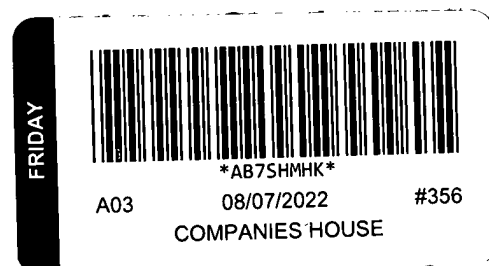


FITZROY PLACE RESIDENTIAL LIMITED
Registered in England and Wales No: 08051442

REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021



Fitzroy Place Residential Limited

Contents

	Page
Directors, Officers and Other Information	1
Strategic Report	2-5
Directors' Report	6-8
Independent Auditor's Report to the Directors of Fitzroy Place Residential Limited	9-12
Statement of Total Comprehensive Income	13
Statement of Changes in Equity	14
Statement of Financial Position	15
Notes to the Financial Statements	16-28

Fitzroy Place Residential Limited

Directors, Officers and Other Information

Directors:

P A Ferrari
C-E Lawrence
T A Smithers
N J Gardiner
I Ebbs (appointed 28 February 2022)
D A Diemer (resigned 28 February 2022)

Officer – Company Secretary

Aviva Company Secretarial Services 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

BDO LLP
55 Baker Street
London
W1U 7EU

Bankers

Barclays Bank PLC
1 Churchill Place
London
E14 5HP

Registered Office

St Helen's
1 Undershaft
London
EC3P 3DQ

Company Number

Registered in England and Wales: No. 08051442

Fitzroy Place Residential Limited

Strategic Report for the year ended 31 December 2021

The Directors present their strategic report and the financial statements of Fitzroy Place Residential Limited (the “Company”) for the year ended 31 December 2021.

The Company

The Company was incorporated on 30 April 2012.

Principal Activity of the Company

The principal activity of the Company is to receive rental income from investment property and sell residential apartments. The Directors have reviewed the activities of the Company for the year and the position as at 31 December 2021 and consider them to be satisfactory.

Review of the Company’s business

The business review is required to contain financial and where applicable, non-financial key performance indicators (“KPIs”). The Directors consider that the key performance indicators for the Company’s business are post tax profit. The loss for the financial year amounted to £162,756 (2020: profit of £1,079,636).

Future outlook

The Company will continue to generate rental income and ground rent income from its investment property.

Principal risks and uncertainties

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

The Aviva Group’s approach to risk and capital management

The Aviva Investors Global Services Limited (the “Fund Manager”) operates within the overall Aviva Group governance structure and priority framework. It also has its own established governance framework, with clear terms of reference for the Board and the Aviva Executive Committee and a clear organisation structure, with documented delegated authorities and responsibilities (largely through role profiles). The management of the 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 investments. Whilst the property valuations reflect the external valuer’s assessment at the valuation date, the management have provided for certain judgements in considering any future uncertainty in the real estate market and as such a range of valuation sensitivities have been provided for under the Investment Property Note 10. The management of this risk falls within the mandate of the Fund Manager, which makes and manages investments on behalf of the Group.

Fitzroy Place Residential Limited

Strategic Report for the year ended 31 December 2021 (continued)

Credit risk

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

The Company manages this risk of tenant default by ensuring that a dedicated credit control team is engaged in collecting the advance quarterly rent from tenants as soon as it falls due. The only tenant represents 100% of the Company's rental income for the year to 31 December 2021 (31 December 2020: 100%). The tenant receivables balance as at 31 December 2021 is £81,480 (31 December 2020: £4,900). Ground rent represents rental income from several tenants hence there is no significant concentration of credit risk regards to this revenue stream.

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

Operational risk

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

Liquidity risk

The Company 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 Company monitors the maturity of the Company's obligations as and when they fall due.

