

2-10 MORTIMER STREET GP (No 1) LIMITED
Registered in England and Wales No: 07477344

**REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2018**

TUESDAY



A08 *A89CWE95* #190
09/07/2019
COMPANIES HOUSE

2-10 Mortimer Street GP (No1) Limited
Registered in England and Wales: No. 07477344

Contents

	Page
Directors, Officers and Other Information	1
Directors' Report	2-5
Independent Auditor's Report to the Members of 2-10 Mortimer GP (No1) Limited	6-7
Statement of Comprehensive Income	8
Statement of Changes in Equity	9
Statement of Financial Position	10
Notes to the Financial Statements	11-18

2-10 Mortimer Street GP (No1) Limited
Registered in England and Wales: No. 07477344

Directors, Officers and Other Information

Directors:

P A Ferrari
C-E Lawrence
T A Smithers
N J Gardiner
L Baker
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. 07477344

Directors' Report

For the year ended 31 December 2018

The Directors present their report and financial statements for 2-10 Mortimer Street GP (No1) Limited ("the Company") for the year ended 31 December 2018.

Results and dividends

The Directors do not recommend the payment of a dividend for the year ended 31 December 2018 (2017: £nil). The profit for the Company for 2018 was £276 (2017: £24,645).

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
L Baker
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 1 Fitzroy Place Limited Partnership (the "Partnership"). The Company also has a 0.01% interest in the Partnership. The Directors consider that this will continue to remain unchanged into the foreseeable future.

The Company also holds a two £1 ordinary shares in Mortimer Street Nominee 2 Limited (the "Subsidiary"), a company set up to manage the developed properties held in the Partnership.

Review of the Company's business

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 holds a capital investment in the Partnership of 0.01% and 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 Company are market, credit, operational and liquidity risks which are discussed in more detail below.

Directors' Report

For the year ended 31 December 2018 (continued)

Principal risks and uncertainties (continued)

The Aviva Group's approach to risk and capital management

The Aviva Investors Global Services Limited 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 Aviva Investors Global Services Limited.

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.

Brexit

In relation to the assessment and monitoring of economic, political and regulatory risks, the Company is continuing to evaluate the impact of the outcome of the June 2016 referendum in relation to the UK's membership of the EU on the Company's business strategy and business risks in the short, medium and long term. In the short term there is no significant impact expected on the Company's business activities, there will be no immediate change in the business strategy and it does not affect the going concern position of the Company. The Company will continue to closely monitor developments and will consider making appropriate changes to the business strategy once the impact of the referendum result on the UK and European real estate industry is more certain.

Directors' Report

For the year ended 31 December 2018 (continued)

Employees

The Company has no employees (2017: 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.

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.

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.

Directors' Report For the year ended 31 December 2018 (continued)

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law 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;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

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 21 June 2019



N J Gardiner

Director

St Helen's
1 Undershaft
London
EC3P 3DQ

Independent Auditor's Report to the Members of 2-10 Mortimer Street GP (No 1) Limited

Opinion

We have audited the financial statements of 2-10 Mortimer Street GP (No 1) ("the company") for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position 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 company's affairs as at 31 December 2018 and of the company's 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.

The impact on our audit of uncertainties due to the UK exiting the European Union

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as property valuation and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease their operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

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 a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' 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 the directors' report;

Independent Auditor's Report to the Members of 2-10 Mortimer Street GP (No 1) Limited (continued)

- in our opinion the information given in that 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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company 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.

Directors' responsibilities

As explained more fully in their statement set out on pages 4-5, 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

28 June 2019

Statement of Comprehensive Income For the year ended 31 December 2018

	Notes	2018 £	2017 £
Revenue	5	2,000	5,411
Administrative expenses	6	(1,107)	19,234
Total operating profit		893	24,645
Profit on ordinary activities before taxation		893	24,645
Tax on profit on ordinary activities	7	(617)	-
Profit for the financial year		276	24,645
Other comprehensive income		-	-
Total comprehensive profit for the financial year		276	24,645

All amounts reported in the Statement of Comprehensive Income for the years ended 31 December 2018 and 31 December 2017 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 2018

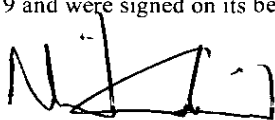
	Called up share capital £	(Accumulated losses) / Retained earnings £	Total £
At 1 January 2017	2	(23,770)	(23,768)
Profit for the financial year	-	24,645	24,645
At 31 December 2017	2	875	877
At 1 January 2018	2	875	877
Profit for the financial year	-	276	276
At 31 December 2018	2	1,151	1,153

