

SC 74783

LE MERIDIEN PICCADILLY LIMITED

Company Number ~~74783~~

Report and Accounts
Year ended 31st December, 1999



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Le Meridien Piccadilly Limited

Annual Report & Accounts for the year ended 31 December 1999

Contents

Page:

2	Directors' report
6	Report of the Auditors
7	Profit and loss account
8	Balance sheet
9	Notes to the Accounts

Le Meridien Piccadilly Limited

Annual Report & Accounts for the year ended 31 December 1999

Directors' report

The Directors present their Report and Accounts for the year ended 31 December 1999.

Principal activity

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

Trading results and dividends

The profit on ordinary activities over the year before taxation was £1,625,866
(Year ended 31 December 1998: profit of £1,523,354)

The Directors do not recommend the payment of a dividend (Year ended 31 December 1998: £Nil)

Directors

The Directors of the Company at 31 December 1999 were :

Mr A Martin
Mr G J Parrott
Mr H E Staunton
Mrs H J Tautz

Le Meridien Piccadilly Limited**Annual Report & Accounts for the year ended 31 December 1999**

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 1999	At 31 Dec 1998 (or date of appointment where later)
A. Martin	-	-
H J Tautz	-	-

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

	At 31 Dec 1999	Granted	Exercised during year	At 31 Dec 1998 * (or date of (appointment where later)
A Martin				
- Executive	150,000	40,000	40,000	70,000
- Saving Related	4,836	-	-	4,836
	154,836	40,000	40,000	74,836
H J Tautz				
- Executive	64,000	20,337	20,000	64,000
- Saving Related	1,417	-	-	1,080
	65,417	20,337	20,000	65,080

* Adjusted for 2:1 stock split July 1999

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.

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 Granada Group's Share Option Scheme and Pension Schemes. In addition, the company employees share in the benefits of the Meridien Holdings UK Ltd Profit Related Pay Scheme.

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.

Creditors Payment Policy

The Company's policy and practice on the payment of creditors is to pay in accordance with the agreed supplier terms, provided that the relevant invoice is presented in a timely fashion and is complete. It is the Company's ongoing policy to settle the terms of payment with those suppliers when agreeing the terms of each transaction.

For the year ended December 1999, the average creditor days were 38

Year 2000 Disclosure

Although we are now in the Year 2000, many Year 2000 issues remain. Many computer systems express dates using only the last two digits of the year. These systems require modification or replacement to accommodate the Year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. The operation of our business depends not only on our own computer systems but also to some degree on those of our suppliers and customers.

There is, therefore, an exposure to further risk in the event that there is a failure by other parties to remedy their Year 2000 issues.

Given the complexity of the problem it is not possible for any organisation to guarantee that no Year 2000 problems will remain because at least some level of failure may still occur. However the board believes that it has achieved an acceptable state of readiness and has also provided resources to deal promptly with significant subsequent failures or issues that might arise.

Since 31 December 1999 the company has incurred no significant problems as a result of the Year 2000 issue and has not incurred any additional costs.

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 & Accounts for the year ended 31 December 1999

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 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 7 to 16, 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



6/9/ 2000

Registered office:
Forte Hotels
Bothwell Street
Glasgow
G2 7EN

Company Number: 74783

Le Meridien Piccadilly Limited

Annual Report & Accounts for the year ended 31 December 1999

Auditors report to the shareholders of Le Meridien Piccadilly Limited

We have audited the Financial Statements on pages 7 to 16

Respective responsibilities of Directors and auditors

As described on page 5 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 affairs of the company as at 31 December 1999 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

12th September 2000

Le Meridien Piccadilly Limited

Annual Report & Accounts for the year ended 31 December 1999

Profit and Loss Accounts for the year ended 31 December 1999

	Note	Year Ended 31 December 1999 £	Year Ended 31 December 1998 £
Turnover	2	23,125,184	23,199,703
Cost of sales		(7,595,957)	(7,300,802)
Gross profit		15,529,227	15,898,901
Administrative expenses		(13,118,081)	(12,112,114)
		2,411,146	3,786,787
Other operating income	3	818,649	666,026
Operating profit	4	3,229,795	4,452,813
Interest payable and similar charges	7	(1,603,930)	(2,929,459)
Profit on ordinary activities before taxation	2-7	1,625,866	1,523,354
Taxation	8	(306,883)	(290,104)
Profit on ordinary activities after taxation		1,318,982	1,233,250
Accumulated losses brought forward		(10,027,532)	(11,260,782)
Accumulated losses carried forward		(8,708,550)	(10,027,532)

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 9 to 16 form part of these accounts.

