

**TRAVELREST SERVICES LIMITED**  
(formerly Forte (UK) Limited)  
(Registered Number: 769170)

## **REPORT AND ACCOUNTS**

**15 month period ended 25 December 2002**



**TRAVELREST SERVICES LIMITED**

# **REPORT AND ACCOUNTS**

## **CONTENTS**

	<b>Page</b>
<b>Directors' report</b>	<b>1</b>
<b>Statement of directors' responsibilities</b>	<b>4</b>
<b>Report of the independent auditors</b>	<b>5</b>
<b>Profit and loss account</b>	<b>6</b>
<b>Statement of total recognised losses and gains</b>	<b>7</b>
<b>Note of historical cost profits and losses</b>	<b>7</b>
<b>Balance sheet</b>	<b>8</b>
<b>Notes to the accounts</b>	<b>9</b>

**TRAVELREST SERVICES LIMITED**  
**(formerly Forte (UK) Limited)**  
**DIRECTORS' REPORT**

The Directors present their Report and Accounts for the 15 month period ended 25 December 2002

**PRINCIPAL ACTIVITY AND REVIEW OF THE YEAR**

The Company is a hotel and restaurant operator.

On 28 June 2002 the Board of Compass Group PLC announced the proposed sale of Travelodge and Little Chef following a strategic review of roadside operations in line with the Group's continuing strategic focus on contract foodservice, vending and selected foodservice concessions. The sale of the Company was completed on 4 February 2003.

As a result of this decision, management undertook a series of steps in order to prepare the Company for disposal. On 18 November 2002 certain hotels, other properties and a number of subsidiary companies were distributed as a dividend in specie to Waseley Roadside Restaurants Limited (see Note 9). The distribution amounted to £218,863,000 and was based on the net book value of the assets at that date. During the year, management conducted a revaluation of the hotels which resulted in a charge to the profit and loss account for the period of £134,196,000 (see Note 3).

During the period the Company sold, at open market value, the beneficial interest in certain property interests to newly incorporated wholly-owned subsidiaries, the consideration for which was left outstanding as an inter-company debt. The profit made on the sale amounted to £30,690,000 (see Note 5).

**CHANGE OF NAME**

The Company changed its name to Travelrest Services Limited on 5 December 2001.

**TRADING RESULTS**

The loss on ordinary activities before taxation for the period was £65,523,000 (Year ended 30 September 2001: loss of £233,721,000).

**DIVIDENDS**

The directors recommended the payment of an interim dividend in specie for the period on the Ordinary shares of £218,862,511 (72.95417 pence per share) (Year ended 30 September 2001: £Nil) which was paid on 18 November 2002. The directors do not recommend the payment of a further dividend for the period.

**DIRECTORS**

The directors of the Company during the period were as follows

L R Alibone (resigned 31 May 2002)  
A M Boyle (resigned 14 December 2002)  
P E Cardnell (resigned 6 November 2001)  
C C J Copner (resigned 14 December 2002)  
S M A Critoph (resigned 14 December 2002)  
D A Davenport (resigned 10 July 2002)  
M Gammell (appointed 7 January 2002, resigned 8 October 2002)  
D M Gratton (resigned 14 December 2002)  
K D G Jackson (appointed 19 November 2002, resigned 27 March 2003)  
A P Lynch (resigned 14 December 2002)  
R McGhee (appointed 7 January 2002, resigned 8 October 2002)  
R M Morley (resigned 14 December 2002)  
T C Moss (appointed 7 January 2002, resigned 8 October 2002)  
R J Prynne (appointed 7 January 2002, resigned 14 December 2002)  
S C Turl (appointed 7 January 2002, resigned 29 August 2003)

After the end of the financial period, C M Hicks, G D Hearn and K Hamill were appointed as directors on 27 March 2003, 27 March 2003 and 1 April 2003 respectively. C M Hicks subsequently resigned on 15 October 2003.

Furthermore J Mortimore, H Turner and T Scoble were all appointed as directors on 24 October 2003.

**TRAVELREST SERVICES LIMITED**  
**(formerly Forte (UK) Limited)**  
**DIRECTORS' REPORT (CONTINUED)**

**DIRECTORS' INTERESTS**

None of the directors had a direct interest in the share capital of the Company.

The directors who held office at the end of the financial year had the following interests in the ordinary share capital of Compass Group PLC:

	At 25 December 2002	At 30 September 2001 (or date of appointment if later)
	number	number
K D G Jackson	15,756	6,903
S C Turl	1,162	1,162

The following directors held share options under the Compass Group PLC Executive and Savings-Related Share Option schemes:

	At 25 December 2002	At 30 September 2001 (or date of appointment if later)	Granted during the period number	Exercised during the period number
	number	number		
K D G Jackson	115,415	115,415	20,550	-
S C Turl	93,050	72,500	20,550	-

The following directors held conditional awards under the terms of the Compass Group PLC Commitment Plan:

	At 25 December 2002	Called for during the year number	At 30 September 2001 (or date of appointment if later)
	number		number
K D G Jackson	14,755	-	14,755
S C Turl	-	13,041	13,041

**TRAVELREST SERVICES LIMITED**  
**(formerly Forte (UK) Limited)**  
**DIRECTORS' REPORT (CONTINUED)**

**EMPLOYEES**

The Company is committed to an active policy of equal opportunity from selection and recruitment, through training and development, appraisal and promotion to retirement.

The policy promotes an environment free from discrimination, harassment and victimisation where all employees can receive equal treatment regardless of gender, colour, ethnic or national origin, disability, age, marital status, sexual orientation or religion.

The policy gives full and fair consideration to the recruitment of disabled persons. Where disabled persons are employed their training, including retraining for alternative work of employees that become disabled, and development for promotion are encouraged and assisted. Expert advice is taken on the needs of disabled employees and special equipment is provided where appropriate.

Group personnel policies ensure that all employees are made aware on a regular basis of the Group's policies, programmes and progress. Extensive use is made of briefing meetings, in-house magazines, notice boards and other communication channels including Mercury, the Group's global intranet. Mercury facilitates the capturing and sharing of information and knowledge and provides an important link to the Group's employees worldwide.

