

Annual Report

1994

1414189.



GROSVENOR
ESTATE
HOLDINGS



A14 *A1Q1RFJR* 339
COMPANIES HOUSE 11/10/95

CONTENTS

4	Directors' Report
6	Auditors' Report
7	Consolidated Profit and Loss Account
8	Balance Sheets
9	Consolidated Cash Flow Statement
10	Notes to the Financial Statements
26	Principal Subsidiary and Associated Undertakings
27	Five Year Summary

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1994

The directors present their annual report on the affairs of the Group, together with the financial statements for the year ended 31 December 1994.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the Group have continued to be property investment, property asset management, property management, property development and trading.

Property values continued their recovery during the first part of the year, but marked time in the second half. The Group has been active in all areas of its property activities and is well placed to benefit from further improvement in values. A more detailed discussion of the Group's business is contained in the Business Review 1994/1995, which accompanies this annual report.

DIRECTORS

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

The Duke of Westminster – OBE TD DL chairman*

Sir Richard Baker Wilbraham Bt DL – deputy chairman*

J N C James CBE*

J H M Newsum – chief executive

D R J de Broekert

G H B Carter* (retired 31 December 1994)

G I M Cockburn

The Hon. David Douglas-Home CBE*

H A C Edwards*

J O Hagger

M D T Loup* (retired 1 May 1994)

J R Slater*

*non executive

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 19 to the financial statements.

CORPORATE GOVERNANCE

The Board of directors is responsible for the conduct of the Group's business. Its role is to determine commercial and financial strategy, take major decisions on policy and transactions, approve operating plans and budgets, monitor performance and ensure that an effective system of financial control is in place. The composition of the Board is designed to make it capable of maintaining full and effective control over the Group and the executive management. The directors meet monthly and receive appropriate reports.

Certain duties of the Board are delegated to sub-committees. The Audit Committee is responsible for ensuring that the Group maintains effective financial controls. The Remuneration Committee is responsible for recommending to the Board the terms of employment and rewards for executive directors and senior management. Both committees are chaired by Sir Richard Baker Wilbraham Bt DL. The other members of the Audit Committee are The Hon. David Douglas-Home CBE and Mr J R Slater. The other members of the Remuneration Committee are Mr H A C Edwards and Mr J H M Newsum. Mr G H B Carter served on the Audit Committee until his retirement.

The directors consider that the Company complies with the recommendations contained in the Code of Best Practice of the Cadbury Committee on the Financial Aspects of Corporate Governance where relevant.

DIRECTORS' RESPONSIBILITIES

The directors are responsible for ensuring that:

- annual financial statements are prepared which give a true and fair view of the state of affairs of the Parent Company and the Group and of the profit or loss for the year;
- suitable accounting policies are selected and consistently applied in preparing financial statements, the judgements and estimates made are reasonable and prudent, and applicable accounting standards are followed; and
- proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

GOING CONCERN

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

RESULTS AND DIVIDENDS

The results for the year are set out in the consolidated profit and loss account. The directors recommend payment of dividends of £1,817,000.

INVESTMENT PROPERTIES

Movements in investment properties during the year are included in note 9 to the financial statements. The Group's investment properties were revalued by the directors as at 31 December 1994 on an open market basis. The revaluation has been incorporated into the financial statements and the surplus arising has been added to the revaluation reserve.

CHARITABLE CONTRIBUTIONS

Charitable contributions during the year amounted to £8,000.

EMPLOYEES

The Group gives full and fair consideration to applications by disabled persons for employment. Disabled employees and those who become disabled are afforded the same training, career development and promotion opportunities as other 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.

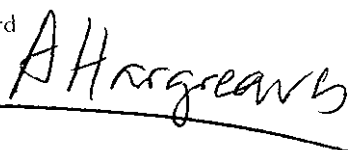
AUDITORS

A resolution to re-appoint Saffery Champness as auditors will be placed before the Annual General Meeting of the Company.

By Order of the Board

A A Hargreaves
Secretary

16 March 1995



Company registration number 1414189

AUDITORS' REPORT TO THE MEMBERS OF THE COMPANY

We have audited the financial statements on pages 7 to 25.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the directors' report on page 5, the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 December 1994 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Saffery Champness

Chartered Accountants

Registered Auditors

London

16 March 1995

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1994

	Notes	1994 £000	1993 £000
Results of continuing operations:			
Turnover	2	88,272	102,739
Direct costs		(52,241)	(73,029)
Net rental and other income		36,031	29,710
Administrative expenses		(6,608)	(6,818)
Operating profit	3	29,423	22,892
Share of results of associated undertakings		2,272	3,791
		31,695	26,683
Profit on sale of investment properties		3,818	1,217
Profit before interest	2	35,513	27,900
Interest	5	(15,499)	(16,185)
Profit on ordinary activities before taxation	2	20,014	11,715
Taxation on profit on ordinary activities	6	(6,462)	(3,565)
Profit on ordinary activities after taxation		13,552	8,150
Minority interest (non-equity)		(344)	(316)
Profit for the financial year	7	13,208	7,834
Dividends on equity and non-equity shares	8	(1,817)	(1,002)
Retained profit for the year attributable to the members of Grosvenor Estate Holdings	23	11,391	6,832

