

Registered number: 05228441

GROSVENOR FUND MANAGEMENT UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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GROSVENOR FUND MANAGEMENT UK LIMITED

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GROSVENOR FUND MANAGEMENT UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their Annual Report and the audited financial statements for the year ended 31 December 2021.

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 £7,050,318 (2020: *net assets of £5,036,295*) and net current asset position of £7,119,844 (2020: *net current assets of £8,076,525*), and is profit making as at 31 December 2021. The profit for the year includes a gain on disposal of investments of £1,252,003.

A management decision was made to transfer the long term incentive payments to another group company, alongside most employee contracts. The transfer of this historic employee incentive balance has resulted in a credit balance in administrative expenses.

The Company is a private company limited by shares, 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 £1,979,806 (2020: *profit of £27,294,601*).

During the year, the directors recommended and paid a dividend of £nil to the Company's parent, Grosvenor Europe Limited (2020: *£15,000,000*).

During the year the Company received dividends from subsidiary companies of £17,876 (2020: *£28,851,603*).

DIRECTORS

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

S D Hyst
D R Wright
R B Mallett (resigned 21 July 2021)

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.

A review of the Company's ultimate parent, Grosvenor Group's, strategy has been taking place which has included a review of capital allocation targets and ranges. The key conclusions are, as new investments are made, the intention is to allocate more capital indirectly and into alternative sectors which will result in changes in the Company's underlying investments and operations in the future.

GROSVENOR FUND MANAGEMENT UK LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

GOING CONCERN

The results of the Company for the year are shown in the Income Statement.

Despite the strategy review explained in 'future developments' below, the impact of which will not immediately be seen on the Company, the directors have a reasonable expectation that the Company has adequate resources for the foreseeable future and a minimum of 12 months from the date of signing the financial statements.

The Group is continuing to monitor developments associated with the Covid-19 virus and the near-term uncertainty for the global economy caused by rising inflation and the situation in Ukraine 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.

These factors have also formed part of the Group-level assessment of the Group's cash flow forecasts for the period ending 31 December 2023. In particular these forecasts consider the impact on the Group's rental income and stressed assumptions on the availability of finance and property valuations. Having considered the economic factors outlined above, and on the basis of the Grosvenor Group Limited's continued forecast liquidity and ongoing support for the Company, the directors have a reasonable expectation that the Company has adequate resources for the foreseeable future. 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

There have been no significant events affecting the Company since the year end.

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.


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.

GROSVENOR FUND MANAGEMENT UK LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021.**

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

DocuSigned by:

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L. Sorrell
Secretary

Date: 08-Sep-2022

GROSVENOR FUND MANAGEMENT UK LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

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.

GROSVENOR FUND MANAGEMENT UK LIMITED

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

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 2021 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 statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 22.

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 UK, 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.

GROSVENOR FUND MANAGEMENT UK LIMITED

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

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. 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

GROSVENOR FUND MANAGEMENT UK LIMITED

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

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 considered the existence of any investment indicators of impairment for each investment held; and
- we concluded whether investments were held at an appropriate value as at 31 December 2021.

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.

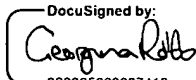
We have nothing to report in respect of these matters.

USE OF OUR REPORT

GROSVENOR FUND MANAGEMENT UK LIMITED

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

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: 08-Sep-2022

GROSVENOR FUND MANAGEMENT UK LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £	2020 £
Administrative income/(expenses)	4	522,554	(1,618,794)
Other operating income	5	-	75,900
Operating profit/(loss)	6	522,554	(1,542,894)
Income from fixed assets investments	9	249,683	28,851,603
Impairment of investments	12	-	(17,203)
Profit on disposal of investments	12	1,252,003	-
Finance Income		12	293
Profit before tax		2,024,252	27,291,799
Tax on profit	10	(44,446)	2,802
Profit for the financial year		1,979,806	27,294,601
Other comprehensive income:			
Actuarial loss on defined benefit schemes	17	-	(2,052,435)
Deferred tax		34,217	360,319
		34,217	(1,692,116)
Total comprehensive income for the year		2,014,023	25,602,485

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

The notes on pages 14 to 31 form part of these financial statements.

