Registered number: 03406618

# GROSVENOR MANAGEMENT LIMITED

## ANNUAL REPORT AND FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2020

## CONTENTS

# DIRECTORS' REPORT
# FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

## BUSINESS REVIEW

The principal activity of the Grosvenor Management Limited ("the Company) during the year was to act as a general partner to Grosvenor London Office Fund, a UK limited partnership. The Company is in a net asset position of £475,116 *(2019: £1,366,332)* and net current asset position of £186,278 *(2019: £1,366,332)*. The Company realised a profit of £11,486 for the year ended 31 December 2020 *(2019: £10,000)*. The Company forms part of the Grosvenor Europe Group (the Group) and sits under Grosvenor Europe Limited.

The Company is a private company limited by shares incorporated in the England and Wales. Its registered office is 70 Grosvenor Street, London, W1K 3JP.

## RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £11,486 *(2019: £10,000)*.

Dividends of £550,000 were paid to the company's immediate parent, Grosvenor Fund Management UK Limited *(2019: £nil)*.

## DIRECTORS

The directors who served during the year, and to the date of this report, were:

R Dickie (appointed 1 January 2021)
S D Hyest (resigned 21 December 2020)
R B Mallett (resigned 12 July 2021)
S R Hope
C J Jukes (appointed 12 July 2021)

## GOING CONCERN

The Company is continuing to monitor developments associated with the Covid-19 virus and the associated near-term uncertainty for the global economy to understand the ongoing impact for the client businesses. Similarly, the Company continues to plan for all reasonable eventualities following the United Kingdom's exit from the European Union.

Having considered the economic factors outlined above, the directors have prepared cashflow forecasts for twelve months from the date of these accounts. The directors consider the preparation of accounts on the going concern basis to be appropriate, given the Company has a significant cash balance, access on demand to further cash through intercompany balances, no existing external liabilities or forecast costs. In addition, the directors have considered a 30% reduction in fee income as sensitivity analysis and continue to have a reasonable expectation that the Company has adequate resources for twelve months. As such the directors continue to consider preparation of the accounts on the going concern basis to be appropriate.

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

## FUTURE DEVELOPMENTS

The Company's results are largely linked to the performance of the property markets across Europe. The current uncertainty in these economies and their property markets could negatively impact the value of the portfolio over the next few years. Any related increase or decrease in profitability in the next 12 months is not expected to impact the long-term strategy of the Company.

## THE UNITED KINGDOM'S RESIGNATION FROM THE EUROPEAN UNION

On 31 December 2020, the United Kingdom completed its separation from the European Union with the ending of the transition period which saw the UK withdrawing from following all the rules and institutions of the European Union. The nature of the future relationship between the UK and the EU from 1 January 2021 onwards remains unclear. At the date of this report it is therefore not possible to assess in detail the opportunities and threats that this future relationship could present. The directors are managing these risks by closely monitoring developments, and are confident that the Company will be able to amend and modify its procedures to remain fully compliant with any future rules and regulations, and to maintain its standing and reputation in the marketplace throughout Europe and worldwide.

## DISCLOSURE OF INFORMATION TO AUDITOR

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

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

## POST BALANCE SHEET EVENTS

On 1st January 2021, the Company was sold by its parent, Grosvenor Fund Management UK Limited, to Grosvenor Investments Holdco Limited, a fellow subsidiary of the Grosvenor Group.

The Company's subsidiary, 125 Wood Street Limited, was dissolved on the 16 March 2021.

## AUDITOR

The auditors, Deloitte LLP, have been reappointed in accordance with section 485 of the Companies Act 2006.

## SMALL COMPANIES NOTE

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf by:

DocuSigned by:
Fiona Boyce
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**F C Boyce**
Secretary

Date: 28-Jul-2021

## DIRECTORS' RESPONSIBILITIES STATEMENT
## FOR THE YEAR ENDED 31 DECEMBER 2020

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GROSVENOR MANAGEMENT LIMITED

### OPINION

In our opinion the financial statements of Grosvenor Management Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

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

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

### BASIS FOR OPINION

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

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

### CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

### OTHER INFORMATION

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

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

We have nothing to report in this regard.

