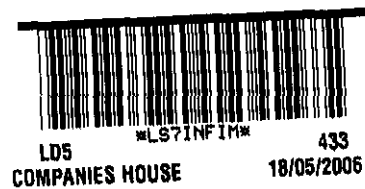


**47/48 GROSVENOR STREET LIMITED**

**COMPANY REGISTRATION NUMBER 4233444**

**ANNUAL REPORT AND  
FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2005**



**47/48 GROSVENOR STREET LIMITED****DIRECTORS' REPORT**

The directors present their annual report together with the audited financial statements of the company for the year ended 31 December 2005.

**PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the company during the year was property investment in the United Kingdom.

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

**RESULTS AND DIVIDENDS**

The results of the company for the year are shown on page 5. Profit on ordinary activities before taxation was £515,890 (2004 - £851,668).

The following dividends have been paid:

	2005 £	2004 £ Restated
Dividends paid on ordinary shares	<u>851,668</u>	<u>807,691</u>

**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:

S J Curtis  
R S Handley  
S H R Musgrave  
J R Milne  
R C Williams  
P S Vernon

**(Appointed 7 April 2005)**

None of the directors in office at 31 December 2005 had any interests in the securities of the company, Grosvenor Group Limited, its ultimate parent undertaking, or any of its fellow subsidiary undertakings which are required to be disclosed under the Companies Act 1985.

D J P Rawcliffe was appointed as a director on 1 February 2006.

R C Williams resigned as a director on 1 February 2006.

**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.

**47/48 GROSVENOR STREET LIMITED**

**DIRECTORS' REPORT** *(continued)*

**DIRECTORS' RESPONSIBILITIES (continued)**

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.

**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

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

C M Tolhurst  
Company Secretary

31 MAR 2006

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**  
**47/48 GROSVENOR STREET LIMITED**  
**YEAR ENDED 31 DECEMBER 2005**

We have audited the financial statements of 47/48 Grosvenor Street Limited for the year ended 31 December 2005 which comprise the profit and loss account, the statement of total recognised gains and losses, the note of historical cost profits and losses, the balance sheet and the related notes 1 to 17. 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 law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom 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 in accordance with the relevant financial reporting framework 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 or material inconsistencies with the financial statements.

**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**  
**47/48 GROSVENOR STREET LIMITED**  
**YEAR ENDED 31 DECEMBER 2005** *(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 2005 and of its profit for the year then ended;

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

*Deloitte & Touche LLP*

Deloitte & Touche LLP  
Chartered Accountants and Registered Auditors  
London, United Kingdom

.....  
31 MAR 2006

**47/48 GROSVENOR STREET LIMITED****PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2005**

	Note	2005 £	2004 £ Restated
<b>Turnover</b>	2	<b>633,075</b>	713,672
Cost of sales		<u>(115,207)</u>	<u>(115,408)</u>
<b>Gross profit</b>		<b>517,868</b>	598,264
Administrative expenses		<u>(1,978)</u>	<u>(1,757)</u>
<b>Operating profit</b>		<b>515,890</b>	596,507
Profit on disposal of investment properties	5	<u>—</u>	<u>255,161</u>
		<b>515,890</b>	851,668
<b>Profit on ordinary activities before taxation</b>		<b>515,890</b>	851,668
Tax on profit on ordinary activities		<u>—</u>	<u>—</u>
<b>Profit on ordinary activities after taxation</b>		<b>515,890</b>	851,668
Equity dividends	7	<u>(851,668)</u>	<u>(807,691)</u>
<b>Retained (loss)/profit for the financial year</b>		<b><u>(335,778)</u></b>	<b><u>43,977</u></b>

All results are derived from continuing operations.

**47/48 GROSVENOR STREET LIMITED****STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**

	2005 £	2004 £
Profit for the financial year attributable to the shareholders	<b>515,890</b>	851,668
Unrealised gain/(loss) on revaluation of investment properties	<b>1,173,000</b>	(373,000)
Total recognised gains and losses relating to the year	<b><u>1,688,890</u></b>	<b><u>478,668</u></b>

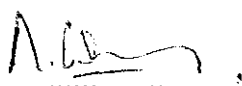
**NOTE OF HISTORICAL COST PROFITS**

	2005 £	2004 £ Restated
Reported profit on ordinary activities before taxation	<b>515,890</b>	851,668
Realisation of gains recognised in previous periods	—	(206,285)
Historical cost profit on ordinary activities before taxation	<b><u>515,890</u></b>	<b><u>645,383</u></b>
Historical cost loss for the year retained after taxation and dividends	<b><u>(335,778)</u></b>	<b><u>(162,308)</u></b>

**47/48 GROSVENOR STREET LIMITED****BALANCE SHEET AS AT 31 DECEMBER 2005**

	Note	2005 £	2004 £ Restated
<b>Tangible fixed assets</b>			
Investment properties	9	<u>9,300,000</u>	<u>8,127,000</u>
<b>Current assets</b>			
Debtors	10	8,091,727	8,427,284
<b>Creditors: amounts falling due within one year</b>	11	<u>(5,347,804)</u>	<u>(5,347,583)</u>
<b>Net current assets</b>		<u>2,743,923</u>	<u>3,079,701</u>
<b>Total assets less current liabilities</b>		<u>12,043,923</u>	<u>11,206,701</u>
<b>Capital and reserves</b>			
Called up equity share capital	13	10,750,100	10,750,100
Revaluation reserve	14	984,218	(188,782)
Profit and loss account	15	309,605	645,383
<b>Equity shareholders' funds</b>	16	<u>12,043,923</u>	<u>11,206,701</u>

These financial statements were approved by the Board on the 31 MAR 2006 and are signed on its behalf by:

  
.....  
Director

  
.....  
Director



**47/48 GROSVENOR STREET 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 law and accounting standards. The accounting policies have been applied consistently throughout the current and preceding year with the exception of FRS21 'Events after the balance sheet date', the impact of which is explained in note 8.

