

Registered number: 05228441

**GROSVENOR FUND MANAGEMENT UK LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**



**GROSVENOR FUND MANAGEMENT UK LIMITED**

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**GROSVENOR FUND MANAGEMENT UK LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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The directors present their report and the audited financial statements for the year ended 31 December 2020.

**BUSINESS REVIEW**

The principal activity of Grosvenor Fund Management UK Limited (the 'Company') during the year was to act as a holding company and provide management services to subsidiaries involved in real estate investment management activities. The Company forms part of the Grosvenor Europe Group (the Group) and sits under Grosvenor Europe Limited.

The Company is in a net asset position of £5,036,295 (2019: *net liabilities of £5,566,190*) and net current asset position of £8,076,525 (2019: *current liabilities of £7,755,730*), and is loss making as at 31 December 2020.

The Company is a private company limited by shares and incorporated in England and Wales. Its registered office is 70 Grosvenor Street, London, W1K 3JP.

**RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £27,294,601 (2019: *loss £1,056,476*).

During the year, the directors recommended and paid a dividend of £15,000,000 to the Company's parent, Grosvenor Europe Limited (2019: *£nil*).

During the year the Company received dividends from subsidiary companies of £28,851,605 (2019: *£nil*).

**DIRECTORS**

The directors who served during the year and to the date of this report were:

S D Hyst  
R B Mallett  
D R Wright

**FUTURE DEVELOPMENTS**

The Company's results are largely linked to the performance of the property markets across Europe. The current uncertainty in these economies and their property markets could negatively impact the value of the portfolio over the next few years. Any related increase or decrease in profitability in the next 12 months is not expected to impact the long term strategy of the Company.

**THE UNITED KINGDOM'S RESIGNATION FROM THE EUROPEAN UNION**

On 31 December 2020, the United Kingdom completed its separation from the European Union with the ending of the transition period which saw the UK withdrawing from following all the rules and institutions of the European Union. The nature of the future relationship between the UK and the EU from 1 January 2021 onwards remains unclear. At the date of this report it is therefore not possible to assess in detail the opportunities and threats that this future relationship could present. The directors are managing these risks by closely monitoring developments, and are confident that the Company will be able to amend and modify its procedures to remain fully compliant with any future rules and regulations, and to maintain its standing and reputation in the marketplace throughout Europe and worldwide.

**GROSVENOR FUND MANAGEMENT UK LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**GOING CONCERN**

The Group is continuing to monitor developments associated with the Covid-19 virus and the associated near-term uncertainty for the global economy to understand the ongoing impact for the underlying property business and its tenants. Similarly, the Group continues to plan for all reasonable eventualities following the United Kingdom's exit from the European Union.

Having considered the economic factors outlined above, the directors have prepared cashflow forecasts for twelve months from the date of these accounts. The directors consider the preparation of accounts on the going concern basis to be appropriate, given the Company has a significant cash balance and was the recipient of significant cash consideration upon selling several investments on 1st January 2021. The Company will also see a significant reduction in administrative costs from the beginning of 2021 onwards, as staff costs will be paid by a fellow Group company. In addition, the directors have considered a 30% reduction in future 'true up' consideration in relation to the sale of the aforementioned investments and a 30% increase in the remaining costs as sensitivity analysis and continue to have a reasonable expectation that the Company has adequate resources for twelve months. As such the directors continue to consider preparation of the accounts on the going concern basis to be appropriate.

**DISCLOSURE OF INFORMATION TO AUDITOR**

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

**POST BALANCE SHEET EVENTS**

On 1st January 2021, the Company sold six companies to Grosvenor Investments Holdco Limited, a fellow subsidiary of Grosvenor Group Limited. Details can be found in note 20.

**AUDITOR**

The auditor, Deloitte LLP, has indicated its willingness to be reappointed for another term and is deemed to be reappointed accordingly, in accordance with section 485 of the Companies Act 2006.

