

Grosvenor Continental Europe Holdings Limited

Company Registration Number 04233654

Annual Report and Financial Statements

Year Ended 31 December 2012

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Grosvenor Continental Europe Holdings Limited

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 principal activity of the company during the year was that of an intermediate holding company for certain of Grosvenor's overseas investments. The directors do not anticipate any significant change in the activity of the company and its profitability.

Since the Euro forms the main currency in which the company's business is transacted, the company reports in Euro.

As at 31 December 2012, the company had net current liabilities of € 193,143,360, however this is due to loans from its immediate parent, which has confirmed that it is not planning to require repayment of those loans for a period of 12 months from the date of this report unless the company has the necessary resources.

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.

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 € 19,359,942 (2011 - Profit of € 11,714,341).

The following dividends have been paid:

	2012	2011
	€	€
Dividends paid on ordinary shares	<u>-</u>	<u>11,713,805</u>

The balance sheet shows that the company's net assets increased from € 1,163,205,681 to € 1,182,565,623 during the year.

After the year end a dividend of €19,364,938 was proposed by the directors.

The Registered Office of Grosvenor Continental Europe Holdings Limited is 70 Grosvenor Street, London, W1K 3JP.

Key Performance Indicators

The directors of Grosvenor Estate Holdings 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 Grosvenor Group Limited, 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.

Grosvenor Continental Europe Holdings Limited

Directors' 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 the financing of its investments.

The company is financed by equity and intra group loans. It has no external debt. It therefore has no interest rate exposure.

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

Directors of the Company

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

T L Budden
S J Moore
M R Preston
N R Scarles
A W S James

Grosvenor Continental Europe Holdings Limited

Directors' Report

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.

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



J Ball
Company Secretary

Independent Auditor's Report to the Members of
Grosvenor Continental Europe Holdings Limited
For the Year Ended 31 December 2012

We have audited the financial statements of Grosvenor Continental Europe Holdings Limited for the year ended 31 December 2012 which comprise the profit and loss account, balance sheet and the related notes 1 to 12. 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

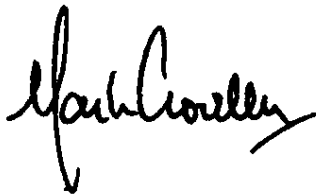
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditor's Report to the Members of
Grosvenor Continental Europe Holdings Limited
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



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

18 March 2013

Grosvenor Continental Europe Holdings Limited

Profit and Loss Account for the Year Ended 31 December 2012

	Note	2012 €	2011 €
Turnover		-	-
Gross profit		-	-
Administrative expenses		(9)	(8)
Operating loss	2	(9)	(8)
Income from shares in group undertakings		19,086,010	11,714,349
Interest receivable and similar income	4	273,941	-
Profit on ordinary activities before taxation		19,359,942	11,714,341
Tax on profit on ordinary activities	5	-	-
Profit for the financial year		19,359,942	11,714,341

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

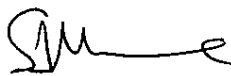
Grosvenor Continental Europe Holdings Limited

Balance Sheet as at 31 December 2012

	Note	2012 €	2011 €
Fixed assets			
Investments	6	<u>1,375,708,983</u>	<u>1,375,708,983</u>
		<u>1,375,708,983</u>	<u>1,375,708,983</u>
Current assets			
Debtors	7	1,007,766	11,713,805
Cash at bank and in hand		<u>67,523</u>	<u>1,542</u>
		1,075,289	11,715,347
Creditors: amounts falling due within one year	8	(194,218,649)	(224,218,649)
Net current liabilities		<u>(193,143,360)</u>	<u>(212,503,302)</u>
Total assets less current liabilities		1,182,565,623	1,163,205,681
Net assets		<u>1,182,565,623</u>	<u>1,163,205,681</u>
Capital and reserves			
Called up share capital	9	1,163,200,685	1,163,200,685
Profit and loss account	10	<u>19,364,938</u>	<u>4,996</u>
Shareholders' funds	10	<u>1,182,565,623</u>	<u>1,163,205,681</u>

These financial statements were approved by the Board and authorised for issue on 14 March 2013 and are signed on its behalf by


T L Budden


S J Moore

Company registration number 04233654

Grosvenor Continental Europe Holdings Limited

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 company is a wholly owned subsidiary of Grosvenor Group Limited, its ultimate parent undertaking, which is incorporated in Great Britain and registered in England and Wales and prepares consolidated financial statements. Consequently the company is not required to prepare consolidated financial statements.