**(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 receivable in the year, excluding VAT.

**(d) Depreciation**

In accordance with SSAP19 (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 deficit which is expected to be permanent and which is in excess of any previously recognised surplus over cost relating to the same property, or the reversal of such a deficit, is charged or credited 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. On the disposal or recognition of a provision for impairment of a revalued asset, any related balance remaining in the revaluation reserve is also transferred to the profit and loss account as a movement on reserves.

**47/48 GROSVENOR STREET LIMITED****NOTES TO THE FINANCIAL STATEMENTS****1. ACCOUNTING POLICIES** *(continued)***(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.

**2. TURNOVER**

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

**3. AUDITORS' REMUNERATION**

Auditors' remuneration for 47/48 Grosvenor Street Limited has been borne by a fellow subsidiary undertaking for both the current and preceding year.

**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.

**5. PROFIT ON DISPOSAL OF INVESTMENT PROPERTIES**

	2005 £	2004 £
Profit on disposal of investment properties	—	255,161
	<u>—</u>	<u>255,161</u>

**6. TAXATION**

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

**7. DIVIDENDS**

	2005 £	2004 £ Restated
Dividend paid on equity shares	<u>851,668</u>	<u>807,691</u>

Refer to note 8 for the effect of the adoption of FRS21 'Events after the balance sheet date' on the dividends paid in the current and preceding year.

**47/48 GROSVENOR STREET LIMITED****NOTES TO THE FINANCIAL STATEMENTS****8. PRIOR YEAR ADJUSTMENT**

The company has adopted FRS21 'Events after the balance sheet date' in the current year. In accordance with this standard, when dividends are declared after the balance sheet date, the entity shall not recognise these dividends as an asset or a liability at the balance sheet date. The balance sheet and profit and loss account at 31 December 2004 have been restated to reflect this change in accounting policy. The impact is to reduce creditors, increase retained profit for the year and increase net assets by £851,668 being the proposed dividend for that year.

**9. INVESTMENT PROPERTIES**

	Long leasehold £
<b>Cost or valuation</b>	
At 1 January 2005	8,127,000
Revaluation	<u>1,173,000</u>
<b>At 31 December 2005</b>	<u><b>9,300,000</b></u>
<b>Net book value</b>	
<b>At 31 December 2005</b>	<u><b>9,300,000</b></u>
At 31 December 2004	<u>8,127,000</u>

**Revaluation of fixed assets**

Long leasehold investment properties were valued at 31 December 2005 by CB Richard Ellis on the basis of open market value as defined in the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual.

The historical cost of properties was £8,315,782 (2004 - £8,315,782).

The taxation on capital gains which would be payable on the surplus arising on the revaluation of fixed assets, in the event of their sale at valuation, is estimated to be £291,000 (2004 - £nil).

**10. DEBTORS**

	2005 £	2004 £
Amounts owed by group undertakings	8,054,523	8,400,771
Other debtors	10,690	—
Prepayments and accrued income	<u>26,514</u>	<u>26,513</u>
	<u><b>8,091,727</b></u>	<u><b>8,427,284</b></u>

**11. CREDITORS: amounts falling due within one year**

	2005 £	2004 £
Amounts owed to group undertakings	5,200,000	Restated 5,200,000
Accruals and deferred income	<u>147,804</u>	<u>147,583</u>
	<u><b>5,347,804</b></u>	<u><b>5,347,583</b></u>

**47/48 GROSVENOR STREET LIMITED****NOTES TO THE FINANCIAL STATEMENTS****12. 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.

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

	2005 £	2004 £
11,000,000 ordinary shares of £1.00 each	<u>11,000,000</u>	<u>11,000,000</u>

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

	2005 £	2004 £
10,750,100 ordinary shares of £1.00 each	<u>10,750,100</u>	<u>10,750,100</u>

**14. REVALUATION RESERVE**

	2005 £	2004 £
At 1 January	(188,782)	(22,067)
Revaluation of fixed assets	1,173,000	(373,000)
Transfer from the profit and loss account on realisation	—	206,285
At 31 December	<u>984,218</u>	<u>(188,782)</u>

**15. PROFIT AND LOSS ACCOUNT**

	2005 £	2004 £ Restated
Original balance at 1 January	(206,285)	—
Prior year adjustment (note 8)	<u>851,668</u>	<u>807,691</u>
Restated balance at 1 January	645,383	807,691
Retained (loss)/profit for the financial year	(335,778)	43,977
Transfer to revaluation reserve	—	(206,285)
At 31 December	<u>309,605</u>	<u>645,383</u>

**47/48 GROSVENOR STREET LIMITED****NOTES TO THE FINANCIAL STATEMENTS****16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2005 £	2004 £ Restated
Profit for the financial year	515,890	851,668
Dividends	(851,668)	(807,691)
	(335,778)	43,977
Other net recognised gains and losses	1,173,000	(373,000)
Net addition/(reduction) to funds	837,222	(329,023)
Opening equity shareholders' funds as previously stated	10,355,033	10,728,033
Prior year adjustment (see note 8)	851,668	807,691
Opening equity shareholders' funds as restated	11,206,701	11,535,724
Closing equity shareholders' funds	12,043,923	11,206,701

**17. 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, 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 Properties 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.