

GROSVENOR UK FINANCE PLC

COMPANY REGISTRATION NUMBER 4140116

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**

PERIOD FROM 12 JANUARY 2001 TO 31 DECEMBER 2001



GROSVENOR UK FINANCE PLC

DIRECTORS' REPORT

The directors submit their first report together with the audited financial statements of the company for the period from 12 January 2001 to 31 December 2001.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company was incorporated on 12 January 2001 as Trushelfco (No. 2774) Limited. It changed its name and re-registered as a public company on 12 March 2001.

The principal activity of the company during the period was the raising and on-lending of finance to the Grosvenor Limited group for general use in its business.

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

RESULTS AND DIVIDENDS

The results of the company for the period are shown on page 4. Profit on ordinary activities before taxation was £210,000.

The directors have not recommended payment of a dividend.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the period were as follows:

R S Handley	(Appointed 20 March 2001)
S H R Musgrave	(Appointed 20 March 2001)
R D Kent	(Appointed 30 April 2001)
K J Legg	(Served from 5 March 2001 to 20 March 2001)
M S Hutchinson	(Served from 5 March 2001 to 20 March 2001)
D C J Rowe	(Served from 12 January 2001 to 5 March 2001)
E J Zuercher	(Served from 12 January 2001 to 5 March 2001)

None of the directors in office at 31 December 2001 had any interests in the securities of the company, Grosvenor Group Holdings Limited, its ultimate parent undertaking, or any of its fellow subsidiary undertakings which are required to be disclosed under the Companies Act 1985.

DIRECTORS' RESPONSIBILITIES

United Kingdom Company Law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the period and of the profit or loss for the period then ended.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies, as described on page 6, and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

GROSVENOR UK FINANCE PLC**DIRECTORS' REPORT** *(continued)***DIRECTORS' RESPONSIBILITIES (continued)**

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company, the system of internal control and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

POLICY ON PAYMENT OF SUPPLIERS

Payment terms are agreed with suppliers on an individual basis. It is the policy of the Company to abide by the agreed terms, provided that the suppliers also comply with all relevant terms and conditions. The company has no trade creditors.

CORPORATE GOVERNANCE

The company is eligible for exemption from the Financial Services Authority requirements relating to corporate governance disclosures since it has only issued debt securities.

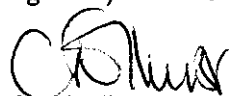
GOING CONCERN BASIS

After making enquiries, the directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For this reason the directors continue to adopt the going concern basis in preparing the financial statements.

AUDITORS

Pursuant to S386 of the Companies Act 1985 an elective resolution has been passed to dispense with the requirement to reappoint auditors annually.

Signed by order of the Board



C M Tolhurst
Company Secretary

29 APR 2002

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GROSVENOR UK FINANCE PLC
PERIOD FROM 12 JANUARY 2001 TO 31 DECEMBER 2001

We have audited the financial statements of Grosvenor UK Finance plc for the period ended 31 December 2001 which comprise the profit and loss account, the balance sheet, and the related notes 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2001 and of the profit of the company for the period from 12 January 2001 to 31 December 2001, and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Deloitte & Touche
Chartered Accountants & Registered Auditors
Hill House, 1 Little New Street
London, EC4A 3TR

29 April 2002

GROSVENOR UK FINANCE PLC**PROFIT AND LOSS ACCOUNT FOR THE
PERIOD FROM 12 JANUARY 2001 TO 31 DECEMBER 2001**

		Period from 12 January 2001 to Note 31 December 2001 £ 000's
Turnover		-
Administrative expenses		(23)
Operating loss		(23)
Interest receivable	4	4,213
Interest payable and similar charges	5	(3,980)
Profit on ordinary activities before taxation		210
Tax on profit on ordinary activities	6	(63)
Profit for the financial period		147

The company has no recognised gains or losses in the current period other than the results as set out above.

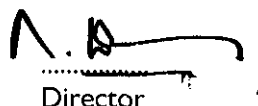
All of the activities of the company are classed as continuing.

