

GROSVENOR (MAYFAIR) ESTATE

COMPANY REGISTRATION NUMBER 1131685

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**

PERIOD ENDED 5 APRIL 2007

WEDNESDAY



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GROSVENOR (MAYFAIR) ESTATE**DIRECTORS' REPORT**

The directors present their annual report together with the audited financial statements of the company for the 15 month period from 1 January 2006 to 5 April 2007

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company owns freehold property

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

The directors have taken advantage of the special provisions available to small companies per S 246 subsection 4(a) of the Companies Act 1985 not to present a business review in accordance with S 234ZZB of the Companies Act 1985

RESULTS AND DIVIDENDS

The results of the company for the year are shown on page 6 Loss on ordinary activities before taxation was £3,807 (2005 - £68,908 loss)

The following dividends have been paid

	2007 £	2005 £
Dividends paid on ordinary shares	<u>14,270,000</u>	<u>-</u>

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company throughout the period, except as noted, were as follows

SJ Curtis	
P S Vernon	
D J P Rawcliffe	(Appointed 1 February 2006)
L Buck	(Appointed 25 July 2006)
R S Handley	(Appointed 26 May 2006)
M R Preston	(Appointed 25 July 2006)
J R Milne	(Resigned 26 May 2006)
R C Williams	(Resigned 1 February 2006)

None of the directors in office at 5 April 2007 had any interests in the securities of the company, or its controlling entity, the 2nd Duke of Westminster's Will Trust, which are required to be disclosed under the Companies Act 1985

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and the financial statement in accordance with applicable law and regulations

United Kingdom company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statement in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The financial statements are required by law to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the period then ended.

GROSVENOR (MAYFAIR) ESTATE

DIRECTORS' REPORT *(continued)*

In preparing those 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 United Kingdom 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.

The directors are responsible for keeping proper accounting records that 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, for the system of internal control and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware

there is no relevant audit information of which the company's auditors are unaware, and

the directors have taken all reasonable steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

This information is given in accordance with section 234ZA of the Companies Act 1985.

AUDITORS

The company has elected to dispense with the obligation to appoint auditors annually and, accordingly, Deloitte & Touche LLP shall be deemed to be re-appointed as auditors for a further term under the provisions of section 386(2) of the Companies Act 1985.

Signed by order of the Board

A handwritten signature in black ink, appearing to read 'C M Tolhurst', written over a horizontal line.

C M Tolhurst
Company Secretary

10 SEP 2007

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GROSVENOR (MAYFAIR) ESTATE
15 MONTH PERIOD FROM 1 JANUARY 2006 TO 5 APRIL 2007

We have audited the financial statements of Grosvenor (Mayfair) Estate for the period from 1 January 2006 to 5 April 2007 which comprise the profit and loss account, statement of total recognised gains and losses, note of historical cost profits and losses, balance sheet and the related notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report, and consider the implications for our report if we become aware of any apparent misstatements within it

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GROSVENOR (MAYFAIR) ESTATE
15 MONTH PERIOD FROM 1 JANUARY 2006 TO 5 APRIL 2007 *(continued)*

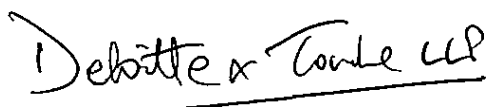
OPINION

In our opinion

the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 5 April 2007 and of its loss for the period then ended,

the financial statements have been properly prepared in accordance with the Companies Act 1985, and

the information given in the Directors' Report is consistent with the financial statements



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

10 September 2007

GROSVENOR (MAYFAIR) ESTATE**PROFIT AND LOSS ACCOUNT FOR THE 15 MONTH PERIOD FROM 1 JANUARY 2006
TO 5 APRIL 2007**

	Note	15 month period to 5 April 2007 £	Year to 31 December 2005 £
Turnover		—	—
Administrative expenses		—	—
Operating profit		—	—
Loss on disposal of investment property	4	(101)	(64,408)
		—	(64,408)
Bank interest receivable		794	—
Interest payable and similar charges	5	(4,500)	(4,500)
Loss on ordinary activities before taxation		(3,807)	(68,908)
Tax on loss on ordinary activities	6	(5,000)	—
Loss for the financial period / year	13	(8,807)	(68,908)

All results are derived from continuing operations

GROSVENOR (MAYFAIR) ESTATE**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE 15 MONTH
PERIOD FROM 1 JANUARY 2006 TO 5 APRIL 2007**

	15 month period to 5 April 2007 £	Year to 31 December 2005 £
Loss for the financial period / year attributable to the shareholders	(8,807)	(68,908)
Unrealised gain on revaluation of investment properties	722,089	554,784
Total recognised gains and losses relating to the period / year	<u>713,282</u>	<u>485,876</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES

	15 month period to 5 April 2007 £	Year to 31 December 2005 £
Reported loss on ordinary activities before taxation	(3,807)	(68,908)
Realisation of gains recognised in previous periods	24,192	74,133
Historical cost profit on ordinary activities before taxation	<u>20,385</u>	<u>5,225</u>
Historical cost profit for the period / year after taxation	<u>15,385</u>	<u>5,225</u>