The maturity analysis of the Company's financial assets and liabilities as at 31 December 2021 was as follows:

	1-12 months	1 to 5 years	Total
	£	£	£
Financial assets			
Trade and other debtors (see note 12)	27,128,542	-	27,127,167
Cash at bank and in hand (see note 13)	1,832,575	-	1,832,575
	<u>28,961,117</u>	<u>-</u>	<u>28,959,742</u>
Financial liabilities			
Trade and other creditors (see note 14)	841,389	-	841,389
	<u>841,389</u>	<u>-</u>	<u>841,389</u>

Fitzroy Place Residential Limited

Strategic Report for the year ended 31 December 2021 (continued)

Liquidity risk (continued)

The maturity analysis of the Company's financial assets and liabilities as at 31 December 2020 were as follows:

	1-12 months	1-5 years	Total
	£	£	£
Financial assets			
Trade and other debtors (see note 12)	27,851,946	-	27,851,946
Cash at bank and in hand (see note 13)	1,713,583	-	1,713,583
	<u>29,565,529</u>	<u>-</u>	<u>29,565,529</u>
Financial liabilities			
Trade and other creditors (see note 14)	1,544,503	-	1,544,503
	<u>1,544,503</u>	<u>-</u>	<u>1,544,503</u>

COVID-19

On January 30, 2020, the World Health Organisation ('WHO') declared the coronavirus (COVID-19) a public health emergency, shortly followed by declaring a Global Pandemic on 11 March 2020. This had an unprecedented impact on economies and markets globally. On February 22nd 2022 the United Kingdom government lifted all remaining COVID-19 restrictions. The General Partner will continue to monitor the COVID-19 situation closely and act accordingly to protect the interests of investors

Ukraine Russia conflict

Following the escalation of the conflict between Ukraine and Russia in February 2022 and the related economic sanctions imposed by various governments, the General Partner is actively monitoring the situation and will assess any impact as it is deemed to arise. The General Partner recognises that the overall impact of the conflict may not yet be apparent and does not underestimate the inevitable effect it will have on global financial markets, including any potential adverse impact on the Partnership and its investment. As at the date of approval of these financial statements, based on its assessment of the current situation and information available, the General Partner does not envisage that this will have a material impact on the Partnership.

Environmental

Our approach to responsible investment in real assets

Our duty as long-term stewards of our clients' assets is the responsible allocation and management of capital. We do this to create stable income and capital growth for our clients, contributing to long-term value creation. To create and protect value, we must balance the needs of our clients with the needs of our stakeholders: customers, partners, communities and wider society. We do this by understanding material environmental, social and governance (ESG) factors and sustainability risks that can impact investment returns and assessing investments for their potential to adversely impact our stakeholders.

Governance and oversight of our responsible investment activity is led by our real assets stewardship forum, which is chaired by the chief investment officer and has membership from our senior leadership team as well as the chief responsible investment officer. The stewardship forum oversees the direction of our ESG and stewardship activities, as well as the delivery of our sustainability goals and external stakeholder matters. Our real assets investment oversight committee retains oversight of ESG integration in our investment activities and is supported by our origination forum, which guides ESG integration in our investment strategy.

Fitzroy Place Residential Limited

Strategic Report for the year ended 31 December 2021 (continued)

Environmental (continued)

We encourage a culture of team and individual accountability through integrating ESG in asset planning and review meetings. Our reporting on ESG metrics through these meetings allows us to hold our teams to account for delivering our responsible investment goals. The integration of ESG factors in investment decisions is part of the pay criteria of our main investment desk heads. In addition, through our global reward framework, all investment employees are expected to support our responsible investment activities and integrate ESG issues into their investment processes.

Find out more about our approach to responsible investment at <https://www.avivainvestors.com/en-gb/about/responsible-investment/>.

Employees

The Company had no employees during the year (2020: none).

By order of the Board

DocuSigned by:

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N J Gardiner

Director of Fitzroy Place Residential Limited

St Helen's
1 Undershaft
London
EC3P 3DQ

29 June 2022

Fitzroy Place Residential Limited

Directors' Report for the year ended 31 December 2021

The Directors present their annual report and the financial statements of Fitzroy Place Residential Limited (the "Company") for the year ended 31 December 2021.