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

Statement of Financial Position As at 31 December 2018

	Note	2018 £	2017 £
Non-current assets			
Investments	8	<u>12</u> 12	<u>12</u> 12
Current assets			
Debtors: amounts falling due within one year	9	<u>7,413</u> 7,413	<u>5,413</u> 5,413
Creditors: amounts falling due within one year	10	(6,272)	(4,548)
Net current assets		<u>1,141</u>	<u>865</u>
Total assets less current liabilities		<u>1,153</u>	<u>877</u>
Net assets		<u>1,153</u>	<u>877</u>
Capital and reserves			
Called up share capital	11	2	2
Retained earnings		<u>1,151</u>	<u>875</u>
Total shareholders' equity		<u>1,153</u>	<u>877</u>

These Financial Statements were approved and authorised for issue by the Board of Directors on 21 June 2019 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 2018

1. General information

2-10 Mortimer Street GP (No1) Limited acts as the general partner to 1 Fitzroy Place Limited Partnership (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 Company 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

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 2018

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 Company 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

The Company has no bank accounts. Expenses are settled on its behalf by 2-10 Mortimer Street Limited Partnership.

Administrative expenses

Administrative expenses include administration, finance and management expenses.

Notes to the financial statements (continued)

For the year ended 31 December 2018

3. Accounting policies (continued)

Taxation

The tax charge in the profit and loss account 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 temporary 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 balance sheet 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 temporary 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

	2018 £	2017 £
Income distribution from 1 Fitzroy Place Limited Partnership	1,000	875
Priority distribution from 1 Fitzroy Place Limited Partnership	1,000	4,536
	<u>2,000</u>	<u>5,411</u>

6. Profit 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 2017:£1,000) are settled by 2-10 Mortimer Street Limited Partnership.

Administrative expenses	2018	2017
	£	£
Fees payable to the auditor for the audit of the Company's financial statements	1,000	1,000
Administration fee expense / (reversal)	107	(20,234)
	<u>1,107</u>	<u>(19,234)</u>

In the current year the Directors received no emoluments from the Company for services to the Company for the year (2017: £nil).

The Company had no employees during the year (2017: nil).

Notes to the financial statements (continued)

For the year ended 31 December 2018

7. Tax on profit on ordinary activities

The total tax charge comprises:

	2018 £	2017 £
Current tax		
UK Corporation tax on profit for the year	145	-
Adjustments in respect of prior years	472	-
Total current tax charge	617	-
Deferred tax		
Origination and reversal of timing differences	-	-
Total deferred tax	-	-
 Tax charge on losses on ordinary activities	 617	 -

(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:

	2018 £	2017 £
Profit on ordinary activities before tax	893	24,645
Tax calculated at standard UK corporation tax rate of 19% (2017: 19.25%)	170	4,743
Share of partnership taxable profits	355	481
Non taxable income	(380)	(1,041)
Changes to tax rates	-	(488)
Deferred tax not recognised	-	(3,695)
Adjustments in respect of prior years	472	-
Tax charged to the statement of comprehensive income	617	-

(b) Deferred tax

At 31 December 2018 the Company had the following unrecognised deferred tax assets (calculated at 17% (2017: 17%) to carry forward indefinitely against future taxable income.

	2018 £	2017 £
Balance as at 1 January	73	3,723
Prior year adjustment	(73)	43
Charge for the year	-	(3,263)
Changes to tax rates	-	(430)
Balance as at 31 December	-	73

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 19% to 18% (effective from 1 April 2020) was 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 2018

8. Investments

a) Investments in Partnership	2018	2017
	£	£
Cost		
Balance as at 1 January	10	10
Balance as at 31 December	<u>10</u>	<u>10</u>

Investments in associated companies	% Interests held	Nature of business	Address
1 Fitzroy Place Limited Partnership	0.01%	Property investment	St Helen's 1 Undershaft London EC3P 3DQ

b) Investments in Subsidiary undertakings	2018	2017
	£	£
Shares at cost		
Balance as at 1 January	2	2
Balance as at 31 December	<u>2</u>	<u>2</u>

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

Subsidiary undertakings	% Ordinary shares held	Nature of business	Address
Mortimer Street Nominee 2 Limited	100%	Nominee company	St Helen's 1 Undershaft London EC3P 3DQ

The total historical cost of investments is £12. The subsidiary undertaking remained dormant during the years ended 31 December 2017 and 31 December 2018.

9. Debtors: amounts falling due within one year

	2018	2017
	£	£
Amounts due from the Parent undertaking	2	2
Distribution receivable from 1 Fitzroy Place Limited Partnership	7,411	5,411
	<u>7,413</u>	<u>5,413</u>

Amounts due from the Parent and 1 Fitzroy Place Limited Partnership are unsecured, interest-free and repayable on demand.

