

**Grosvenor UK Finance Plc**

**Company Registration Number 04140116**

**Annual Report and Financial Statements**

**Year Ended 31 December 2012**



## **Grosvenor UK Finance Plc**

### **Directors' Report**

The directors present their annual report together with the audited financial statements of the company for the year ended 31 December 2012

#### **Principal Activities and Business Review**

The company is a wholly owned subsidiary of Grosvenor Group Limited, its ultimate parent company. Grosvenor Limited is the immediate holding company and is responsible for the operations of the Grosvenor Group in the United Kingdom and Ireland.

The principal activity of the company during the year was the holding of finance through listed debt securities and its on-lending to Grosvenor Limited for general use in the business. Details of the financial instruments used by the company are set out in the notes to the accounts.

The Registered Office of Grosvenor UK Finance Plc is 70 Grosvenor Street, London, W1K 3JP.

#### **Results and Dividends**

The results of the company for the year are shown in the Profit and Loss Account. Profit on ordinary activities before taxation was £572,000 (2011 - Profit of £493,000).

The balance sheet shows that the company's net assets increased from £2,090,000 to £2,662,000 during the year.

The directors have not recommended payment of a dividend.

#### **Key Performance Indicators**

The directors of Grosvenor Limited manage its group operations on a divisional basis. For this reason, the company's directors believe that further key financial and non-financial performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business of the company. The performance of the Grosvenor Limited Group, which includes the company, is discussed in the directors' report in the annual report of that company which does not form part of this report.

#### **Principal Risks and Uncertainties**

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company arise from financial risk through its assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk are interest rate risk, currency risk, credit risk, cash flow risk and price risk. Due to the nature of the company's business and the assets and liabilities contained within the company's balance sheet the only financial risks the directors consider relevant to this company are credit risk and liquidity risk. These risks are mitigated by the high credit quality of the debtor balances receivable, these being due from other group companies.

Grosvenor manages its cashflows, liquidity position and borrowing facilities on a group basis and further disclosure relating to these matters, are included in the annual report of Grosvenor Limited.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the company's financial statements.

## **Grosvenor UK Finance Plc**

### **Directors' Report**

#### **Directors of the Company**

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

R F C Blundell  
P S Vernon  
G F Pimlott  
U Schwarz-Runer

#### **Directors' Responsibilities**

The directors are responsible for preparing the annual report and the financial statements 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 statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve 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 and loss of the company for that period.

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, 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 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. The directors 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.

Each of the persons who is a director at the date of approval of this report confirms 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 reasonable steps that he ought to have taken to make himself 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 418 of the Companies Act 2006.

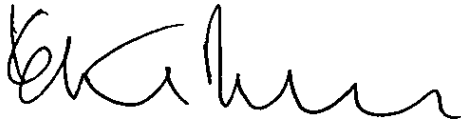
**Grosvenor UK Finance Plc**

**Directors' Report**

**Auditors**

Deloitte LLP has indicated its willingness to be reappointed for another term and is deemed to be reappointed accordingly

Signed by order of the Board

A handwritten signature in black ink, appearing to be 'K Robinson', written in a cursive style.

K Robinson  
Company Secretary

**Independent Auditor's Report to the Members of**  
**Grosvenor UK Finance Plc**  
**For the Year Ended 31 December 2012**

We have audited the financial statements of Grosvenor UK Finance Plc for the year ended 31 December 2012 which comprise the profit and loss account, balance sheet and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

**Respective Responsibilities of Directors and Auditor**

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practice's Boards Ethical Standards for Auditors.

**Scope of the Audit of the Financial Statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on Financial Statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on Other Matters Prescribed by the Companies Act 2006**


In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent Auditor's Report to the Members of**  
**Grosvenor UK Finance Plc**  
**For the Year Ended 31 December 2012**

**Matters on Which we are Required to Report by Exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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



Emma Cox (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom

27 February 2013

**Grosvenor UK Finance Plc**

**Profit and Loss Account for the Year Ended 31 December 2012**

	Note	2012 £000	2011 £000
Turnover	2	-	-
Gross profit		-	-
Administrative expenses		-	-
Operating profit	3	-	-
Interest receivable and similar income	5	13,467	13,404
Interest payable and similar charges	6	(12,895)	(12,911)
Profit on ordinary activities before taxation		572	493
Tax on profit on ordinary activities	7	-	-
Profit for the financial year		572	493

All results are derived from continuing operations

The company has no recognised gains or losses in the current or preceding year other than the results as set out above therefore no statement of total recognised gains or losses is presented

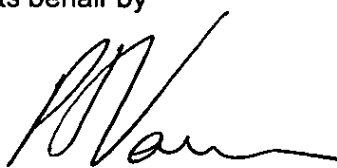
**Grosvenor UK Finance Plc**

**Balance Sheet as at 31 December 2012**

	Note	2012 £000	2011 £000
<b>Current assets</b>			
Debtors	8	<u>208,047</u>	<u>207,579</u>
		208,047	207,579
<b>Creditors: amounts falling due within one year</b>	9	<u>(3,348)</u>	<u>(3,358)</u>
<b>Net current assets</b>		<u>204,699</u>	<u>204,221</u>
<b>Total assets less current liabilities</b>		204,699	204,221
<b>Creditors: amounts falling due after one year</b>	10	<u>(202,037)</u>	<u>(202,131)</u>
<b>Net assets</b>		<u>2,662</u>	<u>2,090</u>
<b>Capital and reserves</b>			
Called up share capital	12	50	50
Profit and loss account	13	<u>2,612</u>	<u>2,040</u>
<b>Shareholders' funds</b>	13	<u>2,662</u>	<u>2,090</u>

These financial statements were approved by the Board and authorised for issue on 27 February 2013 and are signed on its behalf by

  
R F C Blundell

  
P S Vernon

Company registration number 04140116



**Grosvenor UK Finance Plc**  
**Notes to the Financial Statements**

**1. Accounting Policies**

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

**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 is a member of a group that publishes a consolidated cash flow statement.

