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GROSVENOR ESTATE HOLDINGS

Report and
Financial Statements
1989



Holdings
MENTS 1989

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Consolidated Statement of Source and

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**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 1989**

The directors present their annual report on the affairs of the Group, together with the financial statements for the year ended 31 December 1989.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the Group have continued to be property investment, management, development and trading. The Group reports its results in four main divisions, each of which is considered in the accompanying Annual Review.

RESULTS AND DIVIDEND

The results for the year are set out in the consolidated profit and loss account. The directors do not recommend payment of a dividend.

LAND AND BUILDINGS

Significant movements in land and buildings during the year are included in note 10 to the financial statements.

Land and buildings held by the Group were revalued to £966m by independent surveyors as at 31 December 1989 on an open market basis. The revaluation has been incorporated into the financial statements and the surplus arising on revaluation of £496m has been credited to the revaluation reserve.

DIRECTORS

The directors of the Company who served during the year were as follows:

The Duke of Westminster DL

Sir Richard Baker Wilbraham Bt

J N C James

J H M Newsum

H A C Edwards

M D T Long

J R Selater

I M P Staines

J S Virdee (appointed 16 January 1989)

Mr. G H B Carter was appointed on 1 March 1990. He will retire at the forthcoming Annual General Meeting and, being eligible, will offer himself for re-election.

Mr. J S Virdee resigned on 9 April 1990

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 1989**

DIRECTORS' INTERESTS IN SHARE AND LOAN CAPITAL

The interests of the directors who served during the year in the share and loan capital of the Company and its subsidiaries are shown in note 20 to the financial statements.

CHARITABLE CONTRIBUTIONS

Charitable contributions during the year amounted to £93,431.

EMPLOYEES

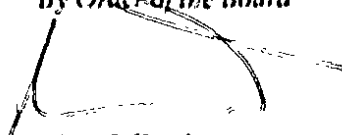
The Group gives full and fair consideration to applications by disabled persons for employment. Disabled employees are afforded the facilities extended to all staff.

The directors recognise the importance of good communications and relations with employees in the Group. Each part of the Group maintains employee relationships appropriate to its own particular needs and environment.

AUDITORS

Messrs. Saffery Champness have signified their willingness to continue in office as auditors and a resolution proposing their re-appointment will be placed before the Annual General Meeting of the Company.

By Order of the Board



W R Holland

Secretary

19 April 1990

Grosvenor Estate Holdings

AUDITORS' REPORT
TO THE MEMBERS OF THE COMPANY

We have audited the financial statements on pages 5 to 25 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group at 31 December 1989 and of the profit and source and application of funds of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Saffery Champness

Saffery Champness

Chartered Accountants

London

19 April 1990

*Grosvenor Estate Holdings*CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1989



		1989 £000	1988 £000
	Notes		
Turnover	2	78,086	109,005
Cost of Sales		(35,738)	(71,857)
Gross Profit		42,348	37,148
Administrative Expenses		(14,377)	(13,111)
		27,971	24,037
Share of Profits of Related Companies		2,246	6,247
Operating Profit	3	30,217	30,284
Interest	5	(15,254)	(6,626)
Profit after Interest		14,963	23,658
Transfer to Pre-acquisition Reserves	6	(6,000)	(1,350)
Profit on Ordinary Activities before Taxation	2	8,963	22,308
Taxation on Profit on Ordinary Activities	7	(3,274)	(6,867)
Profit on Ordinary Activities after Taxation		5,689	15,441
Extraordinary Items	8	455	581
Retained Profit for the Year Attributable to the Members of Grosvenor Estate Holdings	9,23	6,144	16,022

Grosvenor Estate Holdings

CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 1989

	Notes	1989 £000	1988 £000
Fixed Assets			
Tangible Assets	10	971,256	447,157
Investments	11	39,376	32,707
		1,010,632	479,864
Current Assets			
Development Projects and Other Trading Stocks	13	116,137	81,555
Debtors	14	15,812	13,348
Cash at Bank and in Hand		13,293	17,233
		145,242	112,136
Creditors: Amounts falling due within One Year	15	(46,604)	(31,602)
Net Current Assets		98,638	80,534
Total Assets less Current Liabilities		1,109,270	560,398
Creditors: Amounts falling due after more than One Year	16	(188,522)	(141,022)
Provisions for Liabilities and Charges	17	(3,808)	(6,452)
		916,940	412,924
Capital and Reserves			
Called Up Share Capital	19	55,796	55,796
Share Premium Account		62,026	62,026
Revaluation Reserve	21	742,132	248,278
Other Reserves	22	19,393	17,166
Profit and Loss Account	23	37,593	29,658
		916,940	412,924