Notes to the financial statements (continued)

For the year ended 31 December 2018

10. Creditors: amounts falling due within one year

	2018 £	2017 £
Accruals	1,000	1,000
Amounts due to the Partnership	10	10
Amounts due to 2-10 Mortimer Street Limited Partnership	4,643	3,536
Amounts due to Mortimer Street Nominee 2 Limited	2	2
Tax payable	617	-
	<u>6,272</u>	<u>4,548</u>

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

11. Called up share capital

	2018 £	2017 £
The allotted, called up share capital of the Company at 31 December was:		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>
	<u>2</u>	<u>2</u>

12. Contingent liabilities and capital commitments

There were no contingent liabilities or commitments at the Statement of Financial Position date (2017: £nil).

13. 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.

Notes to the financial statements (continued) For the year ended 31 December 2018

13. Related party transactions (continued)

(b) Services provided to related parties

During the year the Company acted as General Partner for the Partnership. Income distribution from the Partnership of £1,000 (2017: £875) was recognised in the year as well as priority distribution to cover expenses incurred of £1,000 (2017: £4,536). As at 31 December 2018, an amount of £7,411 was recognised as a receivable from the Partnership (2017: £5,411).

At the Statement of Financial Position date £2 (2017: £2) was due to the Company from 2-10 Mortimer Street GP Limited, the Company's immediate parent undertaking, as disclosed in note 9. Prior year audit fees have been paid by 2-10 Mortimer Street Limited Partnership, as disclosed in note 6.

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

(c) Services provided by related parties

At 31 December 2018, £10 (2017: £10) was due from the Company to the Partnership as disclosed in note 10.

At 31 December 2018, £2 (2017: £2) was due from the Company to the Subsidiary as disclosed in note 10.

At 31 December 2018, £4,643 (2017: £3,536) was due from the Company to 2-10 Mortimer Street Limited Partnership relating to payment of prior year audit fees on behalf of the Company as disclosed in note 10.

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

14. Parent and Ultimate Controlling Undertaking

At 31 December 2018 the Parent 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.

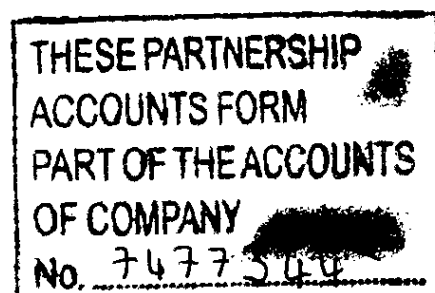
15. Post balance sheet events

There are no significant balance sheet events to report.

1 FITZROY PLACE LIMITED PARTNERSHIP

Registered in England and Wales No: LP015032

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**



1 Fitzroy Place Limited Partnership

Contents

	Page
Partners, Advisers and Other Information	1
Strategic Report	2-5
General Partner's Report	6-8
Independent Auditor's Report to the Partners of 1 Fitzroy Place Limited Partnership	9-11
Statement of Total Comprehensive Income	12
Statement of Changes in Net Assets Attributable to Partners	13
Statement of Financial Position	14
Notes to the Financial Statements	15-26

1 Fitzroy Place Limited Partnership

Partners, Advisers and Other Information

Partners:

Limited Partner

1 Fitzroy Place Jersey Unit Trust
3rd Floor, Liberation House
Castle Street
St Helier
Jersey, Channel Islands
JE1 1BL

General Partner

2-10 Mortimer Street GP (No 1) Limited
St Helen's
1 Undershaft
London
EC3P 3DQ

Fund Manager

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

Property and Asset Manager

Jones Lang LaSalle Ltd
30 Warwick Street
London
W1B 5NH

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. LP015032

1 Fitzroy Place Limited Partnership

Strategic Report for the year ended 31 December 2018

The Directors of the General Partner present their Strategic Report and the financial statements of 1 Fitzroy Place Limited Partnership (the “Partnership”) for the year ended 31 December 2018.

The Partnership

The Partnership was established on 6 June 2012 and is registered as a limited partnership in England and Wales under the Limited Partnerships Act 1907. The total commitment of the Partners as at 31 December 2018 is £1,089,313 (31 December 2017: £1,089,313) fully drawn.

Principal Activity of the Partnership

The principal activity of the Partnership is to achieve long term capital growth and rental income by developing property in the United Kingdom.

Review of the Partnership’s business

The business review is required to contain financial and where applicable, non-financial key performance indicators (“KPIs”). The General Partner considers that, in line with the activity of the business, the financial KPIs set out below are those which communicate the performance of the Group as a whole. These KPIs comprise of:

	Year End 2018	Year End 2017
Fair value of investment properties	£282.7m	£272.9m
Void rate	0.0%	0.0%

1 Fitzroy Place was fully let during the year ended 31 December 2018, with the lease to Estee Lauder being in place from 1 January 2015.

Future outlook

The General Partner does not anticipate there to be any major changes to the Partnership’s business in the next twelve months and for 1 Fitzroy Place to be continued to be fully let out.