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 1994

Profit for the financial year		13,208	7,834
Unrealised surplus on revaluation of properties	21	63,886	53,401
Movement on share premium account	20	(6)	(623)
Taxation on profit on sale of investment properties relating to revaluation gains recognised in prior periods	21	(376)	(1,076)
Currency translation differences on foreign currency net investments	22	(1,834)	388
Total recognised gains and losses relating to the year		74,878	59,924

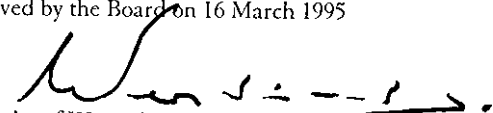
NOTE OF HISTORICAL COST PROFITS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 1994

Reported profit on ordinary activities before taxation	20,014	11,715
Realisation of property revaluation gains of previous years	1,190	4,842
Historical cost profit on ordinary activities before taxation	21,204	16,557
Historical cost profit for the year retained – after taxation, minority interest and dividends	12,205	10,598

BALANCE SHEETS AT 31 DECEMBER 1994

		Group		Parent Company	
	Notes	1994 £000	1993 £000	1994 £000	1993 £000
Fixed assets					
Tangible assets					
Investment properties	9	720,926	656,358	—	—
Plant and machinery	9	3,940	4,979	—	—
Investments	10, 11	38,542	35,063	162,239	158,382
		<u>763,408</u>	<u>696,400</u>	<u>162,239</u>	<u>158,382</u>
Current assets					
Development projects	12	20,788	17,152	—	—
Other trading stocks		3,714	3,323	—	—
Debtors	13	18,890	41,435	190,889	196,892
Cash at bank and in hand		31,977	18,494	32,034	17,500
		<u>75,369</u>	<u>80,404</u>	<u>222,923</u>	<u>214,392</u>
Creditors: amounts falling due within one year	14	(37,610)	(49,187)	(82,782)	(72,504)
Net current assets		<u>37,759</u>	<u>31,217</u>	<u>140,141</u>	<u>141,888</u>
Total assets less current liabilities		<u>801,167</u>	<u>727,617</u>	<u>302,380</u>	<u>300,270</u>
Creditors: amounts falling due after more than one year	15	(162,850)	(162,850)	(162,750)	(162,750)
Provisions for liabilities and charges	16	(886)	(741)	—	—
Net assets	2	<u>637,431</u>	<u>564,026</u>	<u>139,630</u>	<u>137,520</u>
Capital and reserves					
Called up share capital	18	55,796	55,796	55,796	55,796
Share premium account	20	61,397	61,403	61,397	61,403
Revaluation reserve	21	442,450	379,754	—	—
Other reserves	22	35,154	33,411	165	337
Profit and loss account	23	38,462	29,834	22,272	19,984
Shareholders' funds – including non-equity interests	24	<u>633,259</u>	<u>560,198</u>	<u>139,630</u>	<u>137,520</u>
Minority interest (non-equity)		4,172	3,828	—	—
		<u>637,431</u>	<u>564,026</u>	<u>139,630</u>	<u>137,520</u>

Approved by the Board on 16 March 1995


 The Duke of Westminster OBE TD DL
 Chairman


 J O Hagger
 Director

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 1994

	Notes	1994 £000	1993 £000
Net cash inflow from operating activities	26	<u>52,120</u>	<u>30,838</u>
Returns on investments and servicing of finance			
Interest received		1,881	355
Interest paid		(14,362)	(16,540)
Dividends paid		<u>(1,002)</u>	<u>(472)</u>
Net cash outflow from returns on investments and servicing of finance		<u>(13,483)</u>	<u>(16,657)</u>
Taxation			
Corporation tax (paid) / recovered		<u>(2,759)</u>	<u>4,162</u>
Investing activities			
Purchases of, and improvements to, property		(43,011)	(3,887)
Sale of property		16,681	—
Lease premiums received		12,703	15,511
Purchase of plant and machinery		(1,190)	(998)
Sale of plant and machinery		141	748
Purchase of shares in associated undertakings and investments		(338)	—
Loans to associated undertakings and investments		(4,011)	—
Repayment of loan by associated company		43	365
Net cash (outflow) / inflow from investing activities		<u>(18,982)</u>	<u>11,739</u>
Net cash inflow before financing		<u>16,896</u>	<u>30,082</u>
Financing			
Bank loans repaid	27	3,203	64,000
Issue of 8.375% loan stock 2019	27	—	(52,500)
Expenses relating to issue of 8.375% loan stock 2019		6	623
Net cash outflow from financing		<u>3,209</u>	<u>12,123</u>
Change in cash and cash equivalents	28	<u>13,687</u>	<u>17,959</u>
		<u>16,896</u>	<u>30,082</u>

NOTES TO THE FINANCIAL STATEMENTS

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 accordance with the provisions of the Companies Act 1985 and applicable accounting standards.

The Group financial statements incorporate the financial statements of the Parent Company and all of its subsidiary undertakings. The Parent Company has taken advantage of the dispensation under s.230 of the Companies Act 1985 not to publish its own profit and loss account.

(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. The results of the overseas associated undertakings are translated using average rates. Unrealised exchange differences are taken directly to reserves.

(d) Investment properties

Investment properties are valued annually by independent surveyors or by the directors at open market value. Any surplus or deficit on revaluation is transferred to the revaluation reserve. The cost of major improvements, including attributable interest paid, where such interest is reflected in the value of the property, is added to the cost. Net profits and losses on the disposal of freehold and leasehold interests in investment properties are calculated by reference to book value and are included in the profit and loss account.