GROSVENOR FUND MANAGEMENT UK LIMITED
REGISTERED NUMBER: 05228441

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets		-	-
Investments	12	-	276,244
		-	276,244
Current assets			
Fixed asset investments held for sale	12	-	2,932,691
Debtors due after more than 1 year	13	-	807,677
Debtors due within 1 year	13	11,640,296	7,628,230
Cash at bank	14	1,521,400	237,663
		13,161,696	11,606,261
Creditors: amounts falling due within one year	15	(6,041,852)	(3,529,736)
Net current assets		7,119,844	8,076,525
Total assets less current liabilities		7,119,844	8,352,769
Provisions for liabilities			
Deferred taxation	17	(69,526)	(50,474)
Pension liability	15	-	(3,266,000)
Net assets		7,050,318	5,036,295
Capital and reserves			
Called up share capital	19	4,500,000	4,500,000
Profit and loss account	18	2,550,318	536,295
Total equity		7,050,318	5,036,295

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

08-Sep-2022

DocuSigned by:

D R Wright
Director



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Date: 08-Sep-2022

The notes on pages 14 to 31 form part of these financial statements.

GROSVENOR FUND MANAGEMENT UK LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2021	4,500,000	536,295	5,036,295
Comprehensive income for the year			
Profit for the year	-	1,979,806	1,979,806
Deferred tax movements	-	34,217	34,217
Other comprehensive income for the year	-	34,217	34,217
Total comprehensive income for the year	-	2,014,023	2,014,023
Dividends: Equity capital	-	-	-
Total transactions with owners	-	-	-
At 31 December 2021	4,500,000	2,550,318	7,050,318

The notes on pages 14 to 31 form part of these financial statements.

GROSVENOR FUND MANAGEMENT UK LIMITED

**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)
Comprehensive income for the year			
Profit for the year	-	27,294,601	27,294,601
Actuarial losses on pension scheme	-	(2,052,435)	(2,052,435)
Deferred tax movements	-	360,319	360,319
Other comprehensive income for the year	-	(1,692,116)	(1,692,116)
Total comprehensive income for the year	-	25,602,485	25,602,485
Dividends: Equity capital (note 11)	-	(15,000,000)	(15,000,000)
At 31 December 2020	4,500,000	536,295	5,036,295

The notes on pages 14 to 31 form part of these financial statements.

GROSVENOR FUND MANAGEMENT UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

1. GENERAL INFORMATION

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

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 is a wholly owned subsidiary of Grosvenor Europe Limited.

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 EXEMPTION FROM PREPARING CONSOLIDATED FINANCIAL STATEMENTS

The parent and Group are considered eligible for the exemption to prepare consolidated accounts as set out in section 400 of the Companies Act.

GROSVENOR FUND MANAGEMENT UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. ACCOUNTING POLICIES (CONTINUED)

2.2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' 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).

GROSVENOR FUND MANAGEMENT UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. ACCOUNTING POLICIES (CONTINUED)

2.3 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 and 18A 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 130(f)(ii), 130(f)(iii), 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 ultimate group accounts of Grosvenor Group Limited (the 'Parent Group'). 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 22.

GROSVENOR FUND MANAGEMENT UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. ACCOUNTING POLICIES (CONTINUED)

2.4 GOING CONCERN

The results of the Company for the year are shown in the Income Statement.

Despite the strategy review explained in 'future developments' below, the impact of which will not immediately be seen on the Company, the directors have a reasonable expectation that the Company has adequate resources for the foreseeable future and a minimum of 12 months from the date of signing the financial statements.

The Group is continuing to monitor developments associated with the Covid-19 virus and the near-term uncertainty for the global economy caused by rising inflation and the situation in Ukraine 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.