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.

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 Partnership’s risk falls within the mandate of the Fund Manager.

1 Fitzroy Place Limited Partnership

Strategic Report for the year ended 31 December 2018 (continued)

Management of financial and non-financial risks

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

Market risk

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

The Partnership 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. There is no significant concentration of credit risk with respect to tenants. Even though the biggest tenant represents 99% of the Partnership's rental income for the year to 31 December 2018 (31 December 2017: 99%), they only represent 0% of the tenant receivables balance at 31 December 2018 (31 December 2017: 0%).

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

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

Operational risk

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

Liquidity risk

The Partnership 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 Partnership's obligations as and when they fall due.

1 Fitzroy Place Limited Partnership

Strategic Report for the year ended 31 December 2018 (continued)

Liquidity risk (continued)

The maturity analysis of the Partnership's financial assets and liabilities as at 31 December 2018 was as follows:

	1-12 months	1 to 5 years	Total
	£	£	£
Financial assets			
Trade and other debtors (see note 9&10))	596,392	40,267	636,659
Cash at bank and in hand	6,250,717	-	6,250,717
	6,847,109	40,267	6,887,376
Financial liabilities			
Loans payable to parent (see note 12)	116,079,774	-	116,079,774
Trade and other creditors (see note 12&13)	3,184,885	40,267	3,225,152
	119,264,659	40,267	119,304,926

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

	1-12 months	1-5 years	Total
	£	£	£
Financial assets			
Trade and other debtors (see note 9)	277,387	40,149	317,536
Cash at bank and in hand	6,485,137	-	6,485,137
	6,762,524	40,149	6,802,673
Financial liabilities			
Loans payable (see note 12)	116,304,810	-	116,304,810
Trade and other creditors (see note 12&13)	3,012,306	40,149	3,052,455
	119,317,116	40,149	119,357,265

Brexit

In relation to the assessment and monitoring of economic, political and regulatory risks, the Company is continuing to evaluate the impact of the outcome of the June 2016 referendum in relation to the UK's membership of the EU on the Company's business strategy and business risks in the short, medium and long term. In the short term there is no significant impact expected on the Company's business activities, there will be no immediate change in the business strategy and it does not affect the going concern position of the Company. The Company will continue to closely monitor developments and will consider making appropriate changes to the business strategy once the impact of the referendum result on the UK and European real estate industry is more certain.

Employees

The Partnership had no employees during the year (2017: none). The key management personnel have been identified as the Directors of 2-10 Mortimer Street GP (No 1) Limited (General Partner).

1 Fitzroy Place Limited Partnership

Strategic Report for the year ended 31 December 2018 (continued)

Environmental

Aviva Investors Real Assets (AIRA) recognises its duty to act as responsible stewards of its clients' assets. Consistent with its fiduciary and stewardship obligations, AIRA maintains a deep conviction that Responsible Investment including environmental, social and governance (ESG) factors can have an impact on investment returns and client outcomes.

AIRA's fiduciary duty is to protect and maintain the value of assets, it aims to do this by integrating Responsible Investment, including ESG considerations, into its investment and asset management decisions. Responsible Investment factors are implemented from origination or acquisition to divestment or termination.

AIRA supports industry initiatives to develop a common platform to evaluate the Responsible Investment impact and credentials of Real Asset investments, and to setup standardised reporting frameworks and benchmarks.

AIRA is a founding member of GRESB infrastructure and an advisory member of GRESB Real Estate and has partnered with a number of organisations to participate on ESG initiatives including the Better Buildings Partnership.

For and on behalf of the Partnership:



N J Gardiner
Director of 2-10 Mortimer Street (GP No. 1) Limited
21 June 2019

1 Fitzroy Place Limited Partnership

General Partner's Report for the year ended 31 December 2018

The Directors of the General Partner present their report and the financial statements of the Partnership for the year ended 31 December 2018.

Results and Distributions

The profit for the Partnership for 2018 was £9,804,536 (2017 loss: £16,330) after profit distributions to the Partners of £10,006,778 (2017: £8,751,869) and priority distribution to the General Partner of £1,000 (2017: £4,536) which were recognised within finance cost on the Statement of Total Comprehensive Income.

Directors

The current Directors of 2-10 Mortimer Street (GP No 1) Limited and those in office throughout the year, except as noted, are as follows:

Peter Adrian Ferrari
Charles-Etienne Lawrence
Thomas Ashley Smithers
Luke Baker
Neil Johnston Gardiner
David Anthony Diemer

Going concern

As at 31 December 2018 1 Fitzroy Place Limited Partnership (the Partnership) had net current liabilities of £114,919,557 (2017: £114,924,093). The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Partnership will have sufficient funds, through support from its ultimate parent, 2-10 Mortimer LP, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on 2-10 Mortimer Street LP not seeking repayment of the amounts currently due to them, which at 31 December 2018 amounted to £116,079,774. 2-10 Mortimer Street LP has indicated that they will not seek repayment of part, or all, of any such intercompany debtor that is due from the Partnership to 2-10 Mortimer Street LP for a period of a minimum of 12 months from the date of the audit report in these financial statements for the year ended 31 December 2018. As with any entity placing reliance on other group entities for financial support, the partners acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the partners are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

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.

