

BELGRAVIA ESTATE SERVICES LIMITED

Registered No: 479149

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**

YEAR ENDED 31ST DECEMBER 1998



BELGRAVIA ESTATE SERVICES LIMITED

DIRECTORS' REPORT

The directors submit their report together with the financial statements for the year ended 31st December 1998.

1. **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the company continues to be the provision of tenant services. The directors do not anticipate any significant change in the activity of the company.

2. **DIRECTORS**

The directors of the company at 31st December 1998, all of whom were directors throughout the year, were:-

C J Redman
J G Wright
R C Williams
J R Milne
L McConnachie

3. **RESULTS AND DIVIDEND**

The results of the company for the year are shown on page 4. The loss on ordinary activities before taxation amounted to £493,588 (1997-£368,332). The directors do not propose the payment of a dividend (1997-£Nil). The balance after taxation has been transferred to reserves. The state of the company's affairs at 31st December 1998 is fully set out in the attached balance sheet.

4. **DIRECTORS' INTERESTS**

None of the company's directors had any interest in the shares or loan capital of the company, its ultimate parent company, Grosvenor Estate Holdings, or any of its fellow subsidiary undertakings required to be disclosed under the Companies Act 1985.

5. **YEAR 2000**

The company's ultimate parent undertaking, Grosvenor Estate Holdings, has recently completed a review of its systems to identify those which may not be Year 2000 compliant. During 1999, these systems will be tested and, where necessary, remedial action will be taken and contingency plans established. Principal suppliers have been contacted to establish the extent to which their systems are likely to be Year 2000 compliant.

The directors consider that the cost of achieving Year 2000 compliance will be borne by its ultimate parent company and therefore it has not been reflected in these financial statements.

6. **AUDITORS**

Deloitte & Touche were appointed as auditors on 12th June 1997. Pursuant to S386 of the Companies Act 1985 (as amended by the Companies Act 1989) an elective resolution has been passed to dispense with the requirement to reappoint auditors annually.

BELGRAVIA ESTATE SERVICES LIMITED

DIRECTORS' REPORT

7. DIRECTORS' RESPONSIBILITIES

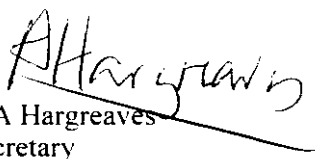
The directors have responsibility for preparing financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for the year.

In preparing the financial statements, the directors are required to ensure that suitable accounting policies are selected and consistently applied, that the judgements and estimates made are reasonable and prudent, and that applicable accounting standards are followed.

The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the company's system of internal financial control and for safeguarding the assets of the company and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

The directors have adopted the going concern basis in preparing the financial statements.

By Order of the Board


A A Hargreaves
Secretary

31 March 1999

BELGRAVIA ESTATE SERVICES LIMITED**AUDITORS' REPORT TO THE MEMBERS OF THE COMPANY**

We have audited the financial statements on pages 4 to 9 which have been prepared under the accounting policies set out on page 6.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the directors' report on page 2, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31st December 1998 and of the loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche
Chartered Accountants and
Registered Auditors
Hill House
1 Little New Street
London EC4A 3TR

31 March 1999

BELGRAVIA ESTATE SERVICES LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED
31ST DECEMBER 1998

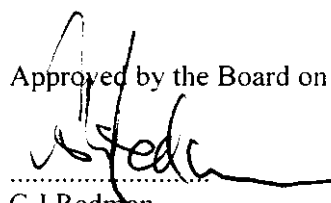
	<u>Note</u>	<u>1998</u>	<u>1997</u>
<u>Results of continuing operations:</u>			
Turnover	1(b)	2,604,837	2,835,166
Cost of sales		(2,556,269)	(2,688,236)
<u>Gross Profit</u>		<u>48,568</u>	<u>146,930</u>
Administrative expenses		(535,000)	(514,015)
Operating loss	3	(486,432)	(367,085)
Interest payable	2	(7,156)	(1,247)
<u>Loss on ordinary activities before taxation</u>		<u>(493,588)</u>	<u>(368,332)</u>
Tax credit on ordinary activities	4	149,272	115,536
<u>Loss for the financial year</u>	8	<u><u>£(344,316)</u></u>	<u><u>£(252,796)</u></u>

There were no recognised gains or losses in the year or preceding year, other than as stated in the profit and loss account.

BELGRAVIA ESTATE SERVICES LIMITED
BALANCE SHEET AT 31ST DECEMBER 1998


	<u>Note</u>	<u>1998</u>	<u>1997</u>
<u>Current Assets</u>			
Debtors	5	1,364,555	1,655,567
<u>Creditors:</u> Amounts falling due within one year	6	(5,005,015)	(4,951,711)
<u>Net Current Liabilities</u>		<u>£(3,640,460)</u>	<u>£(3,296,144)</u>
<u>Capital and Reserves</u>			
Called up share capital	7	1,000	1,000
Profit and loss account - deficit	8	(3,641,460)	(3,297,144)
<u>Equity Shareholders' Deficit</u>	9	<u>£(3,640,460)</u>	<u>£(3,296,144)</u>

Approved by the Board on 31 March 1999



 C J Redman

Directors



 R C Williams

BELGRAVIA ESTATE SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31ST DECEMBER 1998****1. ACCOUNTING POLICIES****(a) Basis of Accounting**

The financial statements have been prepared under the historical cost convention and in accordance with accounting standards applicable in the UK. The company's principal accounting policies are unchanged compared with the year ended 31st December 1997.

