

FORTE HOTELS AND RESORTS LIMITED
(Registered Number 339238)

REPORT AND ACCOUNTS

53 WEEKS ENDED 30 SEPTEMBER 2000



FORTE HOTELS AND RESORTS LIMITED

DIRECTOR'S REPORT

The Director presents its Report and Accounts for the period ended 30 September 2000.

PRINCIPAL ACTIVITY

The main activity of the Company is the operation of a sales office in Singapore, through a branch of the Company, registered in that country. On 17 May 2000 Granada Group PLC and Compass Group PLC announced that they had agreed the terms of a merger between them to be followed by a demerger to create two focused groups. The merger was completed on 27 July 2000 when Granada Compass plc became the Company's ultimate parent. On 2 February 2001 the Company became a subsidiary of a newly listed company, Compass Group PLC.

TRADING RESULTS

The profit on ordinary activities before taxation for the period was £6,735 (1999: £5,119).

DIVIDEND

The Director does not recommend the payment of a dividend for the period (1999: £Nil).

DIRECTOR

The Director of the Company as at 30 September 2000 was Forte Hotels Limited.

DIRECTOR'S INTERESTS

At 30 September 2000, Forte Hotels Limited and Forte Hotels and Resorts Limited were both in the same Group and were wholly owned subsidiaries of Compass Group PLC, (see note 8 of the financial statements).

Forte Hotels Limited did not have any interests in the issued share capital of the Company.

POST BALANCE SHEET EVENTS

On 19 September 2000 the Board of Granada Compass announced that it was conducting a strategic review of the hotels division and was holding exploratory discussions and that the interests of Granada Compass shareholders would be best served by establishing a formal process for the disposal of the Forte Hotels Division, comprising the Le Meridien, Posthouse and Heritage hotel brands and the London Signature hotels.

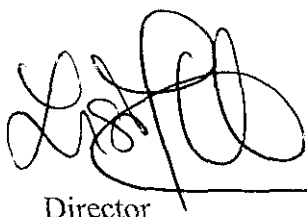
FORTE HOTELS AND RESORTS LIMITED

DIRECTOR'S REPORT (CONTINUED)

ELECTIVE RESOLUTIONS

The Company has passed Elective Resolutions to dispense with the laying of the Annual Report and Financial Statements before the Company in General Meeting, the appointment of auditors annually and the holding of Annual General Meetings, pursuant to Sections 252, 386 and 366A respectively of the Companies Act 1985.

By Order of the Board


Director

9 April 2001

Registered office
166 High Holborn
London WC1V 6TT

FORTE HOTELS AND RESORTS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

It is the responsibility of 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 as at the end of the financial year and of the profit or loss for that period.

The Directors consider that, in preparing the financial statements on pages 5 to 10, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, that all accounting standards which they consider to be applicable have been followed and that it is appropriate to use a going concern basis.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

kpmg

KPMG Audit Plc

PO Box 695
8 Salisbury Square
London EC4Y 8BB
United Kingdom

**REPORT OF THE AUDITORS TO THE MEMBERS OF
FORTE HOTELS AND RESORTS LIMITED**

We have audited the financial statements on pages 5 to 10.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. 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.

Basis of opinion

We conducted our audit in accordance with 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 30 September 2000 and of its profit for the 53 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

25 April 2001

FORTE HOTELS AND RESORTS LIMITED

PROFIT & LOSS ACCOUNT

FOR THE 53 WEEKS ENDED 30 SEPTEMBER 2000

	53 weeks ended 30 September 2000 £	52 weeks ended 25 September 1999 £
TURNOVER	141,431	107,490
Operating costs (Note 2)	<u>(134,696)</u>	<u>(102,371)</u>
OPERATING PROFIT AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6,735	5,119
Tax on profit on ordinary activities (Note 3)	<u>(2,200)</u>	<u>(1,400)</u>
RETAINED PROFIT (Note 7)	<u>4,535</u>	<u>3,719</u>

The Company had no recognised gains or losses other than those reflected in the above profit and loss account.

There is no difference between the reported results and those that would be reported under the historical cost convention.

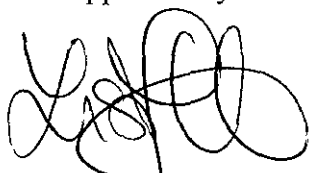
The Company's results were derived wholly from continuing operations.

FORTE HOTELS AND RESORTS LIMITED

BALANCE SHEET - AS AT 30 SEPTEMBER 2000

	30 September 2000 £	25 September 1999 £
CURRENT ASSETS		
Debtors (Note 4)	132,903	126,168
CREDITORS - Amount falling due within one year (Note 5)	<u>(3,600)</u>	<u>(1,400)</u>
NET CURRENT ASSETS AND NET ASSETS	<u>129,303</u>	<u>124,768</u>
 CAPITAL AND RESERVES		
Called up share capital (Note 6)	1,000	1,000
Profit and loss reserve (Note 7)	<u>128,303</u>	<u>123,768</u>
 SHAREHOLDERS' FUNDS		
Equity	128,803	124,268
Non-equity	500	500
 TOTAL AMOUNT OF SHAREHOLDERS' FUNDS (Note 7)	<u>129,303</u>	<u>124,768</u>

Approved by the Board on 9 April 2001 and signed on its behalf by



Director

Forte Hotels Limited

FORTE HOTELS AND RESORTS LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 2000

1 ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's accounts.