**CREDITOR PAYMENT POLICY**

It is Company policy to adhere to the payment terms agreed with the supplier. Payments are contingent on the supplier providing goods or services to the required standard in accordance with the agreed terms and conditions. The Company co-ordinates its purchasing with certain other group undertakings. Collectively the number of days' purchases outstanding for payment by these undertakings as at 25 December 2002 was 20 days (2001: 58 days).

**POST BALANCE SHEET DATE EVENTS**

On 28 June 2002 the Board of Compass Group PLC announced the proposed sale of Travelodge and Little Chef following a strategic review of roadside operations in line with the Group's continuing strategic focus on contract foodservice, vending and selected foodservice concessions. The sale of the Company was completed on 4 February 2003.

The immediate holding and controlling company became TLLC Group Holdings Limited, with effect from that date.

**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.

**AUDITORS**

Following the sale of the Company, KPMG Audit Plc resigned as auditors and KPMG LLP were appointed to fill the casual vacancy arising. As noted above the Company has passed elective resolutions to dispense with the appointment of auditors annually.

By Order of the Board

Jon Mortimore  
Director

Date:

Registered office  
Castlegate Way  
Dudley  
DY1 4TE

**TRAVELREST SERVICES LIMITED**  
**(formerly Forte (UK) Limited)**  
**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. In preparing those financial statements, the directors are required to:

- ♦ select suitable accounting policies and then apply them consistently;
- ♦ make judgements and estimates that are reasonable and prudent;
- ♦ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- ♦ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general 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.

# **REPORT OF THE INDEPENDENT AUDITORS, KPMG LLP, TO THE MEMBERS OF TRAVELREST SERVICES LIMITED**

**(formerly Forte (UK) Limited)**

We have audited the financial statements on pages 6 to 24.

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 directors and auditors**

The directors are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, and by our profession's ethical guidance.

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 to you 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.

## **Basis of audit opinion**

We conducted our audit in accordance with 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.

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 25 December 2002 and of its loss for the 15 month period then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG LLP*

**KPMG LLP**  
*Chartered Accountants*  
*Registered Auditor*

*17 March 2004*

Altius House  
One North Fourth Street  
Milton Keynes MK9 1NE  
United Kingdom

**TRAVELREST SERVICES LIMITED**  
**(formerly Forte (UK) Limited)**  
**PROFIT & LOSS ACCOUNT**  
**FOR THE 15 MONTH PERIOD ENDED 25 DECEMBER 2002**

	Fifteen months ended 25 December 2002			Year ended 30 September 2001		
	Discontinued			Discontinued		
	Before operations and	exceptional	Total	Before operations and	exceptional	Total
	exceptional	exceptional		exceptional	exceptional	
	items	items		items	items	
	£'000	£'000	£'000	£'000	£'000	£'000
				As restated	As restated	As restated
<b>TURNOVER</b> (Note 2)	<b>347,552</b>	<b>37,591</b>	<b>385,143</b>	296,341	19,960	316,301
Net operating costs (Note 3)	(341,485)	(148,796)	(490,281)	(227,256)	(376,208)	(603,464)
<b>OPERATING PROFIT / (LOSS)</b>	<b>6,067</b>	<b>(111,205)</b>	<b>(105,138)</b>	69,085	(356,248)	(287,163)
Income from shares in group undertakings	5,361	2,210	7,571	-	410	410
Income from shares in other fixed asset investments	-	403	403	-	379	379
(Loss) / profit on disposal of fixed asset investments (Note 12)	-	(3,386)	(3,386)	-	22,485	22,485
Profit on disposal of tangible fixed assets (Note 5)	42,963	-	42,963	4,858	28,738	33,596
<b>PROFIT / (LOSS) BEFORE INTEREST AND TAX</b>	<b>54,391</b>	<b>(111,978)</b>	<b>(57,587)</b>	73,943	(304,236)	(230,293)
Net interest payable (Note 6)	(7,936)	-	(7,936)	(3,428)	-	(3,428)
<b>PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b> (Note 4)	<b>46,455</b>	<b>(111,978)</b>	<b>(65,523)</b>	70,515	(304,236)	(233,721)
Tax on profit / (loss) on ordinary activities (Note 7)	(2,256)	-	(2,256)	(12,685)	31,418	18,733
<b>PROFIT / (LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION</b>	<b>44,199</b>	<b>(111,978)</b>	<b>(67,779)</b>	57,830	(272,818)	(214,988)
<b>DIVIDENDS</b> (Note 9)	<b>(218,863)</b>	<b>-</b>	<b>(218,863)</b>	-	-	-
<b>RETAINED (LOSS) / PROFIT FOR THE YEAR</b> (Note 20)	<b>(174,664)</b>	<b>(111,978)</b>	<b>(286,642)</b>	57,830	(272,818)	(214,988)



**TRAVELREST SERVICES LIMITED**  
**(formerly Forte (UK) Limited)**  
**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**FOR THE 15 MONTH PERIOD ENDED 25 DECEMBER 2002**

	Fifteen months ended 25 December 2002 £'000	Year ended 30 September 2001 £'000 As restated
Loss for the financial period	(67,779)	(214,988)
Unrealised net surplus on revaluation of properties	29,073	56,668
Prior year adjustment (as explained in Note 7)	(3,404)	-
Total recognised gains and losses for the period	<u>(42,110)</u>	<u>(158,320)</u>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES**  
**FOR THE FIFTEEN MONTH PERIOD ENDED 25 DECEMBER 2002**

	Fifteen months ended 25 December 2002 £'000	Year ended 30 September 2001 £'000 As restated
Reported loss on ordinary activities before taxation	(65,523)	(233,721)
Realisation of prior years' property revaluation gains	149,786	1,864
Realisation of prior years' investment revaluation gains / (deficits)	1,822	(879)
Historical cost profit / (loss) on ordinary activities before taxation	<u>86,085</u>	<u>(232,736)</u>
Historical cost loss for the period retained after taxation and dividends	<u>(135,034)</u>	<u>(214,003)</u>