(e) Depreciation

In accordance with Statement of Standard Accounting Practice 19 no depreciation is provided on freeholds 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 identified or quantified separately. Compliance with the Companies Act would not result in any change in the net assets of the Group.

Depreciation is provided on short leasehold properties with 20 years or less unexpired over the period of the lease. Plant and machinery are depreciated on a straight line basis so as to spread their cost over their expected useful lives at rates varying between 10% and 33 1/3 % per annum.

1. ACCOUNTING POLICIES (CONTINUED)

(f) 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. Sales of development projects are recognised on exchange of contracts or, if exchange is conditional, on the date all material conditions have been satisfied. Credit is not taken for profit during the construction period. Provision is made for any foreseeable losses.

In the event that a development project is retained as an investment, it is transferred to the investment portfolio at the lower of cost and net realisable value at the date of transfer and any profit or loss dealt with in the profit and loss account.

(g) Capitalisation of interest

Interest relating to the financing of development projects and investment properties being improved is capitalised, subject to the resulting value being no higher than net realisable value or market value respectively. Interest capitalised is calculated by reference to the actual interest payable on borrowings made for development purposes or, where a project is financed out of general funds, to the average rate for all borrowings. Interest is capitalised from the commencement of the project until the earliest of the date of sale, full letting, the time when interest cost is exceeded by rental income, or six months after practical completion of the building.

(h) Other trading stocks

Stocks are stated at the lower of cost and market value except for the 'herd basis' farming livestock, which is stated at directors' valuation.

(i) 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.

(j) Pension schemes

Pension costs are charged to the profit and loss account on a systematic basis over the period expected to benefit from the service of the employees concerned.

(k) Associated undertakings

Associated undertakings 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 undertakings and the taxation attributable thereto. In the consolidated balance sheet the investments are stated at cost, less amounts written off, plus the share of post-acquisition reserves attributable to the Group. In the case of Grosvenor International Holdings Limited the accounts are drawn up in accordance with Canadian accounting practices: the major difference, compared with the Group's accounting policies, is that investment properties are included at cost and not at open market value.

2. SEGMENTAL ANALYSIS

	Turnover		Profit / (loss) before taxation		Net assets	
	1994 £000	1993 £000	1994 £000	1993 £000	1994 £000	1993 £000
Property investment	45,690	39,638	30,641	27,926	713,520	627,200
Property development and trading	24,321	46,304	(2,035)	(5,181)	20,477	47,707
Associated undertakings:						
United Kingdom	—	—	—	—	957	1,000
Overseas	—	—	2,272	3,791	33,827	34,063
Profit on sale of investment properties	—	—	3,818	1,217	—	—
Other	18,261	16,797	817	147	(477)	1,819
	88,272	102,739	35,513	27,900	768,304	711,789
Net interest / borrowings	—	—	(15,499)	(16,185)	(130,873)	(147,763)
	88,272	102,739	20,014	11,715	637,431	564,026

The business of Grosvenor Estate Holdings and its subsidiary undertakings is conducted within the United Kingdom. The profit before taxation and net assets of the overseas associated undertakings, Grosvenor International Holdings Limited, Marlin Land (Holdings) Limited and Grosvenor Marlin Asset Management Limited, attributable to the Group are analysed geographically as follows:

	Profit / (loss) before taxation		Net assets	
	1994 £000	1993 £000	1994 £000	1993 £000
Canada	4,466	4,228	33,542	43,539
United States	2,493	4,565	39,554	32,640
Australia	1,449	1,872	14,321	14,966
Far East	(381)	—	209	—
	8,027	10,665	87,626	91,145
Net interest / borrowings	(5,755)	(6,874)	(53,799)	(57,082)
	2,272	3,791	33,827	34,063

3. OPERATING PROFIT

	1994 £000	1993 £000
(a) Operating profit is stated after charging:		
Auditors' remuneration (see note below):		
Audit	157	274
Non-audit services	26	30
Depreciation of tangible fixed assets	2,170	1,572
Operating lease payments:		
Plant and machinery	199	201
Land and buildings	939	880
Staff costs:		
Wages and salaries	8,350	8,365
Social security costs	785	743
Other pension costs	1,560	1,746
	<u>10,695</u>	<u>10,854</u>

Auditors' remuneration included an additional year's charge in 1993 arising from the adoption of a full accruals basis of accounting.

	1994 No.	1993 No.
(b) The average number of persons employed by the Group during the year, including executive directors, was as follows:		
Property investment	127	129
Property development and trading	26	27
Other	270	271
	<u>423</u>	<u>427</u>

	1994 £000	1993 £000
(c) Directors' emoluments comprised:		
Fees	22	37
Salaries and pension contributions	938	948
Bonus	145	120
	<u>1,105</u>	<u>1,105</u>
Chairman	—	—
Highest paid director — including bonus of £45,200 (1993 — £36,400)	<u>247</u>	<u>215</u>

3. OPERATING PROFIT (CONTINUED)

	1994 No.	1993 No.
Number of other directors with emoluments, including bonus, within the following bands:		
£0 – £5,000	6	5
£20,001 – £25,000	1	–
£35,001 – £40,000	–	1
£95,001 – £100,000	–	2
£165,001 – £170,000	1	–
£185,001 – £190,000	–	2
£195,001 – £200,000	1	–
£205,001 – £210,000	1	–

The Group operates a bonus scheme for executive directors and senior staff. The amounts payable under the scheme, which are determined by the Remuneration Committee, are linked to the achievement of performance targets for the Group's property activities.

