	195,661,396	187,076,205
Carrying amount at 31 December	408,818,181	400,195,274
Lease incentives		
Current		
Unamortised rent free incentives	1,784,965	2,552,940
Unamortised capital contributions	92,953	82,270
Non-Current		
Unamortised rent free incentives	27,985,536	25,050,106
Unamortised capital contributions	1,221,365	1,209,410
Gross asset value at 31 December	439,903,000	429,090,000

2-10 Mortimer Street Limited Partnership

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December 2017

11. Investment properties (continued)

The investment property tenure is freehold.

For the valuation of investment properties, the General Partner considers this a level 3 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 2017 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	Group	Partnership	
	2017	2016	2017	2016
	£	£	£	£
At 1 January	12,715,500	289,684,427	-	-
Capitalised residential property costs	1,412,332	16,242,753	-	-
Cost on disposal of flats	(3,205,275)	(293,211,680)	-	-
Impairment of inventory	(338,557)	-	-	-
At 31 December	10,584,000	12,715,500	-	-

Inventories are represented by one private apartment held for sale, a penthouse.

The estimated value of the property is £10.8m (2016: £12.975m) less estimated costs to sell of £216,000 (2016: £259,500).

On 29 March 2018, the Group disposed of the final property for a gross value of £11m. Expenses are estimated to be in the range of £335k.

2-10 Mortimer Street Limited Partnership

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December 2017

13. Investment in subsidiaries

	Group 2017 £	Group 2016 £	Partnership 2017 £	Partnership 2016 £
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 3rd Floor Liberation House Castle Street St Helier Jersey Channel Islands JE1 1BL 3rd Floor Liberation House Castle Street St Helier Jersey Channel Islands JE1 1BL
1 Fitzroy Place Jersey Unit Trust	99.98%	Units	The Trust invests in 1 Fitzroy Place Limited Partnership	St Helen's 1 Undershaft London EC3P 3DQ
2 Fitzroy Place Jersey Unit Trust	99.98%	Units	The Trust invests in 2 Fitzroy Place Limited Partnership	St Helen's 1 Undershaft London EC3P 3DQ
1 Fitzroy Place Limited Partnership	99.99%	Ordinary shares	Trade of investment property development	St Helen's 1 Undershaft London EC3P 3DQ
2 Fitzroy Place Limited Partnership	99.99%	Ordinary shares	Trade of investment property development	St Helen's 1 Undershaft London EC3P 3DQ

2-10 Mortimer Street Limited Partnership

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December 2017

14. Debtors – amounts due falling within one year

	Group	Group	Partnership	
	2017	2016	2017	2016
	£	£	£	£
Other amounts due from intercompany loans:				
1 Fitzroy Place Limited Partnership	-	-	116,304,811	116,847,320
2 Fitzroy Place Limited Partnership	-	-	65,962,356	66,651,869
Other debtors:				
Trade debtors	338,322	811,093	-	-
VAT receivable	265,791	148,257	59,967	47,007
Corporation tax receivable	965,918	-	-	-
Amounts due from the General Partner	7,322,116	9,017,039	7,322,116	9,017,039
Prepayments	29,821	153,991	-	-
Lease Incentives	1,877,918	2,635,211	-	-
Other debtors	162,251	682,173	18,305	5,826
Accrued income	5,380	-	-	-
Fitzroy Place Management Company Limited	220,865	248,366	782,854	782,524
1 Fitzroy Place Jersey Unit Trust	-	-	2,645,747	-
2 Fitzroy Place Jersey Unit Trust	-	-	893,015	-
Cash held by managing agent	660,264	1,599,283	-	-
Total debtors amounts falling due within one year	11,848,646	15,295,413	193,989,171	193,351,585

Loans and other receivables from related parties are interest free and repayable on demand.