## RESPONSIBILITIES OF DIRECTORS

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

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

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

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

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

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

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

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GROSVENOR MANAGEMENT LIMITED

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

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

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

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

### MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

### USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GROSVENOR MANAGEMENT LIMITED

Georgina Robb FCA (Senior statutory auditor)

For and on behalf of

DocuSigned by:

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Deloitte LLP

London
United Kingdom
Date: 28-Jul-2021

## STATEMENT OF COMPREHENSIVE INCOME
## FOR THE YEAR ENDED 31 DECEMBER 2020

| | Note | 2020<br>£ | *2019*<br>*£* |
|---|---|---|---|
| Income from interests in associated undertakings | 6 | **11,400** | *9,865* |
| **TOTAL OPERATING PROFIT** | | **11,400** | *9,865* |
| Interest receivable and similar income | 7 | **86** | *135* |
| **PROFIT BEFORE TAX** | | **11,486** | *10,000* |
| Tax on profit | 8 | **-** | *-* |
| **PROFIT FOR THE FINANCIAL YEAR** | | **11,486** | *10,000* |
| Other comprehensive income | | **-** | *-* |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | | **11,486** | *10,000* |

All revenue and expenditure are derived from continuing operations.

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

# BALANCE SHEET
## AS AT 31 DECEMBER 2020

| | Note | | 2020 £ | | 2019 £ |
|---|---|---|---|---|---|
| **FIXED ASSETS** | | | | | |
| Investments in subsidiaries | 10 | | **288,838** | | *288,838* |
| | | | **288,838** | | *288,838* |
| **CURRENT ASSETS** | | | | | |
| Debtors: amounts falling due within one year | 11 | **324,463** | | *674,462* | |
| Cash at bank and in hand | | **61,818** | | *50,333* | |
| | | **386,281** | | *724,795* | |
| Creditors: amounts falling due within one year | 12 | **(200,003)** | | *(3)* | |
| **NET CURRENT ASSETS** | | | **186,278** | | *724,792* |
| **NET ASSETS** | | | **475,116** | | *1,013,630* |
| **CAPITAL AND RESERVES** | | | | | |
| Called up share capital | 13 | | **423,918** | | *423,918* |
| Profit and loss account | 14 | | **51,198** | | *589,712* |
| **TOTAL EQUITY** | | | **475,116** | | *1,013,630* |

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

DocuSigned by:

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**S Hope**
Director

Date: 28-Jul-2021

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

## STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 31 DECEMBER 2020

| | Called up Share capital | Profit and loss account | Total equity |
|---|---|---|---|
| | £ | £ | £ |
| At 1 January 2020 | 423,918 | 589,712 | 1,013,630 |
| Profit and total comprehensive income for the year | - | 11,486 | 11,486 |
| **PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | - | 11,486 | 11,486 |
| Dividends: Equity capital | - | (550,000) | (550,000) |
| **At 31 December 2020** | 423,918 | 51,198 | 475,116 |

## STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 31 DECEMBER 2019

| | Called up Share capital | Profit and loss account | Total equity |
|---|---|---|---|
| | £ | £ | £ |
| At 1 January 2019 | 423,918 | 579,712 | 1,003,630 |
| Profit and total comprehensive income for the year | - | 10,000 | 10,000 |
| **PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | - | 10,000 | 10,000 |
| **At 31 December 2019** | 423,918 | 589,712 | 1,013,630 |

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

## 1. GENERAL INFORMATION

Grosvenor Management Limited ('the Company') is a private company, limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of its registered office is 70 Grosvenor Street, London, W1K 3JP.

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

## 2. ACCOUNTING POLICIES

### 2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared on the going concern basis and in accordance with the Financial reporting standard 101 'Reduced Disclosure Framework' ("FRS 101") and the Companies Act 2006.

The financial statements have been prepared under the historic cost basis, except in certain circumstances where fair value is used.

Historic cost is generally based on the value of the consideration given in exchange for the assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36. In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 2).

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.2 FINANCIAL REPORTING STANDARD 101 - REDUCED DISCLOSURE EXEMPTIONS

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

These financial statements are separate financial statements. The Company is exempt from the preparation and delivery of consolidated financial statements because it is included in the group accounts of Grosvenor Group Limited. Where required, equivalent disclosures are given in the group accounts of Grosvenor Group Limited. The group accounts of Grosvenor Group Limited are available to the public and can be obtained as set out in note 15.

The directors' report describes the going concern basis of preparation of the financial statements.

### 2.3 NEW STANDARDS, AMENDMENTS, IFRIC INTERPRETATIONS AND NEW RELEVANT DISCLOSURE REQUIREMENTS

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2020 that have a material impact on the company's financial statements.

