

POUNDSBRIDGE (MOORGATE) LIMITED

COMPANY REGISTRATION NUMBER 3470600

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2004



POUNDSBRIDGE (MOORGATE) LIMITED

DIRECTORS' REPORT

The directors present their annual report together with the audited financial statements of the company for the year ended 31 December 2004.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was property investment through the company's holding in Moorgate Investment Partnership.

The directors do not anticipate any significant change in the activity of the company and its profitability.

RESULTS AND DIVIDENDS

The results of the company for the year are shown on page 5. Loss on ordinary activities before taxation was £133,616 (2003 - £89,423).

The directors have not recommended payment of a dividend (2003 - £nil).

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company throughout the year were as follows:

R S Handley
S H R Musgrave
J D T Titchen
R C Williams

None of the directors in office at 31 December 2004 had any interests in the securities of the company, Grosvenor Group Limited (formerly Grosvenor Group Holdings Limited), its ultimate parent undertaking, or any of its fellow subsidiary undertakings which are required to be disclosed under the Companies Act 1985.

DIRECTORS' RESPONSIBILITIES

United Kingdom 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 at the end of the financial year and of the profit or loss for the year then ended.

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. The directors are also responsible for safeguarding the assets of the company, for the system of internal control and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

POUNDSBRIDGE (MOORGATE) LIMITED

DIRECTORS' REPORT *(continued)*

AUDITORS

Pursuant to S386 of the Companies Act 1985 an elective resolution has been passed to dispense with the requirement to reappoint auditors annually.

Signed by order of the Board

A handwritten signature in black ink, appearing to read 'C M Tolhurst', written in a cursive style.

C M Tolhurst
Company Secretary

7 Feb 2005

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
POUNDSBRIDGE (MOORGATE) LIMITED
YEAR ENDED 31 DECEMBER 2004

We have audited the financial statements of Poundsbridge (Moorgate) Limited for the year ended 31 December 2004 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 18. These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
POUNDSBRIDGE (MOORGATE) LIMITED
YEAR ENDED 31 DECEMBER 2004 *(continued)*

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

7 February 2005

POUNDSBRIDGE (MOORGATE) LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2004**

	Note	2004 £	2003 £
Turnover	2	74,830	—
Cost of sales		<u>(207,051)</u>	<u>(90,589)</u>
Gross loss		(132,221)	(90,589)
Administrative expenses		<u>(3,461)</u>	<u>(1,523)</u>
Operating loss	3	(135,682)	(92,112)
Interest receivable and simliar income		2,115	2,800
Interest payable and similar charges	6	<u>(49)</u>	<u>(111)</u>
Loss on ordinary activities before taxation		(133,616)	(89,423)
Tax on loss on ordinary activities		—	—
Retained loss for the financial year		<u>(133,616)</u>	<u>(89,423)</u>

All results are derived from continuing operations.


POUNDSBRIDGE (MOORGATE) LIMITED**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**
FOR THE YEAR ENDED 31 DECEMBER 2004


	2004 £	2003 £
Loss for the financial year attributable to the shareholders	(133,616)	(89,423)
Unrealised gain on revaluation of investment properties	876,770	339,949
UITF 28 adjustment to property valuation	(96,657)	—
Total recognised gains and losses	<u>646,497</u>	<u>250,526</u>

POUNDSBRIDGE (MOORGATE) LIMITED**BALANCE SHEET AS AT 31 DECEMBER 2004**

	Note	2004 £	2003 £
Tangible fixed assets			
Investment properties	8	7,471,943	6,461,000
Investments	9	1	1
		<u>7,471,944</u>	<u>6,461,001</u>
Current assets			
Debtors	11	172,721	8,476
Cash at bank and in hand		<u>214,525</u>	<u>124,357</u>
		387,246	132,833
Creditors: amounts falling due within one year	12	<u>(8,288,441)</u>	<u>(7,651,996)</u>
Net current liabilities		<u>(7,901,195)</u>	<u>(7,519,163)</u>
Total assets less current liabilities		<u>(429,251)</u>	<u>(1,058,162)</u>
Capital and reserves			
Called up equity share capital	14	1	1
Revaluation reserve	15	(178,660)	(958,773)
Profit and loss account	16	<u>(250,592)</u>	<u>(99,390)</u>
Equity shareholders' deficit	17	<u>(429,251)</u>	<u>(1,058,162)</u>

These financial statements were approved by the Board on the 7 Feb 2005 and are signed on its behalf by:


.....
Director


.....
Director

POUNDSBRIDGE (MOORGATE) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****1. ACCOUNTING POLICIES****(a) Basis of accounting**

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable United Kingdom accounting standards. The accounting policies have been applied consistently throughout the current and prior years.