**TRAVELREST SERVICES LIMITED**  
**(formerly Forte (UK) Limited)**  
**BALANCE SHEET - AS AT 25 DECEMBER 2002**

	25 December 2002 £'000	30 September 2001 £'000 As restated
<b>FIXED ASSETS</b>		
Intangible assets (Note 10)	-	4,476
Tangible assets (Note 11)	118,601	710,306
Investments (Note 12)	12,821	154,233
	<u>131,422</u>	<u>869,015</u>
<b>CURRENT ASSETS</b>		
Stocks (Note 13)	1,984	2,982
Debtors (Note 14)	526,380	813,859
Cash at bank and in hand	3,995	4,599
	<u>532,359</u>	<u>821,440</u>
<b>CREDITORS - Amounts falling due within one year (Note 15)</b>	<u>(181,327)</u>	<u>(828,054)</u>
<b>NET CURRENT ASSETS / (LIABILITIES)</b>	<u>351,032</u>	<u>(6,614)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	482,454	862,401
<b>CREDITORS - Amounts falling due after more than one year (Note 16)</b>	(2,459)	(114,703)
<b>PROVISIONS FOR LIABILITIES AND CHARGES (Note 18)</b>	-	(10,134)
<b>NET ASSETS</b>	<u>479,995</u>	<u>737,564</u>
<b>CAPITAL AND RESERVES</b>		
Called up share capital (Note 19)	300,000	300,000
Revaluation reserve (Note 20)	63,988	186,523
Profit & loss reserve (Note 20)	116,007	251,041
<b>EQUITY SHAREHOLDERS' FUNDS (Note 21)</b>	<u>479,995</u>	<u>737,564</u>

Approved by the Board on \_\_\_\_\_ and signed on its behalf by

Jon Mortimore  
Director

**TRAVELREST SERVICES LIMITED**  
**(formerly Forte (UK) Limited)**  
**NOTES TO THE ACCOUNTS - 25 DECEMBER 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 Accounting Standards, and under the historical cost convention, modified to include the revaluations of certain fixed assets. The Company adopted FRS19 "Deferred Tax" in these financial statements. The comparative figures have been restated accordingly. The financial effect of this adoption is disclosed in Note 7.

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.

**(b) Turnover**

Turnover represents the amounts receivable for goods sold and services provided, excluding VAT and similar sales taxes.

**(c) Depreciation**

Depreciable fixed assets are written off on a straight line basis over their estimated useful lives as follows:

- Freehold and long leasehold land is not depreciated.
- Freehold buildings are depreciated to their estimated residual values over periods up to fifty years.
- Leasehold buildings are depreciated to their estimated residual values over the shorter of fifty years and their remaining lease periods.
- Building surface finishes and services are depreciated over twenty five years.
- All other assets are depreciated over ten to fifteen years for plant and machinery, four to ten years for furniture and equipment, and up to five years for information technology software and hardware.

**(d) Leases**

Finance leases are those which transfer substantially all the risks and rewards of ownership to the lessee. Assets held under such leases are capitalised as tangible fixed assets and depreciation is provided where appropriate. Outstanding finance lease obligations, which comprise principal plus accrued interest, are included within creditors falling due after more than one year. The finance element of the agreements is charged to the profit and loss account over the term of the lease on a systematic basis. All other leases are operating leases. The rentals on such leases are charged to the profit and loss account as incurred.

**(e) Stocks**

Stocks are stated at the lower of cost and net realisable value.

**(f) Taxation**

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19.

**TRAVELREST SERVICES LIMITED****(formerly Forte (UK) Limited)****NOTES TO THE ACCOUNTS - 25 DECEMBER 2002 (CONTINUED)****1 ACCOUNTING POLICIES (CONTINUED)****(g) Foreign currencies**

Overseas trading results are translated into sterling at the average rates of exchange during the financial year. 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 specifically taken out to hedge those investments are dealt with through reserves. Other exchange differences are taken to the profit and loss account.

**(h) Subsidiary undertakings**

Shares in subsidiary undertakings are revalued periodically 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.

**(i) Intellectual Property**

Intellectual Property arose on the purchase of rights in relation to use of the Travelodge name from another Compass Group fellow subsidiary undertaking. This is amortised over a period of twenty years.

**(j) Retirement Benefits**

The transitional requirements of FRS 17 "Retirement Benefits" have been adopted in the financial statements for the period ended 25 December 2002. The Company operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from the Company. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over the employees working lives with the Company.

**2 SEGMENTAL INFORMATION**

Turnover attributable to the different classes of the Company's operations are as follows

	Fifteen months to 25 December 2002			Year ended 30 September 2001		
	Continuing operations £'000	Discontinued operations £'000	Total £'000	Continuing operations £'000	Discontinued operations £'000	Total £'000
Hotels (including Travelodge)	125,502	37,591	163,093	130,918	19,960	150,878
Restaurants	217,050	-	217,050	165,423	-	165,423
Other	5,000	-	5,000	-	-	-
	<b>347,552</b>	<b>37,591</b>	<b>385,143</b>	<b>296,341</b>	<b>19,960</b>	<b>316,301</b>

Turnover is generated solely in the United Kingdom.