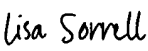
**GROSVENOR FUND MANAGEMENT UK LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**SMALL COMPANIES NOTE**

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf by:

DocuSigned by:  
  
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**L Sorrell**  
Secretary

Date: 20-Jul-2021

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<b>GROSVENOR FUND MANAGEMENT UK LIMITED</b>
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**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

Company law requires the directors to prepare audited financial statements for each financial year. Under that law the directors have elected to prepare the audited financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under Company law the directors must not approve the audited financial statements unless 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 audited financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

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**GROSVENOR FUND MANAGEMENT UK LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GROSVENOR FUND MANAGEMENT UK LIMITED**

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**OPINION**

In our opinion the financial statements of Grosvenor Fund Management UK Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 21.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

**BASIS FOR OPINION**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**CONCLUSIONS RELATING TO GOING CONCERN**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**OTHER INFORMATION**

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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**GROSVENOR FUND MANAGEMENT UK LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GROSVENOR FUND MANAGEMENT UK LIMITED**

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Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**RESPONSIBILITIES OF DIRECTORS**

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as tax and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how



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<b>GROSVENOR FUND MANAGEMENT UK LIMITED</b>
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GROSVENOR FUND MANAGEMENT UK LIMITED**

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and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the recoverability of investments. Our specific procedures performed to address this are described below:

- we obtained and documented an understanding of relevant controls in the investment impairment analysis process;
- we challenged management to determine the existence of any indicators of impairment for each investment held;
- we confirmed the arithmetic accuracy of all impairments recognised as at the balance sheet date;
- we agreed the net asset value of each investment to the underlying management accounts; and
- we concluded whether investments were held at an appropriate value as at 31 December 2020.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

### **OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

### **MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

Under the Companies Act 2006 we are required to report in respect of the following matters 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 from the requirement to prepare a strategic report.

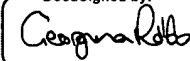
**GROSVENOR FUND MANAGEMENT UK LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GROSVENOR FUND MANAGEMENT UK LIMITED**

We have nothing to report in respect of these matters.

**USE OF OUR REPORT**

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.

DocuSigned by:  
  
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Georgina Robb FCA (Senior statutory auditor)

for and on behalf of

Deloitte LLP

London

United Kingdom

Date: 20-Jul-2021

<b>GROSVENOR FUND MANAGEMENT UK LIMITED</b>
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**INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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	Note	2020 £	2019 £
Administrative expenses	5	(1,618,794)	(1,525,225)
Other operating income	4	75,900	75,970
<b>Operating loss</b>	5	<b>(1,542,894)</b>	<b>(1,449,255)</b>
Dividends received	8	28,851,603	50,030
Impairment of investments	12	(17,203)	-
Interest receivable and similar income		293	1,288
<b>Profit/(loss) before tax</b>		<b>27,291,799</b>	<b>(1,397,937)</b>
Tax on profit/(loss)	9	2,802	341,461
<b>Profit/(loss) for the financial year</b>		<b>27,294,601</b>	<b>(1,056,476)</b>

All activities in the current and prior years are derived from continuing operations.

The notes on pages 14 to 32 form part of these financial statements.

<b>GROSVENOR FUND MANAGEMENT UK LIMITED</b>
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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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	Note	2020 £	2019 £
Profit/(loss) for the financial year		<u>27,294,601</u>	<u>(1,056,476)</u>
<b>Other comprehensive income:</b>			
Actuarial loss on defined benefit schemes		(2,052,435)	(722,094)
Deferred tax	16	481,148	73,796
<b>Total comprehensive income/(expense) for the year</b>		<u><u>25,723,314</u></u>	<u><u>(1,704,774)</u></u>

All activities in the current and prior years are derived from continuing operations.

The notes on pages 14 to 32 form part of these financial statements.

**GROSVENOR FUND MANAGEMENT UK LIMITED**  
**REGISTERED NUMBER: 05228441**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	11	-	-
Investments in subsidiaries	12	276,244	3,226,138
		<u>276,244</u>	<u>3,226,138</u>
<b>Current assets</b>			
Fixed asset investments held for sale	12	2,932,691	-
Debtors	13	8,435,907	9,846,482
Cash at bank and in hand		237,663	71,512
		<u>11,606,261</u>	<u>9,917,994</u>
Creditors: amounts falling due within one year	14	(3,529,736)	(17,673,724)
<b>Net current assets/(liabilities)</b>		<u>8,076,525</u>	<u>(7,755,730)</u>
<b>Total assets less current liabilities</b>		<u>8,352,769</u>	<u>(4,529,592)</u>
<b>Provisions for liabilities</b>			
Deferred taxation	16	(50,474)	(42,598)
		<u>(50,474)</u>	<u>(42,598)</u>
<b>Net assets/(liabilities) excluding pension liability</b>		<u>8,302,295</u>	<u>(4,572,190)</u>
Pension liability	15	(3,266,000)	(994,000)
<b>Net assets/(liabilities)</b>		<u>5,036,295</u>	<u>(5,566,190)</u>
<b>Capital and reserves</b>			
Called up share capital	18	4,500,000	4,500,000
Profit and loss account	17	536,295	(10,066,190)
<b>Total equity</b>		<u>5,036,295</u>	<u>(5,566,190)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on:  
20-Jul-2021

DocuSigned by:

*Richard Mallett*

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**R B Mallett**  
Director

The notes on pages 14 to 32 form part of these financial statements.