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 FOREIGN CURRENCY TRANSLATION

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

### 2.5 GOING CONCERN

The Group made a profit and had net assets of £475,116 *(2019: £1,013,630)* at year end. The Group is continuing to monitor developments associated with the Covid-19 virus and the associated near-term uncertainty for the global economy to understand the ongoing impact for the underlying property business and its tenants. Similarly, the Group continues to plan for all reasonable eventualities following the United Kingdom's exit from the European Union.

Having considered the economic factors outlined above, the directors have prepared cashflow forecasts for twelve months from the date of these accounts. The directors consider the preparation of accounts on the going concern basis to be appropriate, given the Company has a significant cash balance, access on demand to further cash through intercompany balances, no existing external liabilities or forecast costs. In addition, the directors have considered a 30% reduction in fee income as sensitivity analysis and continue to have a reasonable expectation that the Company has adequate resources for twelve months. As such the directors continue to consider preparation of the accounts on the going concern basis to be appropriate.

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

### 2.6 CURRENT TAXATION

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.7 VALUATION OF INVESTMENTS

Investments are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

### 2.8 INVESTMENT IMPAIRMENT

Investments in subsidiaries are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### 2.9 DEBTORS

Trade receivables, loans, contract assets and other receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Financial assets are assessed for indicators of impairment at each balance sheet date.

The Company assesses on a forward-looking basis the expected credit loss associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applied the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

### 2.10 CASH AND CASH EQUIVALENTS

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

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.11 CREDITORS

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### 2.12 FINANCIAL INSTRUMENTS

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

**Financial assets**

The Company classifies all of its financial assets as loans and receivables.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary assets. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the statement of comprehensive income. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.12 FINANCIAL INSTRUMENTS (continued)

**Financial liabilities**

The Company classifies all of its financial liabilities as liabilities at amortised cost.

**At amortised cost**

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the balance sheet.

### 2.13 DIVIDENDS

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

## 3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### 3.1 Critical judgements in applying the company's accounting policies

In the opinion of the directors, there have not been any critical judgements made.

### 3.2 Key sources of estimation uncertainty

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

*(i) Impairment of investment in subsidiaries and intercompany loans*

A key source of estimation uncertainty relates to the recoverability of investments and intercompany debtors or creditors that are held at cost less accumulated impairment. The underlying net asset value of investments is predominantly affected by the value of property held in the investments as these require specialist knowledge to value appropriately. The recoverability of intercompany debtors with these entities is thus similarly affected by property valuations.

The underlying properties within these investments have been individually valued by appropriately qualified valuers with suitable experience. The Market Value is based upon the Scope of Work and Valuation Assumption, and has been primarily derived using comparable recent market transactions on arm's length terms. No account has been taken of any discount or premium that may be negotiated in the market if all or part of the portfolio of properties were to be marketed simultaneously, either in lots or as a whole. The directors note that COVID-19 and the associated near-term economic uncertainty creates greater uncertainty in the estimation of these investment values and the underling properties held in these investment vehicles.

Recoverability of this balance is assessed by comparing the Net Asset Value of the company, largely derived from property valuations, to the carrying value of the company in the Grosvenor Management Limited accounts. This acts as an impairment indicator and is assessed by management. If management do not consider an impairment to be necessary, they produce cashflow forecasts to support this position.

## 4. AUDITORS' REMUNERATION

The company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Company:

| | **2020** | *2019* |
|---|---|---|
| | **£** | *£* |
| Fees for the audit of the Company | **2,800** | *2,400* |

The audit fee is borne by Grosvenor Fund Management UK Limited, a fellow subsidiary undertaking.

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

## 5. EMPLOYEES

The Company has no employees other than the directors, who did not receive any remuneration *(2019: £NIL)*.

No fees or other emoluments were paid to the directors of the company during either the current or the preceding year in respect of their services to the company.

## 6. INCOME FROM INTERESTS IN ASSOCIATED UNDERTAKINGS

| | **2020** | *2019* |
|---|---|---|
| | **£** | *£* |
| Income from interests in associated undertakings | **11,400** | *9,865* |

## 7. INTEREST RECEIVABLE AND SIMILAR INCOME

| | **2020** | *2019* |
|---|---|---|
| | **£** | *£* |
| Other interest receivable | **86** | *135* |

## 8. TAXATION

| | 2020<br>£ | *2019*<br>*£* |
|---|---|---|
| Current tax on profit for the year | - | - |
| **Total tax charge for the year** | - | - |

### FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than *(2019: lower than)* the standard rate of corporation tax in the UK of 19% *(2019: 19%)*. The differences are explained below:

| | 2020<br>£ | *2019*<br>*£* |
|---|---|---|
| Profit before tax | **11,486** | *10,000* |
| Profit multiplied by standard rate of corporation tax in the UK of 19% *(2019: 19%)* | **2,182** | *1,900* |
| **Effects of:** | | |
| Group relief received for no consideration | **(2,182)** | *(1,900)* |
| **Total tax charge for the year** | - | - |

### FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

A current tax rate of 19%, being the UK corporation tax rate throughout the period, has been applied to the year ended 31 December 2020.