4. PENSION SCHEMES

The Group's main pension scheme is the Grosvenor Estates Pension Scheme, a defined benefit pension scheme. 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.

The latest formal actuarial valuation of this scheme was at 31 December 1993. The valuation was carried out using the projected unit funding method. The most important actuarial assumptions used were that investment returns would be 1% to 2% above the rate of salary increases, 4.9% higher than the annual increase in present and future pensions in payment and 4.5% higher than the annual increase in dividend income. At 31 December 1993 the market value of the scheme's assets was £40.8m and the actuarial value of the assets was sufficient to cover 106.7% of the benefits that had accrued to members, after allowing for expected increases in earnings.

The Group's contributions to the scheme were £1,341,000 (1993 – £1,513,000).

The Group operates two additional pension schemes in order to satisfy pension commitments not catered for by the main scheme. The cost of these schemes to the Group was £219,000 (1993 – £233,000).

5. INTEREST

	1994 £000	1993 £000
On loans and overdrafts:		
Repayable within five years other than by instalments	5,281	7,535
Repayable after more than five years	12,145	9,005
	17,426	16,540
Bank and other interest receivable	(1,905)	(355)
Capitalised interest	(22)	–
	15,499	16,185

No capitalised interest was included in cost of sales of development projects sold in either year.

6. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	1994 £000	1993 £000
Corporation tax at 33%	4,720	1,266
Deferred taxation	(171)	(22)
Taxation on profit on sale of investment properties	986	1,523
Taxation on profit on sale of investment properties relating to revaluation gains recognised in prior periods	(376)	(1,076)
	610	447
	5,159	1,691
Adjustment for prior years:		
Corporation tax	(55)	247
Deferred taxation	9	(91)
Taxation on profit on sale of investment properties	84	(55)
	5,197	1,792
Associated undertakings:		
Overseas taxation	1,265	1,773
	6,462	3,565

7. PROFIT FOR THE YEAR ATTRIBUTABLE TO THE MEMBERS OF GROSVENOR ESTATE HOLDINGS

Of the consolidated results for the financial year attributable to the members of Grosvenor Estate Holdings, a profit of £4,105,000 (1993 – £1,913,000) has been dealt with in the profit and loss account of the Parent Company.

8. DIVIDENDS

	1994 £000	1993 £000
Proposed dividends on:		
Ordinary shares, 2.285p per share (1993 – 0.66p)	127	37
Non-voting ordinary shares, 2.285p per share (1993 – 0.66p)	1,020	295
12% Non-cumulative irredeemable preference shares, 12p per share (1993 – 12p)	670	670
	1,817	1,002

9. TANGIBLE FIXED ASSETS

	Investment properties £000	Plant and machinery £000	Total £000
Cost or valuation:			
Balance at 1 January 1994	657,180	11,372	668,552
Additions	26,330	1,190	27,520
Disposals	(25,566)	(1,493)	(27,059)
Surplus transferred to revaluation reserve	63,886	—	63,886
Balance at 31 December 1994	721,830	11,069	732,899
Depreciation:			
Balance at 1 January 1994	(822)	(6,393)	(7,215)
Charge for the year	(82)	(2,088)	(2,170)
Disposals	—	1,352	1,352
Balance at 31 December 1994	(904)	(7,129)	(8,033)
Net book value:			
1 January 1994	656,358	4,979	661,337
31 December 1994	720,926	3,940	724,866

Investment properties are analysed as follows:

	1994 £000	1993 £000
Freehold	446,790	415,245
Leasehold:		
50 years or more unexpired	272,678	239,147
Less than 50 years unexpired	1,458	1,966
	720,926	656,358
Valuation	720,257	655,605
Depreciated cost	669	753
	720,926	656,358

With the exception of properties held on leases with 20 years or less unexpired, investment properties were revalued by the directors as at 31 December 1994 on an open market basis, having regard to the terms of head-leases and subsisting underleases and to present uses as appropriate. The revaluation has been incorporated into the consolidated financial statements and the surplus has been added to the revaluation reserve.

The historical cost of properties at valuation was £206m (1993 – £200m). 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 their valuation, is estimated to be approximately £81m (1993 – £62m).

10. INVESTMENTS

	Associated undertakings £000	Investments £000	Total £000
(a) Group			
Shares, at cost:			
Balance at 1 January 1994	13,205	—	13,205
Movement during the year	134	204	338
Balance at 31 December 1994	13,339	204	13,543
Loans:			
Balance at 1 January 1994	635	—	635
Movement during the year	414	3,554	3,968
Balance at 31 December 1994	1,049	3,554	4,603
Share of post-acquisition results:			
Balance at 1 January 1994	21,223	—	21,223
Results for the year	1,007	—	1,007
Exchange differences	(1,834)	—	(1,834)
Balance at 31 December 1994	20,396	—	20,396
Total at 31 December 1994	34,784	3,758	38,542

(b) Parent Company

	Shares in subsidiary undertakings £000	Shares in associated undertakings £000	Loans to associated undertakings £000	Total £000
Balance at 1 January 1994	150,302	7,445	635	158,382
Movement during the year	3,900	—	(43)	3,857
Balance at 31 December 1994	154,202	7,445	592	162,239

(c) Associated undertakings**Grosvenor International Holdings Limited (GIHL)**

GIHL's principal activities are property investment, property development, property trading and property asset management. The company is incorporated in British Columbia, Canada.