Le Meridien Piccadilly Limited

Annual Report & Accounts for the year ended 31 December 1999

Balance Sheet as at 31 December 1999

	Note	31 December 1999 £	31 December 1998 £
Fixed assets			
Tangible assets	9	14,194,331	14,049,308
Current assets			
Stocks	10	282,109	211,695
Debtors	11	19,659,020	27,267,516
Cash at bank and in hand		16,450	93,006
		<u>19,957,578</u>	<u>27,572,217</u>
Creditors: amounts falling due within one year	12	<u>(33,671,283)</u>	<u>(17,459,880)</u>
Net current assets		<u>(13,713,705)</u>	<u>10,112,337</u>
Total assets less current liabilities		<u>480,626</u>	<u>24,161,645</u>
Creditors: amounts falling due after more than one year	13	<u>0</u>	<u>(25,000,000)</u>
Net assets / liabilities		<u>480,626</u>	<u>(838,355)</u>
Capital and reserves			
Called up share capital	14	9,189,177	9,189,177
Profit and loss account		(8,708,551)	(10,027,532)
Shareholders' Funds			
Equity		(8,699,374)	(10,018,355)
Non Equity		9,180,000	9,180,000
Total surplus / deficit on equity shareholders' funds	15	<u>480,626</u>	<u>(838,355)</u>

Approved by the Board on

6/9/

2000 and signed on its behalf by

H J Tautz
Director

The notes on pages 9 to 16 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 the historical cost convention.

Going Concern

The financial statements have been prepared on a going concern basis. The company's intermediate parent company, Societe des Hotels Méri dien 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 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 installments 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 will crystallise.

1. Accounting policies (Continued)

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.

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 December 1999	Year Ended 31 December 1998
	£	£
Rental income from land and buildings	13,558	13,439
Profit on exchange	18,154	21,122
Other	786,937	631,465
	<hr/>	<hr/>
	818,649	666,026
	<hr/>	<hr/>

Le Meridien Piccadilly Limited

Annual Report & Accounts for the year ended 31 December 1999

4. Operating profit is stated after charging:

	Year Ended 31 December 1999 £	Year Ended 31 December 1998 £
Depreciation on owned assets	737,097	727,168
Auditors remuneration		
- audit services	17,500	15,000
- non audit services	20,000	13,436
Operating lease rentals;		
- property rent payable	5,550,944	4,736,529
- plant and machinery	163,797	175,772
	<hr/>	<hr/>

5. Employees

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

	Year Ended 31 December 1999 Number	Year Ended 31 December 1998 Number
Office and management	28	28
Hotel operating staff	253	255
	<hr/>	<hr/>
	281	283
	<hr/>	<hr/>
Staff costs (including Directors) consist of:	£	£
Wages and salaries	3,837,502	4,178,617
Social security costs	369,730	346,623
Other pension costs	28,449	25,801
	<hr/>	<hr/>
	4,235,681	4,551,041
	<hr/>	<hr/>

6. Directors' emoluments

The Directors did not receive any emoluments in respect of their services to the company (1998:£Nil)

Le Meridien Piccadilly Limited

Annual Report & Accounts for the year ended 31 December 1999

7. Interest payable and similar charges

	Year Ended 31 December 1999	Year Ended 31 December 1998
	£	£
Payable on loan from ultimate parent undertaking	1,524,005	2,929,459
Payable to landlord	79,925	
	<hr/>	<hr/>
	1,603,930	2,929,459
	<hr/>	<hr/>

8. Taxation on profit on ordinary activities

	Year Ended 31 December 1999	Year Ended 31 December 1998
	£	£
Profit on ordinary activities before taxation	1,625,866	1,523,354
Tax losses brought forward	-	(587,535)
Profits assessable for taxation	1,625,866	935,819
Basic Charge for year	<hr/> 504,018	<hr/> 290,104
Adjustments to previous year accruals	<hr/> (197,135)	<hr/>
Charge for the year	306,883	290,104

