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Company No FC 7668

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Accounts  
HOLIDAY INNS (UK) INC  
28 September 1990

HOLIDAY INNS (UK) INC  
 PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 28 SEPTEMBER 1990

	Note	Year ended 28 September 1990 £	Year ended 29 September 1989 £
Turnover	1	1984809	1823900
Costs and overheads, less other income	2	1687506	1445031
Operating profit		<u>297303</u>	<u>378869</u>
Cost of borrowing	4	356302	1577246
		<u>(58999)</u>	<u>42659</u>
Write back provision for diminution in value of investments in subsidiary companies	7	-	1577246
(Loss)/profit on ordinary activities before taxation		<u>(58999)</u>	<u>1619905</u>
Tax on profit on ordinary activities	5	71600	1283685
(Loss)/profit on ordinary activities after taxation transferred to reserves	15	<u>(130599)</u> =====	<u>2903590</u> =====

Notes on pages 3 to 9 form an integral part of these accounts.

HOLIDAY INNS (UK) INC  
BALANCE SHEET 28 SEPTEMBER 1990

	Note	28 Sept 1990 £	29 Sept 1989 £
Fixed Assets			
Tangible assets	6	-	508628
Investments	7	7363827	7363827
		<hr/>	<hr/>
		7363827	7872455
		<hr/>	<hr/>
Current Assets			
Stocks	8	-	2652
Debtors	9	13079150	13000076
Cash at bank and in hand		546802	1642696
		<hr/>	<hr/>
		13625952	14665424
		<hr/>	<hr/>
Creditors: amounts falling due within one year	10	6743216	8160717
		<hr/>	<hr/>
		6882736	6504707
		<hr/>	<hr/>
Total assets less current liabilities		14246563	14377162
		<hr/>	<hr/>
Creditors: amounts falling due after more than one year	11	5400000	5400000
		<hr/>	<hr/>
		8846563	8977162
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	12	417	417
Capital reserve	13	5345672	5345672
Profit and loss account	14	3500474	3631073
		<hr/>	<hr/>
		8846563	8977162
		<hr/>	<hr/>

Signed on behalf of the board

  
1991

Notes on pages 3 to 9 form an integral part of these accounts.

HOLIDAY INNS (UK) INC  
NOTES TO THE ACCOUNTS

1 Turnover

Turnover represents fee income for the management of hotels by Holiday Inns (UK) Inc and from franchisees who operate hotels under the Holiday Inn brandname.

2 Costs and Overheads, less other income

	Year ended 28 September 1990	Year ended 29 September 1990
	£	£
Exchange gain	(85251)	(78994)
Advertising costs	282575	529683
Maintenance and repairs	38817	32680
Other external charges	1587472	(186425)
Staff costs (note 3)	196181	1646659
Depreciation on tangible fixed assets	120585	155623
Other operating income	(452873)	(654195)
	<hr/>	<hr/>
	1687506	1445031
	=====	=====

The following amounts are included above:

Hire of plant and machinery	46625	49191
Property rentals	162857	269334
Auditors' remuneration	12032	1000

3 Staff Costs

Wages and Salaries	318581	1517415
Social security costs	27902	77627
Other pension costs	(150302)	51617
	<hr/>	<hr/>
	196181	1646659
	=====	=====

Until the company was acquired by Bass Plc, retirement and death benefits were provided for eligible employees principally by the Holiday Inns (UK) Inc Retirements Benefits Plan, which is administered by Hogg Robinson Financial Services Limited.

HOLIDAY INNS (UK) INC  
NOTES TO THE ACCOUNTS (continued)

3 Staff Costs (continued)

Following the acquisition of the company by Bass Plc retirement and death benefits are provided for eligible employees principally by the Bass Employees' Security Plan and the Bass Executive Pension Plan. Members of these plans are contracted out of the State Earnings Related Pension Scheme. The plans are externally funded defined benefit schemes based upon final pay levels.

The pension cost relating to the two principal plans is assessed in accordance with the advice of qualified actuaries using the projected unit method. The latest actuarial valuations were made at 31 March 1988. The significant assumptions were that wages and salaries would increase on average by 7.5 percent per annum, that return on investments would be 9.5 per cent per annum and that pension increases would be 5 per cent per annum. At 31 March 1988 the market value of the combined assets of the plans was £661 million and the actuarial value of the assets was sufficient to cover 100.3 per cent of the benefits that had accrued to members after allowing for expected future increases in earnings.