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 2017

15. Debtors – amounts falling due after one year

	Group	Group	Partnership	
	2017	2016	2017	2016
	£	£	£	£
Other amounts due from intercompany loans:				
1 Fitzroy Place Jersey Unit Trust	-	-	3,743	2,743
2 Fitzroy Place Jersey Unit Trust	-	-	3,743	2,743
2-10 Mortimer Street GP Limited	4,643	2,643	3,643	2,643
2-10 Mortimer Street GP (No 1) Limited	4,643	2,643	3,643	2,643
Fitzroy Place GP 2 Limited	4,643	2,643	3,643	2,643
Other debtors:				
Lease incentives	29,206,901	26,259,515	-	-
Tenant rent deposits	1,605,415	1,605,152	-	-
Total debtors amounts falling due after one year	30,826,245	27,872,596	18,415	13,415

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. Amounts are interest free and repayable on demand.

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 £12,762,996 (2016: £7,912,286).

2-10 Mortimer Street Limited Partnership

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December 2017

17. Creditors - amounts falling due within one year

	Group	Group	Partnership	
	2017	2016	2017	2016
	£	£	£	£
				Restated (note 3)
Trade and other payables	1,191,625	2,269,784	232,593	375,426
Accruals and deferred income	4,203,012	3,764,942	22,333	16,835
Taxation payable	-	6,194,879	-	-
Construction cost and agent fee provision (note 19)	2,639,786	3,350,000	-	-
VAT intercompany with subsidiaries	-	-	-	1,134,419
Agent output VAT	835,063	689,794	-	-
Intercompany with 2-10 GP Ltd	6,940,000	-	-	-
Fitzroy Place Residential Limited	-	-	25,944,052	26,546,388
Amounts due to Fitzroy Place Residential Limited	-	-	-	137,715
Distribution payable to 2-10 Mortimer Street GP Ltd	5,541	-	5,541	-
Distribution payable to 2-10 Mortimer Street GP (No1) Limited	5,411	-	-	-
Distribution payable to Fitzroy Place GP 2 Limited	4,940	-	-	-
Distribution due to Aviva Life & Pensions UK Limited	2,024,758	-	2,024,404	-
Distribution payable to Tower View Limited	2,024,758	-	2,024,404	-
Total creditors amounts falling due within one year	19,874,894	16,269,399	30,253,326	28,073,068

Amounts payable to related parties are interest free and repayable on demand.

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 2017

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

	Group	Group	Partnership	Partnership
	2017	2016	2017	2016
	£	£	£	£
		Restated (note 3)		
Tenant rent deposits	1,605,415	1,605,152	-	-
Deferred tax liability	1,238,992	1,050,207		
Total creditors amounts falling due after one year	2,844,407	2,655,359	-	-

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

19. Provisions for liabilities

	Group	Group	Partnership	Partnership
	2017	2016	2017	2016
	£	£	£	£
Balance at 1 January	(3,350,000)	(49,422,455)	-	(44,000,000)
Movement recognised in inventories	710,214	46,072,455	-	44,000,000
Balance at 31 December	(2,639,786)	(3,350,000)	-	-

The provisions relate to retention fees in Fitzroy Place Residential Limited.

20. Contingent liabilities and commitments

There were no commitments or contingent liabilities at the balance sheet date (2016: £nil).

2-10 Mortimer Street Limited Partnership

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December 2017

21. Movement in Partners' Funds – Consolidated

	Aviva Life & Pensions UK Limited Capital A215 33.33% £	Aviva Life & Pensions UK Limited Capital A214 16.665% £	Tower View Limited 49.995% £	2-10 Mortimer Street GP Limited 0.01% £	Total 100% £
Capital account					
At 1 January and 31 December 2017	33,330	16,665	49,995	10	100,000
Other capital account					
At 1 January and 31 December 2017	66,733	33,367	100,100	-	200,200
Partnership premium account					
At 1 January and 31 December 2017	10,445,091	5,224,112	15,669,202	-	31,338,405
Advance capital account					
Opening balances	33,245,683	16,627,829	49,873,512	-	99,747,024
Advance capital repayment during the year	(600,000)	(300,000)	(900,000)	-	(1,800,000)
At 31 December 2017	32,645,683	16,327,829	48,973,512	-	97,947,024
Revenue account					
Opening balances (restated – note 3)	104,494,345	52,199,798	156,694,138	-	313,388,281
Profit for the year	2,951,486	1,475,742	4,427,229	-	8,854,457
At 31 December 2017	107,543,297	53,724,274	161,267,567	-	322,535,138
Net assets at 31 December 2017	150,734,134	75,326,247	226,060,376	10	452,120,767
Net assets at 31 December 2016 (restated – note 3)	148,382,648	75,150,505	222,533,147	10	445,066,310