**TRAVELREST SERVICES LIMITED****(formerly Forte (UK) Limited)****NOTES TO THE ACCOUNTS - 25 DECEMBER 2002 (CONTINUED)****3 NET OPERATING COSTS**

	Fifteen months to 25 December 2002			Year ended 30 September 2001		
	Discontinued		Total	Discontinued		Total
	Before exceptional items	operations and exceptional items		Before exceptional items	operations and exceptional items	
	£'000	£'000	£'000	As restated £'000	As restated £'000	£'000
Raw materials and consumables	108,221	3,099	111,320	60,220	5,035	65,255
Other equipment hire	2	1	3	6	281	287
Operating lease charges						
Property leases	13,126	6,019	19,145	6,570	8,913	15,483
Equipment and vehicle leases	561	-	561	1,338	708	2,046
Exchange losses / (gains)	-	(203)	(203)	70	978	1,048
Other external charges	58,607	(10,746)	47,861	84,114	132,336	216,450
Management fees received	-	-	-	(1,211)	(22,988)	(24,199)
Staff costs						
Wages and salaries	79,239	9,776	89,015	62,270	28,831	91,101
Social security costs	5,340	148	5,488	4,388	2,536	6,924
Pension costs	758	56	814	-	-	-
Provisions against tangible fixed assets and other tangible fixed asset write-downs	-	134,196	134,196	-	202,745	202,745
Provisions against fixed assets investments	4,604	1,500	6,104	-	-	-
Provisions against subsidiary debt	48,718	-	48,718	-	-	-
Amortisation of intellectual property	4,476	-	4,476	154	-	154
Depreciation	17,833	4,950	22,783	9,337	16,833	26,170
	<b>341,485</b>	<b>148,796</b>	<b>490,281</b>	<b>227,256</b>	<b>376,208</b>	<b>603,464</b>

Discontinued operations for the year ended 30 September 2001 relate to certain hotels that were distributed as a dividend in specie to Waseley Roadside Restaurants Limited during the period ended 25 December 2002.

Discontinued operations for the year ended 30 September 2001 include the comparatives for the activities discontinued in the current period, together with the results of the former Forte Hotels Division operations that were disposed of during that year.

The provision against tangible fixed assets have arisen following a revaluation and impairment review of certain hotels. The review was based on a multiple of earnings. The hotels subject to impairment were distributed at net book value as part of the dividend in specie (see Note 9).

The provisions against tangible fixed assets in the year ended 30 September 2001 arose following a review of asset values as a result of the merger between Granada and Former Compass and the subsequent demerger that was completed on 2 February 2001. In addition, following the disposal of the Forte Hotels Division, provisions were made against central tangible fixed assets that were not sold to the various hotel purchasers and did not retain any value to the on-going business.

**TRAVELREST SERVICES LIMITED****(formerly Forte (UK) Limited)****NOTES TO THE ACCOUNTS - 25 DECEMBER 2002 (CONTINUED)****4 PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION**

Profit/(loss) on ordinary activities before taxation is stated after charging:

	Fifteen months ended 25 December 2002 £'000	Year ended 30 September 2001 £'000
Auditors' remuneration	-	35
Directors' emoluments	1,184	389

Directors' emoluments relate to Directors working directly on the business of the Company. Other Directors are paid by other Compass Group companies. Auditors remuneration for the period to 25 December 2002 has been borne by another group company.

The aggregate of emoluments of the highest paid Director was £394,787 (2001: £211,227). He is a member of a defined benefit scheme, under which the accrued pension to which he would be entitled from normal retirement date if he were to retire at the year end, was £93,996 (2001: £86,584). Retirement benefits continue to accrue to two Directors (2001: four) under defined benefit schemes. Information relating to the exercise of share options is shown within the Directors' Report.

**5 PROFIT ON DISPOSAL OF TANGIBLE FIXED ASSETS**

	Fifteen months to 25 December 2002			Year ended 30 September 2001		
	Discontinued Before operations and exceptional		Total	Discontinued Before operations and exceptional		Total
	items £'000	items £'000	£'000	items £'000	items £'000	£'000
Profit on disposal of fixed assets	12,273	-	12,273	4,858	28,738	33,596
Profit on disposal of properties to subsidiary undertakings	30,690	-	30,690	-	-	-
	42,963	-	42,963	4,858	28,738	33,596

The profit on disposal of properties relates to the sale of the beneficial interest in certain property interests to newly incorporated wholly-owned subsidiaries, the consideration for which was left outstanding as an inter-company debt. The sale took place at open market value.

The exceptional profit recorded in the prior year arose from the disposal of 18 properties and various trademarks to Six Continents Hotels, Macdonald Hotels and Nomura.

**TRAVELREST SERVICES LIMITED**

(formerly Forte (UK) Limited)

**NOTES TO THE ACCOUNTS - 25 DECEMBER 2002 (CONTINUED)**
**6 NET INTEREST PAYABLE**

	Fifteen months ended 25 December 2002 £'000	Year ended 30 September 2001 £'000
<b>Interest receivable</b>		
Interest receivable from intermediate holding company	(34,949)	(121,150)
Interest receivable from fellow subsidiary undertakings	-	(158)
Other interest receivable	(1,057)	(721)
	<u>(36,006)</u>	<u>(122,029)</u>
<b>Interest payable and similar charges</b>		
Interest payable on bank overdrafts repayable other than by instalments within five years	14	2,436
Interest payable to intermediate holding company	13,469	24,145
Interest payable to fellow subsidiary undertakings	18,880	84,436
Other interest payable	6,639	6,438
Net finance charges arising under sale and leaseback agreements		
Payable to third parties	-	716
Payable to fellow subsidiary undertakings	4,940	7,286
	<u>43,942</u>	<u>125,457</u>
Net interest payable	<u>7,936</u>	<u>3,428</u>

**7 TAX ON PROFIT / (LOSS) ON ORDINARY ACTIVITIES**

	Fifteen months to 25 December 2002			Year ended 30 September 2001		
	Discontinued Before operations and exceptional exceptional, items items		Total	Discontinued Before operations and exceptional exceptional, items items		Total
	£'000	£'000	£'000	As restated £'000	As restated £'000	£'000
UK Corporation tax charge /						
(credit) at 30.0% (2001: 30.0%)	24,713	-	24,713	6,578	(6,482)	96
Group relief receivable	(22,739)	-	(22,739)	-	(15,242)	(15,242)
Adjustments in respect of prior periods	722	-	722	22,411	-	22,411
Total current tax charge	2,696	-	2,696	28,989	(21,724)	7,265
Deferred taxation credit (Note 18)	(440)	-	(440)	(16,304)	(9,694)	(25,998)
Total tax charge	2,256	-	2,256	12,685	(31,418)	(18,733)

The prior year UK corporation tax credit arises from overpayments of tax recovered from the Inland Revenue.