GROSVENOR (MAYFAIR) ESTATE
BALANCE SHEET AS AT 5 APRIL 2007

	Note	5 April 2007 £	31 December 2005 £
Fixed assets			
Investment properties	7	5,242,897	4,545,000
		<u>5,242,897</u>	<u>4,545,000</u>
Current assets			
Debtors	8	350,196	14,639,211
Cash at bank and in hand		74,824	—
		<u>425,020</u>	<u>14,639,211</u>
Creditors: amounts falling due within one year			
Creditors	9	(43,853)	(3,429)
Bank loans and overdrafts	10	(100,000)	(100,000)
		<u>(143,853)</u>	<u>(103,429)</u>
Net current assets		<u>281,167</u>	<u>14,535,782</u>
Total assets less current liabilities		<u>5,524,064</u>	<u>19,080,782</u>
Capital and reserves			
Called up equity share capital	11	100	100
Revaluation reserve	12	5,220,176	4,522,279
Profit and loss account	13	303,788	14,558,403
Equity shareholders' funds	14	<u>5,524,064</u>	<u>19,080,782</u>

These financial statements were approved by the Board on the **10 SEP 2007** and are signed on its behalf by



 Director



 Director

GROSVENOR (MAYFAIR) ESTATE
NOTES TO THE FINANCIAL ACCOUNTS

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 United Kingdom law and accounting standards. The accounting policies have been applied consistently throughout the current and preceding year.

(b) Cash flow statement

The directors have taken advantage of the exemption in FRS 1 'Cash flow statements' from including a cash flow statement in the financial statements on the grounds that the company is a small company.

(c) Depreciation

In accordance with SSAP19 (Revised) 'Accounting for Investment Properties' no depreciation is provided on freehold or on leasehold properties with an unexpired term exceeding twenty years. The directors consider that this departure from the requirement of the Companies Act 1985 for all properties to be depreciated is necessary for the financial statements to show a true and fair view, since depreciation is reflected in the open market valuation and cannot be quantified separately.

(d) Investment properties

Investment properties are valued tri-annually at open market value by independent valuers. Any surplus or deficit on revaluation is transferred to the revaluation reserve, except that if a deficit which is expected to be permanent and which is in excess of any previously recognised surplus over cost relating to the same property, or the reversal of such a deficit, is charged or credited to the profit and loss account.

Profits and losses on the disposal of investment properties are recognised on unconditional exchange of contracts and are calculated by reference to book value and are included in the profit and loss account. On the disposal or recognition of a provision for impairment of a revalued asset, any related balance remaining in the revaluation reserve is also transferred to the profit and loss account as a movement on reserves.

(e) Taxation

Current UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

GROSVENOR (MAYFAIR) ESTATE**NOTES TO THE FINANCIAL ACCOUNTS****2. AUDITORS' REMUNERATION**

Fees payable to the company's auditors for the audit of the company's annual accounts of £2,500 have been borne by the Company's immediate controlling entity, The 2nd Duke of Westminster's Will Trust

In the previous year the audit fee was borne by a fellow subsidiary undertaking of the previous owner of the company, Grosvenor Group Holdings Limited (2005 - £2,500)

3. PARTICULARS OF EMPLOYEES

No fees or other emoluments were paid to the directors of the company during either the current or the prior year in respect of their services to the company. The directors are paid by Grosvenor Estate Management Limited. There were no employees of the company for the current or preceding year.

4. LOSS ON DISPOSAL OF INVESTMENT PROPERTIES

	15 month period to 5 April 2007	Year to 31 December 2005
	£	£
Loss on disposal of investment properties	<u>(101)</u>	<u>(64,408)</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	15 month period to 5 April 2007	Year to 31 December 2005
	£	£
Bank interest	<u>4,500</u>	<u>4,500</u>

6. TAXATION

	15 month period to 5 April 2007	Year to 31 December 2005
	£	£
Loss before taxation	<u>(3,807)</u>	-
Taxation at 30%	<u>(1,142)</u>	-
Adjustments		
Capital gains tax difference on investment property disposals	<u>6,142</u>	-
Tax charge	<u>5,000</u>	-

Taxation was borne by the previous owner of the company, Grosvenor Group Limited, in the previous year.

GROSVENOR (MAYFAIR) ESTATE
NOTES TO THE FINANCIAL ACCOUNTS

7. INVESTMENT PROPERTIES

	Freehold Property £
Cost or valuation	
At 1 January 2006	4,545,000
Disposals	(24,192)
Revaluation	722,089
At 5 April 2007	<u>5,242,897</u>
Net book value	
At 5 April 2007	<u>5,242,897</u>
At 31 December 2005	<u>4,545,000</u>

The Trust Portfolio has again been valued by the Directors at the financial accounting period ended 5 April 2007

The valuation has been conducted using a spreadsheet model based on information contained in the last external valuation carried out by CB Richard Ellis at 20 February 2006. This base data has then been updated to take account of actual changes in tenancy information, rents, sales, acquisitions and improvements using data downloaded from the property management database, PPMS

A tonal approach has then been applied to various sub sectors of the portfolio to further adjust the values for market movement in yield, capital value, rental growth and time. This tonal movement draws on advice and consultation with Gerald Eve, the London Investment Teams and their market knowledge and transactional evidence, the Grosvenor research team and CBRE.

