

THESE ACCOUNTS ARE REVISED AND REPLACE THE ORIGINAL ACCOUNTS FILED.
THESE ACCOUNTS ARE NOW THE STATUTORY ACCOUNTS OF THE COMPANY.

THESE ACCOUNTS HAVE BEEN PREPARED AT THE DATE OF THE ORIGINAL
ACCOUNTS AND DO NOT DEAL WITH ANY EVENTS SINCE.

WE WOULD LIKE TO BRING TO YOUR ATTENTION THE AMENDMENT TO
DISCLOSURE NOTE 9 WHICH HAS BEEN MADE SO AS TO BE CONSISTENT WITH THE
POSITION AS DISCLOSED ON THE FACE OF THE BALANCE SHEET

SELKIRK HOUSE (MH) LIMITED

Company number 1809228

Report and Accounts
12 months ended 31st December, 1998



Selkirk House (MH) Limited

Annual Report & Accounts for the year ended 31 December 1998

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Selkirk House (MH) Limited

Annual Report & Accounts for the year ended 31 December 1998

Directors' report

The Directors present their Report and Accounts for the year ended 31 December 1998.

Principal activity

The principal activity is that of marketing and promotion on behalf of M ridien hotels outside the United Kingdom

Trading results and dividends

The profit on ordinary activities over year before taxation was  1,723,565
(year ended 31 December 1997: profit of  1,585,213)

The Directors do not recommend the payment of a dividend (year ended 31 December 1997:  Nil)

Directors

The Directors of the Company at 31 December 1998 were :

Mr P B Coleridge
Mr G J Parrott
Mr H E Staunton
Mrs H J Tautz

Selkirk House (MH) Limited**Annual Report & Accounts for the year ended 31 December 1998**

Directors' interests

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

The beneficial interests of the Directors in the issued share capital of Granada Group PLC were as follows :-

	At 31 Dec 1998	At 31 Dec 1997
P B Coleridge	1,794	1,794
H J Tautz	-	-

The following Directors held share options under the Granada Group PLC Executive and Savings Related Share Option Schemes :-

	At 31 Dec 1997	Granted	Exercised	At 31 Dec 1998
P B Coleridge				
- Executive	137,500	-	103,500	34,000
- Saving Related	4,369	-	-	4,369
	141,869	-	103,500	38,369
H J Tautz				
- Executive	24,500	7,500	-	32,000
- Saving Related	540	-	-	540
	25,040	7,500	-	32,540

In addition to the above the following director has conditional awards under the Granada Group Performance Share Plan, detailed information in relation to the Plan is set out in the Report and Accounts of Granada Group PLC :

	At 31 December 1998	At 31 December 1997	Awarded during the year at 784.5p	Vested during the year
Peter Coleridge	21,411	9,700	11,711	Nil

G J Parrott and H E Staunton are also Directors of Granada Group PLC and, as such, their interests are shown in the Report and Accounts of that company.

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.

Selkirk House (MH) Limited

Annual Report & Accounts for the year ended 31 December 1998

Year 2000 Disclosure

Le Méridien Piccadilly Limited and fellow subsidiary undertakings are undertaking a carefully planned programme for Year 2000 compliance on business critical systems encompassing a combination of modifying and testing systems with the intention that they will function properly in 2000. We expect compliance will be primarily achieved through the replacement and enhancement of our existing systems. Our Year 2000 programme is based upon a plan to have all our business critical systems compliant in early 1999.

We are also undertaking a supplier and customer evaluation programme designed to establish the current and prospective Year 2000 status of key suppliers and customers and to seek corrective action where necessary. We will also be developing contingency plans to reduce the risk of business disruption from year 2000 failures arising in suppliers with which we do not have a direct relationship.

Because Year 2000 compliance is primarily achieved through replacing or enhancing existing systems, a substantial proportion of the costs of the programme are capital in nature. It is not possible at this stage to provide an accurate estimate of the amount of our future systems expenditure which will be charged to the profit and loss account in accordance with UITF20 'Year 2000 issues: accounting and disclosures'.

Amounts invested during the year in IT systems and amounts charged to the profit and loss account in relation to the Year 2000 issue are disclosed in the accounts of Granada Group PLC.

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 for that period.