**TRAVELREST SERVICES LIMITED**

**(formerly Forte (UK) Limited)**

**NOTES TO THE ACCOUNTS - 25 DECEMBER 2002 (CONTINUED)**

**7 TAX ON PROFIT / (LOSS) ON ORDINARY ACTIVITIES (CONTINUED)**

**Reconciliation of the UK statutory tax rate to the effective current tax rate**

	2002 %	2001 %
Tax charge on profit on ordinary activities before exceptional items at the UK statutory tax rate of 30%	30	30
Increase / decrease arising from:		
Permanent items	3	(23)
Capital allowances for the period in excess of the depreciation charged	(36)	3
Losses carried forward	-	(4)
Adjustments in respect of prior periods	(1)	(9)
Current tax charge on profit before exceptional items	<u>(4)</u>	<u>(3)</u>

In the year the company adopted FRS19 'Deferred Tax'. Neither the current years results nor the net assets have been affected by the change. The prior year adjustment amounts to a debit of £3,404,000, of which a credit of £23,034,000 relates to the year ended 30 September 2001 and has been reflected in a restatement of the comparative figures for that year. The remaining debit of £26,438,000 relates to the previous period and the reserves have been adjusted accordingly.

**8 EMPLOYEES**

The average number of staff employed by the Company during the period was

	25 December 2002 Number	30 September 2001 Number
United Kingdom - full time	6,106	5,314
- part time	3,454	2,509
	<u>9,560</u>	<u>7,823</u>

**9 DIVIDENDS**

	Fifteen months ended 25 December 2002 £'000	Year ended 30 September 2001 £'000
Dividend in specie proposed and paid (72.954 pence per share (2001: nil per share))	<u>218,863</u>	<u>-</u>

On 18 November 2002 certain hotels, other properties and a number of subsidiary undertakings were distributed as dividend in specie to Waseley Roadside Restaurants Limited. The investment in subsidiary undertakings amounted to £122,367,000 and the hotel properties and other fixed assets amounted to £96,496,000.



**TRAVELREST SERVICES LIMITED**

(formerly Forte (UK) Limited)

**NOTES TO THE ACCOUNTS - 25 DECEMBER 2002 (CONTINUED)**
**10 FIXED ASSETS - INTANGIBLE ASSETS**

	Intellectual property £'000
<b>Cost</b>	
At 30 September 2001	4,630
Additions	-
At 25 December 2002	<b>4,630</b>
<b>Amortisation</b>	
At 30 September 2001	154
Charge for the period	4,476
At 25 December 2002	<b>4,630</b>
<b>Net book amount</b>	
At 25 December 2002	-
At 30 September 2001	4,476

**11 FIXED ASSETS - TANGIBLE ASSETS**

	Land and Buildings					Assets in course of construction	Total
	Freehold £'000	Long Leasehold £'000	Short Leasehold £'000	Plant & machinery £'000	Furniture & equipment £'000	£'000	£'000
<b>Cost</b>							
At 30 September 2001	323,664	157,262	168,257	26,549	98,287	100	774,119
Additions	10,047	3,526	10,315	28	42,410	20	66,346
Intra-group additions	52,421	15,306	911	-	5,032	-	73,670
Disposals	(8,708)	(652)	(13,597)	(7,613)	(17,750)	-	(48,320)
Intra-group disposals	(331,852)	(137,933)	(16,611)	-	(3,883)	-	(490,279)
Dividend in specie	(3,970)	(1,331)	(87,868)	(18,964)	-	(120)	(112,253)
Net surplus/(deficit) on revaluation	(23,176)	38,307	(52,599)	-	(107,214)	-	(144,682)
At 25 December 2002	<b>18,426</b>	<b>74,485</b>	<b>8,808</b>	<b>-</b>	<b>16,882</b>	<b>-</b>	<b>118,601</b>
<b>Depreciation</b>							
At 30 September 2001	1,810	2,097	12,216	11,866	35,824	-	63,813
Charge for the period	2,172	3,161	5,906	1,816	9,728	-	22,783
Disposals	-	(40)	(7,759)	(4,457)	(9,341)	-	(21,597)
Intra-group disposals	(3,431)	(3,641)	(1,040)	-	(1,571)	-	(9,683)
Dividend in specie	(46)	(54)	(6,432)	(9,225)	-	-	(15,757)
Revaluation	(505)	(1,523)	(2,891)	-	(34,640)	-	(39,559)
At 25 December 2002	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net book amount</b>							
At 25 December 2002	<b>18,426</b>	<b>74,485</b>	<b>8,808</b>	<b>-</b>	<b>16,882</b>	<b>-</b>	<b>118,601</b>
At 30 September 2001	321,854	155,165	156,041	14,683	62,463	100	710,306

**Analysis of cost or valuation**

	25 December 2002 £'000	30 September 2001 £'000
At valuation	118,601	543,038
Net additions since properties last revalued	-	231,081
Total at 25 December 2002	<b>118,601</b>	<b>774,119</b>

**TRAVELREST SERVICES LIMITED**

(formerly Forte (UK) Limited)

# NOTES TO THE ACCOUNTS - 25 DECEMBER 2002 (CONTINUED)

## 11 FIXED ASSETS - TANGIBLE ASSETS (CONTINUED)

Historical cost of property and fixed assets at valuation	25 December 2002 £'000	30 September 2001 £'000
Cost	54,613	330,423
Accumulated depreciation	(15,118)	(24,387)
Historical cost net book value	<u>39,495</u>	<u>306,036</u>

It is the Company's policy to revalue its properties on the basis of independent professional advice. Formal valuations of restaurant properties and budget hotels were carried out by Insignia Hotels Limited, Chartered Surveyors, on an existing use basis in December 2002. A subsequent review by the directors identified a number of sites where a further impairment adjustment was required.