Approved by the Board on 19 April 1990

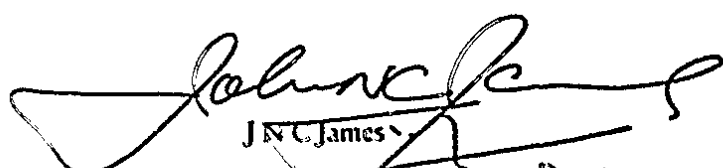


 J N C James
 I M P Stames
 Directors


Grosvenor Estate Holdings

PARENT COMPANY BALANCE SHEET
AT 31 DECEMBER 1989

	Notes	1989 £000	1988 £000
Fixed Assets			
Investments	11,12	152,977	152,214
Current Assets			
Debtors	14	152,955	88,670
Cash at Bank and in Hand		10,000	9,680
		162,955	98,350
Creditors: Amounts falling due within One Year	15	(43,132)	(18,802)
Net Current Assets		119,823	79,548
Total Assets less Current Liabilities		272,800	231,762
Creditors: Amounts falling due after more than One Year	16	(182,852)	(135,352)
Provisions for Liabilities and Charges	17	—	(1,885)
		89,948	94,525
Capital and Reserves			
Called Up Share Capital	19	55,796	55,796
Share Premium Account		62,026	62,026
Other Reserves	22	1,621	703
Profit and Loss Account	23	(29,495)	(24,000)
		89,948	94,525

Approved by the Board on 19 April 1990


J N C James
IM P Staines
Directors


CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31 DECEMBER 1989

SOURCE OF FUNDS	1989 £000	1988 £000
Profit on Ordinary Activities before Taxation	8,963	22,308
Adjustment for Items not Involving the Movement of Funds		
Depreciation	1,592	1,046
Deferred Repairs	(358)	13
Transfer from Revaluation Reserve	--	(370)
Funds Generated from Operations	10,197	22,997
Other Sources		
Profit on Sale of Investment Properties	1,135	812
Lease Premiums	7,821	14,759
Exchange Differences on Current Assets	20	104
Net Increase in Loans due after more than One Year	47,500	20,999
	56,476	36,674
	66,673	59,671

APPLICATION OF FUNDS

Purchase of Tangible Fixed Assets net of Disposals	38,528	37,846
Additions to Fixed Asset Investments	2,701	10,529
Taxation Paid	10,403	8,987
Taxation on Pre-acquisition Profits now Realised	--	257
	51,632	57,619
Increase in Funds	15,041	2,052

INCREASE/(DECREASE) IN WORKING CAPITAL

Development Projects and Other Trading Stocks	34,582	7,113
Debtors	2,464	3,283
Creditors	(1,756)	(2,839)
	35,290	7,557
Movement in Net Liquid Funds		
Overdrafts and Short Term Loans	(16,309)	(6,773)
Cash Balances and Short Term Deposits	(3,940)	1,268
	15,041	2,052

1. ACCOUNTING POLICIES

(a) Basis of Accounting and Consolidation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and in compliance with the provisions of the Companies Act 1985.

The Group financial statements incorporate the financial statements of the parent company and all of its subsidiaries with the exception of Grosvenor Estate International Investments Limited. The latter is excluded from consolidation for the reasons set out in note 12 in accordance with the provisions of Statement of Standard Accounting Practice No. 14.

The financial statements of Grosvenor International Holdings Limited, a related company, have been drawn up in accordance with Canadian accounting practice.

(b) Turnover

Turnover comprises gross income net of VAT.

Rents receivable are included in turnover in the year in which they fall due and are not apportioned over the period to which they relate.

(c) Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rate ruling on the balance sheet date. Profit and loss items are translated using average rates. Unrealised exchange differences are taken directly to reserves.

(d) Tangible Fixed Assets

Land and buildings are valued periodically by independent surveyors or by the directors at open market value. Any surplus or deficit on revaluation is transferred to the revaluation reserve. Premiums received are deducted from net book value whilst the cost of major improvements including attributable interest paid is added to the cost of freehold properties.

No depreciation is provided on freeholds or on leasehold properties with an unexpired term exceeding twenty years. The directors consider that this results in the financial statements showing a true and fair view, since depreciation is reflected in the open market valuation and cannot be quantified separately.

Depreciation is provided on short leasehold properties occupied for business purposes over the period of the lease. Plant and equipment are depreciated on a straight line basis so as to spread their cost over their expected useful lives at rates varying between 5% and 33 1/3% per annum.

(e) Development Projects

Development projects are stated at the lower of cost and net realisable value. Cost includes the cost of acquisition, professional fees, construction costs and interest charges but excludes overheads.

It is the Group's policy not to take credit for profit during the construction period. Provision is made for any foreseeable losses.

1. ACCOUNTING POLICIES *(continued)*

(f) Other Trading Stocks

Stocks are stated at the lower of cost and market value, except for the United Kingdom "herd-basis" farming livestock, which is stated at directors' valuation, and the Australian farming livestock, which is valued at estimated net selling price at the farm gate.

