

GROSVENOR ESTATE INTERNATIONAL
INVESTMENTS LIMITED

COMPANY REGISTRATION NUMBER 569988

ANNUAL REPORT AND
FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2002



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GROSVENOR ESTATE INTERNATIONAL INVESTMENTS LIMITED

DIRECTORS' REPORT

The directors submit their annual report together with the audited financial statements of the company for the year ended 31 December 2002.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company was dormant throughout the year.

The directors do not anticipate any significant change in the activity of the company and its profitability.

RESULTS AND DIVIDENDS

The results of the company for the year are shown on page 3. Profit on ordinary activities before taxation was £-nil (2001 - £nil).

The directors recommended payment of a dividend of £nil (2001 - £14,400,483)

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year were as follows:

J O Hagger

J H M Newsum

M R Preston (resigned 8 March 2002)

Except as disclosed in the financial statements of the ultimate parent company, none of the directors in office at 31 December 2002 had any interests in the securities of the company, Grosvenor Group Holdings Limited, its ultimate parent undertaking, or any of its fellow subsidiary undertakings which are required to be disclosed under the Companies Act 1985.

DIRECTORS' RESPONSIBILITIES

United Kingdom Company Law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on page 5, and then apply them consistently;

make judgements and estimates that are reasonable and prudent;

state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

GROSVENOR ESTATE INTERNATIONAL INVESTMENTS LIMITED

DIRECTORS' REPORT *(continued)*

DIRECTORS' RESPONSIBILITIES (continued)

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

Signed by order of the Board

J O Hagger
Company Secretary

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

GROSVENOR ESTATE INTERNATIONAL INVESTMENTS LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2002

	Note	2002 £	2001 £
Turnover		-	-
Other operating income		-	-
Operating profit	2	-	-
Profit on ordinary activities before and after taxation		-	-
Retained loss for the financial year		-	(14,400,483)

There are no recognised gains or losses for the current financial year other than as stated in the profit and loss account. All activities relate to continuing operations.

GROSVENOR ESTATE INTERNATIONAL INVESTMENTS LIMITED**BALANCE SHEET AS AT 31 DECEMBER 2002**

	Note	2002 £	2001 £
Current assets			
Debtors	4	15,102,426	15,102,426
Creditors: amounts falling due within one year	5	(14,400,483)	(14,400,483)
Net current assets		<u>701,943</u>	<u>701,943</u>
Total assets less current liabilities		<u>701,943</u>	<u>701,943</u>
Capital and reserves			
Called-up share capital	7	52,008	52,008
Share premium account – non equity		649,935	649,935
Profit and loss account	8	<u>-</u>	<u>-</u>
Shareholders' funds (including non-equity interests)	9	<u>701,943</u>	<u>701,943</u>

- (a) For the year ended 31 December 2002 the company was entitled to exemption under section 249A(1) of the Companies Act 1985.
- (b) Members have not required the company to obtain an audit in accordance with section 249B(2) of the Companies Act 1985.
- (c) The directors acknowledge their responsibility for:
- i ensuring the company keeps accounting records which comply with section 221;
 - ii preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year, and of its profit or loss for the financial year, in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company.

These financial statements were approved by the Board of Directors on the, and are signed on its behalf by:



.....
Director

GROSVENOR ESTATE INTERNATIONAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

(b) Cash flow statement

The directors have taken advantage of the exemption in FRS1 (revised) 'Cash flow statements' from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

2. OPERATING PROFIT

Auditors' remuneration for Grosvenor Estate International Investments Limited has been borne by a fellow subsidiary undertaking both in the current and prior year.

No salaries or wages have been paid to employees, including the directors, during both the current or prior year, as all employees are employed by a fellow subsidiary.

3. DIVIDEND

	2002 £ 000's	2001 £ 000's
Equity shares:		
Final proposed of £nil (2001: £136,972.90) per ordinary share	-	13,697,290
Non - Equity shares:		
6.3% non cumulative preference dividend on 1 st Preference shares	-	3,150
7% non cumulative preference dividend on 2 nd Preference shares	-	43
Proposed dividend of £nil (2001: £7,000.00) per Preferred B share	-	700,000
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	-	703,193
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	-	14,400,483
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4. DEBTORS

	2002 £	2001 £
Amounts owed by group undertakings	15,102,426	15,102,42
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5. CREDITORS: Amounts falling due within one year

	2002 £	2001 £
Amounts owed to group undertakings	14,400,487	14,400,48
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GROSVENOR ESTATE INTERNATIONAL INVESTMENTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****6. RELATED PARTY TRANSACTIONS**

The company has applied the exemption granted by FRS8 'Related party disclosures' not to disclose transactions with Grosvenor Group Holdings Limited, fellow subsidiaries of Grosvenor Group Holdings Limited 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.

7. SHARE CAPITAL

At beginning and end of year	Authorised	Allotted, Called Up and Fully Paid
	£	£
Equity		
100 Ordinary shares of £1.00 each	100	100
Non-equity		
5,000 10% Non Cumulative 2nd Preference shares of £1.00 each	5,000	608
1,000 1st Deferred shares of £1.00 each	1,000	1,000
100 2nd Deferred shares of £1.00 each	100	100
50,000 9% Non Cumulative 1st Preference shares of £1.00 each	50,000	50,000
100 Preferred B shares of £1.00 each	100	100
100 Preferred A shares of £1.00 each	100	100
	<u>56,300</u>	<u>51,908</u>

On winding up, the rights attaching to the shares are as follows:

1 st preference shareholders	repaid amounts paid up
2 nd preference shareholders	repaid amounts paid up
Preferred 'A' shareholders	paid the share premium account and a sum equal to notional compound interest at 9% from the date of creation of the premium reserve
Preferred 'B' shareholders	repaid amounts paid up
1 st deferred shareholders	repaid amount paid up and a capital premium of £1 per share
Ordinary shareholders	repaid amount paid up and a capital premium of £100,000
2 nd deferred shareholders	repaid amounts paid up
Ordinary shareholders	paid any balance remaining

GROSVENOR ESTATE INTERNATIONAL INVESTMENTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****SHARE CAPITAL (continued)**

Subject to the restrictions noted below every member present at a General Meeting shall have one vote and on a poll every member present shall have one vote for each share of which he is the holder.

The first and second preference shareholders and the first and second deferred shareholders do not have the right to attend or vote at any General Meeting. Until the expiry date the ordinary shareholders do not have the right to attend or vote at any General Meeting. After the expiry date the preferred 'B' shareholders do not have the right to attend or vote at any General Meeting.

8. PROFIT AND LOSS ACCOUNT

	2002 £	2001 £
At 1 January	-	14,400,483
Retained (loss)/profit for the financial year	-	(14,400,483)
At 31 December	-	-

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £	2001 £
Loss for the financial year	-	(14,400,483)
Net reduction in funds	-	(14,400,483)
Opening shareholders' funds	701,943	15,102,426
Closing shareholders' funds	701,943	701,943
Attributed to:		
Equity shareholders	650,035	650,035
Non-equity shareholders	51,908	51,908
Closing shareholders' funds	701,943	701,943

10. ULTIMATE PARENT COMPANY

The company's immediate parent is Grosvenor Estate Holdings.

The company's ultimate parent undertaking is Grosvenor Group Holdings Limited, a company incorporated in Great Britain, 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 Group Holdings Limited can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.