

GRANADA HOSPITALITY LIMITED

DIRECTORS' REPORT AND ACCOUNTS

24 SEPTEMBER 1997



GRANADA HOSPITALITY LIMITED

DIRECTORS' REPORT

The directors submit their report and accounts for the 52 weeks ended 24 September 1997.

Principal activities and business review

The principal activity of the Company remains the operation of motorway and trunk road service areas and lodges.

Results for the period

The profit for the period is shown in the profit and loss account on page 6.

Dividend

The directors do not propose the payment of a dividend for the period (1996 - £25,000,000).

Tangible Fixed Assets

A summary of the movement on tangible fixed assets is given in note 10 of the accounts.

Directors

The directors of the Company during the period were:-

C L Allen	
D A Davenport	
G R Halder	(Resigned 29 November 1996)
R Martin	(Resigned 31 December 1997)
T C Moss	
T F O'Neill	(Resigned 24 December 1996)
N J A Patterson	(Resigned 23 May 1997)
N E Potts	(Resigned 30 November 1996)
S Turl	(Appointed 15 December 1997)
A J Raven	
C H Rayner	(Appointed 21 April 1997)
A M Robertson	
G M Wallace	(Resigned 31 January 1997)

D A Davenport, T Moss and C Rayner retire from the Board by rotation and being eligible offer themselves for re-election.

GRANADA HOSPITALITY LIMITED

DIRECTORS' REPORT - CONTINUED

Directors Interests

None of the Directors had a direct interest in the issued share capital of the Company.

The beneficial interests of the directors at 24 September 1997 together with their family interests in the shares of Granada Group Plc are as follows:-

	24 September 1997		29 September 1996 (or date of appointment if later)	
	<u>Ordinary Shares</u>	<u>Options</u>	<u>Ordinary Shares</u>	<u>Options</u>
D A Davenport	-	130,369	-	109,369
R Martin	378	53,566	378	28,566
T C Moss	-	21,414	-	11,414
A J Raven	13,077	33,500	10,007	41,000
C H Rayner	-	10,000	-	-
A M Robertson	12,785	72,995	13,719	68,995

During the period options over Ordinary Shares (included in the above table) were granted to and exercised by directors as follows:

	<u>Granted</u>	<u>Exercised</u>
D A Davenport	21,000	-
R Martin	25,000	-
T C Moss	10,000	-
A J Raven	2,500	10,000
C H Rayner	10,000	-
A M Robertson	4,000	-

C L Allen is a director of Granada Group Plc and his interests are disclosed in its financial statements for the period ended 27 September 1997

In addition Mr D A Davenport was awarded 26,258 shares under the Granada Group Performance Share Plan on 10 September 1997 at a price of 799.75p for the performance period 1 October 1997 to 30 September 2000.

Details of performance conditions are set out in the financial statements of Granada Group Plc.

GRANADA HOSPITALITY LIMITED

DIRECTORS' REPORT - CONTINUED

Supplier payment policy

The company does not follow a specific standard or code for the payment of suppliers. It agrees payment terms with its suppliers when it enters into purchase contracts. It then seeks to adhere to these arrangements providing it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. The average payment period during the year was 32 days.

Employment policies

There are established procedures for employees to receive regular news and information regarding the business and development of the Company. Arrangements are made for consultation to take place and site newsletters and periodic company bulletins are circulated to all staff.

The Company recognises the value of employee involvement in effective communications and the need for their contribution to decision making on matters affecting their jobs. To achieve employee involvement at the relevant level the company has a framework for consultation and information, having regard to the mix and location of employees.

Suitable procedures are in operation to support the Company's policy that disabled persons (whether registered or not) shall be considered for employment and subsequent training, career development and promotion on the basis of their aptitude and abilities.

Elective Resolutions

The Company has passed Elective resolutions to dispense with the laying of the Annual Report and Accounts 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

H. Tautz
Helen Tautz
Secretary

8 June 1998

P O Box 218
Toddington
Bedfordshire
LU5 6QG

GRANADA HOSPITALITY LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit and loss 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;
- . state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- . 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 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.