**GROSVENOR FUND MANAGEMENT UK LIMITED**  
**REGISTERED NUMBER: 05228441**

**BALANCE SHEET (CONTINUED)**  
**AS AT 31 DECEMBER 2020**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2020	4,500,000	(10,066,190)	(5,566,190)
<b>Comprehensive income for the year</b>			
Profit for the year	-	27,294,601	27,294,601
Actuarial losses on pension scheme (note 15)	-	(2,052,435)	(2,052,435)
Deferred tax movements (note 16)	-	360,319	360,319
<b>Total comprehensive income for the year</b>	-	25,602,485	25,602,485
Dividends (note 10)	-	(15,000,000)	(15,000,000)
<b>At 31 December 2020</b>	<b>4,500,000</b>	<b>536,295</b>	<b>5,036,295</b>

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2019	4,500,000	(8,361,416)	(3,861,416)
<b>Comprehensive income for the year</b>			
Loss for the year	-	(1,056,476)	(1,056,476)
Actuarial losses on pension scheme (note 15)	-	(722,094)	(722,094)
Deferred tax movements (note 16)	-	73,796	73,796
<b>Other comprehensive expense for the year</b>	-	(648,298)	(648,298)
<b>Total comprehensive expense for the year</b>	-	(1,704,774)	(1,704,774)
<b>At 31 December 2019</b>	<b>4,500,000</b>	<b>(10,066,190)</b>	<b>(5,566,190)</b>

The notes on pages 14 to 32 form part of these financial statements.

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**GROSVENOR FUND MANAGEMENT UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**1. GENERAL INFORMATION**

Grosvenor Fund Management UK Limited ('the Company') is a private company, limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the Company's registered at 70 Grosvenor Street, London, W1K 3JP.

The financial statements have been presented in Pound Sterling as this is the currency of the primary economic environment in which the Company operates and is rounded to the nearest pound.

**2. ACCOUNTING POLICIES**

**2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared in accordance with the Financial reporting standard 101 'Reduced Disclosure Framework' ("FRS101") and the Companies Act 2006.

The financial statements have been prepared under the historic cost basis.

Historic cost is generally based on the value of the consideration given in exchange for the assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36. In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

<b>GROSVENOR FUND MANAGEMENT UK LIMITED</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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## **2. ACCOUNTING POLICIES (CONTINUED)**

### **2.2 FINANCIAL REPORTING STANDARD 101 - REDUCED DISCLOSURE EXEMPTIONS**

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

These financial statements are separate financial statements. The Company is exempt from the preparation and delivery of consolidated financial statements because it is included in the group accounts of Grosvenor Group Limited. Where required, equivalent disclosures are given in the group accounts of Grosvenor Group Limited. The group accounts of Grosvenor Group Limited are available to the public and can be obtained as set out in note 21.

### **2.3 GOING CONCERN**

After making enquiries, the directors have reasonable expectation that the Company has adequate resources for the foreseeable future and for a minimum period of 12 months from the date of signing the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the Company's financial statements.

Having considered the economic factors outlined above, the directors have prepared cashflow forecasts for twelve months from the date of these accounts. The directors consider the preparation of accounts on the going concern basis to be appropriate, given the Company has a significant cash balance and was the recipient of significant cash consideration upon selling several investments on 1st January 2021. The Company will also see a significant reduction in administrative costs from the beginning of 2021 onwards, as staff costs will be paid by a fellow Group company. In addition, the directors have considered a 30% reduction in future 'true up' consideration in relation to the sale of the aforementioned investments and a 30% increase in the remaining costs as sensitivity analysis and continue to have a reasonable expectation that the Company has adequate resources for twelve months. As such the directors continue to consider preparation of the accounts on the going concern basis to be appropriate.