Results and Dividends

The loss for the Company for 2021 was £162,756 (2020: profit of £1,079,636).

During the year a dividend payment of £nil was approved by the Directors (2020: £68,800).

Directors

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

P A Ferrari
C-E Lawrence
T A Smithers
N J Gardiner
I Ebbs (appointed 28 February 2022)
D A Diemer (resigned 28 February 2022)

Going concern

As at 31 December 2021 the Company had net current assets of £28,028,646 (2020: £28,000,268). The Directors have prepared a going concern assessment which includes cash flow forecasts for a period of 12 months from the date of approval of these financial statements. The cash flow forecasts have been prepared on both an expected and a worst case scenario and indicate that, even after taking account of a reasonably possible worst case scenario, the Company will have sufficient funds, through support from its parent, 2-10 Mortimer Street LP, to meet its liabilities as they fall due for that period.

The Directors have reviewed the current and projected financial position of the Company, making reasonable assumptions about future trading performance. Accordingly, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and on this basis the Directors have adopted the going concern in preparing these financial statements.

Events after the reporting financial year

Events after the reporting financial year have been evaluated up to the date the 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.

Fitzroy Place Residential Limited

Directors' Report for the year ended 31 December 2021 (continued)

Independent Auditor

It is the intention of the Directors to reappoint BDO LLP as the auditor under the deemed appointment rules of Section 487 of the Companies Act 2006.

Disclosure of information to the independent auditor

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 Company's 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 Company's 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.

Fitzroy Place Residential Limited

Directors' Report for the year ended 31 December 2021 (continued)

Statement of Directors' Responsibilities

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


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

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of its profit or loss for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its 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.

By order of the Board

DocuSigned by:

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N J Gardiner

Director of Fitzroy Place Residential Limited

St Helen's
1 Undershaft
London
EC3P 3DQ

29 June 2022

Fitzroy Place Residential Limited

Independent Auditor's Report to the Directors of Fitzroy Place Residential Limited

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the provisions of Companies Act 2006.

We have audited the financial statements of Fitzroy Place Residential Limited ("the Company") for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors' with respect to going concern are described in the relevant sections of this report.

Fitzroy Place Residential Limited

Independent Auditor's Report to the Directors of Fitzroy Place Residential Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the in the annual report and the financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of Directors

As explained more fully in the Statement of the Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for 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 the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Fitzroy Place Residential Limited

Independent Auditor's Report to the Directors of Fitzroy Place Residential Limited (continued)

Responsibilities of Directors (continued)

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for 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 the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company that were contrary to applicable laws and regulations, including fraud.

We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. We focused on laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006.

Our tests included agreeing the financial statement disclosures to underlying supporting documentation where relevant, review of Board meeting minutes, enquiries with management as to the risks of non-compliance and any instances thereof. Challenging assumptions and judgements made by management in their significant accounting estimates. Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations including unusual or unexpected journal postings to the income statement.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at:


<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Fitzroy Place Residential Limited

Independent Auditor's Report to the Directors of Fitzroy Place Residential Limited (continued)

Use of our report

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

DocuSigned by:

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Christopher Young (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
01 July 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Fitzroy Place Residential Limited

Statement of Total Comprehensive Income For the year ended 31 December 2021

	Notes	2021 £	2020 £
Turnover	5	486,788	484,839
Cost of sales	6	<u>(126,406)</u>	<u>(3,920)</u>
Gross profit		360,382	480,919
Administrative expenses	7	(311,127)	(651,443)
Change in fair value of investment properties	10	<u>516,663</u>	<u>1,815,292</u>
Operating profit		565,918	1,644,768
Interest payable and similar charges	8	-	(1,073)
Interest receivable	8	<u>153</u>	<u>800</u>
Profit on ordinary activities before taxation		566,071	1,644,495
Tax on profit on ordinary activities	9	<u>(728,827)</u>	<u>(564,859)</u>
(Loss)/Profit after taxation		(162,756)	1,079,636
Total comprehensive (loss)/income for the financial year		<u>(162,756)</u>	<u>1,079,636</u>

All amounts reported in the Statement of Total Comprehensive Income for the years ended 31 December 2021 and 31 December 2020 relate to continuing operations.