The Parent Company owns 605,835 'D' common shares, being all the issued shares in that class. These shares carry 49% of the voting rights and rank pari passu with the 'B' common shares except that they are not entitled to participate in the growth in value of the underlying assets between December 1982 and December 1987. A wholly owned subsidiary owns 74,578 'E' common shares, being the issued equity shares other than the 'B' shares and 'D' shares. These shares rank pari passu with 'B' shares except that they are non-voting and redeemable. £33.6m of the Group interest in associated undertakings at 31 December 1994 (1993 – £34.1m) is in respect of GIHL. Abridged accounts of GIHL are set out in note 25.

Grosvenor Laing Urban Enterprise Limited (GLUEL)

The business of GLUEL is property development. The Parent Company owns 50% of the issued share capital of GLUEL, a company registered in England and Wales.

10. INVESTMENTS (CONTINUED)**Marlin Land (Holdings) Limited**

Marlin Land (Holdings) Limited is a holding company for companies involved in property services and property asset management. The company is incorporated in the British Virgin Islands. A wholly owned subsidiary undertaking owns 20 'A' voting shares, being half the issued shares in that class. 60 'B' non-voting shares, in which the Group has no interest, are also in issue and have a right to convert into 'A' shares on or after 13 May 1996.

Grosvenor Marlin Asset Management Limited

The principal activity of Grosvenor Marlin Asset Management Limited is property asset management. The company is incorporated in the British Virgin Islands. A wholly owned subsidiary undertaking owns 166,667 ordinary shares being 16.67% of the issued share capital. The remainder are held by Marlin Land (Holdings) Limited.

No dividends were received from any of the associated undertakings during 1994.

(d) Investments**Realty Assets Limited**

A wholly owned subsidiary undertaking owns 50 redeemable preference shares and one deferred share, being 10% of the issued shares in those classes. Realty Assets Limited is incorporated in Guernsey.

Realty Assets Two Limited

A wholly owned subsidiary undertaking owns 52 redeemable preference shares and one deferred share, being 10% of the issued shares in those classes. Realty Assets Two Limited is incorporated in Guernsey.

11. SUBSIDIARY UNDERTAKINGS

The name and nature of business of each of the principal subsidiary undertakings of the Group, each of which is wholly owned and registered in England and Wales, are set out below:

	Nature of business
Grosvenor Investments Limited	Property investment and management
Grosvenor (Mayfair) Estate*	Property investment
Grosvenor (Belgravia) Estate*	Property investment
Eaton Square Properties Limited	Property investment
Grosvenor Precinct (Chester) Limited†	Property investment
Market Place Bolton Limited†	Property investment
Grosvenor Realty Investments Limited†	Property investment
Grosvenor Investment Management Limited	Property asset management
Belgravia Estate Services Limited	Property management services
Grosvenor (Perth) Limited	Property investment
Grosvenor Assets Limited	Property investment
Grosvenor Developments Limited	Property development and trading
Grosvenor Estate Restorations Limited	Property development and trading
Chester Grosvenor Hotel Company Limited	Hotel
Grosvenor Garden Centre*	Garden centre
Grosvenor Farms Limited	Farming
Realty Insurances Limited	Insurance management
Grosvenor Estate Management Limited	Management services

*Unlimited company

†Not directly owned by Grosvenor Estate Holdings

12. DEVELOPMENT PROJECTS

Capitalised interest included in development projects amounted to £40,000 (1993 – £18,000).

13. DEBTORS

	Group		Parent Company	
	1994 £000	1993 £000	1994 £000	1993 £000
Trade debtors	11,966	38,421	–	–
Amounts owed by subsidiary undertakings	–	–	189,591	196,073
Taxation recoverable	704	250	1,292	805
Other debtors	3,592	1,318	6	14
Prepayments and accrued income	2,628	1,446	–	–
	<u>18,890</u>	<u>41,435</u>	<u>190,889</u>	<u>196,892</u>

The following amounts included above were due after more than one year:

Amounts owed by subsidiary undertakings	–	–	5,478	36,470
Taxation recoverable	454	250	454	250
Other debtors	66	66	–	–

Other debtors includes a secured loan to Mr D R J de Broekert who became a director on 1 January 1991. This loan was made in 1977 and is repayable in 1998. The balance remained at £24,500 throughout 1994.

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Parent Company	
	1994 £000	1993 £000	1994 £000	1993 £000
Bank loans and overdrafts	–	3,407	–	6,756
Trade creditors	14,700	29,583	–	–
Amounts owed to subsidiary undertakings	–	–	76,241	61,852
Other creditors	5,327	4,975	–	–
UK corporation tax on profits	6,076	2,808	704	250
Other taxes	1,532	1,307	759	760
Accruals and deferred income	8,158	6,105	3,261	1,884
Proposed dividends	1,817	1,002	1,817	1,002
	<u>37,610</u>	<u>49,187</u>	<u>82,782</u>	<u>72,504</u>

Loans of £3,203,000 at 31 December 1993, which were secured on land and buildings and a holding in a subsidiary undertaking by a fellow subsidiary, were repaid in the year and the security released.

