

**COMPASS INTERNATIONAL HOLDINGS LIMITED**  
**(formerly Forte International Holdings Limited)**

**(Registered Number 3165891)**

**REPORT AND ACCOUNTS**

**YEAR ENDED 30 SEPTEMBER 2002**



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**COMPASS INTERNATIONAL HOLDINGS LIMITED**  
**(formerly Forte International Holdings Limited)**  
**DIRECTORS' REPORT**

The Directors present their Report and Accounts for the year ended 30 September 2002.

**PRINCIPAL ACTIVITIES AND REVIEW OF THE YEAR**

The Company is an investment holding company.

**CHANGE OF NAME**

The Company changed its name to Compass International Holdings Limited on 23 September 2002.

**TRADING RESULTS**

The loss on ordinary activities before taxation for the year was £1,106,000 (2001: profit £21,984,000).

**DIVIDENDS**

The Directors do not recommend the payment of a dividend for the year on the Ordinary shares (2001: £740,000,000 (£3.4275 per share)).

**DIRECTORS**

The Directors of the Company during the year were as follows

A M Boyle

D J Brassington

R M Morley (appointed 11 September 2002)

**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 Compass Group PLC were as follows

	At 30 September 2002 Number	At 30 September 2001 (or date of appointment if later) Number
A M Boyle	218	-
D J Brassington	13,465	8,498
R M Morley	217,352	217,352

The following Directors held share options under the Compass Group PLC Executive Share Option Plan and Savings-Related Share Option scheme

	At 30 September 2002 Number	At 30 September 2001 (or date of appointment if later) Number	Granted during year Number	Lapsed during year Number
A M Boyle	308,046	253,246	54,800	-
D J Brassington	228,315	193,010	39,175	3,870
R M Morley	1,411,525	1,319,025	347,425	-

**COMPASS INTERNATIONAL HOLDINGS LIMITED**  
**(formerly Forte International Holdings Limited)**  
**DIRECTORS' REPORT (CONTINUED)**

**DIRECTORS' INTERESTS (CONTINUED)**

The following Directors held conditional awards under the terms of the Compass Group PLC Commitment Plan.

	At 30 September 2002	Called for during the year	At 30 September 2001 (or date of appointment if later)
	Number	Number	Number
A M Boyle	12,000	12,446	24,446
D J Brassington	-	7,401	7,401
R M Morley	-	144,069	-

The following Directors held conditional awards under the terms of the Compass Group PLC Long Term Incentive Plan:

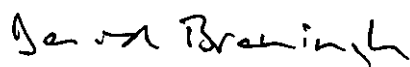
	At 30 September 2002	At 30 September 2001 (or date of appointment if later)	Awarded during the year	Called for during the year
	Number	Number	Number	Number
A M Boyle	6,167	6,167	-	-
D J Brassington	-	-	-	-
R M Morley	79,881	79,881	39,515	35,245

**ELECTIVE RESOLUTIONS**

On 1 August 2003, Deloitte & Touche, the Company's auditors, transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of Section 26(5) of the Companies Act 1989.

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



D J Brassington  
 Director

August 2003  
 Registered office  
 Compass House  
 Guildford Street  
 Chertsey, Surrey  
 KT16 9BQ

**COMPASS INTERNATIONAL HOLDINGS LIMITED**  
**(formerly Forte International Holdings 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 6 to 14, 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 the system of internal control, for taking such steps as are reasonably open to them to safeguard assets of the Company and to prevent and detect fraud and other irregularities.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
COMPASS INTERNATIONAL HOLDINGS LIMITED  
(formerly Forte International Holdings Limited)**

We have audited the financial statements of Compass International Holdings Limited for the year ended 30 September 2002 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, and the related notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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.

**Respective responsibilities of the Directors and auditors**

As described in the statement of Directors' responsibilities, the Company's Directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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, 1985. We also report 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.