(g) Deferred Taxation

Provision for deferred taxation is made in respect of short term timing differences where the directors expect the timing differences to reverse in the foreseeable future. No provision has been made for any taxation which would become payable in the event of the sale of investment properties at their balance sheet values.

(h) Pension Schemes

The Group is a member of Grosvenor Estates Pension Scheme (GEPS), a defined benefit pension scheme, and Grosvenor Estate Money Purchase Scheme (GEMPS), a defined contribution pension scheme.

(i) GEPS

The funds of the scheme are administered by trustees and are separate from the Group. Independent qualified actuaries complete valuations at least every three years and, in accordance with their recommendations, annual contributions are paid to the scheme so as to secure the benefits set out in the rules and the periodic augmentation of pensions. The cost of these is charged to the profit and loss account on a systematic basis over the period expected to benefit from the employees' services.

GEPS is non-contributory but members are able to make voluntary contributions. Such additional contributions are invested in building society accounts on a defined contribution basis.

(ii) GEMPS

The funds of the scheme are invested in independently administered life assurance policies or pension plans. Contributions for the year are charged to the profit and loss account.

(i) Related Companies

Related companies are those in which the Group holds a qualifying capital interest of at least 20%. The consolidated profit and loss account includes the Group's share of profits less losses of these companies and the taxation charge attributable thereto. In the consolidated balance sheet the investment in related companies is stated at cost (less amounts written off) plus the share of post-acquisition reserves attributable to the Group.

2. TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	Turnover		Profit	
	1989	1988	1989	1988
	£000	£000	£000	£000
Turnover and Profit on Ordinary Activities before Taxation are analysed as follows:				
Property Investment	23,936	21,653	17,392	12,686
Property Development and Trading	37,912	77,339	12,318	12,048
Share of Profits of Overseas Related Company	-	-	2,246	6,247
Other Trading	16,238	10,013	(1,739)	(697)
Total Turnover and Operating Profit	78,086	109,005	30,217	30,284
Interest and Transfer to Pre-acquisition Reserves			(21,254)	(7,976)
Profit on Ordinary Activities before Taxation			8,963	22,308

Property development and trading includes a revaluation surplus realised of £nil (1988 - £397,000).

3. OPERATING PROFIT

	1989	1988
	£000	£000
Operating Profit is stated after charging:		
Auditors' Remuneration	114	98
Depreciation of Tangible Fixed Assets	1,592	1,046
Hire of Plant and Machinery	267	130
Provision for Plant Replacement (credit)	(335)	(52)
Staff Costs:		
Wages and Salaries	7,014	5,867
Social Security Costs	574	493
Other Pension Costs	1,341	1,212
Directors' Emoluments:		
Fees	-	1
Other Emoluments	959	1,022

The average number of persons employed by the Group during the year was 502 (1988 = 472).

	1989	1988
	£000	£000
Directors' Emoluments are analysed as follows:		
Chairman	-	-
Highest Paid Director	210	-
Chairman and Highest Paid Director		180

Number of other Directors with Emoluments within the following Bands:

	1989	1988
£0 - £5,000	4	-
£120,001 - £125,000	-	1
£125,001 - £130,000	1	1
£130,001 - £135,000	1	-
£145,001 - £150,000	-	1
£200,001 - £205,000	1	-

NOTES TO THE FINANCIAL ACCOUNTS

4. PENSION SCHEMES

(a) GEPS (defined benefit scheme)

The pension cost charge amounted to £1,259,000 (1988 – £1,187,000), representing the amount assessed in accordance with the advice of a qualified actuary using the attained age funding method as being appropriate to spread the cost of pensions over the working lives of employees of the Group who are members of the scheme.

The latest formal actuarial valuation of this scheme was at 31 December 1987. The most important actuarial assumptions used were that investment returns would be 9% per annum, that salary increases would be 7% per annum and that present and future pensions would increase at 5% per annum.

At 31 December 1987 the market value of the GEPS assets was £16.7m and the actuarial value of the assets was sufficient to cover some 85% of the benefits that had accrued to members, after allowing for expected increases in earnings. At the current contribution rates of 25% of pensionable remuneration for Normal Members, 40% for Special Members and 55% for Executive Members, this deficiency should be eliminated by the time that the last current active member has retired.

(b) GEMPS (defined contribution scheme)

The pension cost charge amounted to £82,000 (1988 – £25,000), representing Group contributions payable for the year. The scheme was established on 1 July 1988.

5. INTEREST

Interest is analysed as follows:

On Bank Loans and Overdrafts

Repayable within Five Years other than by Instalments	3,722	3,435
Repayable after more than Five Years	14,963	9,322
Notional Interest to other Shareholders of Subsidiary not Consolidated	224	206
	<hr/> 18,909	<hr/> 12,963
Less: Interest Capitalised	(2,889)	(5,800)
	<hr/> 16,020	<hr/> 7,163
Less: Bank Interest Receivable	(766)	(537)
	<hr/> 15,254	<hr/> 6,626

Included in cost of sales is £984,000 (1988 – £549,000) of interest previously capitalised in respect of development projects sold in the current year.

