

**Grosvenor Continental Europe Holdings Limited**

Company Registration Number 04233654

**Annual Report and Financial Statements**

**Year Ended 31 December 2014**

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## **Grosvenor Continental Europe Holdings Limited**

### **Strategic Report**

The directors present their strategic and annual report together with the audited financial statements of the company for the year ended 31 December 2014.

#### **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 Group Limited's overseas investments. The directors do not anticipate any significant change in the activity of the company and its profitability.

The company was affected by a wider Group reorganisation in the year. Details of the key transactions can be found in the notes to the accounts.

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

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**

The results of the company for the year are shown in the Profit and Loss Account. Profit on ordinary activities before taxation was €27,532,274 (2013 - Profit of €193,093,812).

The balance sheet shows that the company's net assets decreased from €1,356,294,497 to €786,969,002 during the year.

#### **Key Performance Indicators**

The performance of the 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. The directors of Grosvenor Group 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.

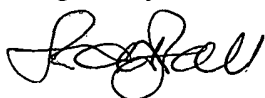
#### **Principal Risks and Uncertainties**

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

Signed by order of the Board



J Ball

Company Secretary

17 June 2015

## **Grosvenor Continental Europe Holdings Limited**

### **Directors' Report**

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

#### **Dividends**

The following dividends have been paid:

	<b>2014</b>	<b>2013</b>
	<b>€</b>	<b>€</b>
Dividends paid on ordinary shares	<b><u>940,658,362</u></b>	<b><u>19,364,938</u></b>

#### **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  
C J Jukes

Appointed 01/04/2014

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

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 or loss of the company for that period.

In preparing these financial statements, the directors are required by law to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 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.

## **Grosvenor Continental Europe Holdings Limited**

### **Directors' Report**

#### **Directors' Responsibilities Statement**

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 and should be interpreted 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

12 June 2015

**Independent Auditor's Report to the Members of**  
**Grosvenor Continental Europe Holdings Limited**  
**For the Year Ended 31 December 2014**

We have audited the financial statements of Grosvenor Continental Europe Holdings Limited for the year ended 31 December 2014 which comprise the profit and loss account, statement of total recognised gains and losses, 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 Practices Board's 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2014 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**

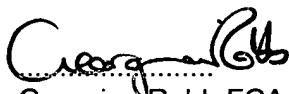
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent Auditor's Report to the Members of**  
**Grosvenor Continental Europe Holdings Limited**  
**For the Year Ended 31 December 2014**

**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.



Georgina Robb FCA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom

12 June 2015

**Grosvenor Continental Europe Holdings Limited**

**Profit and Loss Account for the Year Ended 31 December 2014**

	Note	2014 €	2013 €
<b>Turnover</b>		-	-
<b>Gross profit</b>		-	-
Administrative expenses		-	(17)
<b>Operating loss</b>	2	-	(17)
Income from shares in group undertakings		286,079,067	193,090,546
Impairment of investments	6	(258,546,793)	-
Interest receivable and similar income	4	-	3,283
<b>Profit on ordinary activities before taxation</b>		27,532,274	193,093,812
Tax on profit on ordinary activities	5	-	-
<b>Profit for the financial year</b>	10	27,532,274	193,093,812

All results are derived from continuing operations.

**Statement of Total Recognised Gains and Losses for the year Ended 31 December 2014**


	Note	2014 €	2013 €
Profit for the financial year attributable to the shareholders		27,532,274	193,093,812
Distributions received	10	783,579,295	-
Impairment of investments	6	(439,778,701)	-
<b>Total recognised gains and losses relating to the year</b>		371,332,868	193,093,812


**Grosvenor Continental Europe Holdings Limited**

**Balance Sheet as at 31 December 2014**

	Note	2014 €	2013 €
<b>Fixed assets</b>			
Investments	6	<u>806,383,489</u>	<u>1,375,708,983</u>
		<u>806,383,489</u>	<u>1,375,708,983</u>
<b>Current assets</b>			
Debtors	7	160,000,000	129,000,000
Cash at bank and in hand		<u>169,101</u>	<u>169,102</u>
		<u>160,169,101</u>	<u>129,169,102</u>
<b>Creditors: amounts falling due within one year</b>	8	<u>(179,583,586)</u>	<u>(148,583,588)</u>
<b>Net current liabilities</b>		<u>(19,414,486)</u>	<u>(19,414,486)</u>
<b>Total assets less current liabilities</b>		<u>786,969,002</u>	<u>1,356,294,497</u>
<b>Net assets</b>		<u>786,969,002</u>	<u>1,356,294,497</u>
<b>Capital and reserves</b>			
Called up share capital	9	758,331,984	1,163,200,685
Profit and loss account	10	<u>28,637,018</u>	<u>193,093,811</u>
<b>Shareholders' funds</b>	10	<u>786,969,002</u>	<u>1,356,294,496</u>