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Parent Company	
	1994 £000	1993 £000	1994 £000	1993 £000
Bank loans repayable other than by instalments – unsecured:				
Amounts falling due after two years but within five years	40,000	40,000	40,000	40,000
Amounts falling due after more than five years	15,000	15,000	15,000	15,000
	<u>55,000</u>	<u>55,000</u>	<u>55,000</u>	<u>55,000</u>
Other loans repayable other than by instalments:				
12.5% Redeemable loan stock 1996-2010 – unsecured	5,250	5,250	5,250	5,250
8.375% Loan stock 2019 – unsecured	52,500	52,500	52,500	52,500
10.42% First mortgage debenture 2034 – secured*	50,000	50,000	50,000	50,000
4.5% Mortgage – no repayment date – secured*	100	100	–	–
	<u>107,850</u>	<u>107,850</u>	<u>107,750</u>	<u>107,750</u>
	<u>162,850</u>	<u>162,850</u>	<u>162,750</u>	<u>162,750</u>

*Secured on land and buildings from 1 December 1994.

*Secured on land and buildings.

All the Group's external borrowings outstanding at 31 December 1994 were on fixed rate terms at an average rate of interest of 9.8% (1993 – 9.9%).

16. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £000	Deferred repairs £000	Pension obligations £000	Total £000
Balance at 1 January 1994	–	469	272	741
Profit and loss account	(162)	67	78	(17)
Transfer to current tax	162	–	–	162
Balance at 31 December 1994	<u>–</u>	<u>536</u>	<u>350</u>	<u>886</u>

The analysis of the deferred taxation account is as follows:

	1994 £000	1993 £000
Capital allowances	267	281
Other	313	461
Tax losses	<u>(580)</u>	<u>(742)</u>
	<u>–</u>	<u>–</u>

17. COMMITMENTS AND CONTINGENT LIABILITIES

COMMITMENTS AND CONTINGENT LIABILITIES		1994 £000	1993 £000	
(a) Property expenditure commitments:				
Investment properties:				
Contracted but not provided for		11,380	385	
Authorised but not contracted		45,658	919	
		<u>57,038</u>	<u>1,304</u>	
Development projects:				
Contracted but not provided for		6,689	1,030	
Authorised but not contracted		29,932	10,435	
		<u>36,621</u>	<u>11,465</u>	
(b) Annual commitments under non-cancellable operating leases which expire:				
	1994		1993	
	Land and buildings £000	Other assets £000	Land and buildings £000	Other assets £000
Within one year	286	—	282	2
Within two to five years	20	129	20	138
After five years	683	—	662	3

The Parent Company had no commitments for property expenditure or under operating leases.

(c) Contingent liabilities:

The Parent Company and certain subsidiary undertakings have given performance undertakings to third parties in respect of various contractual obligations entered into in the ordinary course of business.

18. SHARE CAPITAL

	Authorised £000	Allotted, called up and fully paid £000
At 1 January 1994 and 31 December 1994		
Equity interests:		
Ordinary shares of £1	8,000	5,580
Non-voting ordinary shares of £1	64,000	44,636
Non-equity interests:		
12% Non-cumulative irredeemable preference shares of £1	8,000	5,580
	<u>80,000</u>	<u>55,796</u>

The profits which the Company determines to distribute are to be applied first in paying a fixed non-cumulative dividend of 12% per annum on the amounts paid up on the 12% non-cumulative irredeemable preference shares. The balance of profits for distribution are payable to the holders of the ordinary shares and non-voting ordinary shares in proportion to the amounts paid up on their shares.

On a return of the Company's assets to shareholders the assets are to be applied first in repaying to the holders of the 12% non-cumulative irredeemable preference shares the amounts paid up on their shares. The balance of the assets is payable to the holders of the ordinary shares and non-voting ordinary shares in proportion to the amounts paid up on their shares.

Holders of the 12% non-cumulative irredeemable preference shares and non-voting ordinary shares are not entitled to vote at General Meetings of the Company except on resolutions varying or abrogating any of the special rights or privileges attaching to their shares.

19. DIRECTORS' INTERESTS IN SHARE AND LOAN CAPITAL

	Ordinary shares	Non-voting ordinary shares	12% Non- cumulative irredeemable preference shares	Redeemable loan stock 1996-2010
Grosvenor Estate Holdings				
At 1 January 1994 and 31 December 1994 except where indicated:				
Beneficial				
The Duke of Westminster OBE TD DL	5,579,541	44,636,328	5,579,541	—
Non-beneficial				
Sir Richard Baker Wilbraham Bt DL	5,076,998	40,615,984	5,076,998	—
J N C James CBE				
At 1 January 1994	4,484,274	35,874,192	4,484,274	5,250,000
At 31 December 1994	1,911,972	15,295,776	1,911,972	5,250,000
The Hon. David Douglas-Home CBE				
At 1 January 1994	1,061,267	8,490,136	1,061,267	—
At 31 December 1994	3,788,654	30,309,232	3,788,654	—
H A C Edwards	5,232,083	41,856,664	5,232,083	—
M D T Loup				
At 1 January 1994	2,727,387	21,819,096	2,727,387	—
At 31 December 1994	—	—	—	—
J H M Newsum				
At 1 January 1994	—	—	—	—
At 31 December 1994	2,572,302	20,578,416	2,572,302	—
J R Sclater	2,659,781	21,278,248	2,659,781	—

The other directors who served during the year had no interests. Where joint interests are involved, the amount of the relative holding has been included against the name of each director interested.