We read the Directors report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

**Basis of audit 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
COMPASS INTERNATIONAL HOLDINGS LIMITED  
(formerly Forte International Holdings Limited) (CONTINUED)**

**Basis of audit opinion (continued)**

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 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche LLP*  
**Deloitte & Touche LLP**  
*Chartered Accountants and  
Registered Auditors  
London*

10 October 2003

**COMPASS INTERNATIONAL HOLDINGS LIMITED**  
**(formerly Forte International Holdings Limited)**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2002**

	Year ended 30 September	
	2002	2001
	£'000	£'000
Net operating costs (Note 2)	(1,424)	(3,572)
<b>OPERATING LOSS</b>	<b>(1,424)</b>	<b>(3,572)</b>
Profit on disposal of investments in subsidiary undertakings (Note 7)	337	25,492
Net interest (payable) / receivable (Note 3)	(19)	64
<b>(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b> (Note 4)	<b>(1,106)</b>	<b>21,984</b>
Tax (charge) / credit on (loss) / profit on ordinary activities (Note 5)	(1,133)	1,052
<b>(LOSS) / PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>	<b>(2,239)</b>	<b>23,036</b>
<b>DIVIDENDS</b> (Note 6)	-	(740,000)
<b>RETAINED LOSS FOR THE YEAR</b> (Note 11)	<b>(2,239)</b>	<b>(716,964)</b>

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

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

**COMPASS INTERNATIONAL HOLDINGS LIMITED**  
**(formerly Forte International Holdings Limited)**  
**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2002**

	Year ended 30 September	
	2002	2001
	£'000	£'000
(Loss) / profit for the financial year	(2,239)	23,036
Unrealised (deficit) / surplus on valuation of investment in subsidiary undertakings	(13,462)	186,399
	<u>(15,701)</u>	<u>209,435</u>



**COMPASS INTERNATIONAL HOLDINGS LIMITED**  
**(formerly Forte International Holdings Limited)**  
**BALANCE SHEET - AS AT 30 SEPTEMBER 2002**

	2002 £'000	2001 £'000
<b>FIXED ASSETS</b>		
Investments (Note 7)	<u>1,162,522</u>	<u>1,175,984</u>
<b>CURRENT ASSETS</b>		
Debtors - amounts falling due within one year (Note 8)	137,881	138,167
<b>CREDITORS - Amounts falling due within one year (Note 9)</b>	<u>(842,568)</u>	<u>(840,615)</u>
<b>NET CURRENT LIABILITIES</b>	<u>(704,687)</u>	<u>(702,448)</u>
<b>NET ASSETS</b>	<u>457,835</u>	<u>473,536</u>
<b>CAPITAL AND RESERVES</b>		
Called up share capital (Note 10)	53,976	53,976
Revaluation reserve (Note 11)	377,856	391,318
Profit & loss reserve (Note 11)	<u>26,003</u>	<u>28,242</u>
<b>EQUITY SHAREHOLDERS' FUNDS (Note 11)</b>	<u>457,835</u>	<u>473,536</u>

Approved by the Board on August 2003 and signed on its behalf by

*D J Brassington*

D J Brassington  
Director

**COMPASS INTERNATIONAL HOLDINGS LIMITED**  
**(formerly Forte International Holdings Limited)**  
**NOTES TO THE ACCOUNTS - 30 SEPTEMBER 2002**

**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 accounts have been prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention, modified to include the revaluation of fixed asset investments.

The Company is exempt by virtue of Section 228 of the Companies Act 1985 from the requirement to prepare consolidated accounts.

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 accounts.

The accounts have been prepared on a going concern basis. The Company's ultimate parent undertaking, Compass Group PLC, has confirmed its financial support for the foreseeable future.

**(b) Subsidiary undertakings**

Shares in subsidiary undertakings are revalued on the basis of the Company's share of the net assets of these undertakings. Any diminution in carrying value below historical cost is charged to the profit and loss account.

**(c) Foreign exchange**

Overseas net assets and UK loans denominated in foreign currencies are translated into sterling at period end rates of exchange. Exchange differences arising on the Company's net investments in overseas subsidiary undertakings and on borrowings in foreign currencies financing those investments are dealt with through reserves. Other exchange differences are taken to the profit and loss account.