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**GROSVENOR FUND MANAGEMENT UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. ACCOUNTING POLICIES (CONTINUED)**

**2.4 TANGIBLE FIXED ASSETS**

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses. Land and buildings are stated at fair value, with valuation gains and losses recognised in equity.

Depreciation is charged to the Profit and Loss account as to allocate the cost of assets and major components over their estimated useful lives, using the straight-line method.

Depreciation rate ranges applied as follows:

Fixtures & Fittings: 12.50% - 33.3%

The assets' useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

**2.5 INVESTMENTS**

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

**2.6 DEBTORS**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.7 CASH AND CASH EQUIVALENTS**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**2.8 CREDITORS**

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**2.9 DIVIDENDS**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

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**GROSVENOR FUND MANAGEMENT UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. ACCOUNTING POLICIES (CONTINUED)**

**2.10 PENSIONS**

The Company operates a defined contribution plan and a defined benefit plan for its employees.

**Defined contribution plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

**Defined benefit plan**

The Company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the balance sheet date less the fair value of plan assets at the balance sheet date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 101 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

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**GROSVENOR FUND MANAGEMENT UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. ACCOUNTING POLICIES (CONTINUED)**

**2.11 INTEREST INCOME**

Interest income is recognised in the income statement using the effective interest method.

**2.12 BORROWING COSTS**

*All borrowing costs are recognised in the income statement in the year in which they are incurred.*

**2.13 PROVISIONS FOR LIABILITIES**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the income statement in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

**2.14 CURRENT AND DEFERRED TAXATION**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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**GROSVENOR FUND MANAGEMENT UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In applying the Company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

**3.1 Critical judgements in applying the company's accounting policies**

The directors do not consider there to be any critical accounting judgements made in the process of applying the Company's accounting policies.

**3.2 Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liability within the next financial year, are discussed below:

*(i) Defined benefit pension schemes*

The assumptions used in calculating the balance sheet assets and liabilities of the defined benefit pension schemes include estimates as set out in note 14. The assets and liabilities are sensitive to the application of these estimates and small changes can have a significant impact on the results and financial position of the Group.

*(ii) Impairment of investments and intercompany balances*

A key source of estimation uncertainty relates to the recoverability of investments and intercompany debtors that are held at cost less accumulated impairment. The underlying net asset value of investments is predominantly affected by the value of property held in the investments as these require specialist knowledge to value appropriately. The recoverability of intercompany debtors with these entities is thus similarly affected by property valuations.

The underlying properties within these investments have been individually valued by appropriately qualified valuers with suitable experience. The Market Value is based upon the Scope of Work and Valuation Assumption, and has been primarily derived using comparable recent market transactions on arm's length terms. No account has been taken of any discount or premium that may be negotiated in the market if all or part of the portfolio of properties were to be marketed simultaneously, either in lots or as a whole. The directors note that COVID-19 and the associated near-term economic uncertainty creates greater uncertainty in the estimation of these investment values and the underlying properties held in these investment vehicles.

Recoverability of this balance is assessed by comparing the Net Asset Value of the company, largely derived from property valuations, to the carrying value of the company in the Grosvenor Fund Management UK Limited accounts. This acts as an impairment indicator and is assessed by management. If management do not consider an impairment to be necessary, they produce cashflow forecasts to support this position.

<b>GROSVENOR FUND MANAGEMENT UK LIMITED</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**4. OTHER OPERATING INCOME**

	2020 £	2019 £
Fees receivable from group companies	<b>75,900</b>	75,970

All operating income arose in the United Kingdom and is derived from continuing operations.

**5. OPERATING LOSS**

The operating profit is stated after charging/(crediting):

	2020 £	2019 £
Depreciation of tangible fixed assets	-	33,569
Defined contribution pension cost	<b>35,671</b>	-
Defined benefit pension cost	<b>267,972</b>	422,448
	<b>303,643</b>	456,017

**6. AUDITOR'S REMUNERATION**

The Company paid the following amounts to its auditor in respect of the audit of the financial statements and for other services provided to the Company:

	2020 £	2019 £
Fees for the audit of the Company	<b>10,100</b>	9,700
Fees for the audit of the subsidiaries	<b>14,300</b>	12,600
	<b>24,400</b>	22,300

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent company.

