

Registered number: 01131685

GROSVENOR (MAYFAIR) ESTATE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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GROSVENOR (MAYFAIR) ESTATE

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GROSVENOR (MAYFAIR) ESTATE

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023

Introduction

The directors present their Annual Report on the affairs of Grosvenor (Mayfair) Estate (the 'Company') together with the audited financial statements for the year ended 31 March 2023.

The directors have taken advantage of the special provisions available to small companies provided by s.415A of the Companies Act 2006 in respect of preparing the Directors' Report and in preparing a Strategic Report.

Business Review

The principal activity of the Company is to own freehold property for investment in the United Kingdom.

The Company is in a net asset position of £ 3,970,767 (2022: £ 5,476,428) and in a net current asset position of £ 2,026,832 (2022: £ 1,524,211). The Company made a loss of £ (1,505,661) (2022: profit £ 1,658,442) for the year ended 31 March 2023.

Going Concern

After making enquiries, including reviewing the cash flow forecasts of the Company, the directors have a reasonable expectation that the Company has adequate resources for a period of not less than twelve months from the date of signing the financial statements. Accordingly they continue to adopt the going concern basis in preparing the Company's financial statements.

The Company is continuing to monitor the ongoing volatility in the macroeconomic climate. The uncertainty is contributed to by the ongoing conflict in Ukraine, residual effects of the global pandemic, and significant volatility in the financial markets to understand the ongoing impact for the underlying property businesses and its tenants.

The directors have considered the going concern assumptions for the Company in light of these developments and considered the possible impact, for example on income and availability of funding, in determining the possible impact on the Company's cash flow forecasts for the period ending 31 March 2025. On the basis of the Company's continued forecast liquidity, the directors consider it appropriate to prepare the accounts on a going concern basis.

The results of the Company for the year are shown in the Income Statement.

The Company is incorporated in the United Kingdom and its registered office is 70 Grosvenor Street, London, W1K 3JP.

Future Developments

No significant changes in the Company's strategy or operations are planned.

Results and Dividends

The loss for the year, after taxation, amounted to £ (1,505,661) (2022 - profit £ 1,658,442)

There were no dividends paid in the year under review (2022 - £nil).

GROSVENOR (MAYFAIR) ESTATE

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

Directors

The directors who served during the year, and subsequently, except as noted were:

J H Archibald (appointed 1 December 2022)
R F C Blundell (resigned 25 November 2022)
A M Bright (appointed 10 October 2022)
H A Chamberlayne (appointed 1 December 2022)
M J Conway
C A Henderson
D C Lee (appointed 1 April 2022)
P F O'Grady (appointed 1 December 2022)
M R Preston
J G Raynor
P M Townley (resigned 30 November 2022)
D N Crichton

Disclosure of Information to Auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Post Balance Sheet Events

There have been no significant events affecting the Company since the year ended 31 March 2023.

Auditor

Deloitte LLP, has indicated a willingness to be reappointed for another term and is deemed to be reappointed accordingly.

This report was approved by the board on 6 July 2023 and signed on its behalf.

DocuSigned by:

Matthew Conway

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M J Conway
Director

GROSVENOR (MAYFAIR) ESTATE

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023**

The directors are responsible for preparing the Annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; 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 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

GROSVENOR (MAYFAIR) ESTATE

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GROSVENOR (MAYFAIR) ESTATE

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

In our opinion the financial statements for Grosvenor (Mayfair) Estate (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 March 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice 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.

We have audited the financial statements which comprise:

- the income statement;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

GROSVENOR (MAYFAIR) ESTATE

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GROSVENOR (MAYFAIR) ESTATE
(CONTINUED)**

OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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 an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. The description forms part of our Auditors' Report.

GROSVENOR (MAYFAIR) ESTATE

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GROSVENOR (MAYFAIR) ESTATE (CONTINUED)

EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the validity of the market data used by the internal valuers in their estimation of the fair value of the investment property. We used our valuation specialists to support us in checking the market assumptions of a selection of properties were appropriate.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

GROSVENOR (MAYFAIR) ESTATE

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GROSVENOR (MAYFAIR) ESTATE
(CONTINUED)**

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Under the Companies Act 2006 we are required to report in respect of the following matters, in our opinion:

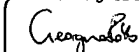
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

USE OF OUR REPORT

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.

