

**GROSVENOR ESTATE INTERNATIONAL INVESTMENTS LIMITED**

**Company No: 569988**

**REPORT &  
FINANCIAL STATEMENTS**

**31ST DECEMBER 1997**



**GROSVENOR ESTATE INTERNATIONAL INVESTMENTS LIMITED**

**DIRECTORS' REPORT**

5. **DIRECTORS' RESPONSIBILITIES**

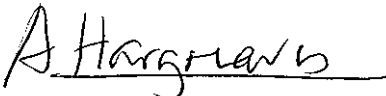
The Directors have responsibility for preparing financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for the period.

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

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 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.

The directors have adopted the going concern basis in preparing the accounts.

By order of the Board



A A Hargreaves  
Secretary

29 May 1998

**REPORT OF THE AUDITORS TO THE MEMBERS OF**  
**GROSVENOR ESTATE INTERNATIONAL INVESTMENTS LIMITED**

We have audited the financial statements on pages 4 to 8 which have been prepared under the accounting policy 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.

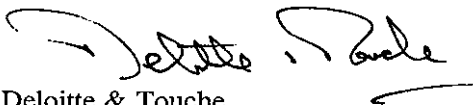
**BASIS OF OPINION**

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 1997 and of its 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

9 June 1998

**GROSVENOR ESTATE INTERNATIONAL INVESTMENTS LIMITED****PROFIT AND LOSS ACCOUNT****YEAR ENDED 31ST DECEMBER 1997**

<b><u>Results of continuing operations:</u></b>	<b><u>Notes</u></b>	<b><u>1997</u></b> £	<b><u>1996</u></b> £
Administrative expenses		( 15)	( 18)
<b><u>Loss on ordinary activities before taxation</u></b>	2	( 15)	( 18)
Tax on loss on ordinary activities		-	-
<b><u>Loss for the financial year</u></b>	5	( 15)	( 18)

There are no recognised gains or losses or movements in shareholders' funds other than the loss for the current and preceding financial years.

**GROSVENOR ESTATE INTERNATIONAL INVESTMENTS LIMITED****BALANCE SHEET****31ST DECEMBER 1997**

	<u>Notes</u>	<u>1997</u> £	<u>1996</u> £
<b><u>Current Assets</u></b>			
Loan to group undertaking		15,102,426	15,102,441
<b><u>Net Current Assets</u></b>		<u>15,102,426</u>	<u>15,102,441</u>
<b><u>Capital and Reserves</u></b>			
Called up share capital - equity	3	100	100
- non equity	3	51,908	51,908
Premium reserve - non equity	4	649,935	649,935
Profit and loss account - equity	5	14,400,483	14,400,498
<b><u>Shareholders' Funds</u></b>		<u>15,102,426</u>	<u>15,102,441</u>

Approved by the Board on 29 May 1998 and signed on behalf of the Board



Director

J O Hagger

**GROSVENOR ESTATE INTERNATIONAL INVESTMENTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31ST DECEMBER 1997**

**1. ACCOUNTING POLICIES**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

<b>2. <u>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</u></b>	<b><u>1997</u></b>	<b><u>1996</u></b>
	<b>£</b>	<b>£</b>
Loss on ordinary activities before taxation is stated after charging:-		
Auditors' remuneration	-	-
Directors' remuneration	-	-
Staff costs	-	-
	<u>          </u>	<u>          </u>

Auditors' remuneration is borne by a fellow subsidiary.

<b>3. <u>CALLED UP SHARE CAPITAL</u></b>	<b><u>Authorised</u></b>	<b><u>Allotted, Called Up</u></b>
	<b><u>1997 and 1996</u></b>	<b><u>and Fully Paid</u></b>
	<b>£</b>	<b>£</b>
50,000 9% (now 6.3% plus tax credit) non-cumulative 1st preference shares of £1 each	50,000	50,000
5,000 10% (now 7.0% plus tax credit) non-cumulative 2nd preference shares of £1 each	5,000	608
100 Preferred 'A' shares of £1 each	100	100
100 Preferred 'B' shares of £1 each	100	100
100 Ordinary shares of £1 each	100	100
1,000 1st deferred shares of £1 each	1,000	1,000
100 2nd deferred shares of £1 each	100	100
	<u>£56,400</u>	<u>£52,008</u>

Dividends are payable out of the profits for the year to the first preference shareholders followed by the second preference shareholders, the preferred 'B' shareholders up to an aggregate dividend of £700,000 (before the deduction of tax) and the balance to holders of the ordinary shares. No dividends are payable to the shareholders of the preferred 'A' shares, the first and second deferred shares or the preferred 'B' shares after the aggregate amount has been paid ('the expiry date').

**GROSVENOR ESTATE INTERNATIONAL INVESTMENTS LIMITED****NOTES TO THE FINANCIAL STATEMENTS****31ST DECEMBER 1997**

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

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

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.

4.	<b><u>PREMIUM RESERVE</u></b>	<b><u>1997</u></b> £	<b><u>1996</u></b> £
	Balance at 1st January and 31st December 1997	£649,935	£649,935

Transfers are made to premium reserve equal to ten-sevenths of the dividends declared on the preferred 'B' shares.

The premium reserve can be utilised only by paying up in full unissued shares to be issued to the preferred 'A' shareholders.

At 31st December 1997 this notional interest amounted to £4,768,110 (1996 : £4,306,728)

5.	<b><u>PROFIT AND LOSS ACCOUNT</u></b>	<b><u>1997</u></b> £	<b><u>1996</u></b> £
	At 1st January 1997	14,400,498	14,400,516
	Loss for the financial year	( 15)	( 18)
	At 31st December 1997	£14,400,483	£14,400,498

**GROSVENOR ESTATE INTERNATIONAL INVESTMENTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31ST DECEMBER 1997**

**6. ULTIMATE PARENT COMPANY**

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

All companies referred to above are incorporated in Great Britain and registered in England and Wales. The financial statements of these companies can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

**7. RELATED PARTY TRANSACTIONS**

The company has applied the exemption granted by paragraph 3(c) of Financial Reporting Standard 8 not to disclose related party transactions with Grosvenor Estate Holdings' group companies.