<b>GROSVENOR FUND MANAGEMENT UK LIMITED</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**7. EMPLOYEES**

Staff costs were as follows:

	2020 £	2019 £
Wages and salaries	742,920	215,844
Social security costs	63,359	92,836
Cost of defined benefit scheme	302,643	422,448
	<u>1,108,922</u>	<u>731,128</u>

During the year, the average number of employees was 11 (2019: 16), who were employed by Grosvenor Estate Management Limited.

Wages and salaries are higher than the prior year due to the reversal of a credit to bonuses in the prior year. This was caused by an internal reapportionment to a fellow Grosvenor Group subsidiary.

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.

**8. INCOME FROM INVESTMENTS**

	2020 £	2019 £
Dividends received from unlisted investments	<u>28,851,603</u>	<u>50,030</u>

**9. TAXATION**

	2020 £	2019 £
Current tax on profits for the year	-	-
<b>Total current tax</b>	<u>-</u>	<u>-</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	73,207	175,312
Effect of tax rate changes	(76,009)	(18,454)
Adjustment for prior years	-	(498,319)
<b>Total deferred tax</b>	<u>(2,802)</u>	<u>(341,461)</u>
<b>Taxation on loss</b>	<u>(2,802)</u>	<u>(341,461)</u>

<b>GROSVENOR FUND MANAGEMENT UK LIMITED</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**9. TAXATION (CONTINUED)****FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax credit for the year is lower than (2019: *lower than*) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £	2019 £
Loss before tax	27,291,799	(1,397,937)
Loss multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	5,185,442	(265,608)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	3,572	7,367
Effect of tax rate change on deferred tax	(76,008)	(18,454)
Other items attracting no tax relief of liability	84,845	6,046
Group relief surrendered for no consideration	281,153	427,507
Adjustments to tax charge in respect of prior periods	-	(498,319)
Non-taxable income	(5,481,806)	-
<b>Total tax credit for the year</b>	<b>(2,802)</b>	<b>(341,461)</b>

**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

A current tax rate of 19%, being the UK corporation tax rate throughout the period, has been applied to the year ended 31 December 2020.

The UK Budget on 3 March 2021 announced an increase in the UK corporation tax rate from 19% to 25% from 1 April 2023. This change was not substantively enacted at the balance sheet date and therefore has not been reflected in the measurement of deferred tax balances at the period end. Once enacted this change would increase the net deferred tax asset by £239,117.

**10. DIVIDENDS PAID**

	2020 £	2019 £
Dividends paid	(15,000,000)	-
	15,000,000	-

During the year, the Company paid dividends to its parent, Grosvenor Europe Limited, of £15,000,000 and received dividends from subsidiary companies of £28,851,603.

GROSVENOR FUND MANAGEMENT UK LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**11. TANGIBLE FIXED ASSETS**

	<b>Fixtures &amp; Fittings £</b>
<b>Cost</b>	
At 1 January 2020	<u>334,345</u>
<b>At 31 December 2020</b>	<u>334,345</u>
<b>Depreciation</b>	
At 1 January 2020	<u>334,345</u>
<b>At 31 December 2020</b>	<u>334,345</u>
<b>At 31 December 2020</b>	<u>-</u>
<i>At 31 December 2019</i>	<u>-</u>



<b>GROSVENOR FUND MANAGEMENT UK LIMITED</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**12. FIXED ASSET INVESTMENTS**

	<b>Investments in subsidiary companies £</b>
<b>COST OR VALUATION</b>	
At 1 January 2020	3,583,994
Transfer to fixed asset investments held for sale (see note 20)	(2,932,691)
At 31 December 2020	<u>651,303</u>
<b>IMPAIRMENT</b>	
At 1 January 2020	357,856
Charge for the period	17,203
At 31 December 2020	<u>375,059</u>
<b>NET BOOK VALUE</b>	
At 31 December 2020	<u><u>276,244</u></u>
At 31 December 2019	<u><u>3,226,138</u></u>

No gain or loss was recognised in the P&L as a result of the transfer of six companies to 'fixed asset investments held for sale'. The companies transferred and sold after the year end were Grosvenor Investment Management Limited, Grosvenor Liverpool Limited, Grosvenor Management Jersey Limited, Liverpool One Residential General Partner Limited, Liverpool One Management Company Limited, and Grosvenor Management Limited.

<b>GROSVENOR FUND MANAGEMENT UK LIMITED</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**12. FIXED ASSET INVESTMENTS (CONTINUED)****SUBSIDIARY UNDERTAKINGS**

After the year end, the Company sold several subsidiary investments which have been transferred to 'fixed asset investments held for sale' within current assets on the Balance Sheet. See note 20 for further information.