The historical cost of properties was £nil (2005 - £nil). The taxation on capital gains which would be payable on the surplus arising on the revaluation of fixed assets, in the event of their sale at valuation, is estimated to be approximately £900,000 (2005 - £700,000).

GROSVENOR (MAYFAIR) ESTATE
NOTES TO THE FINANCIAL ACCOUNTS

8. DEBTORS

	5 April 2007	31 December 2005
	£	£
Trade debtors	–	4,244
Amounts owed by group undertakings	350,000	14,634,967
Other debtors	196	–
	<u>350,196</u>	<u>14,639,211</u>

9. CREDITORS: amounts falling due within one year

	5 April 2007	31 December 2005
	£	£
Trade creditors	1,614	1,179
Corporation tax	5,000	–
Other creditors	37,239	–
Accruals and deferred income	–	2,250
	<u>43,853</u>	<u>3,429</u>

10. BANK LOANS AND OVERDRAFTS: amounts falling due within one year

	5 April 2007	31 December 2005
	£	£
Bank loans and overdrafts	<u>100,000</u>	<u>100,000</u>

The loan is secured on the properties of the company and is repayable on demand. The interest rate payable on the loan is 4.5%.

11. CALLED UP SHARE CAPITAL**Authorised share capital:**

	5 April 2007	31 December 2005
	£	£
100,000 Ordinary shares of £1.00 each	100,000	100,000
16,900,000 Deferred Ordinary shares of £1.00 each	16,900,000	16,900,000
	<u>17,000,000</u>	<u>17,000,000</u>

Allotted and called up:

	5 April 2007	31 December 2005
	£	£
100 Ordinary shares fully paid of £1.00 each	<u>100</u>	<u>100</u>

GROSVENOR (MAYFAIR) ESTATE**NOTES TO THE FINANCIAL ACCOUNTS****12 REVALUATION RESERVE**

	15 month period to 5 April 2007 £	Year to 31 December 2005 £
At 1 January	4,522,279	4,041,628
Revaluation of fixed assets	722,089	554,784
Transfer to the profit and loss account on realisation	(24,192)	(74,133)
At 5 April / 31 December	<u>5,220,176</u>	<u>4,522,279</u>

13. PROFIT AND LOSS ACCOUNT

	15 month period to 5 April 2007 £	Year to 31 December 2005 £
At 1 January	14,558,403	14,553,178
Loss for the financial period / year	(8,807)	(68,908)
Equity dividends paid	(14,270,000)	–
Transfer of profit on disposal of investment properties	24,192	74,133
At 5 April / 31 December	<u>303,788</u>	<u>14,558,403</u>

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	5 April 2007 £	31 December 2005 £
Loss for the financial period / year	(8,807)	(68,908)
Other net recognised gains and losses	722,089	554,784
Equity dividends paid	(14,270,000)	–
Transfer of profit on disposal of investment properties	24,192	74,133
Transfer to profit and loss account	(24,192)	(74,133)
Net (reduction in)/addition to shareholders' funds	(13,556,718)	485,876
Opening shareholders' funds	<u>19,080,782</u>	<u>18,594,906</u>
Closing shareholders' funds	<u>5,524,064</u>	<u>19,080,782</u>

GROSVENOR (MAYFAIR) ESTATE
NOTES TO THE FINANCIAL ACCOUNTS

15. RELATED PARTY TRANSACTIONS

During the period the company collected on behalf of Grosvenor West End Properties (GWEP) the following amounts from tenants

	15 month period to 5 April 2007 £
Management Fees	11,046
Garden Charges	20,501
Approval plan fees	20,206
	<hr/> 51,753 <hr/>

All these amounts are transferred directly to GWEP and all risks and rewards of this income are taken by GWEP

As at 5 April 2007 the Company owed GWEP £30,115 which is included in other creditors

GWEP is a wholly owned subsidiary of Grosvenor Group Limited, a related party under FRS8

In the previous year the company was a wholly owned subsidiary of Grosvenor Group Limited and applied the exemption granted by FRS8 'Related party disclosures' not to disclose transactions with Grosvenor Group Limited, fellow subsidiaries of Grosvenor Group Limited, or any undertaking in which any member of the group holds an investment which would otherwise qualify as related parties.

Accordingly, during the prior year there were no transactions or balances with related parties which require disclosure in these financial statements

16. ULTIMATE PARENT COMPANY

The company's immediate and ultimate controlling entity is the 2nd Duke of Westminster's Will Trust, Belgravia Leasehold Freehold Fund. The accounts for this entity are not publicly available