4 Cost of Borrowing

	Year ended 28 September 1990	Year ended 29 September 1989
	£	£
Interest payable on:		
Bank loans and overdrafts repayable within 5 years	4133	5499
Bank loan repayable after 5 years	773039	598980
Other	400753	412086
	<hr/>	<hr/>
Interest payable	1177925	1016565
Less interest receivable	(821623)	(680355)
	<hr/>	<hr/>
	356302	336210
	=====	=====

HOLIDAY INNS (UK) INC  
NOTES TO THE ACCOUNTS (continued)

5 Taxation

	Year ended 28 September 1990	Year ended 29 September 1989
	£	£
Tax on profit on ordinary activities		
Credit for the year: UK corporation tax	-	(493410)
Deferred taxation	-	(790275)
Withholding tax	71600	-
	<hr/>	<hr/>
	71600	(1283685)
	=====	=====

6 Tangible Fixed Assets

	Fixtures, fittings, tools and equipment £
<u>Movement during the year</u>	
Cost or valuation	
At 29 September 1989	1044253
Expenditure	18635
Transfer from group company	10147
Disposals	(50511)
Transfers to group company	(1022524)
	<hr/>
At 28 September 1990	-
	=====
Depreciation	
At 29 September 1989	535625
Provided for the year	120585
Transfer from group company	2029
On disposals	(40967)
Transfers to group company	(617272)
	<hr/>
At 28 September 1990	-
	=====
Net book value	
At 28 September 1990	-
	<hr/>
At 29 September 1989	508628
	=====

HOLIDAY INNS (UK) INC  
NOTES TO THE ACCOUNTS (continued)

7 Fixed Asset Investments

	Shares in group undertakings	Loans to group undertakings	Equity Interest	Total
	£	£	£	£
(a) <u>Movements during year</u>				
Cost				
At 1 October 1988 and 29 September 1989	7184064	3000000	346736	10530800
Provision for diminution in value				
At 29 September 1989 and 28 September 1990	3166973	-	-	3166973
Net book value				
At 28 September 1990	4017091	3000000	346736	7363827
At 29 September 1989	4017091	3000000	346736	7363827
	=====	=====	=====	=====
(b) A subsidiary company, Holiday Inns (Mayfair) Limited, went into liquidation during 1988.				
The liquidation was completed during 1991 when the net assets of Holiday Inns (Mayfair) Limited were £1,616,991. Therefore, the investment in this company has been written down to £1,616,991.				
The equity interest relates to periods prior to the acquisition of the company by Bass Plc.				

8 Stock

	28 September 1990	29 September 1989
	£	£
Consumable Stores	-	2652
	=====	=====

The replacement cost of stock approximates to the value at which they are stated in the accounts.

HOLIDAY INNS (UK) INC  
NOTES TO THE ACCOUNTS (continued)

9 Debtors

	28 September 1990	29 September 1989
	£	£
Trade debtors	754796	1080526
Amounts due from group companies		
- subsidiaries	935971	612787
- fellow subsidiaries and parent	10375733	8445076
Other debtors	4530	30943
Taxation	946170	2685854
Prepayments	61950	144890
	<hr/>	<hr/>
	13079150	13000076
	=====	=====

Amounts due from subsidiary undertaking to the company after more than one year are shown in note 7.

10 Creditors: Amounts falling due within one year

	28 September 1990	29 September 1989
	£	£
Trade creditors	51563	74628
Amounts owed to group companies		
- subsidiaries	1964328	1963828
- fellow subsidiaries	4040334	4729554
Corporation taxation		-
Other taxation and social security	70414	211099
Accrued charges	616577	1181608
	<hr/>	<hr/>
	6743216	8160717
	=====	=====



HOLIDAY INNS (UK) INC  
NOTES TO THE ACCOUNTS (continued)

11 Creditors: Amounts falling due  
after more than one year

	28 September 1990	29 September 1989
	£	£
Bank loan: due after more than 5 years	5400000 =====	5400000 =====

The bank loan is repayable in total on 15 June 1996. Voluntary early repayment may be made, without penalty in whole or in part on 15 March, June, September or December in any year, subject to the lender receiving 45 days irrevocable prior written notice.

12 Called Up Share Capital

	28 September 1990	29 September 1989
	£	£
1000 ordinary shares of US\$1 value	417 ===	417 ===

The company's share capital of US \$ 1,000 has been translated to pounds sterling at the historical rate of \$2.40 to £1, prevailing at the date of the company's incorporation in 1972.

13 Capital Reserve

	28 September 1990	29 September 1989
	£	£
Capital reserves	5345672 =====	5345672 =====

This reserve relates to contributions of capital by the immediate US parent company.

14 Profit and Loss Account

	£
At 29 September 1989	3631073
Loss for the year	(130599)
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At 28 September 1990	3500474 =====

HOLIDAY INNS (UK) INC .  
NOTES TO THE ACCOUNTS (continued)

15 Ultimate Holding Company

The ultimate holding company is Bass Public Limited Company, incorporated in Great Britain and registered in England.