After the year end, three of the subsidiary companies below were dissolved. These companies are London Office II (Growth) General Partner Limited, London Office II (Growth) LP Limited, and Retail Centres V Sweden LP Limited.

At the year end, the below companies were subsidiary undertakings of the Company. The registered office of all companies excluding Liverpool One Management Company Limited is 70 Grosvenor Street, London, United Kingdom, W1K 3JP. The registered office of Liverpool One Management Company Limited is 33 Margaret Street, London, W1G 0LD.

There were impairments on investments totalling £17,203 during the year (2019: £nil) to reflect decreases in recoverable amounts in underlying investments.

<b>Name</b>	<b>Principal activity</b>	<b>Class of shares</b>	<b>Holding</b>
Grosvenor Liverpool Limited	Fund General Partner	Ordinary	100%
Grosvenor Management Jersey Limited	Investment Management	Ordinary	100%
Grosvenor Investment Management Limited	Investment Management	Ordinary	100%
Grosvenor Basingstoke Management Limited	Investment Management	Ordinary	100%
Grosvenor UK Properties Limited	Fund General Partner	Ordinary	100%
Grosvenor Management Limited	Fund General Partner	Ordinary	100%
Talbot General Partner Limited	Fund General Partner	Ordinary	100%
Grosvenor Residential GP Limited	Fund General Partner	Ordinary	100%
Grosvenor Fund Management Limited	Fund Carried Interest Partner	Ordinary	100%
Grosvenor Asset Management Limited	Asset Management	Ordinary	100%
Liverpool One Management Company Limited	Management Company	Ordinary	50%
Liverpool One Residential GP Limited	Fund General Partner	Ordinary	100%
London Office II (Growth) General Partner Limited	Fund General Partner	Ordinary	100%
London Office II (Growth) LP Limited	Fund Limited Partner	Ordinary	100%
Retail Centres V (Sweden) General Partner Limited	Fund General Partner	Ordinary	100%
Retail Centres V (Sweden) LP Limited	Fund Limited Partner	Ordinary	100%

<b>GROSVENOR FUND MANAGEMENT UK LIMITED</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**13. DEBTORS**

	2020 £	2019 £
<b>DUE AFTER MORE THAN ONE YEAR</b>		
Deferred tax asset	807,677	436,680
	<u>807,677</u>	<u>436,680</u>
<b>DUE WITHIN ONE YEAR</b>		
Trade debtors	480,759	378,774
Amounts owed by group undertakings	6,682,862	8,562,968
Other debtors	310,444	398,001
Prepayments and accrued income	154,165	70,059
	<u>8,435,907</u>	<u>9,846,482</u>

There are no interest bearing amounts owed by group undertakings at 31 December 2020 (2019: £nil).

Amounts owed by group undertakings are repayable on demand.

**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020 £	2019 £
Trade creditors	-	42,393
Amounts owed to group undertakings	1,923,193	15,604,609
Other taxation and social security	7,092	-
Other creditors	1,504,315	1,931,711
Accruals and deferred income	95,136	95,011
	<u>3,529,736</u>	<u>17,673,724</u>

There are no interest bearing amounts owed to group undertakings at 31 December 2020 (2019: £nil).

Amounts owed to group undertakings are repayable on demand.

Other creditors include amounts payable to employees as at 31 December 2020 and 31 December 2019.

<b>GROSVENOR FUND MANAGEMENT UK LIMITED</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**15. RETIREMENT BENEFIT SCHEMES**

**Defined contribution scheme**

The Company participates in defined contribution retirement benefit schemes. The Company contributes a percentage of salary into the defined contribution schemes to fund the benefits. The assets of the schemes are held separately from those of the Grosvenor Group in funds under the control of independent pension providers. The only obligation of the Company with respect to the defined contribution schemes is to make the specified contributions.

**Defined benefit scheme**

The Company, along with other companies in the Grosvenor Group, principally participates in the Grosvenor Pension Plan (the "Plan", formerly the Grosvenor Estates Pension Scheme), a defined benefit pension plan which has benefits based on service and final salary. The plan is approved by HMRC for tax purposes, and is operated separately from the Grosvenor Group and managed by an independent set of Trustees. The Trustees are responsible for payment of the benefits and management of the plan's assets. The plan is subject to UK regulations, which require the Grosvenor Group and Trustees to agree a funding strategy and contribution schedule for the plan.