6. TRANSFER TO PRE-ACQUISITION RESERVES

Grosvenor Developments Limited was acquired by Grosvenor Estate Holdings on 1 January 1986. A proportion of property development profits realised during the current year equal to the difference between cost and market value as at the date of acquisition has been transferred to pre-acquisition reserves.

7. TAXATION ON PROFIT ON ORDINARY ACTIVITIES	1989 £000	1988 £000
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Taxation on Profit on Ordinary Activities is analysed as follows:

Corporation Taxation at 35%	4,446	3,331
Deferred Taxation	(2,286)	1,005
	2,160	4,336
Adjustment for Prior Years	293	680
	2,453	5,016
Overseas Taxation of Related Company	821	1,851
	3,274	6,867

8. EXTRAORDINARY ITEMS	1989 £000	1988 £000
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Extraordinary Items are analysed as follows:

Profit on Sale of Investment Properties, including £321,000 Revaluation Reserve Realised (1988 = £264,000)	1,456	812
Less: Attributable Taxation	(160)	(231)
	1,296	581
Deficit arising on Revaluation of Land and Buildings	(841)	-
	455	581

9. RETAINED PROFIT FOR THE YEAR

The parent company has taken advantage of the dispensation under S.228 of the Companies Act 1985 not to publish its own profit and loss account. Of the consolidated profit for the financial year attributable to the members of Grosvenor Estate Holdings, a deficit of £5,495,000 (1988 – £7,975,000) has been dealt with in the profit and loss account of the parent company.

10. TANGIBLE FIXED ASSETS

	Land and Buildings £000	Plant and Machinery £000	Total £000
Tangible Fixed Assets are analysed as follows:			
Cost or Valuation			
Balance at 1 January 1989	466,859	6,856	473,715
Exchange Differences	98	11	109
Additions	39,727	2,460	42,187
Disposals	(3,839)	(801)	(4,640)
Transfer to Revaluation Reserve	464,410	–	464,410
Extraordinary item	(841)	–	(841)
Balance at 31 December 1989	966,414	8,526	974,940
Premiums			
Balance at 1 January 1989	(23,503)	–	(23,503)
Received during the Year	(7,821)	–	(7,821)
Transfer to Revaluation Reserve	31,324	–	31,324
Balance at 31 December 1989	–	–	–
Depreciation			
Balance at 1 January 1989	(432)	(2,623)	(3,055)
Exchange Differences	(6)	(12)	(18)
Charge for the Year	(583)	(1,009)	(1,592)
Disposals	593	388	981
Balance at 31 December 1989	(428)	(3,256)	(3,684)
Net Book Value			
1 January 1989	442,924	4,233	447,157
31 December 1989	965,986	5,270	971,256
Land and buildings are analysed as follows:			
	1989 £000	1988 £000	
Freehold	738,509	326,831	
Leasehold			
50 years or more unexpired	226,442	115,025	
Less than 50 years unexpired	1,035	1,068	
	965,986	442,924	

10. TANGIBLE FIXED ASSETS *(continued)*

Land and buildings were revalued at £966m by independent surveyors as at 31 December 1989 on an open market basis, having regard to the terms of head-leases and subsisting underleases and to present uses as appropriate. The firms of surveyors were Gerald Eve and Edward Erdman in the United Kingdom and Elders Real Estate in Australia. The revaluation has been incorporated into the consolidated financial statements and the revaluation surplus of £475.7m has been transferred to the revaluation reserve. The historic cost, less premiums received net of taxation, of the land and buildings at valuation amounted to £155.5m (1988 - £66.3m, of land and buildings at valuation of £405.4m).

The amount of 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 the amount of the valuation is estimated to amount to approximately £213m (1988 - £41m).

11. FIXED ASSET INVESTMENTS

	Subsidiary Not Consolidated Note 12(b)	Related Companies	Total
	£000	£000	£000
Fixed Asset Investments are analysed as follows:			
(a) Group			
Shares, at Cost			
Balance at 1 January 1989	14,162	12,737	26,899
Exchange Differences	—	918	918
Additions	—	750	750
Balance at 31 December 1989	14,162	14,405	28,567
Loans			
Balance at 1 January 1989	—	250	250
Additions	—	750	750
Balance at 31 December 1989	—	1,000	1,000
Share of Post-Acquisition Profits/(Losses)			
Balance at 1 January 1989	(2,015)	7,573	5,558
Retained Profit for the Year	(224)	1,425	1,201
Exchange Differences	—	3,050	3,050
Balance at 31 December 1989	(2,239)	12,048	9,809
Total at 31 December 1989	11,923	27,453	39,376

	Shares in Subsidiary Companies £000	Shares in Related Companies £000	Loans to Related Companies £000	Total £000
(b) Parent Company				
Balance at 1 January 1989	145,269	6,695	250	152,214
Additions	—	750	750	1,500
Disposals	(737)	—	—	(737)
Balance at 31 December 1989	144,532	7,445	1,000	152,977

11. FIXED ASSET INVESTMENTS *(continued)*

(c) Related Companies

At 31 December 1989 the related companies of the Group were as follows:

Company	Country of Incorporation	Nature of Business
Grosvenor International Holdings Limited (GIHL)	British Columbia, Canada	Property Investment, Property Development and Trading and Asset Management
Grosvenor Laing Urban Enterprise Limited	England	Property Development and Trading

No dividends were received from these companies in 1989 and none is anticipated in respect of 1989.