AUDITORS' REPORT TO THE MEMBERS OF:

GRANADA HOSPITALITY LIMITED

We have audited the financial statements on pages 6 to 19.

Respective responsibilities of directors and registered auditor

As described on page 4, the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

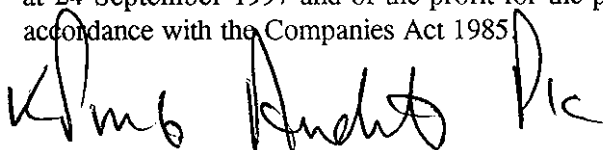
Basis of opinion

We conducted our audit in accordance with 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 24 September 1997 and of the profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants
Registered Auditor

25 June 1998

Norfolk House
499 Silbury Boulevard
Central Milton Keynes
MK9 2HA

GRANADA HOSPITALITY LIMITED

**PROFIT AND LOSS ACCOUNT FOR THE 52 WEEKS ENDED 24 SEPTEMBER 1997
(1996: 52 WEEKS ENDED 29 SEPTEMBER 1996)**

	<u>NOTES</u>	1997 <u>£'000</u>	1996 <u>£'000</u>
TURNOVER	2	457,799	389,458
Movement in stocks for resale		989	1,134
Staff costs	4	(38,219)	(32,419)
Depreciation		(4,715)	(3,799)
Other operating costs		(368,076)	(303,593)
Profit on sale of fixed assets		1,022	6,149
		-----	-----
OPERATING PROFIT		48,800	56,930
Net interest	7	(22,035)	(19,169)
		-----	-----
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX	3	26,765	37,761
Tax on profit on ordinary activities	8	(4,900)	(7,001)
		-----	-----
PROFIT FOR THE PERIOD ON ORDINARY ACTIVITIES AFTER TAXATION		21,865	30,760
Dividends	9	-	(25,000)
		-----	-----
TRANSFERS TO RESERVES	18	21,865	5,760
		=====	=====

All of the above amounts relate solely to continuing operations of the Company.

GRANADA HOSPITALITY LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE 52 WEEKS
ENDED 24 SEPTEMBER 1997 (1996: 52 WEEKS ENDED 27 SEPTEMBER 1996)**

	1997 <u>£'000</u>	1996 <u>£'000</u>
Profit for financial period	21,865	30,760
Disposal of revalued properties	90	-
	-----	-----
Total recognised gains and losses relating to the period	<u>21,955</u>	<u>30,760</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES

	1997 <u>£'000</u>	1996 <u>£'000</u>
Reported profit on ordinary activities before taxation	26,765	37,761
Realisation of property revaluation losses from previous years	-	(22,935)
Difference between historical cost depreciation charge and the actual depreciation charge for the year on revalued assets	1,466	(477)
	-----	-----
Historical cost profit on ordinary activities before taxation	<u>28,231</u>	<u>14,349</u>
Historical cost retained profit/(loss) for the period after taxation and dividends	<u>23,331</u>	<u>(17,652)</u>

The Notes on pages 9 to 19 form part of these accounts. The movements on reserves are set out in Note 18.