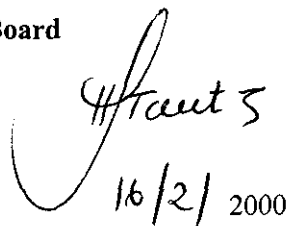
The Directors consider that, in preparing the financial statements on pages 6 to 12, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgement and estimates, that all accounting standards which they consider to be applicable have been 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 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.

By order of the Board

H J Tautz
Secretary



16/2/2000

Registered office:
166 High Holborn
London
WC1V 6TT

Company Number: 1809228

Selkirk House (MH) Limited

Annual Report & Accounts for the year ended 31 December 1998

Auditors report to the shareholders of Selkirk House (MH) Limited

We have audited the Financial Statements on pages 6 to 12.

Respective responsibilities of Directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the 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.

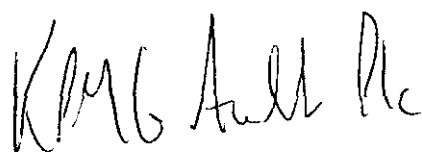
Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc
Chartered Accountants
Registered Auditor

17 / 2 / 2000

*Selkirk House (MH) Limited***Annual Report & Accounts for the year ended 31 December 1998**

Profit and Loss Accounts for the year ended 31 December 1998

	Note	Year ended 31 December 1998 £	Year ended 31 December 1997 £
Turnover	2	2,084,836	1,943,694
Cost of sales		-	-
Gross profit		2,084,836	1,943,694
Administrative expenses		(361,270)	(358,481)
		1,723,565	1,585,213
Other operating income		-	-
Operating profit	3	1,723,565	1,585,213
Interest payable and similar charges		-	-
Profit on ordinary activities before taxation		1,723,565	1,585,213
Taxation	6	(556,954)	(523,120)
Profit on ordinary activities after taxation		1,166,611	1,062,093
Accumulated profits brought forward		7,089,575	6,027,482
Accumulated profits carried forward		8,256,186	7,089,575

All of the above results relate to continuing activities. Other than those recorded in the profit and loss account there were no other recognised gains and losses in either this or the previous period.

There is no difference between the reported result for the period and that which would be reported under the historical cost convention.

The notes on pages 8 to 12 form part of these accounts.

Selkirk House (MH) Limited**Annual Report & Accounts for the year ended 31 December 1998**

Balance Sheet as at 31 December 1998

	Note	31 December 1998 £	31 December 1997 £
Fixed assets			
Tangible assets	7	6,623	10,170
Current assets			
Stocks		0	0
Debtors	8	11,704,436	9,914,489
Cash at bank and in hand		0	0
		<hr/>	<hr/>
		11,704,436	9,914,489
Creditors: amounts falling due within one year	9	(3,444,873)	(2,825,084)
		<hr/>	<hr/>
Net current assets		8,259,563	7,089,405
		<hr/>	<hr/>
Total assets less current liabilities		8,266,186	7,099,575
		<hr/>	<hr/>
Creditors: amounts falling due after more than one year		0	0
		<hr/>	<hr/>
Net Assets		8,266,186	7,099,575
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	10	10,000	10,000
Profit and loss account		8,256,186	7,089,575
		<hr/>	<hr/>
Equity Shareholders Funds	11	8,266,186	7,099,575
		<hr/>	<hr/>

Approved by the Board on 16/2/2000 and signed on its behalf by


H J Tautz
Director

The notes on pages 8 to 12 form part of these Accounts.

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 financial statements.

Basis of Preparation

The Financial Statements have been prepared in accordance with applicable accounting standards and under historical cost convention.

Going Concern

The financial statements have been prepared on a going concern basis. The company's parent company, Societe des Hotels Méridien SA, has confirmed its continued financial support for the foreseeable future.

Cash Flow Statement

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.

Turnover

Turnover represents management fees receivable from Le Méridien Piccadilly and an agreed contribution from Societe des Hotels Méridien S.A.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets over their expected useful lives. It is calculated on the original cost of the assets at the following annual rates:

Furniture, fixtures and equipment	- 10% per annum
Office equipment	- 25% per annum

Deferred taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes to the extent that it is possible that a liability or asset will crystallise.