9. Tangible fixed assets

	Long Leasehold land and buildings £	Long Leasehold improve- ments £	Plant & Machinery £	Furniture, Fittings & Equipment £	Total £
Cost					
As at 1 January 1999	408,129	11,803,550	4,486,579	1,640,618	18,338,876
Written Off/Disposals	(408,129)	-	(1,950,487)	(27,989)	(2,386,605)
Additions	-	22,339	179,052	1,040,021	1,241,412
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1999	-	11,825,889	2,715,144	2,652,650	17,193,683
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
As at 1 January 1999	44,509	1,379,252	2,179,217	686,590	4,289,568
Written Off/Disposals	(48,836)	-	(1,950,487)	(27,989)	(2,027,313)
Provided for the period	4,327	124,099	406,872	201,799	737,097
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1999	-	1,503,351	635,602	860,399	2,999,352
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net Book Value					
At 31 December 1999	-	10,322,538	2,079,542	1,792,251	14,194,331
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 1 January 1999	363,620	10,424,298	2,307,362	954,028	14,049,308
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

*Le Meridien Piccadilly Limited***Annual Report & Accounts for the year ended 31 December 1999**

10. Stocks

	Year ended 31 December 1999	Year ended 31 December 1998
	£	£
Goods held for resale	94,429	57,762
Consumable items in store	187,680	153,933
	<hr/>	<hr/>
	282,109	211,695
	<hr/>	<hr/>

11. Debtors

	Year ended 31 December 1999	Year ended 31 December 1998
	£	£
Trade debtors	2,862,061	1,992,652
Other debtors	509,511	161,744
Prepayments and accrued income	114,138	410,538
Amounts owed by parent Co.	16,173,309	16,173,309
Amounts owed by other Group undertakings		8,529,272
	<hr/>	<hr/>
	19,659,020	27,267,516
	<hr/>	<hr/>

These amounts are all due within one year.

12. Creditors: amounts falling due within one year

	Year ended 31 December 1999	Year ended 31 December 1998
	£	£
Trade creditors	200,647	88,360
Amounts owed to other Group undertakings	30,659,170	12,932,585
Other creditors	1,233,175	721,948
Taxation and social security	500,836	396,628
Accruals and deferred income	1,077,455	3,320,360
	<hr/>	<hr/>
	33,671,283	17,459,880
	<hr/>	<hr/>

*Le Meridien Piccadilly Limited***Annual Report & Accounts for the year ended 31 December 1999**

13. Creditors: amounts falling due after more than one year

	Year ended 31 December 1999	Year ended 31 December 1998
	£	£
Granada Group PLC	-	25,000,000
	<hr/>	<hr/>
	-	25,000,000
	<hr/>	<hr/>

The above long term loan is from Fuji Bank Limited for a period of 9 years with repayment in full at the expiry on 6 May 2001. Interest is fixed at 11.75% per annum, and the loan is guaranteed by Societe des Hotels Méridien S.A.

The loan from Fuji Bank Limited was transferred to the ultimate holding company, Granada Group PLC on January 1st 1997, and replaced with an inter company loan, on the same terms. It was repaid in June 1999.

14. Called up share capital

	Year ended 31 December 1999	Year ended 31 December 1998
	£	£
820,000 ordinary shares of £1 each	820,000	820,000
9,180,000 deferred shares of £1 each	9,180,000	9,180,000
	<hr/>	<hr/>
	10,000,000	10,000,000
	<hr/>	<hr/>
Issued, allotted and fully paid		
9,177 ordinary shares of £1 each	9,177	9,177
9,180,000 deferred shares of £1 each	9,180,000	9,180,000
	<hr/>	<hr/>
	9,189,177	9,189,177
	<hr/>	<hr/>

The rights to dividends and voting in general meetings are held only by Ordinary shareholders. On a winding up, Ordinary shareholders take preference over Deferred shareholders.

15. Reconciliation of movements in Shareholders' funds

	Share capital £	Profit and loss reserve £	Total 1999 £	Total 1998 £
As at 31 December 1998	9,189,177	(10,027,532)	(838,355)	(2,071,605)
Retained profit for the period	-	1,318,982	1,318,982	1,233,250
As at 31 December 1999	9,189,177	(8,708,550)	480,627	(838,355)
Equity			(8,699,373)	(10,018,355)
Non Equity			9,180,000	9,180,000
			480,627	(838,355)

16. 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 £28k (year ended Dec 1998 : £26k). £Nil contributions were payable to the fund at the period end (1998 : £Nil).

17. Commitments under operating leases

As at 31 December 1999, the Company had annual commitments under non-cancellable operating leases expiring as set out below:

	31 December 1999		31 December 1998	
	Land and buildings	Plant & Machinery	Land and buildings	Plant & Machinery
Operating leases which expire:				
Within one year	-	54,291	-	56,790
In two to five years	-	109,506	-	15,113
After five years	5,400,875	-	5,947,898	-
	5,400,875	163,797	5,947,898	71,903

18. 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.

19. 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, incorporated in Great Britain. 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.