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.

Investments

Investments held as fixed assets, including subsidiaries are stated at cost less provision for impairment.

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.

The company's taxation obligations are settled on its behalf by the intermediate holding company Grosvenor Estate Holdings. The benefit of this arrangement is recognised as a capital contribution from Grosvenor Estate Holdings to the company (or distribution from the company to Grosvenor Estate Holdings where a tax credit arises) with all current and deferred tax assets and liabilities recorded in the balance sheet of Grosvenor Estate Holdings.

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 credits are recognised to the extent that it is regarded as more likely than not that the related assets will be recovered. Deferred tax assets and liabilities are not discounted. As described above, whilst the deferred tax charge or credit is recognised in the profit and loss account of the company, the related deferred tax assets and liabilities are recorded in the balance sheet of Grosvenor Estate Holdings.

Grosvenor Continental Europe Holdings Limited

Notes to the Financial Statements

2. Operating Loss

Auditors' remuneration for 2012 is € 3,000 (2011 - € 3,000) and has been borne by Grosvenor Estate Holdings

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. Interest Receivable & Similar Income

	2012 €	2011 €
Interest receivable from group undertakings	273,941	-
	<u>273,941</u>	<u>-</u>

5. Taxation on Ordinary Activities

Taxation

	2012 €	2011 €
Current tax		
Total current tax	-	-
Deferred tax		
Total deferred tax	-	-
Tax on profit on ordinary activities	-	-

Tax reconciliation:

	2012 €	2011 €
Profit on ordinary activities before taxation	19,359,942	11,714,341
Tax on ordinary activities at the standard UK corporation rate of 24.5% (2011 - 26.5%)	4,743,186	3,104,300
Group relief (received)/surrendered for nil consideration	(67,113)	2
Other items attracting no tax relief or liability	(4,676,073)	(3,104,302)
Total current tax	-	-

Grosvenor Continental Europe Holdings Limited

Notes to the Financial Statements

6. Investments

Subsidiaries

	€
Cost:	
At 1 January 2012	1,375,708,983
At 31 December 2012	<u>1,375,708,983</u>
Net book value:	
At 31 December 2012	<u>1,375,708,983</u>
At 31 December 2011	<u>1,375,708,983</u>

At year end, the company holds 51,328,500 (2011 – 51,328,500) ordinary shares of €1 25 each and 7,243,724 (2011 - 7,243,724) non voting preferred shares of €1 25 each in Grosvenor International SA, a subsidiary holding company incorporated in Luxembourg which is listed on the Luxembourg stock exchange

The above represents the company's material subsidiary undertakings A full list of subsidiary undertakings is available on request

7. Debtors: amounts falling due within one year

	2012	2011
	€	€
Amounts owed by group undertakings	<u>1,007,766</u>	<u>11,713,805</u>
	<u>1,007,766</u>	<u>11,713,805</u>

8. Creditors: amounts falling due within one year

	2012	2011
	€	€
Amounts owed to group undertakings	<u>194,218,649</u>	<u>224,218,649</u>
	<u>194,218,649</u>	<u>224,218,649</u>

Grosvenor Continental Europe Holdings Limited

Notes to the Financial Statements

9. Called up Share Capital

Authorised share capital:

	2012	2011
	No	No
1,000,000,000 Ordinary shares of £1 each	<u>1,000,000,000</u>	<u>1,000,000,000</u>

Allotted, called up and fully paid:

	2012	2011
	€	€
814,362,983 Ordinary shares of £1 each	<u>1,163,200,685</u>	<u>1,163,200,685</u>

10. Reconciliation of Movements in Shareholders' Funds

	Share capital	Profit and loss	Total
	€	€	€
1 January 2012	1,163,200,685	4,996	1,163,205,681
Profit for the financial year	-	19,359,942	19,359,942
31 December 2012	<u>1,163,200,685</u>	<u>19,364,938</u>	<u>1,182,565,623</u>

11. 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

12. 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 and smallest group of undertakings of which the company is a member and for which group accounts are prepared Grosvenor Overseas Holdings Limited is the intermediate parent company

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