DocuSigned by:



Georgina Robb FCA (Senior Statutory Auditor)

for and on behalf of
Deloitte LLP

Statutory Auditor

London
United Kingdom

6 July 2023

GROSVENOR (MAYFAIR) ESTATE**INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023**

	Note	2023 £	2022 £
Turnover		197,058	364,124
Cost of sales		(66,483)	(64,849)
Gross profit		130,575	299,275
Impairment reversal/(loss) against trade receivables, including contract assets		29,910	(39,725)
Administrative (expenses)/credit		(14,072)	51,453
(Loss)/gain on revaluation of investment property		(2,160,234)	522,362
Operating (loss)/profit	4	(2,013,821)	833,365
Profit on disposal of investment property		24,213	1,265,690
(Loss)/profit before interest		(1,989,608)	2,099,055
Interest receivable and similar income	6	7,064	109
(Loss)/profit before tax		(1,982,544)	2,099,164
Tax on (loss)/profit	7	476,883	(440,722)
(Loss)/profit for the financial year		(1,505,661)	1,658,442

There were no recognised gains and losses for 2023 or 2022 other than those included in the income statement.

The notes on pages 11 to 23 form part of these financial statements.

All activities in the current year and prior year are derived from continuing operations.

GROSVENOR (MAYFAIR) ESTATE
REGISTERED NUMBER: 01131685

BALANCE SHEET
AS AT 31 MARCH 2023

	Note	2023 £	2022 £
Fixed assets			
Investment property	8	10,425,000	12,600,000
Due from group companies	9	1,462,862	1,930,700
		<u>11,887,862</u>	<u>14,530,700</u>
Current assets			
Debtors: amounts falling due within one year	9	284,530	330,304
Cash and cash equivalents at bank and in hand	10	2,587,023	2,041,969
		<u>2,871,553</u>	<u>2,372,273</u>
Creditors: amounts falling due within one year	11	(844,721)	(848,062)
Net current assets		<u>2,026,832</u>	<u>1,524,211</u>
Creditors: amounts falling due after more than one year	12	(10,231,661)	(10,361,194)
Deferred tax	13	287,734	(217,289)
Net assets		<u><u>3,970,767</u></u>	<u><u>5,476,428</u></u>
Capital and reserves			
Called up share capital	14	100	100
Profit and loss account	15	3,970,667	5,476,328
		<u><u>3,970,767</u></u>	<u><u>5,476,428</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 6 July 2023.

DocuSigned by:

Matthew Conway

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M J Conway

Director

The notes on pages 11 to 23 form part of these financial statements.

GROSVENOR (MAYFAIR) ESTATE

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2021	100	3,817,886	3,817,986
Profit for the year	-	1,658,442	1,658,442
At 1 April 2022	100	5,476,328	5,476,428
Loss for the year	-	(1,505,661)	(1,505,661)
At 31 March 2023	100	3,970,667	3,970,767

The notes on pages 11 to 23 form part of these financial statements.

GROSVENOR (MAYFAIR) ESTATE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

1. General information

Grosvenor (Mayfair) Estate ('the Company') is a private unlimited company with shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on page 1.

The financial statements have been presented in Pound Sterling as this is the currency of the primary economic environment in which the Company operates.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost basis, except for the revaluation of certain properties that are measured at revalued amounts or fair values at the end of each reporting period, and in accordance with Financial Reporting Standard 102 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

2.2 Going concern

After making enquiries, including reviewing the cash flow forecasts of the Company, the directors have a reasonable expectation that the Company has adequate resources for a period of not less than twelve months from the date of signing the financial statements. Accordingly they continue to adopt the going concern basis in preparing the Company's financial statements.

The Company is continuing to monitor the ongoing volatility in the macroeconomic climate. The uncertainty is contributed to by the ongoing conflict in Ukraine, residual effects of the global pandemic, and significant volatility in the financial markets to understand the ongoing impact for the underlying property businesses and its tenants.

The directors have considered the going concern assumptions for the Company in light of these developments and considered the possible impact, for example on income and availability of funding, in determining the possible impact on the Company's cash flow forecasts for the period ending 31 March 2025. On the basis of the Company's continued forecast liquidity, the directors consider it appropriate to prepare the accounts on a going concern basis.

2.3 Turnover

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

GROSVENOR (MAYFAIR) ESTATE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)

2.4 Investment property

Investment property is carried at fair value determined by the directors using the employees who are RICS qualified and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any differences in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Income Statement.

Profit and losses on the disposal of investment properties are recognised on completion and are calculated by reference to book value and are included in the Income Statement.

2.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.6 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. Cash equivalents also includes cash held on deposit by group companies for other entities.

GROSVENOR (MAYFAIR) ESTATE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.8 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an outright short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Income Statement if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income Statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

GROSVENOR (MAYFAIR) ESTATE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.11 Operating leases: the company as lessor

Rental income from operating leases is credited to the Income Statement on a straight line basis over the term of the relevant lease.

Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income on a straight line basis over the length of the lease.

Premiums received and book values derecognised on the sale of operating leases are deferred to the Balance Sheet and released to the Income Statement on a straight-line basis over the length of the lease.

2.12 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

GROSVENOR (MAYFAIR) ESTATE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may be different from these estimates.

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.

3.1 Critical judgements in applying the Company's accounting policies

The following are critical judgements, apart from those involving estimations (which are dealt with separately below) that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

(i) Leases

The accounting treatment for a lease is determined by its classification as either an operating or a finance lease. Lease classification requires judgement in determining whether substantially all of the risks and benefits associated with ownership have been transferred between lessor and the lessee.

When operating lease premiums are received in exchange for the grant of a long leasehold interest that is classified as an operating lease, the related profit is recognised over the term of the lease. Many of the transactions giving rise to deferred lease premiums took place a number of years ago before the requirement to spread profit recognition; the Company applies judgement to estimate certain of the lease premium deferrals and associated deferred tax assets.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

(i) Property valuations

Due to the size of the investment property portfolio held on the balance sheet at market value, small changes to the assumptions taken in the estimates used to derive the market values can have a significant impact on the valuations and therefore a significant impact on the results and financial position of the Company. This includes the value of property yields and the estimated future rental income assumed in the valuations.

As deferred tax is provided on investment properties by reference to the tax that would be due on the ultimate sale of the properties, changes to the estimates used to derive the market values would also have an impact on the deferred tax provided.

The sensitivity analysis of the assumptions used in valuing the investment property portfolio are outlined in note 8.

GROSVENOR (MAYFAIR) ESTATE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

4. Operating profit

The operating profit is stated after charging:

	2023 £	2022 £
Auditors' remuneration	14,072	10,797
Impairment (reversal) / loss against trade and other receivables, including contract assets	(29,910)	39,725
Release of legal cost provision	-	(63,000)
	<u> </u>	<u> </u>

No fees were payable to Deloitte LLP and its associates for non-audit services to the company during the current or preceding year.

5. Particulars of employees

No fees or other emoluments were paid to the directors of the Company during either the current or the preceding 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.

6. Interest receivable and similar income

	2023 £	2022 £
Bank interest receivable	7,064	109
	<u>7,064</u>	<u>109</u>

GROSVENOR (MAYFAIR) ESTATE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

7. Taxation

	2023 £	2022 £
Current tax on profits for the year	22,006	285,821
Adjustments in respect of previous periods	6,134	(5,871)
Total current tax	28,140	279,950
Deferred tax		
Origination and reversal of timing differences	(383,888)	108,623
Effect of changes to tax rates	(121,228)	52,149
Adjustment for prior years	93	-
Total deferred tax	(505,023)	160,772
Tax on profit	(476,883)	440,722

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2022 - higher than) the standard rate of corporation tax in the UK of 19% (2022 - 19%). The differences are explained below:

	2023 £	2022 £
(Loss)/profit before tax	(1,982,544)	2,099,164
(Loss)/profit multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	(376,683)	398,841
Effects of:		
Effect of tax rate change on deferred tax	(121,228)	52,149
Adjustment for indexation	14,801	(4,397)
Adjustments to tax charge in respect of prior periods	6,227	(5,871)
Total tax charge for the year	(476,883)	440,722

GROSVENOR (MAYFAIR) ESTATE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

7. Taxation (continued)

Factors that may affect future tax charges

A current tax rate of 19%, being the UK corporation tax rate throughout the period, has been applied to the year ended 31 March 2023. From 1 April 2023, the UK corporation tax rate will increase to 25% (Finance Act 2021).

A deferred tax rate of 25% has therefore been applied to opening balances and movements in deferred tax in the year ended 31 March 2023, as this rate had been substantively enacted at the balance sheet date.

GROSVENOR (MAYFAIR) ESTATE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

8. Investment property

	Freehold investment property £	Long term leasehold investment property £	Total £
Valuation			
At 1 April 2022	12,203,537	396,463	12,600,000
Disposals	(14,766)	-	(14,766)
Loss on revaluation of investment property	(2,160,234)	-	(2,160,234)
At 31 March 2023	10,028,537	396,463	10,425,000

Investment properties are valued as at 31 March 2023 by the directors using employees who are RICS qualified.

Investment properties have been valued using the investment method which involves applying a yield to rental income streams. Inputs include yield, current rent, estimated rental value ('ERV') or on a market comparable basis of value per square foot derived and adjusted from actual market transactions.