Grosvenor International Holdings Limited

Grosvenor Estate Holdings owns 605,835 "D" shares of common stock of no par value, being all the issued shares in that class. The rights of these shares include 49% of the voting rights and rank *pari passu* with the other equity shares in issue ("B" shares of common stock of no par value) except that they are not entitled to participate in the growth in value of the underlying assets between 31 December 1982 and 15 December 1987.

In addition, a wholly owned subsidiary of Grosvenor Estate Holdings owns 74,578 "E" shares of common stock of no par value in GIHL. These shares are non-voting but they rank *pari passu* with the "B" shares except that they may be redeemed at the option of GIHL on specified terms. Of the Group interest in related companies at 31 December 1989, £24.9m is in respect of GIHL. The abridged accounts of GIHL are set out in Note 24.

Grosvenor Laing Urban Enterprise Limited

Grosvenor Estate Holdings owns 50% of the issued share capital of Grosvenor Laing Urban Enterprise Limited.

12. SUBSIDIARY COMPANIES

(a) Principal Subsidiaries

The name and nature of business of each of the principal subsidiaries of Grosvenor Estate Holdings are set out below. Each subsidiary is wholly owned and, except where separately noted, incorporated in England.

Company	Nature of Business
Grosvenor (Mayfair) Estate *	Property Investment
Grosvenor (Belgravia) Estate *	Property Investment
Eaton Square Properties Limited	Property Investment
Grosvenor Precinct (Chester) Limited ‡	Property Investment
Belgravia Estate Services Limited	Tenant Services
Grosvenor Estate Belgravia * ‡	Property Management Services
Grosvenor Developments Limited	Property Development and Trading
Grosvenor Estate Restorations Limited	Property Development and Trading
Chester Grosvenor Hotel Company Limited	Hotel Management
Grosvenor Garden Centre *	Retailing
Grosvenor Farms Limited	Farming
The Bull's Run Pty Limited † ‡	Farming
Realty Insurances Limited	Insurance Management
* Grosvenor Estate Management Limited	Management Services

* *unlimited company*

† *incorporated in Australia*

‡ *not directly owned by Grosvenor Estate Holdings*

NOTES TO THE FINANCIAL STATEMENTS

12. SUBSIDIARY COMPANIES *(continued)*

(b) Subsidiary Excluded from Consolidation

Grosvenor Estate International Investments Limited (GEIIL) – a non-trading company incorporated in England.

- (i) The financial statements of GEIIL have been excluded from consolidation in accordance with Statement of Standard Accounting Practice No. 14. Although the parent company holds all the equity shares in GEIIL, it controls only 50% of the voting rights. Accordingly GEIIL, a subsidiary as defined by the Companies Act 1985, is excluded from consolidation.
- (ii) The parent company owns all the shares in GEIIL other than the 100 preferred "A" shares of £1 each. The preferred "A" shares carry 50% of the voting rights and, in the event of the liquidation of GEIIL, the holders will receive the amount of the premium reserve together with a sum equal to notional compound interest at 9% thereon. The preferred "A" shareholders have no other right to share in the profits or assets of GEIIL.

(iii) Abridged Balance Sheet of GEIIL.

	1989	1988
	£000	£000
Advance to Parent Company	15,102	15,102
Financed by:		
Share Capital	52	52
Premium Reserve	650	650
Notional Interest on Premium Reserve	2,062	1,838
Other Reserves	12,338	12,562
	15,102	15,102

13. DEVELOPMENT PROJECTS AND OTHER TRADING STOCKS

	1989	1988
	£000	£000
Development Projects and Other Trading Stocks are analysed as follows:		
Development Projects	113,577	78,809
Other Trading Stocks	2,560	2,746
	116,137	81,555

14. DEBTORS

	Group		Parent Company	
	1989	1988	1989	1988
	£000	£000	£000	£000
Debtors are analysed as follows:				
Trade Debtors	13,690	10,907	–	–
Amounts owed by Group Companies	–	–	152,815	83,080
Other Debtors	1,429	1,292	140	203
Prepayments and Accrued Income	693	1,149	–	5,387
	15,812	13,348	152,955	88,670