These financial statements were approved by the Board and authorised for issue on 12 June 2015 and are signed on its behalf by:

  
.....  
T L Budden

  
.....  
C J Jukes

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 the UK 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 Group Limited. The benefit of this arrangement is recognised as a capital contribution from Grosvenor Group Limited to the company (or distribution from the company to Grosvenor Group Limited where a tax credit arises) with all current and deferred tax assets and liabilities recorded in the balance sheet of Grosvenor Group Limited.

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 Group Limited.

## **Grosvenor Continental Europe Holdings Limited**

### **Notes to the Financial Statements**

#### **2. Operating Loss**

Auditors' remuneration for 2014 is €3,075 (2013 - €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**

	<b>2014</b>	<b>2013</b>
	<b>€</b>	<b>€</b>
Interest receivable from group undertakings	-	3,283
	<u>-</u>	<u>3,283</u>

#### **5. Taxation on profit on Ordinary Activities**

##### **Taxation**

	<b>2014</b>	<b>2013</b>
	<b>€</b>	<b>€</b>
Current tax:		
Total current tax	-	-
Deferred tax:		
Total deferred tax	-	-
Tax on profit on ordinary activities	<u>-</u>	<u>-</u>

##### **Tax reconciliation:**

	<b>2014</b>	<b>2013</b>
	<b>€</b>	<b>€</b>
Profit on ordinary activities before taxation	<u>27,532,274</u>	<u>193,093,812</u>
Tax on profit on ordinary activities at the standard UK corporation rate of 21.5% (2013 - 23.25%)	5,919,439	44,894,311
Group relief received for nil consideration	-	(759)
Expenses not deductible for tax purposes	55,587,560	-
Other tax adjustments	(61,506,999)	(44,892,793)
Total current tax	<u>-</u>	<u>-</u>

## **Grosvenor Continental Europe Holdings Limited**

### **Notes to the Financial Statements**

#### **6. Investments**

##### **Subsidiaries**

€

##### **Cost:**

At 1 January 2014	1,375,708,983
Additions	924,751,249
Disposals	(795,751,249)
At 31 December 2014	<u>1,504,708,983</u>

##### **Provisions:**

Impairment in year	(698,325,494)
At 31 December 2014	<u>(698,325,494)</u>

##### **Net book value:**

At 31 December 2014	<u>806,383,484</u>
At 31 December 2013	<u>1,375,708,983</u>

At 31 December 2014, the company holds 161,772,224 ordinary shares of €1.25 each (2013: 51,328,500) and nil non-voting preferred shares of €1.25 each (2013: 7,243,724) in Grosvenor International Sarl (formerly Grosvenor International SA). Additionally, the company holds 128,000,000 redeemable preference shares of €1.25 each (2013: nil) in Grosvenor International Sarl which are classified as amounts owed by group undertakings (note 7).

As part of a wider Group reorganisation, the following transactions, *inter alia*, occurred during the year:

- On 12 February 2014, Grosvenor International Sarl converted 7,243,724 non-voting preferred shares with a par value of €1.25 each into 7,243,724 ordinary shares with a par value of €1.25 each.
- On 12 February 2014, Grosvenor International Sarl issued 103,200,000 redeemable preference shares of €1.25 each
- On 18 June 2014, the company received the entire share capital of Grosvenor Asia Pacific Ltd and Grosvenor Americas Sarl, each of which is a fellow group undertaking, by way of a dividend from its wholly owned subsidiary, Grosvenor International Sarl.
- On 19 June 2014, the company transferred its holdings in Grosvenor Asia Pacific Ltd and Grosvenor Americas Sarl to its immediate parent company, Grosvenor Overseas Holdings Limited, a fellow group undertaking, by way of a dividend.
- On 19 June 2014, Grosvenor International Sarl converted 103,200,000 redeemable preference shares with a par value of €1.25 each into 103,200,000 ordinary shares with a par value of €1.25 each.
- On 31 October 2014, company received the entire share capital of Grosvenor Investments North America Inc., a fellow group undertaking, by way of a dividend from its wholly owned subsidiary, Grosvenor International Sarl.
- On 31 October 2014, the company transferred its holding in Grosvenor Investments North America Inc. to its immediate parent company, Grosvenor Overseas Holdings Limited, by way of a dividend.
- On 18 December 2014, Grosvenor International Sarl issued 128,000,000 redeemable preference shares with a par value of €1.25 each.