The notes on pages 16 to 28 form an integral part of these financial statements.

Fitzroy Place Residential Limited

Statement of Changes in Equity For the year ended 31 December 2021

	Called up share capital	Retained earnings	Total
	£	£	£
At 1 January 2020	30,193,603	9,278,667	39,472,270
Profit for the financial year	-	1,079,636	1,079,636
Dividends during the year	-	(68,800)	(68,800)
At 31 December 2020	30,193,603	10,289,503	40,483,106
Loss for the financial year	-	(162,756)	(162,756)
Dividends during the year	-	-	-
At 31 December 2021	30,193,603	10,126,747	40,320,350

The notes on pages 16 to 28 form an integral part of these financial statements.

Fitzroy Place Residential Limited

Statement of Financial Position As at 31 December 2021

	Notes	2021 £	2020 £
Non-current assets			
Investment properties	10	14,486,465	13,969,802
Debtors: amounts falling due after one year	11	<u>286,872</u>	<u>303,535</u>
		14,773,337	14,273,337
Current assets			
Debtors: amounts falling due within one year	12	27,152,401	27,903,155
Cash at bank and in hand	13	<u>1,832,575</u>	<u>1,713,583</u>
		28,984,976	29,616,738
Creditors: amounts falling due within one year	14	<u>(952,887)</u>	<u>(1,616,470)</u>
Net current assets		28,032,099	28,000,268
Total assets less current liabilities		42,805,436	42,273,605
Creditors: amounts falling due in more than one year	16	<u>(2,485,086)</u>	<u>(1,790,499)</u>
Net assets		40,320,350	40,483,106
Capital and reserves			
Represented by			
Called up share capital	17	30,193,603	30,193,603
Retained earnings		<u>10,127,747</u>	<u>10,289,503</u>
Total shareholders' assets		40,320,350	40,483,106

These financial statements were approved and authorised for issue by the Board of Directors on 29 June 2022 and were signed on its behalf by

DocuSigned by:

Neil Gardiner
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N J Gardiner

Director of Fitzroy Place Residential Limited

The notes on pages 16 to 28 form an integral part of these financial statements.

Fitzroy Place Residential Limited

Notes to the Financial Statements (continued) For the year ended 31 December 2021

1. General information

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 Fitzroy Place Residential 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 accounting

The Company's 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 Fitzroy Place Residential Limited is considered to be pounds sterling (£) because that is the currency of the primary economic environment in which the Company operates.

Going concern

As at 31 December 2021 the Company had net current assets of £28,028,646 (2020: £28,000,268). The Directors have prepared a going concern assessment which includes cash flow forecasts for a period of 12 months from the date of approval of these financial statements. The cash flow forecasts have been prepared on both an expected and a worst case scenario and indicate that, even after taking account of a reasonably possible worst case scenario, the Partnership will have sufficient funds, through support from its parent, 2-10 Mortimer Street LP, to meet its liabilities as they fall due for that period.

The Directors have reviewed the current and projected financial position of the Company, making reasonable assumptions about future trading performance. Accordingly, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and on this basis the Directors have adopted the going concern in preparing these financial statements.

Investment properties

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

Fitzroy Place Residential Limited

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

3. Accounting policies (continued)

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 Company becomes a party to the contractual provisions of the instrument.

Basic financial assets, including trade and other receivables, cash and bank balances and amounts due from related parties, 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, including trade and other payables and amounts due to related parties are initially measured at transaction price (including transaction costs), except for those financial liabilities 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.

Cash flow

The Company has taken advantage of the exemption, under paragraph 1.12(b) of FRS 102, from preparing a statement of cash flows, on the basis that it is a wholly owned subsidiary of 2-10 Mortimer Street GP Limited and the Company's cash flows are included within the consolidated statement of cash flows of 2-10 Mortimer Street Limited Partnership.