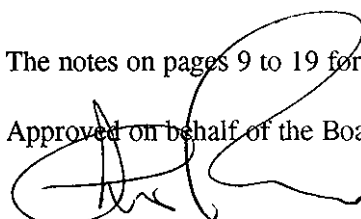
GRANADA HOSPITALITY LIMITED

BALANCE SHEET AT 24 SEPTEMBER 1997

	<u>NOTES</u>	<u>1997</u> <u>£'000</u>	<u>1997</u> <u>£'000</u>	<u>1996</u> <u>£'000</u>	<u>1996</u> <u>£'000</u>
FIXED ASSETS					
Tangible assets	10		446,270		414,165
Investments	11		96		96
			-----		-----
			446,366		414,261
CURRENT ASSETS					
Stocks	12	9,313		8,365	
Debtors	13	10,717		44,322	
Cash at bank		397		379	
		-----		-----	
		20,427		53,066	
CREDITORS: amounts falling due within one year	14	(63,841)		(99,091)	
		-----		-----	
NET CURRENT LIABILITIES			(43,414)		(46,025)
			-----		-----
TOTAL ASSETS LESS CURRENT LIABILITIES			402,952		368,236
CREDITORS: amounts falling due after more than one year	15		(281,089)		(264,726)
PROVISIONS FOR LIABILITIES AND CHARGES	16		-		(3,512)
			-----		-----
NET ASSETS			121,863		99,998
			=====		=====
CAPITAL AND RESERVES					
Called up share capital	17		27,953		27,953
Revaluation reserve	18		71,894		71,984
Profit and loss account	18		22,016		61
			-----		-----
EQUITY SHAREHOLDERS' FUNDS			121,863		99,998
			=====		=====

The notes on pages 9 to 19 form part of these accounts.

Approved on behalf of the Board on 8 June 1998

 Director

GRANADA HOSPITALITY LIMITED

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

(a) Basis of accounting

The accounts are prepared under the historical cost convention as modified by the revaluation of certain freehold, long and short leasehold properties and in accordance with applicable accounting standards.

(b) Basis of consolidation

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group. The company is included in the consolidated accounts of Granada Group Plc.

(c) Cash Flow Statement

In accordance with FRS1 (Revised), the company is exempt from preparing a cash flow statement as the parent company Granada Group Plc includes such a statement in its report and accounts.

(d) Depreciation

Freehold and long leasehold property

It is the company's policy to maintain the freehold and long leasehold buildings in good condition with maintenance expenditure being charged against profits. Consequently the book amounts of these buildings are not impaired by the passage of time and any element of depreciation would be immaterial.

Short leasehold property

Depreciation is provided on a reducing balance basis over the remaining term of each lease with the exception of certain motorway service areas. These sites which are subject to short leaseholds are not depreciated whilst their value is maintained or increased. Depreciation thereafter is provided on a reducing balance basis over the residue of the lease.

Other assets

Depreciation is charged over the estimated useful life as follows:-

Motor vehicles	25 %	per annum reducing balance
Computer equipment	20 %	per annum reducing balance
Other fixtures and fittings	15 %	per annum reducing balance
Pre-opening costs	20 %	per annum reducing balance

(e) Stocks

Stocks which comprise goods purchased for resale and consumables are valued at the lower of cost or estimated net realisable value.

GRANADA HOSPITALITY LIMITED

NOTES TO THE ACCOUNTS - CONTINUED

1. ACCOUNTING POLICIES - CONTINUED

(f) Deferred taxation

Provision for deferred taxation is made only in respect of liabilities which the Board considers are likely to crystallise within the foreseeable future.

(g) Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

(h) Leases

Operating lease rental payments are charged directly to the profit and loss account on an accruals basis.

2. TURNOVER

Turnover comprises sales of goods and services within the UK which fall within the Company's ordinary activities, which were continuing during the year, and is stated exclusive of value added tax.

In the opinion of the directors turnover and profit on ordinary activities before tax are attributable to one activity, namely the operation of travel and leisure facilities.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities before taxation is stated after charging:

	1997 £'000	1996 £'000
Directors' remuneration and compensation for loss of office (note 6)	641	563
Provision for cost of integration following the Group's acquisition of Pavilion Services Group Limited	-	300
Operating lease payments - plant and machinery	639	669
- property rentals	2,788	5,294
Auditors' and associates remuneration - for audit services	16	30
- for other services	-	9
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GRANADA HOSPITALITY LIMITED

NOTES TO THE ACCOUNTS - CONTINUED

	1997 <u>£'000</u>	1996 <u>£'000</u>
4. STAFF COSTS		
Wages and salaries	36,109	30,575
Social security costs	2,101	1,661
Other Pension costs	9	183
	<u>38,219</u>	<u>32,419</u>

The average number of employees during the period was 3,075 (1996 - 3,454).