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.

1 Fitzroy Place Limited Partnership

General Partner's Report for the year ended 31 December 2018 (continued)

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 auditor in connection with preparing their report, of which the Partnership'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 Partnership'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, as applied in accordance with the provisions of the Partnerships (Accounts) Regulations 2008.

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 capital contributions are as follows:

	2018 £	2017 £
1 Fitzroy Place Jersey Unit Trust	1,089,303	1,089,303
2-10 Mortimer Street GP (No.1) Limited	10	10
Total	1,089,313	1,089,313

1 Fitzroy Place Limited Partnership

General Partner's Report for the year ended 31 December 2018 (continued)

Statement of General Partner's Responsibilities

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

The Partnerships (Accounts) Regulations 2008 require the General Partner to prepare 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 the 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 Partnership and of the profit or loss of the Partnership for that period. In preparing the 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 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 partnership and to prevent and detect fraud and other irregularities.



N J Gardiner
Director of 2-10 Mortimer Street GP (No.1) Limited
St Helen's
1 Undershaft
London
EC3P 3DQ

21 June 2019

1 Fitzroy Place Limited Partnership

Independent Auditor's Report to the Partners of 1 Fitzroy Place Limited Partnership

Opinion

We have audited the financial statements of 1 Fitzroy Place LP ("the qualifying partnership") for the year ended 31 December 2018 which comprise the Statement of Total Comprehensive Income, the Statement of Changes in Net Assets Attributable to Partners, the Statement of Financial Position 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 qualifying partnership's affairs as at 31 December 2018 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 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.

The impact on our audit of uncertainties due to the UK exiting the European Union

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the general partner, such as property valuation and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the qualifying partnership's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the qualifying partnership's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The general partner has prepared the financial statements on the going concern basis as they do not intend to liquidate the qualifying partnership or to cease its operations, and as they have concluded that the qualifying partnership's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

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 a year from the date of approval of the financial statements. In our evaluation of the general partner's conclusions, we considered the inherent risks to the qualifying partnership's business model, including the impact of Brexit, and analysed how those risks might affect the qualifying partnership's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the qualifying partnership will continue in operation.

1 Fitzroy Place Limited Partnership

Independent Auditor's Report to the Partners of 1 Fitzroy Place Limited Partnership (continued)

General partner's report

The general partner is responsible for the general partner's report. Our opinion on the financial statements does not cover that report 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 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 that report;
- in our opinion the information given in the general partner's 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 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.

We have nothing to report in these respects.

General Partner's responsibilities

As explained more fully in the their statement set out on page 8, the general partner is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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.

1 Fitzroy Place Limited Partnership

Independent Auditor's Report to the Partners of 1 Fitzroy Place Limited Partnership (continued)

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

This report is made solely to the qualifying partnership's partners, 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 partners 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 partners, 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

28 June 2019

1 Fitzroy Place Limited Partnership

Statement of Total Comprehensive Income For the year ended 31 December 2018

	Notes	2018 £	2017 £
Turnover	5	11,603,088	11,640,889
Cost of sales	6	-	16
Gross profit		11,603,088	11,640,905
Administrative expenses	7	(919,437)	(891,366)
Change in fair value of investment properties	8	9,128,222	(2,009,465)
Operating profit		19,811,873	8,740,074
Finance income		441	2
Finance cost (distributions)		(10,007,778)	(8,756,406)
Profit / (loss) on ordinary activities		9,804,536	(16,330)
Changes in Net Assets Attributable to Partners		9,804,536	(16,330)

All amounts reported in the Statement of Total Comprehensive Income for the years ended 31 December 2018 and 31 December 2017 relate to continuing operations.

The notes on pages 15 to 26 form an integral part of these financial statements.

1 Fitzroy Place Limited Partnership

Statement of Changes in Net Assets Attributable to Partners For the year ended 31 December 2018

		Partners' capital account £	Retained earnings £	Total £
	Notes			
Net assets attributable to Partners at 1 January 2017	15	1,089,313	156,107,632	157,196,945
Changes in Net Assets Attributable to Partners		-	(16,330)	(16,330)
Net assets attributable to Partners at 31 December 2017	15	1,089,313	156,091,302	157,180,615
Changes in Net Assets Attributable to Partners		-	9,804,536	9,804,536
Net assets attributable to Partners at 31 December 2018	15	1,089,313	165,895,838	166,985,151

The notes on pages 15 to 26 form an integral part of these financial statements.