## 12 FIXED ASSETS - INVESTMENTS

	Shares in group undertakings £'000	Other investments £'000	Total £'000
<b>Shares at cost or valuation</b>			
At 30 September 2001	147,471	20,015	167,486
Additions	7,096	-	7,096
Disposals	(38)	(20,000)	(20,038)
Disposal by dividend in specie	(133,773)	-	(133,773)
At 25 December 2002	<u>20,756</u>	<u>15</u>	<u>20,771</u>
<b>Provisions</b>			
At 30 September 2001	13,238	15	13,253
Provision made in the period	6,103	-	6,103
Disposal by dividend in specie	(11,406)	-	(11,406)
At 25 December 2002	<u>7,935</u>	<u>15</u>	<u>7,950</u>
<b>Net book amount</b>			
At 25 December 2002	<u>12,821</u>	<u>-</u>	<u>12,821</u>
At 30 September 2001	<u>134,233</u>	<u>20,000</u>	<u>154,233</u>

Historical cost of investments carried at valuation	25 December 2002 £'000	30 September 2001 £'000
Cost	<u>20,771</u>	<u>104,250</u>

**TRAVELREST SERVICES LIMITED****(formerly Forte (UK) Limited)****NOTES TO THE ACCOUNTS - 25 DECEMBER 2002 (CONTINUED)****12 FIXED ASSETS - INVESTMENTS (CONTINUED)**

The principal subsidiary undertakings of the Company are as follows

	Business Description	Country of Incorporation	% of equity held
<b>Direct subsidiary undertakings</b>			
Anchor Hotels Limited	Dormant	Great Britain	100
Kelly's Kitchen Limited	Dormant	Great Britain	100
Little Chef Limited	Dormant	Great Britain	100
Stewart Watt Limited	Hotel operator	Scotland	100
Travelodge Limited (formerly Galleon World Travel Limited)	Dormant	Great Britain	100
Waseley Fourteen Ltd (formerly Compass Restaurant Properties Limited)	Property lessor	Great Britain	100
Waseley Ten Limited (formerly Compass Catering Services Limited)	Dormant	Great Britain	100
Waseley Twelve Limited (formerly Compass Cleaning Services Limited)	Dormant	Great Britain	100
TLLC Levpropco1 Limited	Property lessor	Great Britain	100
TLLC Levpropco2 Limited	Property lessor	Great Britain	100
TLLC Levpropco3 Limited	Property lessor	Great Britain	100
TLLC Levpropco4 Limited	Property lessor	Great Britain	100
TLLC Levpropco5 Limited	Property lessor	Great Britain	100
TLLC Levpropco6 Limited	Property lessor	Great Britain	100
TLLC Levpropco7 Limited	Property lessor	Great Britain	100
TLLC Levpropco8 Limited	Property lessor	Great Britain	100
TLLC Levpropco9 Limited	Property lessor	Great Britain	100
TLLC Levpropco10 Limited	Property lessor	Great Britain	100
TLLC Propholdco1 Limited	Holding company	Great Britain	100
TLLC Regents Palace Limited	Hotel operator	Great Britain	100
<b>Indirect subsidiary undertakings</b>			
Happy Eater Limited	Dormant	Great Britain	100
TLLC BridgeCo1 Limited	Property lessor	Great Britain	100
TLLC BridgeCo2 Limited	Property lessor	Great Britain	100
TLLC BridgeCo3 Limited	Property lessor	Great Britain	100
TLLC BridgeCo4 Limited	Property lessor	Great Britain	100
TLLC BridgeCo5 Limited	Property lessor	Great Britain	100
TLLC BridgeCo6 Limited	Property lessor	Great Britain	100
TLLC BridgeCo7 Limited	Dormant	Great Britain	100
TLLC BridgeCo8 Limited	Property lessor	Great Britain	100
TLLC BridgeCo9 Limited	Property lessor	Great Britain	100
TLLC BridgeCo10 Limited	Property lessor	Great Britain	100
TLLC CMPropco1 Limited	Property lessor	Great Britain	100
TLLC CMPropco2 Limited	Property lessor	Great Britain	100
TLLC CMPropco3 Limited	Dormant	Great Britain	100
TLLC CMPropco4 Limited	Dormant	Great Britain	100
TLLC CMPropco5 Limited	Property lessor	Great Britain	100
TLLC CMPropco6 Limited	Property lessor	Great Britain	100
TLLC CMPropco7 Limited	Property lessor	Great Britain	100
TLLC CMPropco8 Limited	Property lessor	Great Britain	100

**TRAVELREST SERVICES LIMITED****(formerly Forte (UK) Limited)****NOTES TO THE ACCOUNTS - 25 DECEMBER 2002 (CONTINUED)****12 FIXED ASSETS - INVESTMENTS (CONTINUED)**

	Business Description	Country of Incorporation	% of equity held
<b>Indirect subsidiary undertakings (continued)</b>			
TLLC CMPropco9 Limited	Property lessor	Great Britain	100
TLLC CMPropco10 Limited	Property lessor	Great Britain	100
TLLC CMPropco11 Limited	Property lessor	Great Britain	100
TLLC CMPropco12 Limited	Property lessor	Great Britain	100
TLLC Devco1 Limited	Dormant	Great Britain	100
TLLC Propholdco2 Limited	Holding company	Great Britain	100
TLLC Spareco1 Limited	Dormant	Great Britain	100

All companies operate in their country of incorporation. The percentage of voting rights held by the Company in each subsidiary undertaking is equal to the percentage of equity shown above. 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.

On 18 November 2002, the company distributed its investments in a number of subsidiary undertakings to its immediate parent undertaking, Waseley Roadside Restaurants Limited, by means of a dividend in specie.

These investments comprised:

Compass Planning and Design Limited (formerly Forte Properties Limited)

The Excelsior Insurance Company Limited

Quaglino's Limited

Selkirk House (FP) Limited

Selkirk House (WBRK) Limited

and nineteen other dormant companies.

During the year the Company acquired an investment in Waseley Fourteen Limited from a fellow Compass Group subsidiary undertaking for consideration of £3,479. On 25 November 2002 it subscribed a further £7,092,577 in consideration for the issue of additional shares in the company.