(b) Cash flow statement

The directors have taken advantage of the exemption in FRS1 'Cash flow statements' from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

(c) Turnover

The turnover shown in the profit and loss account represents rents and service charges receivable in the year, excluding VAT.

(d) Depreciation

In accordance with SSAP 19 (Revised) 'Accounting for Investment Properties' no depreciation is provided on freehold 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 quantified separately.

(e) Investment properties

Investment properties are valued annually at open market value by independent valuers. Any surplus or deficit on revaluation is transferred to the revaluation reserve, except that if a permanent diminution in value below original cost arises it is taken to the profit and loss account. Investment properties under development are stated at cost, except where the directors consider that the value has fallen below cost, when they are revalued to the lower amount. The revaluation deficit is transferred to the revaluation reserve unless it is considered permanent, in which case it is charged to the profit and loss account. Profits and losses on the disposal of investment properties are recognised on unconditional exchange of contracts and are calculated by reference to book value and are included in the profit and loss account.

(f) Deferred taxation

Deferred taxation is provided in full in respect of timing differences between the recognition of income and expenditure for accounting and taxation purposes. Deferred taxation is not provided in respect of unrealised revaluation surpluses where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

(g) Taxation

Current UK corporation tax is provided at a group level at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

POUNDSBRIDGE (MOORGATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES *(continued)*

(h) Fixed asset investments

Investments in subsidiary undertakings are stated at cost less provision for impairment.

(i) Joint arrangements

An undertaking is regarded as a joint arrangement if the company has a participating interest and joint control over operating and financial policies but the undertaking is not an entity distinguishable from the business of its investors.

In accordance with FRS 9 'Associates and Joint Ventures' the company accounts for its share of the individual items of income, expenditure, assets, liabilities and cash flows of joint arrangements. The directors consider that this departure from the requirement of the Companies Act 1985 to account for incorporated joint arrangements as either associates or trade investments is necessary for the financial statements to show a true and fair view because joint arrangements are in substance an extension of the company's own business.

2. TURNOVER

All turnover derives from the company's principal activities and arises entirely in the United Kingdom.

3. OPERATING LOSS

Operating loss is stated after charging:

	2004	2003
	£	£
Auditors' remuneration		
- as auditors	969	969
	<u> </u>	<u> </u>

4. AUDITORS' REMUNERATION

Auditors' remuneration for Poundsbridge (Moorgate) Limited has been borne by a fellow subsidiary undertaking for both the current and prior year.

The auditors remuneration disclosed in note 3 relates to the company's share of audit fees borne by its joint arrangements.

5. PARTICULARS OF EMPLOYEES

No fees or other emoluments were paid to the directors of the company during either the current or the prior year in respect of their services to the company. The directors are paid by Grosvenor Estate Management Limited. There were no employees of the company for the current or prior year.

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2004	2003
	£	£
Other interest payable	49	111
	<u> </u>	<u> </u>

POUNDSBRIDGE (MOORGATE) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****7. TAXATION**

The taxation charge will be borne by the intermediate holding company Grosvenor Limited both in the current and prior year.

8. INVESTMENT PROPERTIES

	Long Leasehold £
Cost or valuation	
At 1 January 2004	6,461,000
Additions	230,830
Revaluation	876,770
UITF 28 adjustment to property valuation	(96,657)
At 31 December 2004	<u>7,471,943</u>
Net book value	
At 31 December 2004	<u>7,471,943</u>
At 31 December 2003	<u>6,461,000</u>

The long leasehold investment property was valued at 31 December 2004 by qualified professional valuers working for CB Richard Ellis, acting in the capacity of external valuers. The property was valued on the basis of open market value as defined in the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual. The resulting valuation surplus transferred to the revaluation reserve as at 31 December 2004 was £876,770 before adjustment for UITF 28.