NOTES TO THE FINANCIAL STATEMENTS

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	Group		Parent Company	
	1989	1988	1989	1988
	£000	£000	£000	£000
Creditors falling due within One Year are analysed as follows:				
Bank Loans and Overdrafts	23,446	7,137	19,324	—
Trade Creditors	9,925	7,251	—	—
Amounts Owed to Group Companies	—	—	21,494	17,574
UK Corporation Taxation	2,845	5,908	—	—
Social Security and PAYE	3,967	4,312	226	82
Other Creditors	1,107	2,568	—	—
Accruals and Deferred Income	3,314	4,426	2,088	1,146
	46,604	31,602	43,132	18,802

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	Group		Parent Company	
	1989	1988	1989	1988
	£000	£000	£000	£000
Creditors falling due after more than One Year are analysed as follows:				
Bank Loans Repayable other than by Instalments – Unsecured				
Amounts falling due after Two Years but within Five Years	13,500	20,000	13,500	20,000
Amounts falling due after more than Five Years	99,000	95,000	99,000	95,000
	112,500	115,000	112,500	115,000
Other Loans Repayable other than by Instalments				
7.5% Mortgage – 1991 - Secured	2,367	2,367	—	—
7.0% Mortgage – 1994 - Secured	2,275	2,275	—	—
4.5% Mortgage – no Repayment Date - Secured	100	100	—	—
7.0% Debenture – 1994 - Secured	928	928	—	—
Redeemable Loan Stock – 1996-2010 - Unsecured	5,250	5,250	5,250	5,250
Loan Stock – 2034 - Unsecured	50,000	—	50,000	—
	60,920	10,920	55,250	5,250
Amounts owed to Subsidiary not Consolidated				
Interest-free Loan	15,102	15,102	15,102	15,102
	188,522	141,022	182,852	135,352

Of the Group's total external unsecured borrowings outstanding at 31 December 1989, £120m was on fixed rate terms at an average of 10.7% and the balance was subject to variable market rates of interest.

NOTES TO THE FINANCIAL STATEMENTS

17. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred Taxation	Deferred Repairs	Total
Provisions for Liabilities and Charges are analysed as follows:	£000	£000	£000
(a) Group			
Balance at 1 January 1989	5,721	731	6,452
Credit to Profit and Loss Account	(2,286)	(358)	(2,644)
Balance at 31 December 1989	3,435	373	3,808
			Deferred Taxation
			£000
(b) Parent Company			
Balance at 1 January 1989			1,885
Credit to Profit and Loss Account			(1,885)
Balance at 31 December 1989			-

18. CAPITAL COMMITMENTS

	1989	1988
	£000	£000
At the end of the year, the Capital Commitments of the Group were as follows:		
Investment Properties		
Contracted but not Provided for	10,112	6,608
Authorised but not Contracted	18,662	18,072
	28,774	24,680
Development Trading Properties		
Contracted but not Provided for	23,232	19,919
Authorised but not Contracted	14,634	14,000
	37,866	33,919

19. CALLED UP SHARE CAPITAL

	Authorised		Issued and Fully Paid	
	1989	1988	1989	1988
	£000	£000	£000	£000
Called Up Share Capital is analysed as follows:				
8,000,000 Ordinary Shares of £1	8,000	8,000	5,580	5,580
64,000,000 Non-Voting Ordinary Shares of £1	64,000	64,000	44,636	44,636
8,000,000 12% Non-Cumulative Irredeemable Preference Shares of £1	8,000	8,000	5,580	5,580
	80,000	80,000	55,796	55,796

20. DIRECTORS' INTERESTS IN SHARE AND LOAN CAPITAL

The interests of the directors who served during the year in the share and loan capital of the Company and its subsidiaries, at both 1 January 1989 and 31 December 1989, were as follows:

	Ordinary Shares	Non-Voting Ordinary Shares	12% Non-Cumulative Irredeemable Preference Shares
Grosvenor Estate Holdings			
Beneficial			
The Duke of Westminster DL	5,176,476	41,411,808	5,176,476
Non-Beneficial			
The Duke of Westminster DL	403,065	3,224,520	403,065
Sir Richard Baker Wilbraham Bt	4,673,933	37,391,464	4,673,933
J N C James	4,887,339	39,098,712	4,887,339
H A C Edwards	4,829,018	38,632,144	4,829,018
M D T Loup	3,788,654	30,309,232	3,788,654
J R Selater	2,256,716	18,053,728	2,256,716

Where joint interests are involved, the amount of the relative holding has been included against the name of each director interested.

	Preferred 'A' Shares
Grosvenor Estate International Investments Limited	
Non-Beneficial	
Sir Richard Baker Wilbraham Bt	100
H A C Edwards	100
M D T Loup	100
J R Selater	100

The other directors who served during the year had no interests.