During the previous year the Company's investments in Spirit Health & Fitness Limited, Forte Hotels Deutschland GmbH & Co OHG, Forte Hotels Reservations Inc, Forte Hotel GmbH and Leased Hotels Limited were sold outside the Group. The loss of £3,386,000 recorded in the period ended 25 December 2002 represents an adjustment to the proceeds arising from certain of those prior year transactions.

**Other investments**

During the year ended 30 September 2001, the Company acquired an investment in 3.867% Cumulative Preference shares issued by NAS Cobalt No 1 Limited. These shares were redeemed in full during the period ended 25 December 2002.

**TRAVELREST SERVICES LIMITED****(formerly Forte (UK) Limited)****NOTES TO THE ACCOUNTS - 25 DECEMBER 2002 (CONTINUED)****13 STOCKS**

	25 December 2002 £'000	30 September 2001 £'000
Raw materials and consumables	1,017	1,794
Finished goods and goods for resale	967	1,188
	<u>1,984</u>	<u>2,982</u>

**14 DEBTORS**

	25 December 2002 £'000	30 September 2001 £'000
Trade debtors	1,578	15,678
Amounts owed by intermediate parent undertaking	901	578,518
Amounts owed by subsidiary undertakings	519,916	161,143
Amounts owed by fellow subsidiary undertakings	3,798	16,457
Deferred taxation (Note 18)	-	9,694
Corporation tax recoverable	-	28,277
Other debtors and prepayments	187	4,092
	<u>526,380</u>	<u>813,859</u>

Debtors include the following amounts which fall due after one year

	25 December 2002 £'000	30 September 2001 £'000
Other debtors and prepayments	-	650

**15 CREDITORS - Amounts falling due within one year**

	25 December 2002 £'000	30 September 2001 £'000
Bank overdraft	-	180,193
Loan capital (Note 17)	-	2,311
Trade creditors	449	19,299
Corporation tax payable	1,974	-
Other taxation and social security	177	7,335
Amounts owed to immediate parent undertaking	-	1,883
Amounts owed to intermediate parent undertaking	108,901	-
Amounts owed to subsidiary undertakings	10,403	347,995
Amounts owed to fellow subsidiary undertakings	41,666	181,330
Other creditors and accruals	17,757	87,708
	<u>181,327</u>	<u>828,054</u>

**16 CREDITORS - Amounts falling due after more than one year**

	25 December 2002 £'000	30 September 2001 £'000
Other creditors and accruals	2,459	-
Loan capital (Note 17)	-	10,477
Amounts owed to fellow subsidiary undertakings	-	104,226
	<u>2,459</u>	<u>114,703</u>

**TRAVELREST SERVICES LIMITED****(formerly Forte (UK) Limited)****NOTES TO THE ACCOUNTS - 25 DECEMBER 2002 (CONTINUED)****17 LOAN CAPITAL**

	25 December 2002 £'000	30 September 2001 £'000
Unsecured loans	-	12,788
Loans are repayable as follows:		
Within one year	-	2,311
Between one and two years	-	2,447
Between two and five years	-	8,030
Amounts falling due after more than one year	-	10,477
	-	12,788

Unsecured loans bear interest at fixed rates of between 6.7% and 8.1%. The outstanding principal was repaid between November and December 2002, before the final repayment dates had been reached.

**18 PROVISIONS FOR LIABILITIES AND CHARGES**

	Deferred taxation as restated £'000
At beginning of period	10,134
Credit to the profit and loss for the period	(10,134)
At end of period	-

The components of deferred tax are as follows:

	25 December 2002 £'000	30 September 2001 £'000
Difference between accumulated depreciation and amortisation and capital allowances	(13,665)	10,134
Other timing differences	(2,266)	-
Tax losses	-	(9,694)
Deferred tax (asset)/liability	(15,931)	440
Deferred tax asset (note 14)	-	9,694
Deferred tax liability (as above)	-	(10,134)
Total	-	(440)

As noted above, the Company has identified a deferred tax asset of £15,931,000 relating to accelerated capital allowances and other timing differences. As a result of the group tax position it is considered that the availability of sufficient taxable profits in the future against which the underlying timing differences can be deducted cannot be seen with reasonable certainty. Therefore, the deferred tax asset has not been recognised. An appropriate asset will be recognised when there is a reasonable expectation that taxable profits will be available to utilise the timing difference which will be dependent upon the group tax position.

The estimated potential taxation if company properties were disposed of at their net book amounts is £6,947,000 (2001: £87,585,000).

**TRAVELREST SERVICES LIMITED**

(formerly Forte (UK) Limited)

**NOTES TO THE ACCOUNTS - 25 DECEMBER 2002 (CONTINUED)**
**19 CALLED UP SHARE CAPITAL**

	25 December 2002 £'000	30 September 2001 £'000
<b>Authorised, issued, allotted and fully paid</b>		
300 million ordinary shares of £1 each	<b>300,000</b>	<b>300,000</b>

**20 RESERVES**

	Share Capital £'000	Revaluation reserve £'000	Profit and loss reserve £'000	Total 25 December 2002 £'000	Total 30 September 2001 £'000
At 30 September 2001					
as previously reported	300,000	186,523	254,445	740,968	922,322
Prior year adjustment (Note 7)	-	-	(3,404)	(3,404)	(26,438)
At 30 September 2001 restated	300,000	186,523	251,041	737,564	895,884
Retained loss for the period	-	-	(286,642)	(286,642)	(214,988)
Revaluation	-	29,073	-	29,073	-
Unrealised net surplus on revaluation of properties	-	-	-	-	56,668
Transfer of revaluation surplus realised on disposal of properties	-	(149,786)	149,786	-	-
Transfer of revaluation surplus realised on disposal of investments	-	(1,822)	1,822	-	-
At 25 December 2002	<b>300,000</b>	<b>63,988</b>	<b>116,007</b>	<b>479,995</b>	<b>737,564</b>