The Company participates in defined benefit schemes that provide pensions for both the Company and employees of other entities owned by Grosvenor Group Limited and its shareholders. The Company accounts for its proportionate share of defined benefit obligations, plan assets and costs of the schemes. The schemes provide retirement benefits based upon pensionable salary and length of service. The principal scheme, which is open to all staff, provides a defined benefit pension up to an upper earnings limit; above this limit the Company contributes between 25% and 30% of that tranche of salary into a defined contribution scheme. Some members accrue benefits on historical scales which provide pensions based on full salary.

Independent qualified actuaries complete valuations of the schemes at least every three years and, in accordance with their recommendations, annual contributions are paid to the schemes so as to secure the benefits set out in the rules.

As with the vast majority of similar arrangements, the Grosvenor Group ultimately underwrites the risks relating to the defined benefit plan. These risks include investment risks and demographic risks, such as the risk of members living longer than expected. The plan holds a large proportion of its assets in equity investments. Strong future equity returns would be expected to reduce the company's future cash contributions (and vice versa). If the contributions currently agreed are insufficient to pay the benefits due, the company will need to make further contributions to the plan.

The amounts recognised in the Profit and Loss Account in respect of defined benefit schemes are as follows:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Current service cost	<b>237,000</b>	<b>368,000</b>
Past service cost	<b>4,000</b>	<b>36,000</b>
Net interest cost	<b>26,000</b>	<b>18,000</b>
	<b><u>267,000</u></b>	<b><u>422,000</u></b>

<b>GROSVENOR FUND MANAGEMENT UK LIMITED</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**15. RETIRED BENEFIT SCHEMES (continued)**

The amounts included in Other Comprehensive Income in respect of defined benefit schemes are as follows:

	2020 £	2019 £
Changes in financial assumptions	(2,260,000)	(2,983,000)
Changes in assumptions underlying liabilities	(284,000)	(597,000)
Defined benefit scheme assets actuarial gain	492,000	2,858,000
	<u>(2,052,000)</u>	<u>(722,000)</u>

Movements in the present value of defined benefit obligations were:

	2020 £	2019 £
At 1 January	28,795,000	25,271,000
Current service cost	237,000	368,000
Past service cost	4,000	36,000
Curtailment	-	-
Interest cost	258,000	745,000
Actuarial gain due to changes in financial assumptions	2,260,000	2,980,000
Benefits paid	(264,000)	(605,000)
<b>At 31 December</b>	<u><b>31,290,000</b></u>	<u><b>28,795,000</b></u>

Movements in the fair value of scheme assets were:

	2020 £	2019 £
At 1 January	27,804,000	25,262,000
Opening adjustment - new allocation	(285,000)	(597,000)
Interest on plan assets	232,000	727,000
Actual return on plan assets less interest on plan assets	492,000	2,857,000
Regular contributions by the employer	46,000	160,000
Benefits paid	(265,000)	(605,000)
<b>At 31 December</b>	<u><b>28,024,000</b></u>	<u><b>27,804,000</b></u>

<b>GROSVENOR FUND MANAGEMENT UK LIMITED</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**15. RETIREMENT BENEFIT SCHEMES (continued)**

Movements in net defined liability was:

	2020 £	2019 £
At 1st January	(993,000)	(9,000)
Charge to profit and loss	(267,000)	(422,000)
Amounts recognised outside of profit and loss	(2,052,000)	(722,000)
Employer contributions	46,000	160,000
	<u>(3,266,000)</u>	<u>(993,000)</u>

Analysis of the scheme assets:

	2020 £	2019 £
Equities	20,362,000	21,837,000
Corporate bonds	2,676,000	3,246,000
Multi-asset credit funds	2,318,000	2,299,000
Other *	2,668,000	421,000
<b>At 31 December</b>	<u><b>28,024,000</b></u>	<u><b>27,803,000</b></u>

The plan does not invest directly in property occupied by the Group or in financial securities issued by the Group.

The plan's assets are invested in a diversified range of asset classes as set out in this note. These assets include liability matching assets and annuity policies purchased by the Trustees which aim to match the benefits to be paid to some members from the plan and therefore remove the investment, inflation and demographic risks in relation to those liabilities.

\* Other assets includes AVCs, Annuity Policies, Cash and Infrastructure.

