

BASS HOTELS AND HOLIDAYS LIMITED

Report and Financial Statements

30 September 2000

**Deloitte & Touche
Hill House
1 Little New Street
London EC4A 3TR**



REPORT AND FINANCIAL STATEMENTS 2000

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REPORT AND FINANCIAL STATEMENTS 2000

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

L D Ritson
R L Jackman
S I Rees

SECRETARY

J Combeer

REGISTERED OFFICE

20 North Audley Street
London W1Y 1WE

BANKERS

Lloyds Bank Plc
PO Box 72
Bailey Drive
Gillingham Business Park
Kent ME8 0LS

AUDITORS

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

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 September 2000.

PRINCIPAL ACTIVITY AND REVIEW

The Company has not traded during the year. No dividend has been received from the Company's subsidiary, Bass Hotels & Resorts (UK) Limited. Interest of £521,723 (1999 - £492,783) has been received on the loan to the parent company.

The principal activity of the Company is that of a parent company to a group of subsidiaries operating hotels in the United Kingdom. No change is anticipated in the activity of the Company.

The directors do not propose payment of a dividend (1999 : £nil).

DIRECTORS

The following served as directors of the Company during the year:

L D Ritson
R L Jackman
S I Rees (appointed 3 December 1999)

DIRECTORS INTERESTS

The following directors had an interest in the ordinary shares of Bass PLC (the ultimate parent company) at 30 September 2000.

| Name of Director | Under option ordinary shares | | | At 30 September 2000 | Option Price | Earliest Exercise Date |
|------------------|------------------------------|----------------------|--------------------|----------------------------|-----------------|------------------------------|
| | At 1 October 1999 | Exercised in year | Granted in year | | | |
| R L Jackman | 8,300 | - | - | 8,300 | 746.00p | Feb-99 |
| | 7,800 | - | - | 7,800 | 851.50p | Feb-00 |
| | 6,700 | - | - | 6,700 | 1,014.50p | Mar-01 |
| | 1,300 | - | - | 1,300 | 798.00p | Feb-02 |
| | - | - | 16,600 | 16,600 | 597.99p | Feb-03 |
| L D Ritson | 7,900 | - | - | 7,900 | 746.00p | Feb-99 |
| | 8,000 | - | - | 8,000 | 851.50p | Feb-00 |
| | 7,000 | - | - | 7,000 | 1,014.50p | Mar-01 |
| | 3,100 | - | - | 3,100 | 798.00p | Feb-02 |
| | - | - | 20,700 | 20,700 | 597.00p | Feb-03 |

No other director had any interest in the shares of Bass PLC or any other group company.

No changes took place in interests of directors between 30 September 2000 and the date of signature of these financial statements.

DIRECTORS' REPORT

CONTRACTS AND ARRANGEMENTS

There were no contracts of significance in relation to the Company's business in which directors of the Company or any connected persons had a material interest at the end of the financial period or at any time during the period. There were no arrangements in place at the end of the financial period or at any time during the period to which the Company was a party whose objects enabled the directors or connected persons to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate other than the Bass Group's share schemes which provide arrangements by which executive directors may receive shares in Bass PLC. Details of these schemes are contained in the Bass PLC statutory accounts.

AUDITORS

Deloitte & Touche continue as Auditors under the terms of an Elective Resolution of the Company passed pursuant to Section 386 of the Companies Act 1985.

Approved by the Board of Directors
and signed on behalf of the Board



J B Combeer
Secretary

20/12/2000

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 as at the end of the financial year and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 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. 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.

AUDITORS' REPORT TO THE MEMBERS OF

BASS HOTELS AND HOLIDAYS LIMITED

We have audited the financial statements on pages 6 to 10 which have been prepared under the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 4 the Company's directors are responsible for the preparation of financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of 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 30 September 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants and
Registered Auditors

21 December 2000

PROFIT AND LOSS ACCOUNT

Year ended 30 September 2000

| | Note | 2000 £ | 1999 £ |
|--|------|-----------|-----------|
| OPERATING PROFIT | | - | - |
| Interest received | 4 | 521,723 | 492,783 |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 521,723 | 492,783 |
| Tax on profit on ordinary activities | 5 | (156,517) | (147,599) |
| PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED PROFIT FOR THE YEAR | | 365,206 | 345,184 |
| Retained profit brought forward | | 750,115 | 404,931 |
| Retained profit end of year | | 1,115,321 | 750,115 |

There were no other recognised gains or losses and no other movements in shareholders funds in the year and the prior year, hence no statement of total recognised gains and losses, or reconciliation of shareholders funds, have been provided.

BALANCE SHEET
30 September 2000

| | Note | 2000 £ | 1999 £ |
|--|------|------------|------------|
| FIXED ASSET INVESTMENTS | | | |
| Shares in group companies – subsidiary undertakings | 6 | 19,239,000 | 19,239,000 |
| CURRENT ASSETS | | | |
| Debtors: - amounts falling due within one year | 7 | 9,092,472 | 8,570,748 |
| - amounts falling due after more than one year | 7 | 16,508,310 | 16,658,610 |
| CREDITORS: amounts falling due within one year | 8 | (156,517) | (150,299) |
| NET CURRENT ASSETS | | 25,444,265 | 25,079,059 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 44,683,265 | 44,318,059 |
| CREDITORS: amounts falling due after more than one year | 8 | (100) | (100) |
| NET ASSETS | | 44,683,165 | 44,317,959 |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 9 | 24,328,944 | 24,328,944 |
| Revaluation reserve | | 19,238,900 | 19,238,900 |
| Profit and loss account | | 1,115,321 | 750,115 |
| TOTAL SHAREHOLDERS' FUNDS | | 44,683,165 | 44,317,959 |
| SHAREHOLDERS' FUNDS | | | |
| ARE ATTRIBUTABLE TO: | | | |
| Equity shareholders' funds | | 32,518,693 | 32,153,487 |
| Non equity shareholders' funds | | 12,164,472 | 12,164,472 |
| | | 44,683,165 | 44,317,959 |

These financial statements were approved by the Board of Directors on
Signed on behalf of the Board of Directors

20/12/2000.