20. SHARE PREMIUM ACCOUNT

	£000
Balance at 1 January 1994	61,403
Expenses of issue of 8.375% loan stock 2019	(6)
Balance at 31 December 1994	61,397

21. REVALUATION RESERVE

	Subsidiary undertakings £000
Balance at 1 January 1994	379,754
Surplus on revaluation of investment properties	63,886
Taxation on profit on sale of investment properties relating to revaluation gains recognised in prior periods	(376)
Transfer to surplus on disposal of investment properties	(498)
Transfer to profit and loss account	(316)
Balance at 31 December 1994	442,450

Where full historical cost information is not available, the earliest available values have been used to determine the amount of revaluation surplus to be transferred to other reserves on the disposal of investment properties.

22. OTHER RESERVES

	Parent Company £000	Subsidiary undertakings £000	Associated undertakings £000	Total £000
(a) Surplus on disposal of investment properties				
Balance at 1 January 1994	–	14,147	–	14,147
Disposals during the year	–	3,079	–	3,079
Transfer from revaluation reserve	–	498	–	498
Balance at 31 December 1994	–	17,724	–	17,724
(b) Exchange differences				
Balance at 1 January 1994	337	(716)	5,194	4,815
Unrealised (loss) / gain during the year	(172)	172	(1,834)	(1,834)
Balance at 31 December 1994	165	(544)	3,360	2,981
(c) Reserve arising on consolidation				
Balance at 1 January 1994 and 31 December 1994	–	14,449	–	14,449
Total other reserves at 31 December 1994	165	31,629	3,360	35,154

23. PROFIT AND LOSS ACCOUNT

	Parent Company £000	Subsidiary undertakings £000	Associated undertakings £000	Total £000
Balance at 1 January 1994	19,984	(5,814)	15,664	29,834
Retained profit for the year	2,288	8,096	1,007	11,391
Transfer to surplus on disposal of investment properties	–	(3,079)	–	(3,079)
Transfer from revaluation reserve	–	316	–	316
Balance at 31 December 1994	22,272	(481)	16,671	38,462

24. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1994 £000	1993 £000
Profit for the financial year	13,208	7,834
Dividends	(1,817)	(1,002)
	11,391	6,832
Other recognised gains and losses relating to the year (net)	61,670	52,090
Net addition to shareholders' funds	73,061	58,922
Opening shareholders' funds	560,198	501,276
Closing shareholders' funds	633,259	560,198
Attributable to:		
Equity shareholders	627,679	554,618
Non-equity shareholders	5,580	5,580
	633,259	560,198

25. ABRIDGED ACCOUNTS OF GROSVENOR INTERNATIONAL HOLDINGS LIMITED

	1994 £000	1993 £000
Consolidated balance sheet		
Assets		
Properties at cost	107,230	113,810
Associated undertakings	90,762	92,279
Other assets	8,320	9,070
	<u>206,312</u>	<u>215,159</u>
Liabilities and preference shares		
Mortgages and loans	(105,819)	(108,449)
Other creditors and provisions	(25,638)	(29,932)
Minority interests	(7,292)	(8,021)
Preference shares	(465)	(521)
	<u>(139,214)</u>	<u>(146,923)</u>
Net assets attributable to equity shareholders	<u>67,098</u>	<u>68,236</u>
Equity shareholders' interests		
Share capital	11,119	12,457
Retained earnings	51,054	54,337
Exchange differences	4,925	1,442
	<u>67,098</u>	<u>68,236</u>
Consolidated profit and loss account		
Turnover	<u>29,114</u>	<u>23,235</u>
Operating profit	14,197	12,620
Share of results of associated undertakings	2,302	8,884
Interest payable	(11,090)	(13,245)
Profit before taxation	5,409	8,259
Taxation	(2,596)	(3,860)
Profit after taxation	2,813	4,399
Minority interests	(139)	(509)
Retained profit for the year	<u>2,674</u>	<u>3,890</u>

GIHL's principal subsidiaries are as follows:

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

26.	RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES	1994 £000	1993 £000
	Operating profit	29,423	22,892
	Depreciation	2,170	1,572
	Provisions	145	130
	(Increase) / decrease in development projects and other trading stocks	(4,005)	15,916
	Decrease / (increase) in debtors	23,023	(17,194)
	Increase in creditors	1,364	7,522
	Net cash inflow from operating activities	52,120	30,838
27.	ANALYSIS OF CHANGES IN FINANCING	1994 £000	1993 £000
	Bank loans repaid	(3,203)	(64,000)
	Issue of 8.375% loan stock 2019	–	52,500
	Bank and other loans brought forward	166,053	177,553
	Bank and other loans carried forward	162,850	166,053
	Amounts falling due – after more than one year	162,850	162,850
	– within one year	–	3,203
	Bank and other loans carried forward	162,850	166,053
28.	ANALYSIS OF CHANGE IN CASH AND CASH EQUIVALENTS	1994 £000	1993 £000
	Cash at bank and in hand	31,977	18,494
	Bank overdrafts	–	(204)
		31,977	18,290
	Less: balance brought forward	(18,290)	(331)
	Change in year	13,687	17,959

