

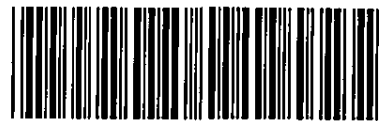
DAVIES RENTALS LIMITED

COMPANY REGISTRATION NUMBER 4377564

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2009

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DAVIES RENTALS LIMITED**DIRECTORS' REPORT**

The directors present their annual report together with the audited financial statements of the company for the year ended 31 December 2009

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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

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

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

As at 31 December 2009, the company had net current liabilities of £5,994,216 Grosvenor Limited has confirmed it will continue to support the company's obligations and as a result, 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

The directors have taken advantage of the special provisions available to small companies per S 415A of the Companies Act 2006

RESULTS AND DIVIDENDS

The results of the company for the year are shown on page 5 Loss on ordinary activities before taxation was £93,539 (2008 profit - £296,027)

The following dividends have been paid

	2009 £	2008 £
Dividends paid on ordinary shares	<u>684,211</u>	<u>295,436</u>

THE DIRECTORS OF THE COMPANY

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

L R Buck
G A Clarke
S J Curtis
R F Blundell
P S Vernon
J E T Clark
S R Elmer
G J Powell

(Appointed 10 July 2009)
(Appointed 2 March 2009)

DAVIES RENTALS LIMITED

DIRECTORS' REPORT *(continued)*

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

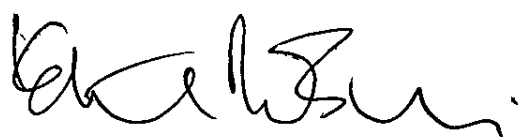
the directors have taken all reasonable steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

This information is given in accordance with S 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



K E Robinson
Company Secretary

12 MAR 2010

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
DAVIES RENTALS LIMITED
YEAR ENDED 31 DECEMBER 2009 *(continued)*

We have audited the financial statements of Davies Rentals Limited for the year ended 31 December 2009 which comprise the profit and loss account, statement of total recognised gains and losses, note of historical cost profits and losses, balance sheet and the related notes 1 to 14. 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 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 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 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 Boards (APB'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.

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 2009 and of its loss 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 AUDITORS' REPORT TO THE MEMBERS OF
DAVIES RENTALS LIMITED
YEAR ENDED 31 DECEMBER 2009 *(continued)*

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, or

the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report



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

12 March 2010

DAVIES RENTALS LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2009**

	Note	2009 £	2008 £
Turnover	2	365,619	535,442
Cost of sales		<u>(155,285)</u>	<u>(231,807)</u>
Gross profit		210,334	303,635
Administrative expenses		<u>(7,377)</u>	<u>(7,684)</u>
Operating profit	3	202,957	295,951
Loss on disposal of investment property		<u>(296,570)</u>	—
		(93,613)	295,951
Interest receivable and similar income and similar income		74	76
(Loss)/profit on ordinary activities before taxation		<u>(93,539)</u>	<u>296,027</u>
Tax on (loss)/profit on ordinary activities	5	—	—
(Loss)/profit for the financial year		<u>(93,539)</u>	<u>296,027</u>

All results are derived from continuing operations - - -

DAVIES RENTALS LIMITED**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**
FOR THE YEAR ENDED 31 DECEMBER 2009

	2009 £	2008 £
(Loss)/profit for the financial year attributable to the shareholders	(93,539)	296,027
Unrealised gain/(loss) on revaluation of investment properties	565,522	(2,790,000)
Total recognised gains and losses relating to the year	<u>471,983</u>	<u>(2,493,973)</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES

	2009 £	2008 £
Reported (loss)/ profit on ordinary activities before taxation	(93,539)	296,027
Realisation of property revaluation gains recognised in previous periods	237,130	—
Historical cost profit on ordinary activities before taxation	<u>143,591</u>	<u>296,027</u>
Historical cost profit for the year after taxation	<u>143,591</u>	<u>296,027</u>

The notes on pages 9 to 13 form part of these financial statements

DAVIES RENTALS LIMITED**BALANCE SHEET AS AT 31 DECEMBER 2009**

	Note	2009 £	2008 £
Fixed assets			
Investment properties	6	7,775,000	8,640,000
Fixtures and fittings	6	15,338	20,615
		<u>7,790,338</u>	<u>8,660,615</u>
Current assets			
Debtors	7	1,344,892	704,768
Creditors: amounts falling due within one year	8	(7,339,108)	(7,357,033)
Net current liabilities		<u>(5,994,216)</u>	<u>(6,652,265)</u>
Total assets less current liabilities		<u>1,796,122</u>	<u>2,008,350</u>
Capital and reserves			
Called up share capital	10	100	100
Revaluation reserve	11	1,732,110	1,403,718
Profit and loss account	12	63,912	604,532
Shareholders' funds	13	<u>1,796,122</u>	<u>2,008,350</u>

These financial statements were approved by the Board on the **12 MAR 2010** and are signed on its behalf by



Director



Director

Company registration number 4377564

The notes on pages 9 to 13 form part of these financial statements

DAVIES RENTALS LIMITED**NOTES TO THE FINANCIAL ACCOUNTS****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.

