

**Grosvenor Alternate Partner  
Limited**

**Company No. 2231072**

**Report and Financial Statements**

**31 December 1998**



## Grosvenor Alternate Partner Limited

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Registered No. 2231072

**DIRECTORS**

I Armitage

S Bough (appointed 21 April 1999)

L Wilding

**SECRETARY**

D A Searle

**AUDITORS**

Deloitte & Touche

Chartered Accountants and Registered Auditors

Stonecutter Court,

1 Stonecutter Street,

London EC4A 4TR

**REGISTERED OFFICE**

33 King William Street

London EC4R 9AS

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**DIRECTORS' REPORT**

The directors submit their report and financial statements for the year ended 31 December 1998.

**ACTIVITIES**

The company is the general partner of a limited partnership, Fifth Grosvenor Fund. The company is a wholly owned subsidiary of Grosvenor Venture Managers Limited (GVM) which provides advisory services under an agreement dated 21 June 1993. Investment for the Fund remains the responsibility of Grosvenor Alternate Partner Limited.

**REVIEW OF THE BUSINESS**

The results for the year are set out on page 6. The profit for the year was £6,147 (1997 - £15,510). No ordinary dividends were paid during the year (1997 - £Nil). No ordinary dividends were recommended by the directors for the year (1997 - Nil).

The directors anticipate that the company will continue as a going concern.

**DIRECTORS AND THEIR INTERESTS**

The directors who served during the year were as follows :

I Armitage

S P Edwards (resigned 17 June 1998)

L Wilding

No director holds or held during the year any notifiable interest in the share capital of the company, its parent or the ultimate parent company.

**YEAR 2000**

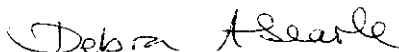
The company is participating in a group-wide assessment of the business risks which could result from problems arising from the change of date for the Year 2000 and the development of action plans. This includes seeking assurances from service providers that appropriate strategies have been formulated to deal with these problems.

It is not possible to provide a guarantee that no Year 2000 problems will remain. However, the Board believes that an acceptable state of readiness will be achieved. The cost of implementing the action plans is recognised as incurred in the operating activities of group companies, and has not been separately identified.

**AUDITORS**

The company has adopted the elective regime. Following the resignation of Ernst & Young as auditors of the company on 19 November 1998, Deloitte & Touche were appointed.

By order of the Board



Secretary  
D A Searle

33 King William Street  
London EC4R 9AS

On 22 September 1999

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**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that year.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

**REPORT OF THE AUDITORS**

**to the members of Grosvenor Alternate Partner Limited**

We have audited the financial statements on pages 6 to 10 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 8.

**Respective responsibilities of directors and auditors**

As described on page 4 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

**Basis of opinion**

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

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

**Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 1998 and of its profit for the year ended 31 December 1998 and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche  
Chartered Accountants and  
Registered Auditors  
Stonecutter Court  
1 Stonecutter Street  
London EC4A 4TR

22 September 1999

**PROFIT AND LOSS ACCOUNT**  
**for the year ended 31 December 1998**

	<i>Note</i>	<i>1998</i> £	<i>1997</i> £
Turnover	1	56,585	56,585
Administrative expenses		(46,083)	(30,587)
Operating Profit		10,502	25,998
Other interest receivable & similar income		3,732	3,621
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	2	14,234	29,619
Taxation	3	(8,087)	(14,109)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>	7	6,147	15,510
Retained profit brought forward		46,831	31,321
<b>RETAINED PROFIT CARRIED FORWARD</b>	7	52,978	46,831

There are no recognised gains or losses other than the profit attributable to shareholders of the company of £6,147 in the year ended 31 December 1998 and profit of £15,510 in the year ended 31 December 1997.

All profits and losses are derived from continuing activities.

**BALANCE SHEET**  
**as at 31st December 1998**

	<i>Note</i>	<i>1998</i> £	<i>1997</i> £
<b>CURRENT ASSETS</b>			
Debtors	4	83,949	98,238
Cash at bank		52,579	58,382
		<u>136,528</u>	<u>156,620</u>
<b>CREDITORS : amounts falling due within one year</b>	5	(83,548)	(109,787)
<b>NET CURRENT ASSETS</b>		<u>52,980</u>	<u>46,833</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	6	2	2
Profit and loss account	7	52,978	46,831
Equity Shareholders' funds	7	<u>52,980</u>	<u>46,833</u>

The accounts were approved by the  
Board of Directors and signed on its behalf by :

L. Wilding

Director

Date:

22 September 1999

S. Bough

Director

Date:

22 September 1999



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**NOTES TO THE ACCOUNTS**  
**at 31 December 1998****1 ACCOUNTING POLICIES**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

***Basis of preparation***

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

The company is the general partner of a limited partnership, Fifth Grosvenor Fund, and is entitled to a share of profits of the partnership. The registered address of the partnership is 33 King William Street, London EC4R 9AS.