Fitzroy Place Residential Limited

Notes to the Financial Statements (continued) For the year ended 31 December 2021

3. Accounting policies (continued)

Leases

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

Provisions and contingent liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probably 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 Company 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.

Contingent liabilities are disclosed if the future obligation is probable and the amount cannot be reasonably estimated.

Turnover

Turnover represents rental income, comprising of rent receivable and surrender premiums on investment properties leased out under operating lease agreements, arising in the United Kingdom net of VAT. Additionally, turnover also includes the proceeds on the sale of inventory, being residential flats, which is recognised on completion of contracts.

Rent receivable is 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.

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 administration, finance and management expenses.

Fitzroy Place Residential Limited

Notes to the Financial Statements (continued) For the year ended 31 December 2021

3. Accounting policies (continued)

Taxation

Within the Company 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.

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.

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.

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.

In the process of applying the Company's accounting policies, the Directors have made the following judgements which have the most significant effect on the amounts recognised in the Financial Statements:

Valuation of investment properties

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

Under section 2A.1 of FRS 102, fair value is classified as one of the following:

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

Fitzroy Place Residential Limited

Notes to the Financial Statements (continued) For the year ended 31 December 2018

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

- (b) When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the entity can demonstrate that the last transaction price is not a good estimate of fair value (e.g. 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.
- (c) If the market for the asset is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, an entity estimates the fair value by using a valuation technique. The objective of using a valuation technique is to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations.

For the valuation of investment property, we consider this a Section 2A.1(c) valuation. Where the fair value is disclosed elsewhere in the accounts, we consider this a Section 2A.1(b) valuation.

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 flow.

5. Turnover

	2021 £	2020 £
Rental income	287,933	285,960
Ground rent Income	198,855	198,879
	<u>486,788</u>	<u>484,839</u>

6. Cost of sales

	2021 £	2020 £
Property related expenses	126,406	3,920
	<u>126,406</u>	<u>3,920</u>

Fitzroy Place Residential Limited

Notes to the Financial Statements (continued) For the year ended 31 December 2021

7. Administrative expenses

	2021 £	2020 £
Asset management fees	41,818	36,927
Sundry expenses	103	498
Legal and professional fees	263,499	607,818
Auditor's fees - audit services for current year	4,701	4,500
Auditor's fees - audit services for prior year	113	113
Taxation services	600	1,321
Operator fees	294	266
	<u>311,127</u>	<u>651,443</u>

8. Interest

	2021 £	2020 £
Interest payable and similar charges	-	(1,073)
Interest receivable	153	800
	<u>153</u>	<u>(273)</u>

9. Tax on profit on ordinary activities

The total tax charge comprises:

	2021 £	2020 £
Current tax:		
For this year	34,240	68,774
Prior year adjustments	-	(988)
Total current tax	<u>34,240</u>	<u>67,786</u>
Deferred tax:		
Origination and reversal of temporary differences	129,165	344,905
Changes in tax rates or tax laws	565,422	152,168
Total deferred tax	<u>694,587</u>	<u>497,073</u>
Tax charge on profit on ordinary activities	<u>728,827</u>	<u>564,859</u>

Fitzroy Place Residential Limited

Notes to the Financial Statements (continued) For the year ended 31 December 2021

9. Tax on profit on ordinary activities (continued)

(a) Tax reconciliation

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

	2021 £	2020 £
Profit on ordinary activities before tax	566,071	1,644,495
Tax charge calculated at standard UK corporation tax rate of 19% (2020: 19%)	107,553	312,454
Adjustment to tax charge in respect of prior years	-	(988)
Remeasurement of deferred tax	555,581	151,826
Deferred tax not recognised	65,692	101,568
Adjustments	1	(1)
Total tax charge on ordinary activities for the year	<u>728,827</u>	<u>564,859</u>

(b) Deferred tax

(i) The balance at the year end comprises:

	2021 £	2020 £
Unrealised gains on investments	(2,485,086)	(1,790,499)
Net deferred tax liability	<u>(2,485,086)</u>	<u>(1,790,499)</u>

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

	2021 £	2020 £
Net deferred tax liability at 1 January	(1,790,499)	(1,293,426)
Amounts charged to profit	(694,587)	(497,073)
Net deferred tax liability at 31 December	<u>(2,485,086)</u>	<u>(1,790,499)</u>

During 2021, the reduction in the UK corporation tax rate that was due to take effect from 1 April 2021 was cancelled and as a result, the rate has remained at 19%. This revised rate has been used in the calculation of the Company's deferred tax assets and liabilities as at 31 December 2021.

In the Budget of 3 March 2021 the UK Government announced that the UK corporation tax rate would increase to 25% from 1 April 2023. As of 31 December 2021, the measure was substantively enacted and the impact is reflected in the calculation of the Company's deferred tax assets and liabilities as at 31 December 2021.

Fitzroy Place Residential Limited

Notes to the Financial Statements (continued) For the year ended 31 December 2021

10. Investment properties

	2021 £	2020 £
Cost		
Opening balance	4,546,121	4,546,121
Cost at 31 December	4,546,121	4,546,121
Fair value adjustment		
Opening balance	9,423,681	7,608,389
Net gain on revaluation of investment property	516,663	1,815,292
Fair value adjustment at 31 December	9,940,344	9,423,681
Carrying amount at 31 December	14,486,465	13,969,802
Lease incentives		
Current		
Unamortised rent free incentives	16,663	16,663
Non-current		
Unamortised rent free incentives	286,872	303,535
Gross asset value as 31 December	14,790,000	14,290,000

For the valuation of investment properties, we consider this a Section 2A.1(c) valuation.

The investment properties were valued to fair value in accordance with the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors, as at 31 December 2021 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 Directors which is derived from the Company's financial and property management systems and is subject to the Company's overall control environment.

Fitzroy Place Residential Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

10. Investment properties (continued)

The table below shows the results of Management's evaluation of the sensitivity of the Level 3 fair value of investment properties at 31 December to changes in unobservable inputs to a reasonable alternative.

	2021 Fair value £	Unobservable input	Change in fair value			
			+25bps £	+50bps £	+75bps £	+100bps £
Investment property	£14,175,000	Equivalent yield	(£1,055,530)	(£1,941,715)	(£2,722,069)	(£3,414,759)

These amounts are not an estimate or a forecast of the impact of COVID-19 on the Company's property value. The analysis is designed solely to provide an indication of the impact of certain changes to the Company's property value.

11. Debtors: amounts falling due after one year

	2021 £	2020 £
Lease incentives	286,872	303,535
Total debtors amounts falling due after one year	286,872	303,535

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

12. Debtors: amounts falling due within one year

	2021 £	2020 £
Trade and other debtors	345,049	487,715
Cash held by managing agent	210,260	767,378
Input VAT	7,196	34,546
Intercompany with Fitzroy Place Management Co Ltd	1,375	-
Intercompany loan to 2-10 Mortimer Street Limited Partnership	26,565,048	26,590,043
Intercompany amounts due from 1 Fitzroy Place Limited Partnership	3,000	3,000
Intercompany amounts due from 2 Fitzroy Place Limited Partnership	3,810	3,810
Lease incentives	16,663	16,663
	27,152,401	27,903,155

Intercompany balances are unsecured, interest-free and repayable on demand.

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

Fitzroy Place Residential Limited

Notes to the Financial Statements (continued) For the year ended 31 December 2021

13. Cash at bank and in hand

Company cash at bank and in hand is £1,832,575 (2020: £1,713,583).

14. Creditors: amounts falling due within one year

	2021 £	2020 £
Accruals and deferred income	186,464	182,396
Corporation tax payable	6,962	55,664
Trade and other creditors	33,474	12,500
Service charge creditors	-	623,752
Construction provision (note 15)	607,088	635,088
Intercompany with 2-10 Mortimer Street LP	107,070	107,070
Output VAT	15,272	-
	956,330	1,616,470

Intercompany balances are unsecured, interest-free and repayable on demand.