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

**Grosvenor Continental Europe Holdings Limited**

**Notes to the Financial Statements**

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

	2014 €	2013 €
Amounts owed by group undertakings	<u>160,000,000</u>	<u>129,000,000</u>
	<u>160,000,000</u>	<u>129,000,000</u>

All amounts are repayable on demand.

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

	2014 €	2013 €
Amounts owed to group undertakings	<u>179,583,586</u>	<u>148,583,588</u>
	<u>179,583,586</u>	<u>148,583,588</u>

All amounts are repayable on demand.

**9. Called up Share Capital**

**Authorised share capital:**

	2014 No	2013 No
1,000,000,000 Ordinary shares of £0.60 each (2013: £1 each)	<u>1,000,000,000</u>	<u>1,000,000,000</u>

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

	2014 €	2013 €
814,362,983 Ordinary shares of £0.60 each (2013: £1 each)	<u>758,331,984</u>	<u>1,163,200,685</u>

On 19 June 2014, the Company's reduced its share capital by way of reducing the nominal value of each of the 814,362,983 £1 shares by £0.40 to £0.60.

## **Grosvenor Continental Europe Holdings Limited**

### **Notes to the Financial Statements**

#### **10. Reserves**

	Called up Share capital	Profit and loss account	Other reserve	Total
	€	€	€	€
1 January 2014	1,163,200,685	193,093,811	-	<b>1,356,294,496</b>
Profit for the financial year	-	27,532,274	-	<b>27,532,274</b>
Dividends paid	-	(596,857,768)	(343,800,594)	<b>(940,658,362)</b>
Transfer between reserves	(404,868,701)	404,868,701	-	-
Distribution received	-	-	783,579,295	<b>783,579,295</b>
Impairment of investments	-	-	(439,778,701)	<b>(439,778,701)</b>
31 December 2014	<u>758,331,984</u>	<u>28,637,018</u>	<u>-</u>	<u><b>786,969,002</b></u>

The above movement in the company's reserves arose as part of a wider Group reorganisation which, *inter alia*, comprised:

- On 18 June 2014, the company received the entire share capital of Grosvenor Asia Pacific Ltd and Grosvenor Americas Sarl, each of which is a fellow group undertaking, by way of a dividend from its wholly owned subsidiary, Grosvenor International Sarl. In accordance with TECH 02/10, this dividend in kind of shares is treated as an unrealised profit and therefore goes through other reserves. As a consequence of the dividend paid by Grosvenor International Sarl, the value of Grosvenor International Sarl was impaired. Merger relief has been applied such that the impairment charge is also unrealised and so has been taken to other reserves.
- On 19 June 2014, the company undertook a share capital reduction of £404,868,701.
- On 19 June 2014, the company transferred its holdings in Grosvenor Asia Pacific Ltd and Grosvenor Americas Sarl to its immediate parent company, Grosvenor Overseas Holdings Limited, a fellow group undertaking, by way of a dividend. In accordance with TECH 02/10, the unrealised profit in other reserves resulting from the dividend received on 18 June 2014 (as described above) is treated by the company as a realised profit for the purposes of the onward distribution to Grosvenor Overseas Holdings Limited.
- On 31 October 2014, the company received the entire share capital of Grosvenor Investments North America Inc., a fellow group undertaking, by way of a dividend from its wholly owned subsidiary, Grosvenor International Sarl.
- On 31 October 2014, the company transferred its holding in Grosvenor Investments North America Inc. to its immediate parent company, Grosvenor Overseas Holdings Limited, by way of a dividend.

#### **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.

**Notes to the Financial Statements**

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

The company's ultimate parent undertaking is Grosvenor Group Limited, a company incorporated in the UK 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 immediate 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.