1 Fitzroy Place Limited Partnership

Statement of Financial Position As at 31 December 2018

	Notes	2018 £	2017 £
Non-current assets			
Investment properties	8	256,756,018	247,627,796
Debtors: amounts falling due after one year	9	25,188,957	24,517,061
		<u>281,944,975</u>	<u>272,144,857</u>
Current assets			
Debtors: amounts falling due within one year	10	1,459,117	1,252,846
Cash at bank and in hand	11	6,250,717	6,485,137
		<u>7,709,834</u>	<u>7,737,983</u>
Creditors: amounts falling due within one year	12	(122,629,391)	(122,662,076)
Net current liabilities		(114,919,557)	(114,924,093)
Total assets less current liabilities		167,025,418	157,220,764
Creditors: amounts falling due after one year	13	(40,267)	(40,149)
Net assets attributable to partners	15	166,985,151	157,180,615

The financial statements of 1 Fitzroy Place Limited Partnership were approved and authorized for issue by the Partners on 21 June 2019 and were signed on their behalf by



N J Gardiner

Director of 2-10 Mortimer Street GP (No 1) Limited

21 June 2019

The notes on pages 15 to 26 form an integral part of these financial statements.

1 Fitzroy Place Limited Partnership

Notes to the Financial Statements For the year ended 31 December 2018

1. General information

1 Fitzroy Place Limited Partnership (the “Partnership”) was established on 6 June 2012 and is registered as a limited partnership in England and Wales under the Limited Partnerships Act 1907. The Partnership registered address is St Helen’s, 1 Undershaft, London, EC3P 3DQ.

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

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Basis of accounting

The Partnership financial statements have been prepared under the historical cost convention, as modified by the revaluation of 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 the Partnership is considered to be pounds sterling (£) because that is the currency of the primary economic environment in which the Partnership operates.

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.

Going concern basis

As at 31 December 2018 1 Fitzroy Place Limited Partnership (the Partnership) had net current liabilities of £114,919,557 (2017: £114,924,093). The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Partnership will have sufficient funds, through support from its ultimate parent, 2-10 Mortimer Street LP, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on 2-10 Mortimer Street LP not seeking repayment of the amounts currently due to them, which at 31 December 2018 amounted to £116,079,774. 2-10 Mortimer Street LP has indicated that they will not seek repayment of part, or all, of any such intercompany debtor that is due from the Partnership to 2-10 Mortimer Street LP for a period of a minimum of 12 months from the date of the audit report in these financial statements for the year ended 31 December 2018. As with any entity placing reliance on other group entities for financial support, the partners acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the partners are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

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.

1 Fitzroy Place Limited Partnership

Notes to the Financial Statements For the year ended 31 December 2018

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 recognised on an accruals basis.

Financial instruments

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

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, 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.

Financial liabilities

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

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

Loans and borrowings

Loans and borrowings are recognised initially at their issue proceeds less transaction costs incurred. Subsequently, borrowings are stated at amortised cost. 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.

Partners' accounts

The Partnership has classified the Partners' accounts as a financial liability based on the contractual arrangements within the Limited Partnership Agreement which require repayment of the net assets/liabilities upon wind up of the Partnership.

Cash at bank and in hand

Cash at bank and in hand comprises of cash and cash on deposit with banks, both of which are immediately available and cash held within the sinking fund which is not immediately available.

1 Fitzroy Place Limited Partnership

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

3. Accounting policies (continued)

Cash flow statement

The Partnership 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 1 Fitzroy Place Jersey Unit Trust and the Partnership's cash flows are included within the consolidated statement of cash flows of 2-10 Mortimer Street Limited Partnership.

Turnover

Turnover comprises the net income receivable from the investment portfolio and is recognised on an accruals basis. Turnover represents rental income comprising of rent receivable and surrendered premiums on investment properties leased out under operating lease agreements arising in the United Kingdom net of VAT.

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

Cost of sales

Cost of sales includes amounts invoiced in respect of facilities management services provided, and other expenses incurred on an accruals basis.

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.

Fund Manager fees

Under the terms of the Fund Manager's Agreement dated 21 November 2016 between the Partnership and Aviva Investors Global Services Limited (the "Fund Manager"), the Fund Manager fee is equal to 30 basis points (0.30%) of the Open Market Value of investment property calculated on a quarterly basis and payable quarterly in arrears.

Interest receivable and similar income

Interest receivable on cash at bank is recognised on an accruals basis. Other interest receivable and similar income is recognised using the effective rate method.

