
GCH INVESTMENTS (2) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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GCH INVESTMENTS (2) LIMITED

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GCH INVESTMENTS (2) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their annual report on the affairs of the Company together with the financial statements for the year ended 31 December 2016.

The directors have taken advantage of the special provisions available to small companies provided by s.415A of the Companies Act 2006 in respect of preparing the directors' report and in preparing a strategic report.

BUSINESS REVIEW

The principal activity of the Company during the year was its investment in GCH Investments LLP.

The Company is in a net asset position and net current liability position, and does not have any profit or loss making activity as at 31 December 2016.

The intermediate holding company, Grosvenor Limited, has provided the directors of the Company with a letter of support confirming that it intends to support the Company for a period of not less than twelve months from the date of signing the accounts, provided that the Company remains a wholly owned subsidiary of Grosvenor Group Limited. Grosvenor Limited intends to enable it to meet its liabilities as they fall due. The directors have made enquiries and understand that the intermediate holding company has adequate resources to be able to provide this financial support.

GOING CONCERN

After making enquiries the directors have a 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.

The Company is incorporated in the United Kingdom and its registered office is 70 Grosvenor Street, London, W1K 3JP.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £NIL (2015 - £NIL).

The directors have not recommended payment of a dividend in the current or preceding year.

The Balance Sheet shows that the Company's net assets remain at £1 during the year.

DIRECTORS

The directors who served during the year, and subsequently, except as noted, were:

R F C Blundell

D C Lee

R I Powell (resigned 28 April 2016)

U Schwarz-Runer (resigned 28 April 2016)

P S Vernon (resigned 31 December 2016)

D Yaldron

C McWilliam (appointed 28 April 2016)

S Harding-Roots (appointed 28 April 2016)

W R Bax (appointed 5 January 2017)

GCH INVESTMENTS (2) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

DIRECTORS' INDEMNITIES

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

PRINCIPAL RISKS AND UNCERTAINTIES

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

Grosvenor Limited 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 Limited.

DISCLOSURE OF INFORMATION TO AUDITORS

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

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that 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 auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s.418 of the Companies Act 2006.

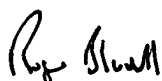
POST BALANCE SHEET EVENTS

There have been no significant events affecting the Company since 31 December 2016.

AUDITOR

Deloitte LLP, has indicated its willingness to be reappointed for another term and is deemed to be reappointed accordingly.

This report was approved by the board on 22 March 2017 and signed on its behalf.



.....
R F C Blundell
Director

GCH INVESTMENTS (2) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors are responsible for preparing the Directors' 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 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 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 to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

GCH INVESTMENTS (2) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GCH INVESTMENTS (2) LIMITED

We have audited the financial statements including the Income Statement, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 10, of GCH Investments (2) Limited for the year ended 31 December 2016, set out on pages 6 to 15. The relevant 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'.

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 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 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 2016 and of its result 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.

GCH INVESTMENTS (2) LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GCH INVESTMENTS (2) LIMITED
(CONTINUED)**

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

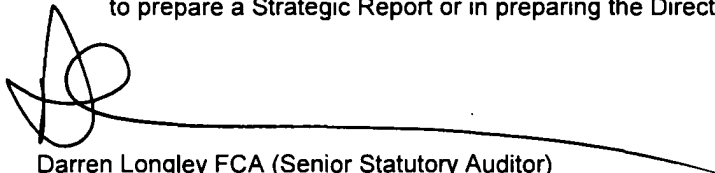
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with those financial statements; and
- the Directors' Report report has been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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 from the requirement to prepare a Strategic Report or in preparing the Directors' Report.



Darren Longley FCA (Senior Statutory Auditor)

for and on behalf of
Deloitte LLP

Chartered Accountants and Statutory Auditor

London

22 March 2017

GCH INVESTMENTS (2) LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016**

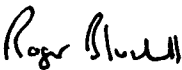
The Company has not traded during the year or the preceding financial year. During these periods, the Company received no income and incurred no expenditure and therefore made neither profit or loss.

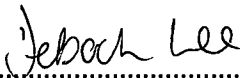
GCH INVESTMENTS (2) LIMITED
REGISTERED NUMBER: 08235495

BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
Investments	6	12,363,250	11,388,250
		<u>12,363,250</u>	<u>11,388,250</u>
Current assets			
Debtors: amounts falling due within one year	7	1	1
		<u>1</u>	<u>1</u>
Creditors: amounts falling due within one year	8	(12,363,250)	(11,388,250)
Net current liabilities		<u>(12,363,249)</u>	<u>(11,388,249)</u>
Total assets less current liabilities		1	1
 Net assets		 <u>1</u>	 <u>1</u>
 Capital and reserves			
Called up share capital	9	1	1
		<u>1</u>	<u>1</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 March 2017.


.....
R F C Blundell
Director


.....
D C Lee
Director

The notes on pages 9 to 15 form part of these financial statements.

