

40 GROSVENOR PLACE LIMITED

COMPANY REGISTRATION NUMBER 4053613

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2006

TUESDAY



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12/06/2007
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40 GROSVENOR PLACE LIMITED

DIRECTORS' REPORT

The directors present their annual report together with the audited financial statements of the company for the year ended 31 December 2006

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was to act as holding company for a subsidiary involved in property investment in the UK

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

The directors have taken advantage of the special provisions available to small companies per S 246 subsection 4(a) of the Companies Act 1985 to not present a business review in accordance with S 234ZZB of the Companies Act 1985

RESULTS AND DIVIDENDS

The results of the company for the year are shown on page 5 Loss on ordinary activities before taxation was £4,411,576 (2005 - £2,680,941 loss)

The directors have not recommended payment of a dividend (2005 - £nil)

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company throughout the year, except as noted, were as follows

M Howard
S R H Beevor
R B Mallett
R R Davis
N R Scarles

(Appointed 24 July 2006)
(Resigned 24 July 2006)

None of the company's directors at 31 December 2006 had any interests in the securities of the company, its controlling entity, Grosvenor London Office Fund, a UK limited partnership, or any other entities within the Grosvenor London Office Fund limited partnership group, which are required to be disclosed under the Companies Act 1985

40 GROSVENOR PLACE LIMITED

DIRECTORS' REPORT *(continued)*

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and the financial statement in accordance with applicable law and regulations

United Kingdom company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statement in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 of the company 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 United Kingdom 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 that 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.

In so far as the directors are aware

there is no relevant audit information of which the company's auditors are unaware, and

the directors have taken all reasonable steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

This information is given in accordance with S 234ZA of the Companies Act 1985.

AUDITORS

The company has elected to dispense with the obligation to appoint auditors annually and, accordingly, Deloitte & Touche LLP shall be deemed to be re-appointed as auditors for a further term under the provisions of section 386(2) of the Companies Act 1985.

Signed by order of the Board



C M Tolhurst
Company Secretary

30 MAY 2007

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
40 GROSVENOR PLACE LIMITED
YEAR ENDED 31 DECEMBER 2006

We have audited the financial statements of 40 Grosvenor Place Limited for the year ended 31 December 2006 which comprise the profit and loss account, balance sheet and the related notes 1 to 15. These financial statements have been prepared under 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 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.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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
40 GROSVENOR PLACE LIMITED
YEAR ENDED 31 DECEMBER 2006 *(continued)*

OPINION

In our opinion

the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its loss for the year then ended,

the financial statements have been properly prepared in accordance with the Companies Act 1985, and

the information given in the Directors' Report is consistent with the financial statements

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

30 May 2007

40 GROSVENOR PLACE LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2006**

	Note	2006 £	2005 £
Turnover		–	–
Administrative expenses		(52)	(52)
Operating loss		<u>(52)</u>	<u>(52)</u>
Income from shares in group undertakings	4	–	1,700,000
Interest receivable and similar income		173	169
Interest payable and similar charges	5	(4,411,697)	(4,381,058)
Loss on ordinary activities before taxation		<u>(4,411,576)</u>	<u>(2,680,941)</u>
Tax on loss on ordinary activities	6	1,089,722	1,057,489
Loss for the financial year	13	<u><u>(3,321,854)</u></u>	<u><u>(1,623,452)</u></u>

The company has no recognised gains or losses in the current or preceding year other than the results as set out above

All results are derived from continuing operations

40 GROSVENOR PLACE LIMITED**BALANCE SHEET AS AT 31 DECEMBER 2006**

	Note	2006 £	2005 £
Tangible fixed assets			
Investments	8	<u>42,275,837</u>	<u>42,275,837</u>
Current assets			
Debtors	9	17,635,636	21,220,915
Cash at bank and in hand		<u>4,838</u>	<u>4,718</u>
		17,640,474	21,225,633
Creditors: amounts falling due within one year	10	(65,024,134)	(65,287,439)
Net current liabilities		(47,383,660)	(44,061,806)
Total assets less current liabilities		<u>(5,107,823)</u>	<u>(1,785,969)</u>
Capital and reserves			
Called up equity share capital	12	6,520,100	6,520,100
Profit and loss account	13	(11,627,923)	(8,306,069)
Equity shareholders' deficit	14	<u>(5,107,823)</u>	<u>(1,785,969)</u>

These financial statements were approved by the Board on the **30 MAY 2007** and are signed on its behalf by


Director


Director

40 GROSVENOR PLACE LIMITED**NOTES TO THE FINANCIAL ACCOUNTS****1. ACCOUNTING POLICIES****(a) Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards. The accounting policies have been applied consistently throughout the current and preceding year.