Distributions

Income produced by the Partnership's investment properties and other sources is distributed to the Partners to the extent that the Partnership's income exceeds expenses, on a quarterly basis in accordance with the Partnership Deed. Where the distribution has been determined for the period, the amount is accounted for as a finance cost

The General Partner and the Fund Manager are required to ensure that no distribution is made that would render the Partnership insolvent or unable to pay its expenses for the six month period following a distribution, having regard to the expected receipts of the Partnership.

1 Fitzroy Place Limited Partnership

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

3. Accounting policies (continued)

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.

Taxation

The provisions of Section 111 of the Income and Corporation Taxes Act 1988 require the taxable gains and losses of a limited partnership to be assessable directly upon the partners. Accordingly no provision has been made for taxation in these financial statements.

4. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Partnership's 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 Financial Statements:

Valuation of investment properties

The fair value of the Partnership's investment properties represents an estimate by independent professional valuers of the open market value of that property as at the balance sheet date. The determination of the fair value of investment properties requires the use of estimates such as future cash flows from assets (such as lettings, tenants' profiles, future revenue streams, capital values of fixtures and fittings, plant and machinery, any environmental matters and the overall repair and condition of the property) and discount rates applicable to those assets. The valuers also make reference to market evidence of transaction prices for similar properties. Fair value disclosures in relation to investment property are given in Note 8.

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.

1 Fitzroy Place Limited Partnership

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 property, we consider this a Section 2A.1(c) 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 flows.

5. Turnover

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

	2018 £	2017 £
Gross rental income	11,603,088	11,640,889
	<u>11,603,088</u>	<u>11,640,889</u>

6. Cost of sales

	2018 £	2017 £
Property expenses	-	16
	<u>-</u>	<u>16</u>

1 Fitzroy Place Limited Partnership

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

7. Administrative expenses

	2018 £	2017 £
Asset management fees	842,626	818,700
Auditor's fees - audit services	4,667	4,667
Auditor's fees - taxation services	6,971	4,480
Professional fees	64,901	63,306
Bank charges	272	213
	919,437	891,366

The 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 (2017: £nil).

8. Investment properties

	2018 £	2017 £
Cost		
Opening balance	115,000,313	114,988,520
Capital expenditure on investment property	-	11,793
Cost at 31 December	115,000,313	115,000,313
Fair value adjustment		
Opening balance	132,627,483	134,636,948
Net gain / (loss) on revaluation of investment property	9,128,222	(2,009,465)
Fair value adjustment 31 December	141,755,705	132,627,483
Carrying amount at 31 December	256,756,018	247,627,796

Lease incentives

Current

Unamortised rent free incentives	733,535	733,535
Unamortised capital contributions	61,757	61,758

Non-current

Unamortised rent free incentives	24,221,662	23,488,127
Unamortised capital contributions	927,028	988,784

Gross asset value as 31 December	282,700,000	272,900,000
---	--------------------	--------------------

The entire portfolio of investment properties is pledged as security for liabilities at 31 December 2018.

The investment property tenure is long leasehold.

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

1 Fitzroy Place Limited Partnership

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

8. Investment properties (continued)

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 2018 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; and
- 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.

9. Debtors: amounts falling due after one year

	2018	2017
	£	£
Lease incentives	25,148,690	24,476,912
Tenant Deposit	40,267	40,149
	<u>25,188,957</u>	<u>24,517,061</u>

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

10. Debtors: amounts due falling within one year

	2018	2017
	£	£
Amounts owed by related parties	100,000	100,000
Trade and other debtors	141,728	167,215
Cash held by managing agent	354,664	110,172
Lease incentives	795,292	795,292
VAT receivable	67,433	80,167
	<u>1,459,117</u>	<u>1,252,846</u>

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

11. Cash at bank and in hand

Partnership cash at bank and in hand is £6,250,717 (2017: £6,485,137).

1 Fitzroy Place Limited Partnership

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

12. Creditors: amounts falling due within one year

	2018	2017
	£	£
Trade and other creditors	409,662	244,421
VAT payable	615,812	574,034
Accruals and deferred income	2,748,920	2,770,926
Intercompany loans owed to 2-10 Mortimer Street Limited Partnership	116,079,774	116,304,810
Intercompany amount due to Fitzroy Place Management Co Limited	111,045	111,045
Distribution to:		
Limited partner	2,656,767	2,651,429
General partner	7,411	5,411
	122,629,391	122,662,076

On 8 June 2012, the Partnership entered into a £97,941,968 loan facility with 2-10 Mortimer Street Limited Partnership. This was subsequently amended on 28 May 2015 to £130,848,297. As at 31 December 2018 £116,079,774 (31 December 2017: £116,304,810) had been drawn down under the facility.

The Intercompany loan from 2-10 Mortimer Street LP is interest free, is secured on the assets of the Partnership and expires on 8 November 2020 but the directors believe that it will be renewed to avoid any going concern issues for the partnership upon expiry of the facility.

