

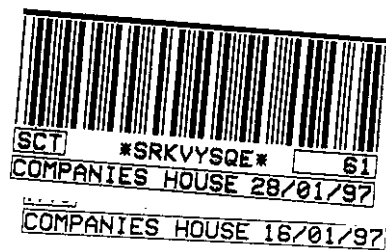
LE MERIDIEN PICCADILLY LIMITED

Company Number 74783

Annual Report and Accounts

Year Ended 31 January 1996

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Annual Report and Accounts for the year ended 31 January 1996

Contents

Page:

1	Directors' report
5	Profit and loss account
6	Balance sheet
7	Notes to the Accounts
16	Report of the Auditors

Directors' report

The Directors present their Report and Accounts for the year ended 31 January 1996.

Principal activity

The Company operates a prestige hotel called "Le Meridien Piccadilly".

Trading results and dividends

The loss on ordinary activities before taxation was £321,917 (13 months ended 31 January 1995: loss of £1,039,688)

The Directors do not recommend the payment of a dividend.

Change of year end

In the prior period the Company changed its year end to 31 January from 31 December in order to align Group accounting periods.

Fixed assets

Information relating to changes in fixed assets is given in Note 9.

Annual Report and Accounts for the year ended 31 January 1996

Directors

The Directors of the Company as at 31 January 1996 were as follows:

Mr F E Cabella
Mr F C Lafaye
Mr J M Mills
Mr D J Stevens
Mr M Tapie
Mrs H Tautz (Secretary)

Mr J M Mills, Mr J G Edis-Bates and Mrs H Tautz were appointed as Directors on 13 February 1995. Mr D J Stevens was appointed as a Director on 6 November 1995. Mr H E Staunton and Mr G J Parrott were appointed as Directors on 12 February 1996.

Mr J G Edis-Bates, Mr L Ferraz, Mr J M Mills and Mr D J Stevens resigned as Directors on 6 November 1995, 30 January 1996, 14 May 1996 and 31 March 1996 respectively.

Directors' interests

None of the Directors had a direct interest in the issued share capital of the Company or of the ultimate parent Company, Granada Group Plc.

Employee involvement

The Company places great importance on the involvement of its staff in the Company's success and operations and regularly reviews and improves communications, consultation, recognition and reward systems. In particular employees are encouraged to participate in the Group's Share Option Scheme and Pension Schemes.

Disabled employees

The Company's policy and practice is to encourage employment applications from all sections of the community including disabled people and to support and assist retention through training, development and career progression.

Annual Report and Accounts for the year ended 31 January 1996

Statement of Directors' responsibilities

It is the responsibility of the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss for that period.

The Directors consider that, in preparing the accounts on pages 5 to 15, 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 the responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company at any time and which enable them to ensure that the accounts comply with the Companies Act 1985.

The Directors have the 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.

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.

Le Meridien Piccadilly Limited

Annual Report and Accounts for the year ended 31 January 1996

By order of the Board


(H J Tautz
Secretary

Registered office:
Forte Crest Hotel
Bothwell Street
Glasgow G2 7EN
Company Number: 74783

Annual Report and Accounts for the year ended 31 January 1996

	Note	Year ended 31 January 1996 £	13 Months ended 31 January 1995 £
Turnover	2	21,002,176	21,262,362
Cost of sales		(9,144,031)	(9,706,781)
Gross profit		11,858,145	11,555,581
Administrative expenses		(9,444,938)	(9,386,727)
		2,413,207	2,168,854
Other operating income	3	178,516	191,033
Operating profit	4	2,591,723	2,359,887
Interest payable and similar charges	7	(2,913,640)	(3,399,575)
Loss on ordinary activities before and after taxation	8	(321,917)	(1,039,688)
Retained loss brought forward		(11,042,756)	(10,003,068)
Accumulated loss carried forward		(11,364,673)	(11,042,756)

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.

The notes on pages 7 to 15 form part of these Accounts.

Annual Report and Accounts for the year ended 31 January 1996

	Note	31 January 1996		31 January 1995	
		£	£	£	£
Fixed assets					
Tangible assets	9		14,029,702		14,970,717
Current assets					
Stocks	10	314,881		319,624	
Debtors	11	18,505,415		23,843,521	
Cash at bank and in hand		1,111,980		957,827	
			<hr/>		<hr/>
		19,932,276		25,120,972	
Creditors: amounts falling due within one year	12	(11,137,474)		(16,945,268)	
			<hr/>		<hr/>
Net current assets			8,794,802		8,175,704
			<hr/>		<hr/>
Total assets less current liabilities			22,824,504		23,146,421
Creditors: amounts falling due after more than one year	13	(25,000,000)		(25,000,000)	
			<hr/>		<hr/>
			(2,175,496)		(1,853,579)
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	16	9,189,177		9,189,177	
- equity					
Profit and loss account		(11,364,673)		(11,042,756)	
- equity			<hr/>		<hr/>
	15		(2,175,496)		(1,853,579)
			<hr/>		<hr/>

The Accounts were approved by the Board on 8 January 1997


Director

The notes on pages 7 to 15 form part of these Accounts.