21. REVALUATION RESERVE

Subsidiaries
Consolidated

The Revaluation Reserve is analysed as follows:	£000
Balance at 1 January 1989	248,278
Surplus on Revaluation of Investment Properties	495,734
Transfer of Subsidiary Profit and Loss Account Amounts Realised	62
Taxation on Premiums Current Year	(321)
Overprovision in Prior Years	(2,022)
Balance at 31 December 1989	742,132

22. OTHER RESERVES

	Parent Company £000	Subsidiaries Consolidated £000	Subsidiary Not Consolidated £000	Related Company £000	Total £000
Other Reserves are analysed as follows:					
(a) Surplus on Disposal of Land and Buildings					
Balance at 1 January 1989	=	2,132	=	=	2,132
Transfer of Reserves now Distributable	=	(1,903)	=	=	(1,903)
Balance at 31 December 1989	=	229	=	=	229
(b) Exchange Differences					
Balance at 1 January 1989	703	(468)	=	867	1,102
Unrealised Profit during the Year	918	112	=	3,050	4,080
Balance at 31 December 1989	1,621	(356)	=	3,917	5,182
(c) Reserve Arising on Consolidation					
Balance at 1 January 1989	=	14,494	(562)	=	13,932
Transfer of Subsidiary	=	50	=	=	50
Balance at 31 December 1989	=	14,544	(562)	=	13,982
Total Other Reserves at 31 December 1989	1,621	14,417	(562)	3,917	19,393

23. PROFIT AND LOSS ACCOUNT

	Parent Company	Subsidiaries Consolidated	Subsidiary Not Consolidated	Related Company	Total
	£000	£000	£000	£000	£000
The Profit and Loss Account is analysed as follows:					
Balance at 1 January 1989	(24,000)	48,405	(1,453)	6,706	29,658
Profit/(Loss) for the Year	(5,495)	10,438	(224)	1,425	6,144
Transfer of Reserves now Distributable	-	1,903	-	-	1,903
Transfer of Subsidiary	-	(112)	-	-	(112)
Balance at 31 December 1989	(29,495)	60,634	(1,677)	8,131	37,593

24. ABRIDGED ACCOUNTS OF GROSVENOR INTERNATIONAL HOLDINGS LIMITED (GIHL)

	1989 £000
The Abridged Accounts of GIHL are as follows:	
Consolidated Balance Sheet	
Assets	
Properties at Cost	122,372
Related Companies and Partnerships	68,012
Other Assets	15,132
	205,516
Liabilities and Preference Shares	
Amounts falling due after more than One Year	116,342
Other Creditors and Provisions	27,279
Minority Interests	12,446
Preference Shares	548
	156,615
Net Assets Attributable to Equity Shareholders	48,901
Equity Shareholders' Interests	
Share Capital	13,119
Retained Earnings	38,035
Exchange Differences	(2,253)
	48,901

1989

0005

Turnover

39,345

Operating Profit	13,447
Share of Earnings of Related Companies and Partnerships	2,360
Interest Payable	(10,618)
Profit before Taxation	5,189
Taxation	(1,896)
Profit after Taxation	3,293
Minority Interests	(548)
Retained Profit for the Year	2,745

Note: GIL's principal subsidiaries are as follows:

	% Holding	Nature of Business
Grosvenor International Canada Limited	100%	Property investment, development and trading and asset management.
Grosvenor International Investments (BVI) Limited	100%	
Grosvenor International (USA) Limited	77%	
Grosvenor International Australia Pty Limited	100%	

Grosvenor Estate Holdings

PRINCIPAL SUBSIDIARY COMPANIES AND INVESTMENTS

INVESTMENT DIVISION

Grosvenor (Mayfair) Estate *Property in Mayfair*

J H M Newsum FRICS—Chairman
T A Burcombe FRICS MCIOB—Managing
J R Milne ARICS
C J Redman FRICS

Grosvenor (Belgravia) Estate *Property in Belgravia*

J H M Newsum FRICS—Chairman
J G Wright FRICS—Managing
Mrs A A Hargreaves ACA
N A Hughes ARICS

Grosvenor Estate Belgravia *Trust Corporation*

J H M Newsum FRICS—Chairman
J G Wright FRICS—Managing
J H Lindgren FRICS
C J Redman FRICS
T N A Telford FCA

Eaton Square Properties Limited and Belgravia Estate Services Limited *Property in Belgravia*

J H M Newsum FRICS—Chairman
B R Kay—Managing
T A J MacGibbon FCA
I A Sowton

Grosvenor Precinct (Chester) Limited *Shopping Centre in Chester*

J H M Newsum FRICS—Chairman
B S Bowden ARICS
J M Marshall
J R Walshe FRICS

DEVELOPMENT AND TRADING DIVISION

Grosvenor Developments Limited *Property development, trading and management throughout Great Britain*

G H B Carter FRICS—Chairman
D R J de Broekert MICE—Managing
J N C James FRICS
M Alford FCA
Sir Charles Fraser KC VO WS DI
G Hammond FRICS
G D Hoare ARICS
J H M Newsum FRICS
I M P Stanes FCA