The Intercompany loans are repayable on demand however 2-10 Mortimer Street LP has indicated that they will not seek repayment of part, or all, of any such intercompany debtor that is due from 1 Fitzroy Place Limited Partnership to 2-10 Mortimer Street LP for a period of a minimum of 12 months from the date of the audit report in these financial statements for the year ended 31 December 2018

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

13. Creditors: amounts falling due after one year

	2018	2017
	£	£
Tenant Deposit	40,267	40,149
	40,267	40,149

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

14. Contingent liabilities and commitments

There were no commitments or contingent liabilities at the balance sheet date (2017: £nil).

1 Fitzroy Place Limited Partnership

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

15. Net assets attributable to partners

	Langham Hall Fund Management (Jersey) Limited as Trustee of 1 Fitzroy Place Jersey Unit Trust 99.99% £	2-10 Mortimer Street GP (No 1) Limited 0.01% £	Total 100% £
Proceeds from Partners			
At 1 January and 31 December 2018	1,089,303	10	1,089,313
Income account			
At 1 January 2018	156,075,694	15,608	156,091,302
Changes in Net Assets Attributable to Partners	9,803,556	980	9,804,536
Balance at 31 December 2018	165,879,250	16,588	165,895,838
Net assets attributable to Partners at 31 December 2018	166,968,553	16,598	166,985,151
Net assets attributable to Partners at 31 December 2017	157,164,997	15,618	157,180,615

1 Fitzroy Place Limited Partnership

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

15. Net assets attributable to partners (continued)

	Langham Hall Fund Management (Jersey) Limited as Trustee of 1 Fitzroy Place Jersey Unit Trust 99.99% £	2-10 Mortimer Street GP (No 1) Limited 0.01% £	Total 100% £
Proceeds from Partners			
At 1 January and 31 December 2017	1,089,303	10	1,089,313
Income account			
At 1 January 2017	156,092,022	15,610	156,107,632
Changes in Net Assets Attributable to Partners	(16,328)	(2)	(16,330)
Balance at 31 December 2017	156,075,694	15,608	156,091,302
Net assets attributable to Partners at 31 December 2017	157,164,997	15,618	157,180,615
Net assets attributable to Partners at 31 December 2016	157,181,325	15,620	157,196,945

16. Related party transactions

Services provided by related parties

	Expense in year		Payable at year end	
	2018 £	2017 £	2018 £	2017 £
AIGSL asset management fees	836,337	812,523	209,881	203,153
AIGSL administration fees	6,289	6,177	1,575	1,522
	842,626	818,700	211,456	204,675

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 attributable to the Partnership are £836,337 (2017: £812,523) per annum and £6,289 (2017: £6,177) 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.

1 Fitzroy Place Limited Partnership

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

16. Related party transactions (continued)

Services provided by related parties (continued)

An amount of £100,000 (2017: £100,000) is recognised within Debtors: amounts due falling within one year. This relates to the unpaid capital from 1 Fitzroy Place Jersey Unit Trust.

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

Amounts of £111,045 are included in the Partnership's financial statements in respect of payables to Fitzroy Place Management Company Limited (2017: £111,045). Transactions are in respect of service charges, funding and project expenditure incurred.

17. Financial Instruments

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

	2018	2017
	£	£
Financial assets		
Measured at undiscounted amount receivable:		
Trade and other debtors - amounts falling due within one year (see note 10)	596,392	377,387
Trade and other debtors - amounts falling due after one year (see note 9)	40,267	40,149
Cash at bank and in hand	<u>6,250,717</u>	<u>6,485,137</u>
	<u>6,887,376</u>	<u>6,902,673</u>
	2018	2017
	£	£
Financial liabilities		
Measured at undiscounted amount payable:		
Loans Payable (see note 12)	116,079,774	116,304,810
Trade and other creditors - amounts falling due after one year (see note 13)	40,267	40,149
Trade and other creditors - amounts falling due within one year (see note 12)	<u>3,184,885</u>	<u>3,012,306</u>
	<u>119,304,926</u>	<u>119,357,265</u>

1 Fitzroy Place Limited Partnership

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

18. Parent and ultimate controlling undertaking

The immediate parent entity of the 1 Fitzroy Place Limited Partnership is Langham Hall Fund Management (Jersey) Limited as Trustee of 1 Fitzroy Place Jersey Unit Trust. The ultimate parent entity by virtue of its majority ownership of the units in issue and their accompanying voting rights is 2-10 Mortimer Street Limited Partnership.

2-10 Mortimer Street Limited Partnership is managed by the General Partner; 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 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.

Copies of the financial statements of Aviva plc are publicly available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

19. Post balance sheet events

There are no significant balance sheet events to report.