Foreign currency

Foreign currency transactions are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

Selkirk House (MH) Limited

Annual Report & Accounts for the year ended 31 December 1998

1. Accounting policies (continued)

Leased assets

All leases are operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

2. Turnover and profit

The turnover and profit before tax is attributable to the Company's principal activity and derived from sales in the United Kingdom.

3. Operating profit is stated after charging:

In the year ended 31 December 1998 the audit fee for the company was borne by a fellow Group undertaking.

4. Employees

The company now employs no employees, and is administered through another Group company.

5. Directors' emoluments

No director received any emoluments from the company in either this or the previous year.

6. Taxation on profit on ordinary activities

	Year ended 31 December 1998 £	Year ended 31 December 1997 £
UK corporation tax at 33%	556,954	523,120

Selkirk House (MH) Limited

Annual Report & Accounts for the year ended 31 December 1998

7. Tangible fixed assets

	Office Equipment £	Furniture, Fixtures & Fittings £	Total £
<i>Cost</i>			
As at 1 January 1998	41,041	24,602	65,643
Fully Written Off	(41,041)	-	(41,041)
Additions	-	-	-
	<hr/>	<hr/>	<hr/>
As at 31 December 1998	-	24,602	24,602
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
As at 1 January 1998	39,260	16,213	55,473
Fully Written Off	(41,041)	-	(41,041)
Provided for the period	1,781	1,766	3,547
	<hr/>	<hr/>	<hr/>
	-	17,979	17,979
	<hr/>	<hr/>	<hr/>
<i>Net Book Value</i>			
At 31 December 1998	-	6,623	6,623
	<hr/>	<hr/>	<hr/>
At 1 January 1998	1,781	8,389	10,170
	<hr/>	<hr/>	<hr/>

8. Debtors

	Year ended 31 December 1998 £	Year ended 31 December 1997 £
Other debtors	-	-
Amounts owed by other Group	11,704,436	9,914,489
Undertakings	<hr/>	<hr/>
	11,704,436	9,914,489
	<hr/>	<hr/>

These amounts are all due within one year.

*Selkirk House (MH) Limited***Annual Report & Accounts for the year ended 31 December 1998**

9. Creditors: amounts falling due within one year

	Year ended 31 December 1998	Year ended 31 December 1997
	£	£
Corporation tax	1,875,029	1,780,724
Amounts owed to other Group undertakings	1,569,844	1,044,360
	<hr/>	<hr/>
	3,444,873	2,825,084
	<hr/>	<hr/>

10. Called up share capital

	Year ended 31 December 1998	Year ended 31 December 1997
	£	£
Authorised		
10,000 ordinary shares of £1 each	10,000	10,000
	<hr/>	<hr/>
	10,000	10,000
	<hr/>	<hr/>
Issued, allotted and fully paid		
10,000 ordinary shares of £1 each	10,000	10,000
	<hr/>	<hr/>
	10,000	10,000
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Selkirk House (MH) Limited

Annual Report & Accounts for the year ended 31 December 1998

11. Reconciliation of movements in Shareholders' funds

	Share capital £	Profit and loss reserve £	Total 1998 £	Total 1997 £
As at 31 December 1997	10,000	7,089,575	7,099,575	6,037,482
Retained profit for the period	-	1,166,611	1,166,611	1,062,093
As at 31 December 1998	10,000	8,256,186	8,266,186	7,099,575
Equity			8,266,186	7,099,575
			8,266,186	7,099,575

12. Commitments under operating leases

As at 31 December 1998, the Company had no annual commitments under non-cancellable operating leases (1997;£Nil).

13. Related Party Transactions

As the company is a wholly owned subsidiary of Granada Group PLC, the company has taken advantage of the exemption contained in the Financial Reporting Standard No. 8 and has therefore not disclosed transactions or balances with entities which form part of the group, headed by Granada Group PLC.

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

14. Ultimate parent and controlling company and parent undertaking of smallest and largest group of which the company is a member.

The directors consider the ultimate holding and controlling company to be Granada Group PLC a company registered in England. The accounts of the ultimate holding company, which heads both the largest and smallest group in which the results of the Company are consolidated, are available to the public at the following address :

Granada Group PLC
Stornoway House
13 Cleveland Row
London
SW1A 1GG

The immediate holding and controlling company is Meridien Holdings UK Ltd, a company registered in England.