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

15. Provisions for liabilities

	2021 £	2020 £
Balance at 1 January	635,088	635,088
Utilised in the year	(28,000)	-
Balance at 31 December	607,088	635,088

Construction provisions mainly relate to retention amounts payable in relation to the construction of apartments and are utilised once payments are made.

16. Creditors: amounts falling due in more than one year

	2021 £	2020 £
Deferred tax liability	2,480,920	1,790,499
	2,480,920	1,790,499

Fitzroy Place Residential Limited

Notes to the Financial Statements (continued) For the year ended 31 December 2021

17. Called up share capital

	2021	2020
	£	£
Allotted, called up and unpaid share capital of the Company at 31 December:		
30,193,603 ordinary shares issued at £1 each	<u>30,193,603</u>	<u>30,193,603</u>

18. Contingent liabilities and commitments

There were no contingent liabilities at the balance sheet date (2020: £nil).

As at 31 December 2021, Fitzroy Place Residential Limited contracted with tenants for the following future minimum rental receipts:

	2021	2020
	£	£
Within one year	504,335	504,335
From two to five years	2,017,339	2,017,339
Over five years	<u>202,025,197</u>	<u>202,025,197</u>
	<u>204,546,871</u>	<u>204,546,871</u>

19. 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 accounts receivable from or payments due to members of the Board of Directors.

(b) Services provided to related parties

The Company did not provide services to any related parties during the year.

(c) Services provided by related parties

Asset management and operator fees of £41,818 (2020: £36,927) and £294 (2020: £266) respectively were incurred during the year. These fees were owed to 2-10 Mortimer Street Limited Partnership, whose General Partner, 2-10 Mortimer Street GP Limited, is the Company's immediate parent undertaking. Asset management and operator fees payable at the balance sheet date are £10,559 (2020: £10,164) and £72 (2020: £74) respectively. These are not secured and no guarantees were received in respect thereof.

(d) Amounts due to and from related parties

Amounts of £26,457,978 (2020: £26,482,973) are included in the Company's financial statements in respect of receivables from 2-10 Mortimer Street Limited Partnership for payment of expenses on behalf of the related party.

Amounts of £3,000 (2020: £3,000) and £3,810 (2020: £3,810) are included in the Company's financial statements in respect of receivables from 1 Fitzroy Place Fitzroy Place Limited Partnership and 2 Fitzroy Place Limited Partnership. Transactions are in respect of professional fees.

Amounts of £1,375 (2020: £nil) are included in the Company's financial statements in respect of receivables from Fitzroy Place Management Co Ltd.

Fitzroy Place Residential Limited

Notes to the Financial Statements (continued) For the year ended 31 December 2021

20. Financial Instruments

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

	2021	2020
	£	£
Financial assets		
Measured at undiscounted amount receivable:		
Trade and other debtors - amounts falling due within one year (see note 12)	27,128,542	27,851,946
Cash at bank and in hand (see note 13)	1,832,575	1,713,583
	<u>28,961,117</u>	<u>29,565,529</u>

	2021	2020
	£	£
Financial liabilities		
Measured at undiscounted amount payable:		
Trade and other creditors - amounts falling due within one year (see note 14)	841,390	1,544,503
	<u>841,390</u>	<u>1,544,503</u>

21. Parent and ultimate controlling undertaking

The immediate parent undertaking of the Company is 2-10 Mortimer Street GP Limited (the "General Partner"), a company incorporated in Great Britain and registered in England and Wales.

The General Partner is jointly owned by Norwich Union (Shareholder GP) Limited, a subsidiary of Aviva plc and Tower View (GP) Limited, a subsidiary of New Riverview 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 publicly available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

Fitzroy Place Residential Limited

Notes to the Financial Statements (continued) For the year ended 31 December 2021

22. Events after the reporting financial year

Events after the reporting financial year have been evaluated up to the date the 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.