On 3 March 2021 the UK government announced an intention to increase the UK corporation tax rate to 25% with effect from 1 April 2023. If enacted this will impact the value of our UK deferred tax balances, and the tax charged on UK profits generated in 2023 and subsequently. We have yet to determine the impact of these proposed changes.

## 9. DIVIDENDS

| | 2020<br>£ | *2019*<br>*£* |
|---|---|---|
| **ORDINARY SHARES** | | |
| Dividends paid of £1.30 per share (2019: £nil) | **550,000** | - |
| | **550,000** | - |

## 10. FIXED ASSET INVESTMENTS

| | Investments in subsidiary companies £ |
|---|---|
| **COST OR VALUATION** | |
| At 1 January 2020 | **288,838** |
| At 31 December 2020 | **288,838** |

**INVESTMENTS**

The following was an investment of the Company:

| Name | Registered office | Principal activity | Class of shares | Holding |
|---|---|---|---|---|
| Grosvenor London Office Fund | 70 Grosvenor Street, London, W1K 3JP | Real estate investment | Ordinary | 0.22% |

## 11. DEBTORS: AMOUNTS FALLING DUE WITHIN A YEAR

| | **2020** £ | *2019* £ |
|---|---|---|
| Amounts owed by group undertakings | **324,463** | *674,462* |
| | **324,463** | *674,462* |

There are no interest bearing amounts owed by group undertakings at 31 December 2020 *(2019: £nil)*.

Amounts owed by group undertakings are repayable on demand.

## 12. CREDITORS: Amounts falling due within one year

| | 2020<br>£ | *2019*<br>*£* |
|---|---|---|
| Amounts owed to group undertakings | **200,000** | *-* |
| Other creditors | **3** | *3* |
| | **200,003** | *3* |

There are no interest bearing amounts owed to group undertakings at 31 December 2020 *(2019: £nil).*

Amounts owed to group undertakings are repayable on demand.

## 13. SHARE CAPITAL

| | 2020 | *2019* |
|---|---|---|
| | £ | *£* |
| **AUTHORISED, ALLOTED, CALLED UP AND FULLY PAID** | | |
| 423,918 *(2019 - 423,918)* Ordinary shares of £1.00 each | **423,918** | *423,918* |

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

## 14. RESERVES

**Profit and loss account**

Profit and loss account contains cumulative earnings to carry forward. Dividends are paid from this reserve.

## 15. OTHER INFORMATION

The company holds as nominee for the Grosvenor London Office Fund, a UK limited partnership, 100% of the legal interests in the following entities:

- Almack House Limited
- 10 Grosvenor Street Limited
- 9-13 Grosvenor Street (GP) Limited
- The Grosvenor Street Limited Partnership
- Belgrave House Investment Limited
- 125 Wood Street Limited

The registered office address for the above entities is 70 Grosvenor Street, London, W1K 3JP.

## 16. POST BALANCE SHEET EVENTS

On 1st January 2021, the Company was sold by its parent, Grosvenor Fund Management UK Limited, to Grosvenor Investments Holdco Limited, a fellow subsidiary of the Grosvenor Group.

The Company's subsidiary, 125 Wood Street Limited, was dissolved on the 16 March 2021.

## 17. CONTROLLING PARTY

The company's ultimate parent undertaking is Grosvenor Group Limited, a company incorporated in the United Kingdom and registered in England and Wales which is wholly owned by trusts on behalf of the Grosvenor family, headed by the Duke of Westminster. The registered address of the Grosvenor Group Limited is 70 Grosvenor Street, London, W1K 3JP.

The ultimate parent undertaking heads the largest and smallest group of undertakings of which the company is a member and for which group accounts are prepared. Grosvenor Fund Management UK Limited is the immediate parent company. However, on 1st January 2021, the Company was sold by its parent, Grosvenor Fund Management UK Limited, to Grosvenor Investments Holdco Limited, a fellow subsidiary of the Grosvenor Group. There was no change in the ultimate parent company as a result of this event.

Copies of the consolidated financial statements of Grosvenor Group Limited can be obtained from Companies House, 3 Crown Way, Maindy, Cardiff, CF14 3UZ.