GCH INVESTMENTS (2) LIMITED

**STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2016**

	Called up share capital	Total equity
	£	£
At 1 January 2016	1	1
At 31 December 2016	1	1

**STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2015**

	Called up share capital	Total equity
	£	£
At 1 January 2015	1	1
At 31 December 2015	1	1

The notes on pages 9 to 15 form part of these financial statements.

GCH INVESTMENTS (2) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

The financial statements have been prepared under the historical costs basis, except for the revaluation of certain assets and liabilities that are restated at revalued amounts or for values at the end of each reporting period.

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 measurements 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 in directly; 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 2).

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

The following accounting policies have been applied:

GCH INVESTMENTS (2) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES (CONTINUED)

1.2 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 118(e) of IAS 38 Intangible Assets;
 - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
- 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 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

1.3 GOING CONCERN

The Directors' Report describes the going concern basis of preparation of the financial statements.

1.4 INVESTMENTS

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

1.5 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in unlisted company shares, which have been classified as fixed asset investments as the Company intends to hold them on a continuing basis are remeasured to market value at each Balance Sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

Investments in listed company shares are remeasured to market value at each Balance Sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

1.6 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES (CONTINUED)

1.7 FINANCIAL INSTRUMENTS

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The Company classifies all of its financial assets as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Income Statement. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

The Company classifies all of its financial liabilities as liabilities at amortised cost.

At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Balance Sheet.

1.8 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.

GCH INVESTMENTS (2) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES (CONTINUED)

1.9 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 change 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 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 value 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.

2. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

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:

Income tax

The Company applies judgement in the application of taxation regulations and makes estimates in calculating current income tax and deferred tax assets and liabilities, including the likely availability of future taxable profits against which deferred tax assets can be utilised.

Impairment of investment in subsidiaries

Determining whether the Company's investments in subsidiaries have been impaired requires estimations of the investments' values in use.

GCH INVESTMENTS (2) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

3. AUDITORS' REMUNERATION

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

	2016 £	2015 £
Fees for assurance services	1,573	1,258
	<u>1,573</u>	<u>1,258</u>

The audit fee is borne by Grosvenor Estate Management Limited, a fellow subsidiary undertaking.

No fees were payable to Deloitte LLP and its associates for non-audit services to the Company during the current or preceding year.

4. EMPLOYEES

No fees or other emoluments were paid to the directors of the Company during either the current or the preceding year in respect of their services to the Company. The directors are paid by Grosvenor Estate Management Limited.

There were no employees of the Company for the current or preceding year.

5. TAXATION

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2015 - *lower than*) the standard rate of corporation tax in the UK of 20% (2015 - 20.25%). The differences are explained below:

	2016 £	2015 £
EFFECTS OF:		
Other items attracting no tax relief or liability	(15,555)	-
Group relief received for no consideration	15,555	-
TOTAL TAX CHARGE FOR THE YEAR	<u>-</u>	<u>-</u>

GCH INVESTMENTS (2) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

5. TAXATION (CONTINUED)

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

On 1 April 2015, the UK corporate tax rate was reduced from 21% to 20%. It will reduce to 19% from 1 April 2017 and was due to reduce to 18% from 1 April 2020. However, a further reduction to 17% from 1 April 2020 was substantively enacted on 6 September 2016 (Finance Act 2016).

A current tax rate of 20% has been applied to the year ended 31 December 2016.

A deferred tax rate of 17% has been applied to opening balances and movements in deferred tax in the year ended 31 December 2016.

6. INVESTMENTS

	Investment in joint ventures £
Cost or valuation	
At 1 January 2016	11,388,250
Additions	975,000
At 31 December 2016	12,363,250
At 31 December 2016	12,363,250
<i>At 31 December 2015</i>	<i>11,388,250</i>

The Company has a 50% interest in GCH Investments LLP, whose principal activity is investment in NLG Campden LLP. Both LLPs are incorporated and operate in Great Britain.

The registered office of GCH Investments LLP is 70 Grosvenor Street, London, W1K 3JP.

The registered office of NLG Campden LLP is The Pavilion, 118 Southwark Street London, SE1 0SW.

GCH INVESTMENTS (2) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

7. DEBTORS: Amounts falling due within one year

	2016 £	2015 £
Amounts owed by group undertakings	1	1
	<u>1</u>	<u>1</u>

8. CREDITORS: Amounts falling due within one year

	2016 £	2015 £
Amounts owed to group undertakings	12,363,250	11,388,250
	<u>12,363,250</u>	<u>11,388,250</u>

There are no interest bearing amounts owed to group undertakings at 31 December 2016 (2015: £NIL).

Amounts owed to group undertakings are repayable on demand.

9. CALLED UP SHARE CAPITAL

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

10. 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 on behalf 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. Grosvenor Developments Limited is the immediate holding company.

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