2-10 Mortimer Street Limited Partnership

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December 2017

21. Movement in Partners' Funds - Partnership

	Aviva Life & Pensions UK Limited Capital A215 33.33% £	Aviva Life & Pensions UK Limited Capital A214 16.665% £	Tower View Limited 49.995% £	2-10 Mortimer Street GP Limited 0.01% £	Total 100% £
Capital account					
At 1 January and 31 December 2017	33,330	16,665	49,995	10	100,000
Partnership premium account					
At 1 January and 31 December 2017	10,445,091	5,224,112	15,669,202	-	31,338,405
Advance capital account					
Opening balances	33,245,683	16,627,829	49,873,512	-	99,747,024
Advance capital repayment during the year	(600,000)	(300,000)	(900,000)	-	(1,800,000)
At 31 December 2017	32,645,683	16,327,829	48,973,512	-	97,947,024
Revenue account					
Opening balances (restated – note 3)	22,027,263	11,017,617	33,044,878	-	66,089,758
Profit for the year	387,373	193,687	581,061	-	1,162,121
At 31 December 2017	22,414,636	11,211,304	33,625,939	-	67,251,879
Net assets at 31 December 2017	65,538,740	32,779,910	98,318,648	10	196,637,308
Net assets at 31 December 2016 (restated – note 3)	65,751,367	32,886,223	98,637,587	10	197,275,187

Aviva Life and Pensions UK Limited advance capital

Aviva advance capital is non-interest bearing.

Tower View Limited advance capital

Tower View Limited advance capital is non-interest bearing.

2-10 Mortimer Street Limited Partnership

Notes to the Consolidated Financial Statements (continued) For the year ended 31 December 2017

22. Related party transactions

	Expense in year		Payable at year end	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
AIGSL asset management fees	1,316	1,085	334	937
AIGSL administration fees	10	10	2	8
	<u>1,326</u>	<u>1,095</u>	<u>336</u>	<u>945</u>

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 £1,315,513 (2016: £1,084,940) per annum and £10,000 (2016: £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 2016: £nil).

Amounts due from related parties

Amounts of £220,865 (2016: £248,366) 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 2017

24. Financial instruments

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

	Group		Partnership	
	2017 £	2016 £	2017 £	2016 £ Restated (note 3)
Financial assets				
Measured at undiscounted amount receivable:				
Level 3				
Investments (see note 13)	-	-	31,811,883	31,811,883
Level 2				
Trade and other debtors - amounts falling due after one year (see note 15)	1,619,344	1,613,081	18,415	13,415
Trade and other debtors - amounts falling due in less than one year (see note 14)	8,703,818	12,357,954	193,929,204	193,304,578
Level 1				
Cash at bank and in hand	12,762,996	7,912,286	1,071,165	171,372
	<u>23,086,158</u>	<u>21,883,321</u>	<u>226,830,667</u>	<u>225,301,248</u>

	Group		Partnership	
	2017 £	2016 £	2017 £	2016 £
Financial liabilities				
Measured at undiscounted amount payable:				
Level 2				
Trade and other creditors - amounts falling due after one year (see note 18)	1,605,415	1,605,152	-	-
Trade and other creditors - amounts falling due in less than one year (see note 17)	12,197,030	2,269,784	30,230,994	28,056,233
	<u>13,802,445</u>	<u>3,874,936</u>	<u>30,230,994</u>	<u>28,056,233</u>

25. Post balance sheet events

On 29 March 2018, the penthouse was sold for an amount of £11 million excluding costs of sale.