The directors' report describes the going concern basis of preparation of the 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) Turnover

The turnover shown in the profit and loss account represents gross income including rents receivable in the year.

(d) Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Furniture and equipment - 12 50% per annum

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.

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.

DAVIES RENTALS LIMITED**NOTES TO THE FINANCIAL ACCOUNTS****1. ACCOUNTING POLICIES** *(continued)***(f) 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 Limited. The benefit of this arrangement is recognised as a capital contribution from Grosvenor Limited to the company (or distribution from the company to Grosvenor Limited where a tax credit arises) with all current and deferred tax assets and liabilities recorded in the balance sheet of Grosvenor 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. 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 Limited. Deferred tax assets and liabilities are not discounted

2. TURNOVER

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

3. OPERATING PROFIT

Operating profit is stated after charging

	2009	2008
	£	£
Depreciation	<u>5,847</u>	<u>5,847</u>

Auditors' remuneration for 2009 of £2,350 (2008 - £2,200) was 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

DAVIES RENTALS LIMITED**NOTES TO THE FINANCIAL ACCOUNTS****5. TAXATION ON ORDINARY ACTIVITIES****Tax reconciliation:**

	2009 £	2008 £
(Loss)/profit on ordinary activities before taxation	<u>(93,539)</u>	<u>296,027</u>
Tax on ordinary activities at the standard UK corporation rate of 28% (2008 – 28.5%)	<u>(26,191)</u>	84,367
Expenses not deductible for tax	1,637	1,666
Tax on previous years' revaluations realised during the year	253,357	-
Indexation relief	<u>(53,869)</u>	-
Group relief surrendered/(received) for no consideration	<u>(174,934)</u>	31,332
Other tax adjustments	-	<u>(117,365)</u>
Total current tax	<u>-</u>	<u>-</u>

6. INVESTMENT PROPERTIES AND FIXTURES AND FITTINGS

	Long leasehold £	Fixtures and fittings £	Total £
Cost or valuation			
At 1 January 2009	8,640,000	46,773	8,686,773
Additions	-	570	570
Disposals	(1,430,522)	-	(1,430,522)
Revaluation	565,522	-	565,522
At 31 December 2009	<u>7,775,000</u>	<u>47,343</u>	<u>7,822,343</u>
Depreciation			
At 1 January 2009	-	26,158	26,158
Charge for the year	-	5,847	5,847
At 31 December 2009	<u>-</u>	<u>32,005</u>	<u>32,005</u>
Net book value			
At 31 December 2009	<u>7,775,000</u>	<u>15,338</u>	<u>7,790,338</u>
At 31 December 2008	<u>8,640,000</u>	<u>20,615</u>	<u>8,660,615</u>

Long leasehold investment properties were valued at 31 December 2009 by DTZ Debenham Tie Leung 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 £6,014,399 (2008 - £7,207,791)

The taxation on capital gains which would be payable on the surplus arising on the revaluation of investment properties, in the event of their sale at valuation, is estimated to be approximately £876,000 (2008 - £947,000)

DAVIES RENTALS LIMITED**NOTES TO THE FINANCIAL ACCOUNTS****7. DEBTORS: amounts falling due within one year**

	2009 £	2008 £
Trade debtors	815	—
Amounts owed by group undertakings	1,343,455	689,501
Other debtors	622	—
Prepayments and accrued income	—	15,267
	<u>1,344,892</u>	<u>704,768</u>

8. CREDITORS: amounts falling due within one year

	2009 £	2008 £
Trade creditors	16,549	25,456
Amounts owed to group undertakings	7,270,000	7,270,000
Accruals and deferred income	52,559	61,577
	<u>7,339,108</u>	<u>7,357,033</u>

9. 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

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

	2009 £	2008 £
100 Ordinary shares of £1 00 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	2009 £	2008 £
100 Ordinary shares of £1 00 each	<u>100</u>	<u>100</u>

DAVIES RENTALS LIMITED**NOTES TO THE FINANCIAL ACCOUNTS****11. REVALUATION RESERVE**

	2009 £	2008 £
At 1 January	1,403,718	4,193,718
Revaluation of fixed assets	565,522	(2,790,000)
Transfer to the profit and loss account on disposal of investment properties	(237,130)	—
At 31 December	<u>1,732,110</u>	<u>1,403,718</u>

12. PROFIT AND LOSS ACCOUNT

	2009 £	2008 £
At 1 January	604,532	603,941
(Loss)/profit for the financial year	(93,539)	296,027
Dividends paid	(684,211)	(295,436)
Transfer from revaluation reserve	237,130	—
At 31 December	<u>63,912</u>	<u>604,532</u>

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2009 £	2008 £
(Loss)/profit for the financial year	(93,539)	296,027
Other net recognised gains and losses	565,522	(2,790,000)
Dividends paid	(684,211)	(295,436)
Net reduction to shareholders' funds	(212,228)	(2,789,409)
Opening shareholders' funds	<u>2,008,350</u>	<u>4,797,759</u>
Closing shareholders' funds	<u>1,796,122</u>	<u>2,008,350</u>

14. 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