5. PENSION COSTS

The company participates in defined benefit pension schemes operated by Granada Group Plc that are externally funded under separate trusts. Valuations of the funds are carried out approximately every three years, the last actuarial assessment being made in 1995. That report disclosed that the funds were adequate to meet all obligations of the scheme. Particulars of the actuarial valuations for the group schemes are contained in the accounts of Granada Group Plc.

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the fund and amounted to £24,000 (1996: £188,000).

	1997 <u>£'000</u>	1996 <u>£'000</u>
6. DIRECTORS' REMUNERATION		
Salary/Benefits	441	527
Compensation	<u>200</u>	<u>36</u>
Totals	<u>641</u>	<u>563</u>

The aggregate of emoluments of the highest paid director was £154,000 (1996:£147,000). He is a member of a defined benefit scheme, under which the accrued pension to which he would be entitled from normal retirement date if he were to retire at the year end was £8,911.

	Number of Directors <u>1997</u>	<u>1996</u>
Retirement benefits are accruing to the following number of directors under:		
Defined Benefit schemes	<u>11</u>	<u>13</u>
The number of directors who exercised share options was	<u>1</u>	<u>—</u>
The number of directors in respect of whose services share were received or receivable under long term incentive schemes was	<u>1</u>	<u>—</u>

GRANADA HOSPITALITY LIMITED

NOTES TO THE ACCOUNTS - CONTINUED

	1997 <u>£'000</u>	1996 <u>£'000</u>
7. NET INTEREST		
Amounts payable on bank loans and overdrafts	1,260	23
Amounts payable on other loans	-	214
Interest receivable	-	(19)
Payable to group undertaking	20,775	18,951
	<u>22,035</u>	<u>19,169</u>

Interest of £548,000 was capitalised on leasehold properties during the period (1996 - £868,000).

	1997 <u>£'000</u>	1996 <u>£'000</u>
8. TAX ON PROFIT ON ORDINARY ACTIVITIES		
Based on profit for the period:		
Corporation tax at 33 %/31 % (1996 - 33 %)	4,860	6,737
Deferred taxation	40	264
	<u>4,900</u>	<u>7,001</u>

	1997 <u>£'000</u>	1996 <u>£'000</u>
9. DIVIDENDS		
Final proposed dividend	-	25,000
	<u>-</u>	<u>25,000</u>

GRANADA HOSPITALITY LIMITED

NOTES TO THE ACCOUNTS - CONTINUED

10. TANGIBLE FIXED ASSETS

	FREEHOLD LAND & BUILDINGS £'000	LONG LEASEHOLD LAND & BUILDINGS £'000	SHORT LEASEHOLD LAND & BUILDINGS £'000	OWNED VEHICLES EQUIPMENT & FITTINGS £'000	TOTAL £'000
<u>COST OR VALUATION</u>					
At 29 September 1996	188,981	53,461	145,467	51,367	439,276
Additions	6,948	3,584	17,899	11,243	39,674
Intra group additions	364	-	39	-	403
Disposals	(2,188)	-	(265)	(955)	(3,408)
At 24 September 1997	<u>194,105</u>	<u>57,045</u>	<u>163,140</u>	<u>61,655</u>	<u>475,945</u>

DEPRECIATION

At 29 September 1996	-	-	-	25,111	25,111
Charge for the period	-	-	-	4,715	4,715
Disposals	-	-	-	(151)	(151)
At 24 September 1997	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,675</u>	<u>29,675</u>

NET BOOK AMOUNT

At 24 September 1997	<u>194,105</u>	<u>57,045</u>	<u>163,140</u>	<u>31,980</u>	<u>446,270</u>
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At 29 September 1996	<u>188,981</u>	<u>53,461</u>	<u>145,467</u>	<u>26,256</u>	<u>414,165</u>
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**ANALYSIS OF COST OR
VALUATION:**