Valuation reports are based on both information provided by the company e.g. current rents and lease terms which is derived from the Company's financial and property management systems and is subject to the company's overall control environment, and assumptions applied by the valuers e.g. ERVs and yields. These assumptions are based on market observation and the valuers' professional judgement.

The amount recognised in the Income Statement for the year for rental income from investment property is £69,767 (2022: £64,905) and direct operating expenses (including major refurbishment expenditure) arising from investment property that generated rental income during the period are £nil (2022: £nil).

At 31 March 2023, there were no contractual obligations in place to purchase, construct or develop investment property or for repairs, maintenance or enhancements (2022: none).

At 31 March 2023, no investment properties were pledged as security for borrowings (2022: none).

At 31 March 2023, the Company had no investment properties under offer from third parties (2022: none).

		Impact on Valuations			
£'m	Market Value at 31 March 2023	5% increase in ERVs & Capital Values	5% decrease in ERVs & Capital Values	25bp increase in Eq Yield/ PV Rate	25bp decrease in Eq Yield/ PV Rate
Grosvenor (Mayfair) Estate	10.4	0.5	(0.5)	(3.6)	5.6

GROSVENOR (MAYFAIR) ESTATE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

9. Debtors

	2023	2022
	£	£
Amounts falling due after more than one year		
Due from group companies	1,462,862	1,930,700
	1,462,862	1,930,700

Amount owed by Group undertakings are unsecured and repayable, however, the Directors consider it unlikely that repayment will arise in the short term and in practice amounts owed by Group undertakings are used to meet the capital requirements of the borrower with no realistic repayment in the near future. It is for this reason that the amounts are classified as amounts due after more than one year.

	2023	2022
	£	£
Amounts falling due within one year		
Trade debtors	39,393	165,276
Other debtors	157,137	161,818
Prepayments and accrued income	88,000	3,210
	284,530	330,304

There are no interest bearing amounts owed by group undertakings at 31 March 2023 (2022: £nil).

Trade debtors are stated after provisions for impairment of £nil (2022: £94,442).

10. Cash and cash equivalents at bank and in hand

	2023	2022
	£	£
Cash at bank and in hand	2,283,065	1,807,511
Cash equivalents held on deposit by group companies	303,958	234,458
	2,587,023	2,041,969

Cash equivalents held on deposit by group companies is restricted cash held on behalf of third parties which includes funds held in relation to tenant deposits.

GROSVENOR (MAYFAIR) ESTATE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

11. Creditors: Amounts falling due within one year

	2023 £	2022 £
Corporation tax	149,338	407,288
Other creditors	325,949	302,111
Accruals and deferred income	369,434	138,663
	<u>844,721</u>	<u>848,062</u>

There are no interest bearing amounts owed to group undertakings at 31 March 2023 (2022: £nil).

Amounts owed to group undertakings are repayable on demand.

12. Creditors: Amounts falling due after more than one year

	2023 £	2022 £
Deferred premium profits	10,231,661	10,361,194
	<u>10,231,661</u>	<u>10,361,194</u>

Deferred premium profits are profits, which have arisen on the sale of investment properties, that have been deferred until later years. An amount will be released to the income statement each year.

GROSVENOR (MAYFAIR) ESTATE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

13. Deferred taxation

	2023 £
At 1 April 2022	(217,289)
Charged to profit or loss	505,023
At 31 March 2023	287,734

The deferred taxation asset/(liability) is made up as follows:

	2023 £	2022 £
Investment property - revaluation gains	(2,318,790)	(2,840,006)
Investment property - deferred income	2,606,524	2,622,717
	287,734	(217,289)

14. Called up share capital

	2023 £	2022 £
Authorised		
100,000 Ordinary shares of £1.00 each	100,000	100,000
Allotted, called up and fully paid		
100 Ordinary shares of £1.00 each	100	100

The Company's shares have attached to them full voting, dividend and capital distribution (including on winding up) rights.

15. Reserves

Profit and Loss Account

The profit and loss account reserve contains the balance of profit and loss account to carry forward and detailed in the Statement of Changes in Equity.

Dividends are paid from this reserve.

Called up share capital

The reserve includes the total net proceeds on issue of the Company's equity share capital, comprising £1 ordinary shares and detailed in the Statement of Changes in Equity.

GROSVENOR (MAYFAIR) ESTATE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

16. Related party transactions

As at 31 March 2023 there were no transactions or balances with related parties which require disclosure in these financial statements (2022: none).

17. Controlling party

The Company is wholly owned by Trusts for various members of the Grosvenor family which is headed by the Duke of Westminster. No publicly available accounts are available for these entities.