These factors have also formed part of the Group-level assessment of the Group's cash flow forecasts for the period ending 31 December 2023. In particular these forecasts consider the impact on the Group's rental income and stressed assumptions on the availability of finance and property valuations. Having considered the economic factors outlined above, and on the basis of the Grosvenor Group Limited's continued forecast liquidity and ongoing support for the Company, the directors have a reasonable expectation that the Company has adequate resources for the foreseeable future. As such the directors continue to consider preparation of the accounts on the going concern basis to be appropriate.

2.5 NEW STANDARDS, AMENDMENTS, IFRIC INTERPRETATIONS AND NEW RELEVANT DISCLOSURE REQUIREMENTS

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2021 that have a material impact on the Company's financial statements.

2.6 INTEREST RECEIVABLE AND SIMILAR INCOME

Interest receivable and similar income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.7 INVESTMENTS

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

2.8 IMPAIRMENT OF INVESTMENTS

Investments in subsidiaries are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

GROSVENOR FUND MANAGEMENT UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. ACCOUNTING POLICIES (CONTINUED)

2.9 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 Statement of Comprehensive Income 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.

2.10 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.

2.11 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.

2.12 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.

GROSVENOR FUND MANAGEMENT UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. ACCOUNTING POLICIES (CONTINUED)

2.13 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 and financial liabilities are initially measured at fair value.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Fair value through profit or loss

All of the Company's financial assets are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

Impairment of financial assets

The Company always recognises lifetime ECL for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

GROSVENOR FUND MANAGEMENT UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. ACCOUNTING POLICIES (CONTINUED)

2.13 FINANCIAL INSTRUMENTS (CONTINUED)

Financial liabilities

Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss, when the financial liability is held for trading, or is designated as at fair value through profit or loss. This designation may be made if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or the financial liability forms part of a group of financial instruments which is managed and its performance is evaluated on a fair value basis, or the financial liability forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at fair value through profit or loss. Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

2.14 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.

GROSVENOR FUND MANAGEMENT UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. ACCOUNTING POLICIES (CONTINUED)

2.15 PENSIONS

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

Defined contribution plan

The Company operated 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 operated 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'.

GROSVENOR FUND MANAGEMENT UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. ACCOUNTING POLICIES (CONTINUED)

2.16 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 Statement of Comprehensive Income 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.

2.17 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, 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.

GROSVENOR FUND MANAGEMENT UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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 directors do not consider there to be any key sources of estimation uncertainty made in the process of applying the Company's accounting policies.

4. ADMINISTRATIVE EXPENSES

As a result of a management decision to transfer the long term incentive payments to another group company, alongside most employee contracts the reversal of this historic employee incentive journal has resulted in a credit balance in administrative expenses. The credit recognised in bonuses recognised was £431,116.

5. OTHER OPERATING INCOME

	2021 £	2020 £
Fees receivable from group companies	-	75,900

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

6. OPERATING PROFIT/(LOSS)

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

	2021 £	2020 £
Defined contribution pension cost	-	35,671
Defined benefit pension cost	1	267,972
	<u>1</u>	<u>303,643</u>

GROSVENOR FUND MANAGEMENT UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

7. 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:

	2021	2020
	£	£
Fees for the audit of the Company	-	10,100
Fees for the audit of the subsidiaries	-	14,300
	<u>-</u>	<u>24,400</u>

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.

Auditor remuneration of £10,100 for the current year will be borne by Grosvenor Europe Limited.

8. EMPLOYEES

Staff costs were as follows:

	2021	2020
	£	£
Wages and salaries	817,070	742,920
Social security costs	11,680	63,359
Cost of defined benefit scheme	1	302,643
	<u>828,751</u>	<u>1,108,922</u>

During the year, the average monthly number of employees was 11 (2020: 11), who were employed by Grosvenor Estate Management Limited.

All staff are employed during the current and prior year are categorised as administrative staff.

The majority of employee contracts have been transferred to another group company, as of June 2021.

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.