Cost	32,377	53,848	54,728	41,512	182,465
Valuation	161,728	3,197	108,412	20,143	293,480
At 24 September 1997	<u>194,105</u>	<u>57,045</u>	<u>163,140</u>	<u>61,655</u>	<u>475,945</u>

GRANADA HOSPITALITY LIMITED

NOTES TO THE ACCOUNTS - CONTINUED

10. TANGIBLE FIXED ASSETS - continued

Certain operating freehold, long leasehold and short leasehold properties, including their related equipment and fittings were externally valued at 30 September 1995 and the directors have incorporated these valuations into the accounts. All such properties were valued on an open market for existing use basis. The valuations were carried out by Messrs Gerald Eve, Chartered Surveyors in accordance with the RICS Statements of Asset Valuation Practice and Guidance Notes.

No depreciation has been provided in respect of freehold and leasehold properties with a cost or valuation of £414,290,000 (1996 - £377,363,000).

Additions to short leasehold properties include capitalised interest of £548,000 (1996 - £868,000). Total capitalised interest of £8,933,000 (1996: £8,385,000) is included in fixed assets at 24 September 1997.

On an historical cost basis the assets that have been revalued would have been included at the following amounts:

	Freehold Land & Buildings <u>£'000</u>	Long Leasehold Land & Buildings <u>£'000</u>	Short Leasehold Land & Buildings <u>£'000</u>	Owened Vehicles Equipment & Fittings <u>£'000</u>	Total <u>£'000</u>
Cost	143,619	2,755	82,434	67,979	296,787
Aggregate Depreciation	115	52	7,332	46,380	53,879
Net Book Amount	<u>143,504</u>	<u>2,703</u>	<u>75,102</u>	<u>21,599</u>	<u>242,908</u>

No deferred tax has been provided on the revaluation of fixed assets.

11. INVESTMENTS

Shares in group undertakings
- at cost

	1997 <u>£'000</u>	1996 <u>£'000</u>
	96	96

The company holds 100% of the share capital of the following companies, none of which traded during the period.

<u>Group Undertaking</u>	<u>£1 Shares</u>	<u>Number Held</u>	<u>Country of Registration</u>
Princebilt Hotels Limited	Deferred shares Ordinary shares	115,100 1,151	Scotland
Granada Road Services Limited	Ordinary shares	1,800,000	England

GRANADA HOSPITALITY LIMITED

NOTES TO THE ACCOUNTS - CONTINUED

	1997 <u>£'000</u>	1996 <u>£'000</u>
12. STOCK		
Goods for resale	8,371	7,382
Other stocks	942	983
	<u>9,313</u>	<u>8,365</u>
	1997 <u>£'000</u>	1996 <u>£'000</u>
13. DEBTORS		
Trade debtors	4,562	5,722
Amounts owed by fellow subsidiary undertakings	-	35,653
Amounts owed by parent undertaking	1,737	-
Other debtors	1,202	368
Prepayments and accrued income	3,191	2,514
Deferred tax asset (Note 16)	25	65
	<u>10,717</u>	<u>44,322</u>
	1997 <u>£'000</u>	1996 <u>£'000</u>
14. CREDITORS: amounts falling due within one year		
Bank loans and overdrafts	1,505	5,981
Trade creditors	31,970	24,063
Amounts owed to parent undertaking	-	110
Amounts owed to fellow subsidiary undertakings	6,374	27,251
Other creditors	13,712	4,906
Corporation tax	4,719	5,614
Taxation and social security	1,654	826
Accruals and deferred income	3,907	5,340
Dividends	-	25,000
	<u>63,841</u>	<u>99,091</u>

The company is jointly and severally liable, with certain other members of the group, to Barclays Bank Plc in respect of borrowings on the Granada Group joint bank account.

Loans of £ 1,496,000 have been secured by a Barclays Bank guarantee, counter indemnified by Granada Group Plc and are included within Bank loans and overdrafts disclosed above.