Grosvenor Estate Restorations Limited *Residential property development and trading*

J G Wright FRICS—Chairman
C J Redman FRICS—Managing
Miss S I Murray ARICS
F D Gittins FRICS
T N A Telford FCA

OVERSEAS DIVISION

Related Company—Grosvenor International Holdings Limited *(Incorporated in British Columbia, Canada)*

Property investment, development and asset management in Canada, USA and Australia

R G P Styles—Chairman
D J A Delmotte ARICS
D A Fitzgerald FCA ACMA
N E Gibson FRICS
R W Hayward ARICS

I N C James FRICS
D A Taylor CA
H R Wootall
I C Wolkswagen

Grosvenor Estate Holdings

PRINCIPAL SUBSIDIARY COMPANIES AND INVESTMENTS

CHESTER AND OTHER ACTIVITIES

**Chester Grosvenor Hotel
Company Limited**
Operating the Chester Grosvenor Hotel

J M Marshall-Chairman
J W Slater-Managing
Miss K S Atherton ACA
I M P Staines FCA
G R Wigginton

Grosvenor Garden Centre
Garden Centre operation

I M P Staines FCA-Chairman
H St Q Wall-Managing
Dr H Bodsworth
B S Bowden ARICS
R H Dougal CA

Realty Insurances Limited
Insurance management

J N C James FRICS-Chairman
M P L Tompsett FCI-Managing
C M D Hague
A B Roberts
D J A Tuohey FCI

**Grosvenor Laing Urban
Enterprise Limited**
*Joint venture company with John
Laing plc for inner city redevelopment*

J R Walshe FRICS-Chairman
C M Laing MCIOB-Managing
R A Hill FCA
R M Taylor FCA

Grosvenor Farms Limited
Farming in Cheshire

O H Colburn CBE DL (Hon) FRAgS-Chairman
T J Heywood-Managing
B S Bowden ARICS
D L U Scott
I M P Staines FCA

The Bull's Run Pty Limited
*(Incorporated in New South Wales, Australia)
Farming in New South Wales, Australia*

The Duke of Westminster DL-Chairman
H P Anderson
N M Cameron
M B Billingham FRICS (alternate)

Grosvenor Estate Management Limited
Group management services

J H M Newsum FRICS-Chairman
J E Hok-Managing
I M P Staines FCA



**GROSVENOR
ESTATE
HOLDINGS**

Registered Office
The Grosvenor Office,
53 Davies Street, London W1Y 1FH
Telephone 01-408 0988

Grosvenor Estate Holdings

FIVE YEAR SUMMARY 1985 TO 1989

	1985	1986	1987	1988	1989
	£m	£m	£m	£m	£m
Assets Employed					
Investment Properties	288.4	412.7	421.3	442.9	366.0
Other Tangible Fixed Assets	1.2	2.0	3.4	4.2	5.3
Fixed Asset Investments	22.7	22.4	20.7	32.7	39.4
Development Properties	0.3	55.9	73.3	78.8	113.6
Other Net Current Assets/(Liabilities)	17.7	(0.3)	7.4	1.8	(15.0)
Provisions for Liabilities and Charges	(0.1)	(7.0)	(5.8)	(6.5)	(3.8)
	<u>330.2</u>	<u>485.7</u>	<u>520.3</u>	<u>553.9</u>	<u>1,105.5</u>
Financed by					
Called Up Share Capital	52.7	55.8	55.8	55.8	55.8
Reserves	211.3	343.6	344.5	357.1	861.2
Loans — External	51.1	71.2	104.9	125.9	173.4
— Subsidiary not Consolidated	15.1	15.1	15.1	15.1	15.1
	<u>330.2</u>	<u>485.7</u>	<u>520.3</u>	<u>553.9</u>	<u>1,105.5</u>
Turnover					
Property Investment	11.5	15.1	15.3	21.7	23.9
Property Development and Trading	6.8	32.9	35.6	77.3	37.9
Other Trading	6.7	7.4	9.6	10.0	16.3
	<u>25.0</u>	<u>55.4</u>	<u>60.5</u>	<u>109.0</u>	<u>78.1</u>
Profit on Ordinary Activities before Taxation					
Property Investment	5.7	6.1	7.2	12.7	17.4
Property Development and Trading	0.8	4.2	5.2	10.6	6.3
Other Trading	0.6	0.7	0.6	(0.6)	(1.7)
Revaluation Deficits	—	(0.4)	—	—	—
Related Company	—	—	—	6.2	2.2
	<u>7.1</u>	<u>10.6</u>	<u>13.0</u>	<u>28.9</u>	<u>24.2</u>
Operating Profit	7.1	10.6	13.0	28.9	24.2
Finance Charges (net)	(3.6)	(6.6)	(8.0)	(6.6)	(15.2)
	<u>3.5</u>	<u>4.0</u>	<u>5.0</u>	<u>22.3</u>	<u>9.0</u>