**21 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	25 December 2002 £'000	30 September 2001 as restated £'000
Loss for the financial period	(67,779)	(214,988)
Dividends	(218,863)	-
	<b>(286,642)</b>	<b>(214,988)</b>
Other recognised gains and losses relating to the period (net)	29,073	56,668
Net reduction in shareholders' funds	<b>(257,569)</b>	<b>(158,320)</b>
Opening shareholders' funds (originally £740,968,000 restated for prior year adjustment of £3,404,000)	<b>737,564</b>	<b>895,884</b>
Closing shareholders' funds	<b>479,995</b>	<b>737,564</b>

## **TRAVELREST SERVICES LIMITED**

**(formerly Forte (UK) Limited)**

### **NOTES TO THE ACCOUNTS - 25 DECEMBER 2002 (CONTINUED)**

#### **22 PENSION COMMITMENTS**

The Company participates in the Compass Pension Scheme and the Compass Group Final Salary Pension Plan. Both plans are defined benefit arrangements operated on a prefunded basis. The funding policy is to contribute such variable amounts, on the advice of the Actuary, as achieves a 100% funding level on a projected salary basis. The actuarial assessments covering expense and contributions are carried out by independent qualified actuaries. The latest actuarial valuations of the Compass Pension Scheme and the Compass Group Final Salary Pension Plan were made on 31 December 2001 and 6 April 2001 respectively. Details are set out in the Report and Accounts of Compass Group PLC, the ultimate holding company.

The Compass Pension Scheme was set up from 1 February 2001 to mirror the Granada Pension Scheme and accept the seamless transfer of pension rights for the former Granada Group PLC employees who transferred to Compass Group PLC. New employees join the Compass Group Final Salary Pension Plan.

It was agreed that, after 1 February 2001, all accrued rights in respect of the Granada Pension Scheme of and in respect of the employees and former employees (including pensioners) of, or who are attributed to the hospitality businesses formerly owned by Granada Compass plc, should be transferred to the Compass Pension Scheme, together with an agreed share of all the assets of the Granada Pension Scheme. This transfer is to be effected under the terms of a specific agreement, the Pension Demerger Deed. The share of assets is to be determined on a "share of fund" basis, whereby the assets to be transferred are to be in the same proportion of all the relevant assets of the Granada Pension Scheme as the liabilities to be transferred to the Compass Pension Scheme bear to the whole of the relevant liabilities of the Granada Pension Scheme.

It is estimated by the Actuary to the Granada Pension Scheme, on the basis of values derived from the most recent formal actuarial valuation of the Granada Pension Scheme that approximately one-third of the assets and liabilities of the Granada Pension Scheme will be transferred to the Compass Pension Scheme under the arrangements set out in the Pension Demerger Deed.

The transfer of assets and liabilities from the Granada Pension scheme to the Compass Pension Scheme is subject to agreement between the respective actuaries to those schemes and to all applicable legal and Inland Revenue requirements being met. An interim transfer was made at the end of October 2001.

The total pension cost for the Company was £814,000 (2001: £Nil). Employers contributions due in respect of the Company's employees have not been charged but have been borne by other Compass group companies.

#### **FRS 17 "Retirement Benefits" - Multi employer exemption**

On 30 November 2000, the Accounting Standards Board introduced a new standard, FRS17 "Retirement Benefits" replacing SSAP24 "Accounting for Pension Costs". FRS17 is fully effective for periods ending on or after 22 June 2003, though disclosures are required in the transitional period commencing with the year ended 30 September 2001.

As explained above, the Company is a member of pension schemes providing benefits based on final pensionable pay. Because the Company is unable to identify its share of the schemes assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17, the schemes will be accounted for by the Company when the accounting standard is fully adopted by the Company, as if the schemes were defined contribution schemes.



**TRAVELREST SERVICES LIMITED****(formerly Forte (UK) Limited)****NOTES TO THE ACCOUNTS - 25 DECEMBER 2002 (CONTINUED)****23 COMMITMENTS****Operating leases**

At 25 December 2002 the Company had annual operating lease commitments of £8,269,000 (2001: £15,996,000) principally relating to property leases expiring in five years or more.

	25 December 2002 £'000	30 September 2001 £'000
<b>Capital expenditure</b>		
Committed	<b>23,304</b>	<b>31,880</b>

**24 CONTINGENT LIABILITIES**

The Company has guaranteed obligations to third parties to the extent of £Nil (2001: £569,000).

The Company has acquired and disposed of a number of investments and assets and has been a party to a number of legal agreements both as purchaser and vendor. As a consequence there are residual contingent liabilities which arise through these activities.

**25 POST BALANCE SHEET DATE EVENTS**

On 28 June 2002 the Board of Compass Group PLC announced the proposed sale of Travelodge and Little Chef following a strategic review of roadside operations in line with the Group's continuing strategic focus on contract foodservice, vending and selected foodservice concessions. The sale of the Company was completed on 4 February 2003.

The immediate holding and controlling company became TLLC Group Holdings Limited, with effect from that date.

# **TRAVELREST SERVICES LIMITED**

**(formerly Forte (UK) Limited)**

## **NOTES TO THE ACCOUNTS - 25 DECEMBER 2002 (CONTINUED)**

### **26 RELATED PARTY TRANSACTIONS**

As the Company was a wholly owned subsidiary of Compass Group PLC at 25 December 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.

### **27 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 TLLC Group Holdings Limited, a company registered in the UK, with effect from 4 February 2003.

The accounts of TLLC Group Holdings Limited, 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:

Castlegate Way  
Dudley  
DY1 4TE

Previously, the Directors considered the ultimate holding and controlling company to be Compass Group PLC, a company registered in England.

The accounts of Compass Group PLC, which formerly headed both the largest and smallest group in which the results of the Company were consolidated, are available to the public from the following address: Compass House, Guildford Street, Chertsey, Surrey, KT16 9BQ.

The immediate holding and controlling company became TLLC Group Holdings Limited, a company registered in England, with effect from 4 February 2003.

Previously the immediate holding and controlling company was Waseley Roadside Restaurants Limited (formerly Forte Roadside Restaurants Limited), a company registered in England.