GRANADA HOSPITALITY LIMITED

NOTES TO THE ACCOUNTS - CONTINUED

	1997 <u>£'000</u>	1996 <u>£'000</u>
15. CREDITORS: amounts falling due after more than one year		
Loans	9	17
Amounts owed to parent undertaking	262,623	244,440
Accruals and deferred income	18,457	20,269
	<u>281,089</u>	<u>264,726</u>
 Loans repayable: Between two to five years	 9	 17
	<u>9</u>	<u>17</u>
 16. PROVISIONS FOR LIABILITIES AND CHARGES		
		£'000
Provision for cost of integration following the Group's acquisition of Pavilion Services Group Limited		
Balance at 29 September 1996		3,512
Utilised in year		(3,512)
Balance at 24 September 1997		<u>-</u>
 Deferred tax asset:		
Balance at 29 September 1996		(65)
Profit and Loss Account (Note 8)		40
Balance at 24 September 1997 (Note 13)		<u>(25)</u>

The deferred tax asset arises from short term timing differences.

GRANADA HOSPITALITY LIMITED

NOTES TO THE ACCOUNTS - CONTINUED

16. PROVISIONS FOR LIABILITIES AND CHARGES (contd.)

	1997 <u>£'000</u>	1996 <u>£'000</u>
The full potential liability for deferred taxation is as follows:		
Capital allowance deferrals	3,461	353
Revaluation surplus	21,568	22,954
Other timing differences	(23)	(165)
	<u>25,006</u>	<u>23,142</u>

The revaluation surplus has not been provided for as the assets are not expected to be disposed of and the tax liability will not arise.

	1997 <u>£'000</u>	1996 <u>£'000</u>
17. CALLED UP SHARE CAPITAL		
Authorised, allotted, issued and fully paid:		
Ordinary shares of £1 each	<u>27,953</u>	<u>27,953</u>

18. RESERVES

	Revaluation Reserve <u>£'000</u>	Profit and Loss account <u>£'000</u>	Total <u>£'000</u>
At 29 September 1996	71,984	61	72,045
Profit for the period	-	21,865	21,865
Property disposal	(90)	90	-
At 24 September 1997	<u>71,894</u>	<u>22,016</u>	<u>93,910</u>

GRANADA HOSPITALITY LIMITED

NOTES TO THE ACCOUNTS - CONTINUED

19. RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	1997 <u>£'000</u>	1996 <u>£'000</u>
Profit for the financial year	21,865	30,760
Dividends	-	(25,000)
	-----	-----
Net addition to equity shareholders' funds	21,865	5,760
Opening equity shareholders' funds	99,998	94,238
	-----	-----
Closing equity shareholders' funds	<u>121,863</u>	<u>99,998</u>

20. LEASE COMMITMENTS

At 24 September 1997, the company's operating lease commitments for plant and machinery for the financial year to 30 September 1997 are analysed by expiry date as follows:

	<u>£'000</u>
Within one year	138
Between two and five years	501

	<u>639</u>

At 24 September 1997, the company's operating lease commitments for land and buildings for the financial year to 30 September 1997 are £2,788,000 (1996 - £2,632,000) all with an expiry date in excess of five years.

21. CONTINGENT LIABILITY

The Company is part of a group for VAT registration purposes and is therefore jointly and severally liable for the Group's liability at 27 September 1997. The Company's contingent liability at that date was £40.8million (1996: £26.4million).

GRANADA HOSPITALITY LIMITED

NOTES TO THE ACCOUNTS - CONTINUED

22. RELATED PARTY DISCLOSURES

The company is controlled by Granada Group Plc, the immediate and ultimate parent company. The company has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Granada Group Plc, within which this company is included, can be obtained from the address given in note 23.

23. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is Granada Group Plc, a company registered in England and incorporated in Great Britain, which is the parent of both the largest and smallest group to consolidate the accounts of the company. The parent undertaking has indicated its willingness to continue to provide financial support to the Company. A copy of the accounts for Granada Group Plc can be obtained from Stornoway House, 13 Cleveland Row, London, SE1A 1GG.