S I Rees
Director

NOTES TO THE ACCOUNTS**Year ended 30 September 2000****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Basis of accounting

The financial statements are prepared under the historical cost convention modified to include the revaluation of certain fixed asset investments.

Investments

Fixed asset investments are stated at cost or valuation less any provision for impairment.

2. STAFF COSTS

The Company did not employ any persons during the year (1999 – none).

Directors remuneration

No remuneration was paid to the directors of the Company (1999 – £nil).

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Auditors' remuneration has been borne by a fellow group company for the current and prior year.

4. INTEREST RECEIVED

| | 2000 £ | 1999 £ |
|--|-----------|-----------|
| Interest received from ultimate parent company | 521,723 | 492,783 |

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

| | 2000 £ | 1999 £ |
|-------------------------------------|-----------|-----------|
| Corporation tax current year at 30% | 156,517 | 147,599 |

NOTES TO THE ACCOUNTS

Year ended 30 September 2000

6. FIXED ASSET INVESTMENT

| | Shares in subsidiaries £ |
|--|-----------------------------|
| (a) Movement during year | |
| (i) Cost (or valuation): | |
| At 30 September 1999 and 30 September 2000 | 19,455,945 |
| Provision for impairment: | |
| At 30 September 1999 and 30 September 2000 | 216,945 |
| Net book value: | |
| At 30 September 1999 and 30 September 2000 | 19,239,000 |

The investment in Bass Hotels & Resorts (UK) Limited was valued by the directors at 31 March 1978 on the basis of the current market value.

- (ii) Group accounts have not been prepared because the Company is a wholly owned subsidiary of a company incorporated in Great Britain. In the opinion of the directors the value of the subsidiaries is at least equal to the amount shown above and the principal subsidiaries included therein are:

| Company | Country of Incorporation | Main activity | Proportion of held shares Ordinary shares |
|------------------------------------|-----------------------------|----------------|---|
| Bass Hotels & Resorts (UK) Limited | England | Hotel Operator | 100% |
| Holiday Inns Garden Court Limited | England | Non trading | 100% |
| Pendigo Hotels Limited | England | Non trading | 100% |

- (b) Comparable amounts under the historical cost convention would be:

| | |
|----------------------|------|
| At 30 September 1999 | £100 |
| At 30 September 2000 | £100 |

7. DEBTORS

| | 2000 £ | 1999 £ |
|--|-------------------|-------------------|
| Amounts falling due within one year | | |
| Loan to ultimate parent company | 9,092,472 | 8,570,748 |
| Amounts falling due after more than one year | | |
| Amounts owed by subsidiary undertaking | 16,508,310 | 16,658,610 |
| | <u>25,600,782</u> | <u>25,229,358</u> |

NOTES TO THE ACCOUNTS

Year ended 30 September 2000

8. CREDITORS

| | 2000 £ | 1999 £ |
|---|-----------|-----------|
| Amounts falling due within one year: | | |
| Corporation tax | 156,517 | 150,299 |
| Amounts falling due after more than one year: | | |
| Amounts owed to subsidiary undertaking | 100 | 100 |

9. CALLED UP SHARE CAPITAL

| | 2000 £ | 1999 £ |
|---|------------|------------|
| Authorised : | | |
| 125,000,000 5% non cumulative preference shares of 10p each | 12,500,000 | 12,500,000 |
| 125,000,000 ordinary shares of 10p each | 12,500,000 | 12,500,000 |
| | 25,000,000 | 25,000,000 |
| Allotted, called up and fully paid : | | |
| 121,644,721 5% non cumulative preference shares of 10p each | 12,164,472 | 12,164,472 |
| 121,644,721 ordinary shares of 10p each | 12,164,472 | 12,164,472 |
| | 24,328,944 | 24,328,944 |

Preference shares right

The holders of preference shares rights are entitled to a fixed non-cumulative preferential dividend at the rate shown and, on winding up of the Company, to priority over the ordinary shareholders as regards payment of capital together with all arrears of fixed non-cumulative preferential dividend, whether declared or earned or not.

The holders of preference shares are not entitled to receive notice of, or to attend or vote at, any general meeting.

The preference shareholders have agreed to waive their rights to all dividend issues.

10. RELATED PARTIES

The Company has taken advantage of the exemption permitted by Financial Reporting Standard 8 not to disclose transactions with other group companies.

11. ULTIMATE PARENT COMPANY

The ultimate parent company and controlling party is Bass PLC, a company incorporated in Great Britain and registered in England and Wales.

The largest and smallest group in which the results of Bass Hotels and Holidays Limited and subsidiary undertakings are consolidated is that headed by Bass PLC.

The consolidated accounts of Bass PLC are available to the public and may be obtained from Companies House, Crown Way, Cardiff CF4 3UZ.