GROSVENOR UK FINANCE PLC**BALANCE SHEET AS AT 31 DECEMBER 2001**

	Note	31 December 2001 £ 000's
Current assets		
Debtors	7	206,427
Creditors: amounts falling due within one year	8	(3,405)
Net current assets		<u>203,022</u>
Total assets less current liabilities		203,022
Creditors: amounts falling due after more than one year	9	(202,825)
		<u>197</u>
Capital and reserves		
Called-up equity share capital	11	50
Profit and loss account	12	<u>147</u>
Equity shareholders' funds	13	<u>197</u>

These financial statements were approved by the Board on the **29 APR 2002** and are signed on its behalf by:


Director


Director

GROSVENOR UK FINANCE PLC**NOTES TO THE FINANCIAL STATEMENTS****1. ACCOUNTING POLICIES****(a) Basis of accounting**

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

(b) Cash flow statement

The directors have taken advantage of the exemption in FRS1 (revised) 'Cash flow statements' from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

2. AUDITORS' REMUNERATION

Auditors' remuneration for Grosvenor UK Finance Plc has been borne by a fellow subsidiary in the current period.

3. PARTICULARS OF EMPLOYEES

No salaries or wages have been paid to employees, including the directors, during the current period.

4. INTEREST RECEIVABLE

	Period from 12 January 2001 to 31 December 2001 £ 000's
Interest receivable from group undertakings	4,213

5. INTEREST PAYABLE AND SIMILAR CHARGES

	Period from 12 January 2001 to 31 December 2001 £ 000's
Debenture interest payable	3,980

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	Period from 12 January 2001 to 31 December 2001 £ 000's
United Kingdom corporation tax based on the results for the period at 30%	63

GROSVENOR UK FINANCE PLC**NOTES TO THE FINANCIAL STATEMENTS****7. DEBTORS**

	31 December 2001 £ 000's
Amounts owed by group undertakings	206,389
Called up share capital not paid	38
	<u>206,427</u>

8. CREDITORS: amounts falling due within one year

	31 December 2001 £ 000's
Taxation and social security	63
Other creditors	2
Accruals and deferred income	3,340
	<u>3,405</u>

9. CREDITORS: amounts falling due after more than one year

	31 December 2001 £ 000's
£200m 6.5% Debenture stock 2026	<u>202,825</u>

The stock is secured by means of a floating charge over the assets of Grosvenor West End Properties, a fellow subsidiary.

The maturity profile of the company's financial liabilities at 31 December 2001 was as follows:

	31 December 2001 £ 000's
From 1 to 2 years	-
From 2 to 5 years	-
After 5 years	<u>202,825</u>
	<u>202,825</u>

The stock is repayable in a single instalment in 2026.

A valuation was carried out at 31 December 2001 to calculate the market value of the company's debt instrument on a replacement basis taking into account the prevailing interest rate for the period of the debt instrument. The valuation was as follows:

	31 December 2001	
	Book	Fair
	£ 000's	£ 000's
£200m 6.5% Debenture stock 2026	<u>202,825</u>	<u>206,688</u>

The fair value of the liability exceeds the book value by £3.9m.

GROSVENOR UK FINANCE PLC**NOTES TO THE FINANCIAL STATEMENTS****10. RELATED PARTY TRANSACTIONS**

The company has applied the exemption granted by FRS8 'Related party disclosures' not to disclose transactions with Grosvenor Group Holdings Limited, fellow subsidiaries of Grosvenor Group Holdings Limited or any undertaking in which any member of the group holds an investment which would otherwise qualify as related parties.

Accordingly, during the period under review there were no transactions or balances with related parties which require disclosure in these financial statements.

11. SHARE CAPITAL**Authorised share capital:**

	31 December 2001 £ 000's
50,000 Ordinary shares of £1.00 each	50

Allotted and called up:

	No.	£ 000's
Ordinary shares	50,000	50

On 12 January 2001, the company issued 2 shares for a consideration of £2. On 20 March 2001, the company issued 49,998 shares for a consideration of £49,998.

The amounts of paid-up share capital differed from the called-up share capital stated above due to unpaid calls and were as follows:

	31 December 2001 £ 000's
Ordinary shares	12

12. PROFIT AND LOSS ACCOUNT

	£ 000's
Retained profit for the financial period	147
At 31 December	147

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	£ 000's
Profit for the financial period	147
New equity share capital subscribed	50
Net addition to funds	197
Closing equity shareholders' funds	197

GROSVENOR UK FINANCE PLC
NOTES TO THE FINANCIAL STATEMENTS

14. ULTIMATE PARENT COMPANY

The company's ultimate parent undertaking is Grosvenor Group Holdings Limited, a company registered in England and Wales which is wholly owned by trusts and members of the Grosvenor family, headed by the Duke of Westminster.

The ultimate parent undertaking heads the largest group of undertakings of which the company is a member and for which group accounts are prepared. Grosvenor Limited, an intermediate holding company, heads the smallest group of undertakings of which the company is a member and for which group accounts are prepared.

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