(a) Basis of preparation

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

Under Financial Reporting Standard 1 (revised), the Company is exempt from the requirement to prepare a cash flow statement on the grounds that its ultimate parent company includes the Company's cash flows in its own published consolidated financial statements.

(b) Turnover

Turnover is stated exclusive of VAT and consists of management fees receivable.

2 OPERATING COSTS

	53 weeks ended 30 September 2000 £	52 weeks ended 25 September 1999 £
Other external charges	65,570	46,945
Staff costs		
Wages and salaries	63,018	48,367
Social security costs	6,108	7,059
	<u>134,696</u>	<u>102,371</u>

The average number of personnel employed by the Company during the period was 3 (1999: 3).

The Director did not receive any emoluments in respect of services to the Company (1999: £Nil).

Auditors' remuneration is borne by and disclosed in the accounts of Forte (UK) Limited.

FORTE HOTELS AND RESORTS LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 2000 (CONTINUED)

3 TAX ON PROFIT ON ORDINARY ACTIVITIES

	53 weeks ended 30 September 2000 £	52 weeks ended 25 September 1999 £
UK Corporation tax at 30% (1999: 30.5%)	<u>2,200</u>	<u>1,400</u>

4 DEBTORS - Amounts falling due within one year

	2000 £	1999 £
Amounts due from fellow subsidiary undertaking	<u>132,903</u>	<u>126,168</u>

5 CREDITORS - Amounts falling due within one year

	2000 £	1999 £
Corporation tax	<u>3,600</u>	<u>1,400</u>

FORTE HOTELS AND RESORTS LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 2000 (CONTINUED)

6 CALLED UP SHARE CAPITAL

	2000 £	1999 £
Authorised		
2,000 ordinary shares of £1 each - equity	2,000	2,000
500 5% cumulative preference shares of £1 each - non-equity	500	500
	<u>2,500</u>	<u>2,500</u>
Issued, allotted and fully paid		
500 ordinary shares of £1 each - equity	500	500
500 5% cumulative preference shares of £1 each - non-equity	500	500
	<u>1,000</u>	<u>1,000</u>

The preference shares carry rights to receive fixed dividends, however the holders have waived irrevocably their rights to all outstanding dividends at 30 September 2000. On a winding up the holders are entitled to receive the nominal value of the shares in priority to ordinary shareholders. The preference shares carry no voting rights.

7 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share capital £	Profit and loss reserve £	Total 2000 £	Total 1999 £
At 25 September 1999	1,000	123,768	124,768	121,049
Profit for the period	-	4,535	4,535	3,719
At 30 September 2000	<u>1,000</u>	<u>128,303</u>	<u>129,303</u>	<u>124,768</u>
Equity			128,803	124,268
Non-equity			500	500
			<u>129,303</u>	<u>124,768</u>

FORTE HOTELS AND RESORTS LIMITED

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 2000 (CONTINUED)

8 POST BALANCE SHEET EVENTS

On 19 September 2000 the Board of Granada Compass Plc announced that it was conducting a strategic review of the hotels division and was holding exploratory discussions and that the interests of Granada Compass shareholders would be best served by establishing a formal process for the disposal of the Forte Hotels Division, comprising the Le Meridien, Posthouse and Heritage hotel brands and the London Signature hotels.

Granada Compass plc was demerged on 2 February 2001 to form two publicly quoted companies, Compass Group PLC and Granada plc and the Company became a subsidiary of Compass Group PLC.

9 RELATED PARTY TRANSACTIONS

As the Company was a wholly owned subsidiary of Granada Compass plc at 30 September 2000, the Company has taken advantage of the exemption contained in Financial Reporting Standard No 8 and has therefore not disclosed transactions or balances with entities which form part of the Group, headed by Granada Compass plc.

The Director confirms that there were no related party transactions other than those disclosed in these accounts.

10 ULTIMATE PARENT AND CONTROLLING COMPANY AND PARENT UNDERTAKING OF SMALLEST AND LARGEST GROUP OF WHICH THE COMPANY IS A MEMBER.

The Director considers the ultimate holding and controlling company to be Compass Group PLC, following that company's demerger from Granada Compass plc on 2 February 2001. Previously the ultimate holding and controlling company was Granada Compass plc which was formed on 27 July 2000 by the merger of Granada Group PLC and Compass Group PLC. The Director considered Granada Group PLC to be the ultimate holding and controlling company prior to this date. All these companies are registered in the UK. The accounts of Granada Compass plc, which heads both the largest and smallest group in which the results of the Company are consolidated, are available to the public from the following address: Stornoway House, 13 Cleveland Row, London, SW1A 1GG.

The accounts of Compass Group PLC are available to the public from the following address: Cowley House, Guildford Road, Chertsey, Surrey, KT16 9BA.

The immediate holding and controlling company is Forte Limited, a company registered in England.