The company is a wholly subsidiary of the Grosvenor London Office Fund, its ultimate parent undertaking, which is a limited partnership registered in the United Kingdom and prepares consolidated financial statements. Consequently the company is not required to prepare consolidated financial statements.

(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) 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.

(d) Taxation

Current UK corporation tax is provided 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.

(e) Investments

Investments held as fixed assets are stated at costs less provision for impairment.

2. AUDITORS' REMUNERATION

Auditors remuneration for 40 Grosvenor Place Limited is £1,030 (2005 - £1,000) and has been borne by Grosvenor London Office Fund, a UK limited partnership.

3. PARTICULARS OF EMPLOYEES

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. The directors are paid by Grosvenor Estate Management Limited. There were no employees of the company for the current or preceding year.

4. INCOME FROM GROUP UNDERTAKINGS

	2006 £	2005 £
Income from shares in group undertakings	—	1,700,000

40 GROSVENOR PLACE LIMITED**NOTES TO THE FINANCIAL ACCOUNTS****5. INTEREST PAYABLE AND SIMILAR CHARGES**

	2006 £	2005 £
Other interest payable	<u>4,411,697</u>	<u>4,381,058</u>

6. TAXATION ON ORDINARY ACTIVITIES

	2006 £	2005 £
Current tax		
UK Corporation tax based on the results for the year	<u>(1,089,722)</u>	<u>(1,057,489)</u>
Total current tax	<u>(1,089,722)</u>	<u>(1,057,489)</u>

7. TAX RECONCILIATION

The standard rate of tax for the period, based on the UK standard rate of corporation tax is 30% (in both periods). The difference between the standard rate of tax and the effective rate arises from the items set out below

	2006 £	2005 £
Loss on ordinary activities before taxation	<u>(4,411,576)</u>	<u>(2,680,941)</u>
Factors affecting charge for the period		
Tax on loss on ordinary activities at standard rate	<u>(1,323,473)</u>	(804,282)
Income from shares in group undertakings	-	(510,000)
Tax losses carried forward	-	256,793
Deferred tax asset not recognised on losses	233,751	-
Surrender of losses to subsidiary	1,089,722	1,057,489
Consideration for loss surrender	<u>(1,089,722)</u>	<u>(1,057,489)</u>
Current tax credit for the period	<u>(1,089,722)</u>	<u>(1,057,489)</u>

8. INVESTMENTS**SUBSIDIARY UNDERTAKINGS**

	£
Cost:	
At 1 January 2006 and 31 December 2006	<u>42,275,837</u>
Net book value:	
At 31 December 2006	<u>42,275,837</u>
At 31 December 2005	<u>42,275,837</u>

The company owns 100% of the issued share capital of Victoria Investments (London) Limited, a property investment company incorporated in Great Britain

40 GROSVENOR PLACE LIMITED
NOTES TO THE FINANCIAL ACCOUNTS

9. DEBTORS

	2006 £	2005 £
Amounts owed by group undertakings	<u>17,635,636</u>	<u>21,220,915</u>

10. CREDITORS: amounts falling due within one year

	2006 £	2005 £
Amounts owed to group undertakings	<u>65,024,134</u>	<u>65,287,439</u>

11. RELATED PARTY TRANSACTIONS

The company has applied the exemption granted by FRS8 'Related party disclosures' not to disclose transactions with Grosvenor London Office Fund, a UK limited partnership, or any undertaking within the Grosvenor London Office limited partnership group 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

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

	2006 £	2005 £
6,520,100 Ordinary shares of £1 00 each	<u>6,520,100</u>	<u>6,520,100</u>

Allotted, called up and fully paid:

	2006 £	2005 £
6,520,100 Ordinary shares of £1 00 each	<u>6,520,100</u>	<u>6,520,100</u>

13. PROFIT AND LOSS ACCOUNT

	2006 £	2005 £
At 1 January	(8,306,069)	(6,682,617)
Loss for the financial year	<u>(3,321,854)</u>	<u>(1,623,452)</u>
At 31 December	<u>(11,627,923)</u>	<u>(8,306,069)</u>

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2006 £	2005 £
Loss for the financial year	(3,321,854)	(1,623,452)
Opening shareholders' deficit	<u>(1,785,969)</u>	<u>(162,517)</u>
Closing shareholders' deficit	<u>(5,107,823)</u>	<u>(1,785,969)</u>

40 GROSVENOR PLACE LIMITED

NOTES TO THE FINANCIAL ACCOUNTS

15. ULTIMATE PARENT UNDERTAKING

The company's immediate and ultimate parent undertaking and controlling entity is Grosvenor London Office Fund, a UK limited partnership

The immediate and 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