**(d) Deferred Taxation**

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

**COMPASS INTERNATIONAL HOLDINGS LIMITED**  
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**NOTES TO THE ACCOUNTS - 30 SEPTEMBER 2002 (CONTINUED)**

**2 NET OPERATING COSTS**

	Year ended 30 September	
	2002	2001
	£'000	£'000
Loss on exchange	<u>1,424</u>	<u>3,572</u>

**3 NET INTEREST (PAYABLE) / RECEIVABLE**

	Year ended 30 September	
	2002	2001
	£'000	£'000
Interest payable to intermediate parent undertaking	-	(994)
Other interest payable	<u>(19)</u>	<u>-</u>
	<u>(19)</u>	<u>(994)</u>
Interest receivable from fellow subsidiary undertaking	-	867
Other interest receivable	<u>-</u>	<u>191</u>
	<u>-</u>	<u>1,058</u>
	<u>(19)</u>	<u>64</u>

**4 (LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

The average number of personnel employed by the Company during the year was Nil (2001: Nil).

The Directors did not receive any emoluments in respect of their services to the Company during the year (2001: £Nil).

Auditors' remuneration is borne by and disclosed in the accounts of Compass Group Holdings PLC.

**5 TAX (CHARGE) / CREDIT ON (LOSS) / PROFIT ON ORDINARY ACTIVITIES**

	Year ended 30 September	
	2002	2001
	£'000	£'000
Corporation tax credit at a rate of 30% (2001: 30%)		
based on results for the year	404	1,052
Prior year adjustment	<u>(1,537)</u>	<u>-</u>
	<u>(1,133)</u>	<u>1,052</u>

The standard rate of current tax for the year, based on the United Kingdom standard rate of corporation tax, is 30%. The current rate of corporation tax for the year is above 30% for the reasons set out in the following reconciliation:

**COMPASS INTERNATIONAL HOLDINGS LIMITED**  
**(formerly Forte International Holdings Limited)**  
**NOTES TO THE ACCOUNTS - 30 SEPTEMBER 2002 (CONTINUED)**

**5 TAX (CHARGE) / CREDIT ON (LOSS) / PROFIT ON ORDINARY ACTIVITIES (CONTINUED)**

	Year ended 30 September	
	2002	2001
	%	%
Tax charge on (loss) / profit on ordinary activities at the United Kingdom statutory rate 30%	(30)	30
Decrease arising from:		
Permanent differences	(7)	(35)
Current tax charge for the year	<u>(37)</u>	<u>(5)</u>

**6 DIVIDENDS**

	Year ended 30 September	
	2002	2001
	£'000	£'000
<b>Equity dividends</b>		
Final ordinary dividend paid nil (2001: £3.4275 per share)	-	740,000

**7 FIXED ASSETS - INVESTMENTS**

	Subsidiary undertakings
	£'000
<b>Shares at valuation</b>	
At 30 September 2001	1,175,984
Deficit arising on valuation	<u>(13,462)</u>
At 30 September 2002	<u>1,162,522</u>

The principal subsidiary undertakings of the Company all of which operate in their country of incorporation are

	Country of incorporation	% of equity held	Principal activity
<b>Direct subsidiary undertakings</b>			
CGI Holdings (1) BV (formerly Forte Netherlands Holdings BV)	The Netherlands	100	Holding company
<b>Indirect subsidiary undertakings</b>			
CGI Holdings (2) BV (formerly Forte International BV)	The Netherlands	100	Holding company
Compass Hotels (Chertsey) Limited	Great Britain	100	Finance company

The percentage of voting rights held by the Company in each subsidiary undertaking is equal to the percentage of equity shown above.

**COMPASS INTERNATIONAL HOLDINGS LIMITED**  
**(formerly Forte International Holdings Limited)**  
**NOTES TO THE ACCOUNTS - 30 SEPTEMBER 2002 (CONTINUED)**

**7 FIXED ASSETS - INVESTMENTS (CONTINUED)**

Shares in subsidiary undertakings have been revalued on the basis of the Company's share of the net assets of the subsidiary undertakings at 30 September 2002. In the opinion of the Directors the value of the Company's investments in subsidiary undertakings is not less than the amount at which they are stated in the balance sheet.