**Taxation**

All current and deferred tax charges or credits (after the application of group relief, to the extent relevant) are recognised in the company's profit and loss account.

Current UK corporation tax is recognised 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.

**Borrowings**

Borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the profit and loss account over the period of the borrowings on an effective interest basis.

Borrowing costs are recognised in the profit and loss account in the period to which they relate.

**2. Turnover**

Turnover and profit before tax are attributable to the one principal activity of the company and arise entirely in the United Kingdom.

**3. Operating Profit**

Auditors' remuneration for the audit of the annual accounts of the company for 2012 is £4,600 (2011 - £4,000) and has been borne by Grosvenor Estate Management Limited, a fellow subsidiary undertaking.

**4. 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.

**Grosvenor UK Finance Plc**  
**Notes to the Financial Statements**

**5. Interest Receivable & Similar Income**

	2012 £000	2011 £000
Interest receivable from group undertakings	13,467	13,404
	<u>13,467</u>	<u>13,404</u>

**6. Interest Payable & Similar Charges**

	2012 £000	2011 £000
Interest payable on bank borrowings	12,895	12,911
	<u>12,895</u>	<u>12,911</u>

**7. Taxation on Ordinary Activities**

**Tax reconciliation:**

	2012 £000	2011 £000
Profit on ordinary activities before taxation	572	493
Tax on ordinary activities at the standard UK corporation rate of 24.5% (2011 - 26.5%)	140	131
Group relief received for nil consideration	(140)	(131)
Total current tax	<u>-</u>	<u>-</u>

**8. Debtors: amounts falling due within one year**

	2012 £000	2011 £000
Amounts owed by group undertakings	208,045	207,577
Other debtors	2	2
	<u>208,047</u>	<u>207,579</u>

Interest is charged on the amounts owed by group undertakings at a fixed rate of 6.7% per annum. The amounts owed by group undertakings are repayable on demand.

**9. Creditors: amounts falling due within one year**

	2012 £000	2011 £000
Accruals and deferred income	3,348	3,358
	<u>3,348</u>	<u>3,358</u>

**Grosvenor UK Finance Plc**  
**Notes to the Financial Statements**

**10. Creditors: amounts falling due after one year**

	Effective Interest rate	2012 £000	2011 £000
Secured Debenture Stock 2026	6.5%	202,037	202,131
		<u>202,037</u>	<u>202,131</u>

The debenture stock is secured by means of a floating charge over the assets of Grosvenor West End Properties, a fellow subsidiary, and is repayable in a single instalment in 2026

Included in the debenture stock is £2,036,768 (2011 - £2,131,000) of net unamortised premium

**11. Financial Instruments**

Fair Values	2012 £000 Carrying amount	2012 £000 Fair value	2011 £000 Carrying amount	2011 £000 Fair value
<b>Financial assets</b>				
Debtors	208,047	208,047	207,579	207,579
<b>Financial liabilities</b>				
Creditors	3,348	3,348	3,358	3,358
£200m secured debenture stock 2026	202,037	234,434	202,131	232,962
<b>Total financial liabilities</b>	<u>205,385</u>	<u>237,782</u>	<u>205,489</u>	<u>236,320</u>

The fair value of non-derivative financial assets and liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions

The directors do not believe there is interest rate risk as the financial liability represents a debenture stock at a fixed rate of interest. There are no hedging instruments. The risk management policy of the company has been set out in the Directors' Report

**12. Called up Share Capital**

**Authorised share capital:**

	2012 £000	2011 £000
50,000 Ordinary shares of £1 each	<u>50</u>	<u>50</u>

**Allotted, called up and fully paid:**

	2012 £000	2011 £000
50,000 Ordinary shares of £1 each	<u>50</u>	<u>50</u>

**Grosvenor UK Finance Plc**

**Notes to the Financial Statements**

**13. Reconciliation of Movements in Shareholders' Funds**

	Share capital £000	Profit and loss account £000	Total £000
1 January 2012	50	2,040	2,090
Profit for the financial year	-	572	572
31 December 2012	50	2,612	2,662

**14. Related Party Transactions**

The company has applied the exemption granted by FRS8 'Related party disclosures' not to disclose transactions with Grosvenor Group Limited or wholly owned fellow subsidiaries of Grosvenor Group Limited, 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

**15. Ultimate Parent Company and Controlling Party**

The company's ultimate parent undertaking is Grosvenor Group 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, the intermediate holding company, heads the smallest group of undertakings of which the company is a member and for which group accounts are prepared

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