The company is a subsidiary of Grosvenor Estate Holdings, its ultimate parent undertaking, which is registered in England and Wales and prepares consolidated financial statements. Consequently, the company is not required to present a cash flow statement.

These accounts have been prepared on the going concern basis. The directors have received confirmation from the board of Grosvenor Estate Holdings that finance will be available for 18 months from the date of these accounts.

(b) Turnover

Turnover comprises gross income net of VAT from service charges and management fees receivable, in the United Kingdom.

(c) Deferred Taxation

Deferred taxation is accounted for in respect of timing differences between the recognition of income and expenditure for accounting and taxation purposes to the extent that it is considered probable that a tax liability or asset will crystallise in the foreseeable future.

2. INTEREST PAYABLE

	<u>1998</u>	<u>1997</u>
On bank overdraft	£7,156	£1,247

BELGRAVIA ESTATE SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31ST DECEMBER 1998****3. OPERATING LOSS**

Operating loss is stated after charging:-

	<u>1998</u>	<u>1997</u>
Operating leases - plant and equipment	-	£127,992
Directors' remuneration	-	-
	<hr/>	<hr/>
Auditors' remuneration is borne by a fellow subsidiary undertaking.		
Staff costs		
Wages and salaries	423,454	395,485
Social security costs	38,403	34,583
Other pension costs	33,044	28,877
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	£494,901	£458,945
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The average number of persons employed during the year was 33 (1997 – 33)

4. TAX CREDIT ON ORDINARY ACTIVITIES

	<u>1998</u>	<u>1997</u>
Group relief receivable	153,000	116,000
Over provision in respect of previous years	(3,728)	(464)
	<hr/>	<hr/>
	£149,272	£115,536
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5. DEBTORS

<u>Due within one year:-</u>	<u>1998</u>	<u>1997</u>
Amounts owed by group undertakings	200,884	758,061
Group relief receivable	152,976	116,000
Other debtors	805,295	566,195
Prepayments and accrued income	205,400	215,311
	<hr/>	<hr/>
	£1,364,555	£1,655,567
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BELGRAVIA ESTATE SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31ST DECEMBER 1998****6. CREDITORS - Amounts falling due within one year**

	<u>1998</u>	<u>1997</u>
Loan from parent undertaking	3,937,192	3,745,224
Other taxation	1,912	6,713
Other creditors	73,993	107,766
Accruals and deferred income	991,918	1,092,008
	<u>£5,005,015</u>	<u>£4,951,711</u>

The loan from the parent undertaking, is unsecured, repayable on demand and was subject to interest at Nil % per annum (1997 - 9.5%).

7. CALLED UP SHARE CAPITAL

Authorised, allotted, called up and fully paid

	<u>1998</u>	<u>1997</u>
1,000 £1 ordinary shares	<u>£1,000</u>	<u>£1,000</u>

8. PROFIT AND LOSS ACCOUNT

	<u>1998</u>	<u>1997</u>
Balance at 1st January	(3,297,144)	(3,044,348)
Loss for the financial year	<u>(344,316)</u>	<u>(252,796)</u>
Balance at 31st December	<u>£(3,641,460)</u>	<u>£(3,297,144)</u>

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1998</u>	<u>1997</u>
Loss for the financial year	(344,316)	(252,796)
Opening shareholders' deficit	<u>(3,296,144)</u>	<u>(3,043,348)</u>
Closing shareholders' deficit	<u>£(3,640,460)</u>	<u>£(3,296,144)</u>

BELGRAVIA ESTATE SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31ST DECEMBER 1998****10. PENSION SCHEMES**

The company participates in the Grosvenor Estates Pension Scheme, a defined benefit scheme, and the Grosvenor Estate Money Purchase Scheme, a defined contribution scheme. Both schemes are sponsored by the company's ultimate parent undertaking, Grosvenor Estate Holdings, and are administered by independent trustees. The Grosvenor Estates Pension Scheme is funded in accordance with the advice of independent qualified actuaries. Details of the most recent actuarial valuation are included in the Annual Report of Grosvenor Estate Holdings for the year ended 31st December 1998.

11. ULTIMATE PARENT UNDERTAKING

The company's ultimate parent undertaking and controlling entity is Grosvenor Estate Holdings, an unlimited company registered in England and Wales which is wholly owned by trusts and members of the Grosvenor family, headed by the Duke of Westminster. The ultimate parent undertaking heads the largest and smallest group of undertakings of which the company is a member and for which group accounts are prepared.

Copies of the consolidated financial statements of Grosvenor Estate Holdings can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

12. RELATED PARTY TRANSACTIONS

The company has applied the exemption granted by FRS8 "Related party disclosures" not to disclose transactions with Grosvenor Estate Holdings, fellow subsidiaries of Grosvenor Estate Holdings or any undertaking in which any member of the group holds an investment which would otherwise qualify as related parties.

Accordingly, during the period under review there were no transactions or balances with related parties which require disclosure in these financial statements.