PRINCIPAL SUBSIDIARY AND ASSOCIATED UNDERTAKINGS

UK PROPERTY INVESTMENT AND ASSET MANAGEMENT

Grosvenor Investments Limited

The Grosvenor Office, 53 Davies Street, London W1Y 1FH

Directors

J H M Newsum FRICS Chairman

G I M Cockburn ARICS Managing Director

C J Redman FRICS, R C Williams FCCA, J G Wright FRICS,

D R J de Broekert MICE, J O Hagger FCA FCT,

G Hammond FRICS, R S Handley FCA

Associate Directors

Mrs S-J Curtis ARICS, N A Hughes ARICS,

J H Lindgren FRICS, Mrs L McConnachie ARICS,

I D McInnes ARICS, J R Milne ARICS, I A Sowton,

J G C Taylor ARICS

UK PROPERTY DEVELOPMENT

Grosvenor Developments Limited

The Grosvenor Office, 53 Davies Street, London W1Y 1FH

Directors

D R J de Broekert MICE Chairman and Managing Director

M Aldred FCA, W J A Bullough ARICS,

M L Galloway MICE, G Hammond FRICS, J E Irvine ARICS,

G I M Cockburn ARICS, J O Hagger FCA FCT,

J H M Newsum FRICS

INTERNATIONAL PROPERTY INVESTMENT, ASSET MANAGEMENT AND DEVELOPMENT

ASSOCIATED COMPANIES

Grosvenor International Holdings Limited

2100 The Grosvenor Building, 1040 West Georgia Street,
Vancouver, British Columbia V6E 4H1, Canada

Directors

R G P Styles Chairman*

D J A Delmotte ARICS Group Chief Executive and President

R W Hayward ARICS, D A N Murray, D A Taylor CA,

N E Gibson FRICS*, J H M Newsum FRICS, Ms B J Rae*,

W K McCourt*, D H Bodel*

Marlin Land (Holdings) Limited

Grosvenor Marlin Asset Management Limited

30th Floor, Tower 2, The Gateway, 25 Canton Road,
Tsimshatsui, Kowloon, Hong Kong

Directors

V F Shaw, N J Loup, M J Shaw, D T S Shaw, C R G Wallace,

J H M Newsum FRICS, R W Hayward ARICS, J Shaw

HOTEL MANAGEMENT

Chester Grosvenor Hotel Company Limited

Eastgate Street, Chester CH1 1LT

Directors

C B Bond FCA Chairman*

J W Slater Managing Director

J O Hagger FCA FCT, I M P Staines FCA*

RETAILING

Grosvenor Garden Centre

Wrexham Road, Belgrave, Chester CH4 9EB

Directors

R M Scott Chairman*

R H Dougal CA Managing Director

Dr H Bodsworth*, B S Bowden ARICS,

J O Hagger FCA FCT

FARMING

Grosvenor Farms Limited

Woodhouse Farm, Aldford, Chester CH3 6JD

Directors

J H Parker Chairman*

T J Heywood Managing Director

B S Bowden ARICS, J O Hagger FCA FCT, J Kerr*,

I M P Staines FCA*

INSURANCE MANAGEMENT

Realty Insurances Limited

31 Davies Street, London W1Y 1FN

Directors

J O Hagger FCA FCT Chairman

M P L Tompsett FCI Managing Director

C M D Hague, A B Roberts

*non executive

FIVE YEAR SUMMARY 1990 TO 1994

	1990	1991	1992 As restated*	1993	1994
	£m	£m	£m	£m	£m
Assets employed					
Investment properties	859.5	742.2	596.8	656.4	720.9
Other tangible fixed assets	6.8	6.8	6.2	5.0	3.9
Investments	26.1	28.8	33.0	35.1	38.5
Development projects	128.2	59.2	33.6	17.2	20.8
Other net current assets	7.5	9.8	13.4	17.1	17.0
Provisions for liabilities and charges	(3.5)	(0.4)	(0.6)	(0.7)	(0.9)
	<u>1,024.6</u>	<u>846.4</u>	<u>682.4</u>	<u>730.1</u>	<u>800.2</u>
Financed by					
Share capital	55.8	55.8	55.8	55.8	55.8
Reserves	748.9	584.8	445.5	504.4	577.4
Loans	216.9	202.6	177.6	166.1	162.8
Minority interest	3.0	3.2	3.5	3.8	4.2
	<u>1,024.6</u>	<u>846.4</u>	<u>682.4</u>	<u>730.1</u>	<u>800.2</u>
Turnover					
Property investment	31.3	33.8	38.0	39.6	45.7
Property development and trading	26.1	48.4	36.7	46.3	24.3
Other	14.3	14.9	15.2	16.8	18.3
	<u>71.7</u>	<u>97.1</u>	<u>89.9</u>	<u>102.7</u>	<u>88.3</u>
Profit / (loss) on ordinary activities before taxation					
Property investment	19.7	21.7	24.8	27.9	30.6
Property development and trading	2.7	(26.3)	(2.3)	(5.2)	(2.0)
Other	0.3	(4.5)	0.2	0.2	0.8
Operating profit / (loss)	<u>22.7</u>	<u>(9.1)</u>	<u>22.7</u>	<u>22.9</u>	<u>29.4</u>
Associated undertakings	7.2	3.2	—	3.8	2.3
Profit on sale of investment properties*	—	—	3.4	1.2	3.8
Interest	<u>(21.9)</u>	<u>(22.9)</u>	<u>(19.9)</u>	<u>(16.2)</u>	<u>(15.5)</u>
Profit / (loss) before taxation	<u>8.0</u>	<u>(28.8)</u>	<u>6.2</u>	<u>11.7</u>	<u>20.0</u>

*The results for 1990 and 1991 have not been restated for the change of accounting policy in 1993 for premiums received on the disposal of leasehold interests in investment properties.