Annual Report and Accounts for the year ended 31 January 1996

1. Accounting policies

The Accounts have been prepared under the historical cost convention, and are in accordance with applicable accounting standards.

The Company has taken advantage of the exemption under Financial Reporting Standard 1 not to produce a statement of cash flows as the Company is wholly owned by a UK parent which prepares a cash flow statement for the group.

The following principal accounting policies have been applied:

Turnover

Turnover represents sales to outside customers at invoiced amount less value added tax.

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:

Leasehold improvements	- Equal annual instalments over the life of the lease
Plant and machinery	- 8% per annum
Furniture, fixtures and equipment	- 14% per annum
Office equipment	- 25% per annum

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is calculated as original purchase price.

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.

Annual Report and Accounts for the year ended 31 January 1996

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.

Pension costs

Pensions relating to current and past services are funded by annual contributions to a money purchase scheme by means of a group personal pension. The amounts of such contributions are determined by consultation with independent funds managers. Annual contributions are charged against trading profits in the period in which they arise.

2. Turnover and result

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

3. Other operating income

	Year ended 31 January 1996	13 months ended 31 January 1995
	£	£
Profit on sale of fixed assets	-	1,503
Rental income from land/ buildings	23,670	55,400
Profit on exchange	39,170	43,723
Interest receivable	4,426	3,150
Other	111,250	87,257
	<hr/>	<hr/>
	178,516	191,033
	<hr/>	<hr/>

Annual Report and Accounts for the year ended 31 January 1996**4. Operating profit is stated after charging:**

	Year ended 31 January 1996 £	13 months ended 31 January 1995 £
Depreciation on owned assets	1,206,721	1,388,550
Auditors' remuneration		
- audit services	31,300	26,550
- non-audit services	-	-
Operating lease rentals;		
- Property rent payable	2,728,551	1,821,262
- Plant and machinery	140,217	948,079
	<hr/>	<hr/>

5. Employees

The average weekly number of employees, including Directors, during the period was as follows:

	Year ended 31 January 1996 Number	13 months ended 31 January 1995 Number
Office and management	29	17
Hotel operating staff	274	291
	<hr/>	<hr/>
	303	308
	<hr/>	<hr/>

Staff costs (incl. Directors) consist of:

	£	£
Wages and salaries	5,259,722	5,539,451
Social security costs	377,990	430,581
Other pension costs	35,725	45,282
	<hr/>	<hr/>
	5,673,437	6,015,314
	<hr/>	<hr/>

Annual Report and Accounts for the year ended 31 January 1996**6. Directors' emoluments**

	Year ended 31 January 1996 £	13 months ended 31 January 1995 £
Remuneration for management services	56,021	98,221
Pension costs	3,350	5,868
	<hr/>	<hr/>
	59,371	104,089
	<hr/>	<hr/>
Emoluments (excluding pension contributions) of:		
Chairman	-	-
Highest paid Director	56,021	84,568
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The number of other Directors whose emoluments (excluding pension contributions) fell in the following ranges was:

	Number	Number
£ 0 to £5,000	7	4
£10,001 to £15,000	-	1
	<hr/>	<hr/>

7. Interest payable and similar charges

	£	£
Interest payable on management fees	-	211,440
Other loans	2,913,640	3,188,135
	<hr/>	<hr/>
	2,913,640	3,399,575
	<hr/>	<hr/>

Annual Report and Accounts for the year ended 31 January 1996**8. Taxation on profit on ordinary activities**

There was no charge to taxation in either 1996 or 1995 due to the utilisation of losses brought forward.

The above claims are subject to the agreement of the Inland Revenue.

9. Tangible fixed assets

	Long Leasehold land and buildings £	Long Leasehold improve- ments £	Plant and machinery £	F.F. & E. £	Total £
Cost					
At 1 February 1995	408,129	11,600,512	9,322,105	5,941,561	27,272,307
Additions	-	203,038	37,687	24,981	265,706
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 January 1996	408,129	11,803,550	9,359,792	5,966,542	27,538,013
Depreciation					
At 1 February 1995	24,942	767,630	6,946,093	4,562,925	12,301,590
Provided for the period	4,236	111,323	749,412	341,750	1,206,721
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 January 1996	29,178	878,953	7,695,505	4,904,675	13,508,311
Net book value					
At 31 January 1996	378,951	10,924,597	1,664,287	1,061,867	14,029,702
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 January 1995	383,187	10,832,882	2,376,012	1,378,636	14,970,717
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

At 31 January 1996 the Company had authorised capital expenditure of £167,000 (1995 - £100,000) to be contracted within the next twelve months. There were no other capital commitments within the Company at either balance sheet date.