	2020 £	2019 £
Fair value of plan assets	28,024,000	27,803,000
Present value of plan liabilities	(31,290,000)	(28,797,000)
<b>Net pension scheme liability</b>	<u><b>(3,266,000)</b></u>	<u><b>(994,000)</b></u>

<b>GROSVENOR FUND MANAGEMENT UK LIMITED</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**15. RETIREMENT BENEFIT SCHEMES (continued)**

	2020 £	2019 £
Actuarial losses	<u>(2,052,000)</u>	<u>(722,000)</u>

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2020	2019
Discount rate	1.27	2.11
Expected rate of salary increases	4.10	3.60
Expected rate of future pension increases	2.85	2.95
Inflation	2.85	2.95

The assumed life expectancy of a 65 year old male today is 23.7 years (2019: 24.5 years) and a 65 year old female today is 26.0 years (2019: 26.2 years).

The assumed life expectancy of a 65 year old male in 20 years is 25.3 years (2019: 26.2 years) and a 65 year old female in 20 years is 27.7 years (2019: 27.7 years).

The sensitivity to the assumptions above of the total defined benefit obligation and approximate income statement expense is set out as follows:

	Total defined benefit obligation £	Approximate expense in 2021 £
<b>Approximate impact of:</b>		
Increase in discount rate 0.25%	(769,270)	(29,520)
Increase in inflation rate by 0.25%	803,720	30,810
Increase in life expectancy by 1 year at 65	602,040	23,110
	<u>636,490</u>	<u>24,400</u>

The calculations in this section have been carried out using the same method and data as the Group's pensions and accounting figures with each assumption adjusted as shown above. Each assumption has been varied individually and a combination of changes in assumptions could produce a different result.

<b>GROSVENOR FUND MANAGEMENT UK LIMITED</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**16. DEFERRED TAXATION**

	2020 £	2019 £
At beginning of year	394,082	(21,175)
Credited to profit or loss	2,802	341,461
Credited to other comprehensive income	360,319	73,796
<b>At end of year</b>	<b>757,203</b>	<b>394,082</b>

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Other property, plant and equipment	(50,474)	(42,598)
Other items (including employee benefit)	807,677	436,680
	<b>757,203</b>	<b>394,082</b>
<b>COMPRISING:</b>		
Asset: due after one year	807,677	436,680
Liability	(50,474)	(42,598)
	<b>757,203</b>	<b>394,082</b>

**17. RESERVES****Profit and loss account**

Profit & loss account contains cumulative earnings to carry forward.

**18. CALLED UP SHARE CAPITAL**

	2020 £	2019 £
<b>AUTHORISED, ALLOTTED, CALLED UP AND FULLY PAID</b>		
4,500,000 Ordinary shares of £1 each	4,500,000	4,500,000

The shares were issued at par value of £1.

The Company has one class of ordinary shares which carry ordinary voting rights but no right to fixed income.



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**GROSVENOR FUND MANAGEMENT UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**19. RELATED PARTY TRANSACTIONS**

Included within trade debtors is £384,819 (2019: £264,819) due from the Grosvenor Liverpool Fund, a Limited Partnership which is part of the Grosvenor Europe group. These amounts are repayable on demand.

**20. POST BALANCE SHEET EVENTS**

On 1st January 2021, the Company sold six companies to Grosvenor Investments Holdco Limited, a fellow Grosvenor Group company. The total proceeds were £3,764,804. The Company made a profit on disposal of £832,113. The investments are classed as 'fixed asset investments held for sale' within current assets on the Balance Sheet.

The companies sold were Grosvenor Investment Management Limited, Grosvenor Liverpool Limited, Grosvenor Management Jersey Limited, Liverpool One Residential General Partner Limited, Liverpool One Management Company Limited, and Grosvenor Management Limited.

After the year end, three investments held by the Company were dissolved. These companies are London Office II (Growth) General Partner Limited, London Office II (Growth) LP Limited, and Retail Centres V Sweden LP Limited.

**21. CONTROLLING PARTY**

The Company's ultimate parent undertaking and controlling party is Grosvenor Group Limited a company incorporated in the United Kingdom and registered in England and Wales which is wholly owned by trusts on behalf of the Grosvenor family, headed by the Duke of Westminster. The registered address of Grosvenor Group Limited is 70 Grosvenor Street, London, W1K 3JP.

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 Europe 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.