The Partnership is deemed to be a subsidiary undertaking under the Companies Act 1985. The company is exempt under S228 of the Companies Act 1985 from the requirement to prepare group accounts as it is itself a wholly owned subsidiary undertaking of an undertaking incorporated in the EC. Accordingly the accounts present information about the company and not its group. The name and address of the parent company is stated in note 9.

***Turnover***

Income from the share of partnership profits is credited on an accruals basis.

***Deferred taxation***

Provision is made for deferred taxation, using the liability method, where there is a reasonable probability of a material liability arising in the foreseeable future.

**2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

(a) This is stated after charging :

	<i>1998</i>	<i>1997</i>
	£	£
Auditors' remuneration	2,000	2,000

The company made no payments to Deloitte & Touche during the year for non-audit services ( year to 31 December 1997 - £Nil ).  
There were no employees during the year and therefore no staff costs (year to 31 December 1997 - Nil)

(b) Directors' emoluments

The company had two directors at the year end 31 December 1998 (year end 31 December 1997 - three ), none of whom received any remuneration or other emoluments from the company or its subsidiary ( year ended 31 December 1997 - Nil ).

**NOTES TO THE ACCOUNTS**  
**at 31 December 1998**

**3 TAXATION**

	<i>1998</i>	<i>1997</i>
	<i>£</i>	<i>£</i>
Based on the profit for the year :		
UK corporation tax at 31%	520	9,329
Prior year adjustment	7,567	4,780
	<u>8,087</u>	<u>14,109</u>

**4 DEBTORS**

	<i>1998</i>	<i>1997</i>
	<i>£</i>	<i>£</i>
Trade debtors	57,835	57,835
Amounts owed by parent undertaking	3,687	6,761
Income tax recoverable	22,427	33,642
	<u>83,949</u>	<u>98,238</u>

**5 CREDITORS : amounts falling due within one year**

	<i>1998</i>	<i>1997</i>
	<i>£</i>	<i>£</i>
Amounts owed to parent undertakings	53,492	78,603
Amounts owed to limited partnerships	14,568	18,105
Corporation tax	9,738	9,329
Accruals	5,750	3,750
	<u>83,548</u>	<u>109,787</u>

**6 CALLED UP SHARE CAPITAL**

	<i>1998</i>	<i>1997</i>
	<i>£</i>	<i>£</i>
Allotted, called up and fully paid		
2 Ordinary shares of £1 each (1997: 2)	2	2
Authorised		
90,000 Ordinary shares of £1 each (1997: 90,000)	<u>90,000</u>	<u>90,000</u>

## NOTES TO THE ACCOUNTS

### at 31 December 1998

#### 7 RECONCILIATION OF EQUITY SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total</i>
	£	£	£
At 1 January 1997	2	31,321	31,323
Profit for the year	-	15,510	15,510
At 31 December 1997	2	46,831	46,833
Profit for the year	-	6,147	6,147
At 31 December 1998	2	52,978	52,980

#### 8 RELATED PARTIES

Advantage has been taken of the exemption under Financial Reporting Standard No.8 not to disclose transactions between entities, 90% or more of whose voting rights are controlled within the Merrill Lynch & Co., Inc., group.

The Limited Partnership, Fifth Grosvenor Fund, of which the company is general partner, is a related party. The share of partnership profits receivable by the company for the year was £56,585 (1997 - £56,585) and the amount due to the company at 31 December 1998 was £56,585 (1997 - £56,585)

Amounts owed to Fifth Grosvenor Fund by the company at the year end was £14,568 (1997 - £18,105)

#### 9 ULTIMATE PARENT UNDERTAKING

The ultimate holding company and controlling party is Merrill Lynch & Co., Inc., a company incorporated in Delaware, USA.

The parent undertakings of the smallest and largest groups of undertakings for which group financial statements are prepared and of which the company is a member are ML Invest Holdings Limited, a company registered in England and Wales, and Merrill Lynch & Co., Inc., incorporated in Delaware, USA, respectively. Financial statements for ML Invest Holdings Limited may be obtained from Ropemaker Place, 25 Ropemaker Street, London EC2Y 9LY. Financial statements for Merrill Lynch & Co., Inc. may be obtained from the Corporate Secretary, Merrill Lynch & Co., Inc., World Financial Center, North Tower, New York 10281-1332, U.S.A..