**Historical cost of investments  
carried at valuation**

	2002	2001
	£'000	£'000
Historical cost	<u>800,011</u>	<u>800,011</u>

All the Company's investments in subsidiary undertakings, other than those held in CGI Holdings (1) BV, CGI Holdings (2) BV and Compass Hotels (Chertsey) Limited, were sold during the year ended 30 September 2001, mainly to subsidiaries of Nomura. The profit of £337,000 recorded in the year ended 30 September 2002 represents an adjustment to the proceeds arising from those prior year transactions.

**8 DEBTORS - AMOUNTS DUE WITHIN ONE YEAR**

	2002	2001
	£'000	£'000
Amounts owed by subsidiary undertakings	-	12
Amounts owed by fellow subsidiary undertakings	136,194	135,523
Corporation tax and group relief receivable	<u>1,687</u>	<u>2,632</u>
	<u>137,881</u>	<u>138,167</u>

**9 CREDITORS - AMOUNTS DUE WITHIN ONE YEAR**

	2002	2001
	£'000	£'000
Amounts owed to ultimate holding company	740,000	740,000
Amounts owed to fellow subsidiary undertakings	<u>102,568</u>	<u>100,615</u>
	<u>842,568</u>	<u>840,615</u>

**COMPASS INTERNATIONAL HOLDINGS LIMITED**  
**(formerly Forte International Holdings Limited)**  
**NOTES TO THE ACCOUNTS - 30 SEPTEMBER 2002 (CONTINUED)**

**10 CALLED UP SHARE CAPITAL**

	2002 £'000	2001 £'000
<b>Authorised</b>		
At 30 September 2001		
248,000,000 ordinary shares of 25p each	62,000	62,000
Capitalisation of merger reserve		
2,984,096,700 ordinary shares of 25p each	-	746,024
Share capital reduction		
2,984,096,700 ordinary shares of 25p each	-	(746,024)
At 30 September 2002		
248,000,000 Ordinary shares of 25p each	62,000	62,000
<b>Issued, allotted and fully paid</b>		
At 30 September 2001		
215,903,300 ordinary shares of 25p each	53,976	53,976
Capitalisation of merger reserve		
2,984,096,700 ordinary shares of 25p each	-	746,024
Share capital reduction		
2,984,096,700 ordinary shares of 25p each	-	(746,024)
At 30 September 2002		
215,903,300 ordinary shares of 25p each	53,976	53,976

During the prior year the Company capitalised the amount standing to the credit of the merger reserve and subsequently, the Company reduced its authorised ordinary share capital from £808,042,175 to £62,000,000 and its issued ordinary share capital from £800,000,000 to £53,975,825. This reduction was confirmed by an Order of the High Court of Justice, Chancery Division on 14 March 2001.

**11 RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS**

	Share capital £'000	Reval- uation reserve £'000	Profit and loss reserve £'000	Total 2002 £'000	Total 2001 £'000
At 30 September 2001	53,976	391,318	28,242	473,536	1,001,089
(Loss) / profit for the year	-	-	(2,239)	(2,239)	23,036
Dividends paid	-	-	-	-	(740,000)
(Deficit) / surplus on valuation of investments in subsidiaries	-	(13,462)	-	(13,462)	189,411
At 30 September 2002	53,976	377,856	26,003	457,835	473,536

**COMPASS INTERNATIONAL HOLDINGS LIMITED**  
**(formerly Forte International Holdings Limited)**  
**NOTES TO THE ACCOUNTS - 30 SEPTEMBER 2002 (CONTINUED)**

**12 RELATED PARTY TRANSACTIONS**

As the Company was a wholly owned subsidiary of Compass Group PLC at 30 September 2002, 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 Compass Group PLC.

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

**13 ULTIMATE PARENT AND CONTROLLING COMPANY AND PARENT UNDERTAKINGS OF SMALLEST AND LARGEST GROUP OF WHICH THE COMPANY IS A MEMBER**

The Directors consider the ultimate holding and controlling company to be Compass Group PLC, a company incorporated in Great Britain and registered in England and Wales.

The accounts of Compass Group 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: Compass House, Guildford Street, Chertsey, Surrey, KT16 9BQ.

The immediate holding and controlling company is also Compass Group PLC.