Annual Report and Accounts for the year ended 31 January 1996**10. Stocks**

	31 January 1996	31 January 1995
	£	£
Goods held for resale	149,710	147,964
Consumable items in store	165,171	171,660
	<hr/>	<hr/>
	314,881	319,624
	<hr/>	<hr/>

Stock as stated above does not differ significantly from replacement cost.

11. Debtors

Trade debtors	1,509,738	1,021,584
Other debtors	131,761	18,055
Prepayments and accrued income	311,439	388,623
Amounts owed by parent Co.	16,148,257	22,322,484
Amounts owed by other Group undertakings	404,220	92,775
	<hr/>	<hr/>
	18,505,415	23,843,521
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These amounts are all due within one year.

12. Creditors: amounts falling due within one year

Bank loans and overdrafts	222,326	531,995
Trade creditors	130,888	318,724
Amounts owed to parent Company	-	8,964,059
Amounts owed to other Group undertakings	6,450,026	4,852,796
Other creditors	68,858	145,743
Taxation and social security	488,217	412,681
Accruals and deferred income	3,777,159	1,719,270
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	11,137,474	16,945,268
	<hr/>	<hr/>

Annual Report and Accounts for the year ended 31 January 1996**13. Creditors: amounts falling due after more than one year**

	31 January 1996 £	31 January 1995 £
Bank loan	25,000,000	25,000,000

The above long term loan is from Fuji Bank Limited for a period of 9 years with repayment in full at the expiry of this term. Interest is fixed at 11.75% per annum, and the loan is guaranteed by Societe des Hotels Meridien S.A.

14. Deferred taxation

No deferred taxation is provided in the accounts but the amount unprovided is as follows:

Accelerated capital allowances	3,037,758	2,866,398
Sundry timing differences	(230,810)	(70,154)
	<hr/>	<hr/>
	2,806,948	2,796,244
Unutilised tax losses	(481,408)	(471,200)
	<hr/>	<hr/>
	2,325,540	2,325,044
	<hr/>	<hr/>

15. Reconciliation of movements in Shareholders' funds

Loss for the financial period	(321,917)	(1,039,688)
Opening Shareholders' funds	(1,853,579)	(813,891)
	<hr/>	<hr/>
Closing Shareholders' funds	(2,175,496)	(1,853,579)
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Annual Report and Accounts for the year ended 31 January 1996**16. Share capital**

	Authorised		Allotted, called up and fully paid	
	1996	1995	1996	1995
	£	£	£	£
Ordinary shares of £1	820,000	820,000	9,177	9,177
Deferred shares of £1	9,180,000	9,180,000	9,180,000	9,180,000
	<hr/>	<hr/>	<hr/>	<hr/>
	10,000,000	10,000,000	9,189,177	9,189,177
	<hr/>	<hr/>	<hr/>	<hr/>

17. Pensions

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 pension cost charge represents contributions payable by the Company to the fund and amounted to £32,472 (1995 - £36,150). No contributions were payable to the fund at the period end (1995 - Nil).

18. Commitments under operating leases

As at 31 January 1996, the Company had annual commitments under non-cancellable operating leases expiring as set out below:

	31 January 1996		31 January 1995	
	Land and buildings	Plant and machinery	Land and buildings	Plant and machinery
	£	£	£	£
Operating leases which expire:				
Within one year	-	121,885	-	225,823
In two to five years	-	22,538	-	157,839
After five years	3,483,689	-	2,335,563	-
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	3,483,689	144,423	2,335,563	383,662
	<hr/>	<hr/>	<hr/>	<hr/>

19. Ultimate parent Company

The ultimate parent Company is Granada Group Plc, a Company registered in England.

To the Shareholders of Le Meridien Piccadilly Limited

We have audited the Accounts on pages 5 to 15 which have been prepared under the accounting policies set out on pages 7 and 8.

Respective responsibilities of Directors and auditors

As described on page 3 the Company's Directors are responsible for the preparation of the Accounts. 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 Accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the Accounts, 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 Accounts 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 Accounts.

Opinion

In our opinion the Accounts give a true and fair view of the state of the Company's affairs as at 31 January 1996 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

8 January 1997

Price Waterhouse
Chartered Accountants and Registered Auditors

32, London Bridge Street
London
SE1 9SY