The historical cost of the property was £7,650,603 (2003 - £7,419,773).

9. INVESTMENTS**Unlisted shares**

	£
Cost:	
At 1 January 2004 and 31 December 2004	<u>1</u>
Net book value:	
At 31 December 2004	<u>1</u>
At 31 December 2003	<u>1</u>

The company owned the following investments at 31 December 2004:

	Nature of Business	Class held	Percentage
Moorgate GP Limited	General partner	'A' ordinary	25%

POUNDSBRIDGE (MOORGATE) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****10. INTERESTS IN JOINT ARRANGEMENTS**

At 31 December 2004, the company had the following interests in a joint arrangement which is accounted for on the basis explained in the accounting policies, but which is classified as an investment under Companies Act 1985

	Nature of Business	Effective interest
Moorgate Investment Partnership	Property investment	18.46%

The limited partnership is governed by English law and its principal office is located at 70 Grosvenor Street, London, W1K 3JP.

11. DEBTORS

	2004 £	2003 £
Trade debtors	34,061	—
Other debtors	42,003	8,107
Prepayments and accrued income	96,657	369
	<u>172,721</u>	<u>8,476</u>

12. CREDITORS: amounts falling due within one year

	2004 £	2003 £
Amounts owed to group undertakings	7,774,548	7,501,087
Other creditors	337,310	—
Accruals and deferred income	176,583	150,909
	<u>8,288,441</u>	<u>7,651,996</u>

13. RELATED PARTY TRANSACTIONS

The company has applied the exemption granted by FRS8 'Related party disclosures' not to disclose transactions with Grosvenor Group Limited, fellow subsidiaries of Grosvenor Group Limited, or any undertaking in which any member of the group holds an investment which would otherwise qualify as related parties.

Accordingly, during the period under review there were no transactions or balances with related parties which require disclosure in these financial statements.

14. CALLED UP SHARE CAPITAL**Authorised share capital:**

	2004 £	2003 £
100 ordinary shares of £1.00 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	2004 £	2003 £
1 ordinary share of £1.00 each	<u>1</u>	<u>1</u>

POUNDSBRIDGE (MOORGATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

15. REVALUATION RESERVE

	2004 £	2003 £
At 1 January	(958,773)	(1,298,722)
Revaluation of fixed assets	876,770	339,949
UITF 28 adjustment to property valuation	(96,657)	—
At 31 December	<u>(178,660)</u>	<u>(958,773)</u>

16. PROFIT AND LOSS ACCOUNT

	2004 £	2003 £
At 1 January	(99,390)	(9,967)
Retained loss for the financial year	(133,616)	(89,423)
Other movements	(17,586)	—
At 31 December	<u>(250,592)</u>	<u>(99,390)</u>

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	2004 £	2003 £
Loss for the financial year	(133,616)	(89,423)
Other net recognised gains and losses	876,770	339,949
	<u>743,154</u>	<u>250,526</u>
Other movements	(17,586)	—
UITF 28 adjustment to property valuation	(96,657)	—
Net addition to funds	628,911	250,526
Opening equity shareholders' deficit	(1,058,162)	(1,308,688)
Closing equity shareholders' deficit	<u>(429,251)</u>	<u>(1,058,162)</u>

18. ULTIMATE PARENT COMPANY

The company's ultimate parent undertaking is Grosvenor Group Limited (formerly Grosvenor Group Holdings Limited), a company incorporated in Great Britain and registered in England and Wales which is wholly owned by trusts and members of the Grosvenor family, headed by the Duke of Westminster.

The ultimate parent undertaking heads the largest group of undertakings of which the company is a member and for which group accounts are prepared. Grosvenor Limited, an intermediate holding company, heads the smallest group of undertakings of which the company is a member and for which group accounts are prepared. Grosvenor Strategic Developments Limited is the immediate holding company.

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