GROSVENOR FUND MANAGEMENT UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

9. INCOME FROM INVESTMENTS

	2021 £	2020 £
Dividends received from investments in subsidiaries	17,876	28,851,603
Dividends in specie received from investments in subsidiaries	231,807	-
	<u>249,683</u>	<u>28,851,603</u>

The dividend in specie relates amounts owed to subsidiary undertakings written off consists of the outstanding intercompany balances with Grosvenor UK Properties Limited, Talbot General Partner Limited, Grosvenor Residential GP Limited, Grosvenor Fund Management Limited, Grosvenor Asset Management Limited and Retail Centres (Sweden) General Partner Limited. These companies were dissolved with the exception of Grosvenor Fund Management Limited and Retail Centres (Sweden) General Partner Limited whose balances were deemed irrecoverable.

10. TAXATION

	2021 £	2020 £
Current tax on profits for the year	-	-
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	200,675	73,207
Effect of tax rate changes	(145,062)	(76,009)
Adjustment for prior years	(11,167)	-
Total deferred tax	<u>44,446</u>	<u>(2,802)</u>
Tax on profit	<u>44,446</u>	<u>(2,802)</u>

GROSVENOR FUND MANAGEMENT UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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

The tax credit for the year is lower than (2020: *lower than*) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £	2020 £
Profit before tax	<u>2,024,252</u>	<u>27,291,799</u>
Profit multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	384,608	5,185,442
Effects of:		
Expenses not deductible for tax purposes	224,172	3,573
Effect of tax rate change on deferred tax	(145,062)	(76,009)
Other items attracting no tax relief of liability	3,263	84,845
Group relief surrendered/ (received) for no consideration	(87,944)	281,153
Adjustments in respect of prior years	(11,167)	-
Non-taxable income	(323,424)	(5,481,806)
Total tax charge/(credit) for the year	<u><u>44,446</u></u>	<u><u>(2,802)</u></u>

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 2021. From 1 April 2023, the UK corporation tax rate will increase to 25% (Finance Act 2021).

A deferred tax rate of 25% has been applied to opening balances and movements in deferred tax in the year ended 31 December 2021.

11. DIVIDENDS PAID

	2021 £	2020 £
Dividends paid	<u>-</u>	<u>(15,000,000)</u>

During the year, the Company paid dividends to its parent, Grosvenor Europe Limited, of £nil (2020: £15,000,000) and received dividends from subsidiary companies of £17,876 (2020: £28,851,603).

GROSVENOR FUND MANAGEMENT UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

12. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £
COST	
At 1 January 2021	651,303
Disposals	(276,244)
At 31 December 2021	<u>375,059</u>
IMPAIRMENT	
At 1 January 2021	<u>375,059</u>
At 31 December 2021	<u>375,059</u>
NET BOOK VALUE	
At 31 December 2021	<u>-</u>
At 31 December 2020	<u>276,244</u>

On 1st January 2021, the Company sold six companies to Grosvenor Investments Holdco Limited, a fellow Grosvenor Group company. 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 (50% held), and Grosvenor Management Limited. These assets were classified as assets held for sale in the statement of financial position for the year ended 31 December 2020.

During the year seven investments held by the Company were dissolved. These companies are Grosvenor UK Properties Limited, Talbot General Partner Limited, Grosvenor Residential GP Limited, Grosvenor Asset Management Limited, Retail Centres V (Sweden) LP Limited, London Office II (G) GP Limited and London Office II (G) LP Limited. These entities were held at fair value prior to being dissolved.

The investment Grosvenor Basingstoke Management Limited has been fully impaired and is intended to be liquidated in the forthcoming year.

SUBSIDIARY UNDERTAKINGS

Name	Principal activity	Class of shares	Holding
Grosvenor Basingstoke Management Limited	Investment Management	Ordinary	100%
Grosvenor Fund Management Limited	Fund Carried Interest Partner	Ordinary	100%

GROSVENOR FUND MANAGEMENT UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

13. DEBTORS

	2021 £	2020 £
DUE AFTER MORE THAN ONE YEAR		
Deferred tax asset	-	807,677
	-	807,677
DUE WITHIN ONE YEAR		
Trade debtors	380,626	480,759
Amounts owed by group undertakings	10,516,226	6,682,862
Other debtors	247,330	310,444
Prepayments and accrued income	496,111	154,165
	<u>11,640,293</u>	<u>8,435,907</u>

There are no interest bearing amounts owed by group undertakings at 31 December 2021 (2020: £nil).

Amounts owed by group undertakings are unsecured and repayable on demand.

14. CASH AND CASH EQUIVALENTS

	2021 £	2020 £
Cash at bank and in hand	<u>1,521,400</u>	<u>237,663</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Amounts owed to group undertakings	5,633,051	1,923,193
Other taxation and social security	3,697	7,092
Other creditors	355,291	1,504,315
Accruals and deferred income	49,813	95,136
	<u>6,041,852</u>	<u>3,529,736</u>

There are no interest bearing amounts owed to group undertakings at 31 December 2021 (2020: £nil).

Amounts owed to group undertakings are unsecured and repayable on demand.

Other creditors include amounts payable to employees as at 31 December 2021 and 31 December 2020.

GROSVENOR FUND MANAGEMENT UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

16. RETIREMENT BENEFIT SCHEMES**Defined contribution scheme**

The Company participated in defined contribution retirement benefit schemes. The Company contributed a percentage of salary into the defined contribution schemes to fund the benefits. The assets of the schemes were 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, participated in the Grosvenor Pension Plan (the "Plan", formerly the Grosvenor Estates Pension Scheme), a defined benefit pension plan which had benefits based on service and final salary. The Pension Liability was transferred to the group company, Grosvenor Europe Limited on 30 June 2021 and as a result the company is no longer able to identify its share of the scheme assets and liabilities on a consistent and reasonable basis. As permitted by FRS 101, the scheme is accounted for in these financial statements as if the scheme was a defined contribution scheme. The total pension charge for the year ended £15,796 (2020: £266,972).

The plan was approved by HMRC for tax purposes, and was operated separately from the Grosvenor Group and managed by an independent set of Trustees. The Trustees remain responsible for payment of the benefits and management of the plan's assets. The plan remains subject to UK regulations, which require the Grosvenor Group and Trustees to agree a funding strategy and contribution schedule for the plan.

17. DEFERRED TAXATION

	2021 £	2020 £
At beginning of year	757,203	394,082
(Expensed)/credited to the Statement of Comprehensive Income	(44,446)	2,802
Credited to other comprehensive income	34,217	360,319
Transfer to fellow Group company	(816,500)	-
At end of year	(69,526)	757,203

The £816,500 transferred deferred tax asset above relates to the defined benefit pension scheme which was transferred to a fellow Group company (see note 16).

GROSVENOR FUND MANAGEMENT UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

17. DEFERRED TAXATION (CONTINUED)

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Other property, plant and equipment	(69,526)	(50,474)
Other items (including employee benefit)	-	807,677
	<u>(69,526)</u>	<u>757,203</u>
COMPRISING:		
Asset: due after one year	-	807,677
Liability	(69,526)	(50,474)
	<u>(69,526)</u>	<u>757,203</u>

18. RESERVES

Profit and loss account

Profit & loss account contains cumulative earnings to carry forward.

19. CALLED UP SHARE CAPITAL

	2021 £	2020 £
AUTHORISED, ALLOTTED, CALLED UP AND FULLY PAID		
4,500,000 Ordinary shares of £1 each	<u>4,500,000</u>	<u>4,500,000</u>

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.

20. RELATED PARTY TRANSACTIONS

The Company is a wholly owned subsidiary of Grosvenor Group Limited, and as such has taken advantage of the exemption permitted by IAS 24 related party disclosure, not to provide disclosures of transactions entered into with other wholly owned members of the group.

Included within trade debtors is £384,819 (2020: £384,819) due from the Grosvenor Liverpool Fund, a Limited Partnership which is part of the Grosvenor Europe group. These amounts are repayable on demand.

21. POST BALANCE SHEET EVENTS

There have been no significant events affecting the Company since the year end.

GROSVENOR FUND MANAGEMENT UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

22. 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.