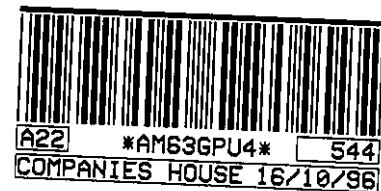


Registered Number 368879

Q & M LIMITED

DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER, 1995



Q & M LIMITED

DIRECTORS' REPORT

The directors present their Annual Report and audited accounts for the year ended 31st December, 1995.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company continued to be that of property letting. The Company's sole lease expired on 31st December 1995 and as a result no further revenue is expected.

	<u>1995</u>	<u>1994</u>
	£	£
Turnover	<u>10,404</u>	<u>10,404</u>
Profit on ordinary activities before taxation	1,237	4,699
Taxation	<u>436</u>	<u>1,274</u>
Profit on ordinary activities after taxation	<u>£801</u>	<u>£3,425</u>

It is recommended that this amount be transferred to the Profit and Loss Reserve.

PROPOSED DIVIDEND

The directors do not propose a dividend this year (1994: Nil).

FIXED ASSETS

There were no changes in tangible fixed assets during the year.

DIRECTORS

Mrs J K Thorne
Mr S Bodley-Scott (Appointed 4th August, 1995)
Miss G Woolfson (Resigned 4th August, 1995)
Mr W R L Leigh (Resigned 14th January, 1995)

DIRECTORS' REPORT (continued)

The interests of directors, other than directors of the ultimate holding company, in the shares and debentures of the company, its fellow subsidiary companies and its ultimate holding company as 1st January and 31st December, 1995 were:

	1st January 1995	31st December 1995
(a) In the company	Nil	Nil
(b) In fellow subsidiaries	Nil	Nil
(c) In the ultimate holding company - The Savoy Hotel PLC		
Mrs. J.K. Thorne		
Beneficial		
A Ordinary Shares of 10p each	735	735
B Ordinary Shares of 5p each	5	5

TAX STATUS

The Company is not a close company within the provisions of the Income and Corporation Taxes Act, 1988.

DIRECTORS' REPORT (continued)

AUDITORS

Coopers & Lybrand have indicated their willingness to continue as auditors and, in accordance with Section 384 of the Companies Act 1985, a Resolution proposing their re-appointment will be put to the Annual General Meeting.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to be 'M B Radcliffe', written in a cursive style.

M B Radcliffe
Secretary
1 Savoy Hill
London
WC2R 0BP

Registered in England No. 368879

1st October, 1996

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those accounts, 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 accounts;
- * prepare the accounts 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 accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company.

REPORT OF THE AUDITORS TO THE MEMBERS OF Q & M LIMITED

We have audited the accounts on pages 5 to 10.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described above the Company's Directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

BASIS OF OPINION

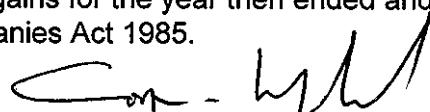
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by 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 affairs of the Company at 31st December, 1995 and of the profit and total recognised gains for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

London
1st October, 1996


COOPERS & LYBRAND
Chartered Accountants & Registered Auditors

Q & M LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER, 1995

	<u>NOTE</u>	<u>1995</u>	<u>1994</u>
		£	£
TURNOVER	2	10,404	10,404
Administrative expenses		<u>9,245</u>	<u>5,705</u>
Operating profit		1,159	4,699
Interest receivable		<u>78</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	1,237	4,699
Taxation	4	<u>436</u>	<u>1,274</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		801	3,425
Retained profit brought forward		<u>36,798</u>	<u>33,373</u>
RETAINED PROFIT CARRIED FORWARD		<u>£37,599</u>	<u>£36,798</u>

All operations are discontinued.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	<u>1995</u>	<u>1994</u>
	£	£
Profit for financial year	<u>801</u>	<u>3,425</u>
Total gains recognised since the last annual report	<u>£801</u>	<u>£3,425</u>

There is no difference between the profit on ordinary activities before taxation and the retained profits for the year stated above, and their historical cost equivalents.

Q & M LIMITED
BALANCE SHEET
AS AT 31ST DECEMBER, 1995

	<u>NOTE</u>	<u>1995</u>		<u>1994</u>	
		£	£	£	£
<u>FIXED ASSETS</u>					
Tangible assets	5		-		856
<u>CURRENT ASSETS</u>					
Debtors	6	37,121		36,384	
Cash at bank		<u>1,092</u>		<u>911</u>	
		38,213		37,295	
<u>CREDITORS</u>					
Amounts due within one year	7	<u>560</u>		<u>1,299</u>	
NET CURRENT ASSETS			<u>37,653</u>		<u>35,996</u>
NET ASSETS			<u>£37,653</u>		<u>£36,852</u>
<u>CAPITAL AND RESERVES</u>					
Called up share capital	8		54		54
Profit and loss account			<u>37,599</u>		<u>36,798</u>
			<u>£37,653</u>		<u>£36,852</u>

These accounts were approved by The Board on 1st October, 1996

..... Director

The notes on pages 7 to 10 form part of these accounts.

Q & M LIMITED

NOTES TO THE ACCOUNTS

1) **ACCOUNTING POLICIES**

The accounts have been prepared in accordance with applicable Accounting Standards in the United Kingdom.

(a) **Basis of accounting**

The accounts have been prepared under the historical cost convention.

(b) **Depreciation and amortisation**

Depreciation and amortisation is calculated so as to write off the cost of tangible fixed assets over their estimated useful lives, as follows:-

Short leasehold improvements	Period of lease
Fixture and fittings	20% on straight line or period of lease

(c) **Cash Flows**

The company is a wholly owned subsidiary of The Savoy Hotel PLC and the cash flows of the company are included in the consolidated cash flow statement of The Savoy Hotel PLC. Consequently the company is exempt under the terms of Financial Reporting Standard No. 1 from publishing a cash flow statement.

2) **TURNOVER**

Turnover, £10,404 (1994: £10,404) which arose entirely in the UK, represents the amount of rents receivable during the year, excluding value added taxation.

3) **PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

Profit on ordinary activities before taxation is stated after:

	<u>1995</u> £	<u>1994</u> £
Rent payable	100	100
Staff costs	-	-
Depreciation and amortisation	856	861
Auditors' remuneration	500	500

The directors' remuneration was Nil (1994: Nil)

NOTES TO THE ACCOUNTS (continued)

3) PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION - (continued)

There are no employees other than the Directors.

£700 (1995 Nil) was paid to the Auditors for non audit services for the company

4) TAXATION

Based on the profit for the year:

	<u>1995</u>	<u>1994</u>
Corporation tax at 25%	<u>£ 436</u>	<u>£1,274</u>

5) TANGIBLE FIXED ASSETS

	<u>Short Leasehold Improvements</u> £	<u>Fixtures and Fittings</u> £	<u>Total</u> £
COST:			
At 1st January, 1995	6,475	13,637	20,112
Surrender of lease	<u>(6,475)</u>	<u>(13,637)</u>	<u>(20,112)</u>
At 31st December, 1995	<u>£ -</u>	<u>£ -</u>	<u>£ -</u>

DEPRECIATION
AND AMORTISATION:

At 1st January, 1995	6,241	13,015	19,256
Charge for the year	234	622	856
Surrender of lease	<u>(6,475)</u>	<u>(13,637)</u>	<u>(20,112)</u>
At 31st December, 1995	<u>£ -</u>	<u>£ -</u>	<u>£ -</u>

NET BOOK VALUE:

At 31st December, 1995	<u>£ -</u>	<u>£ -</u>	<u>£ -</u>
At 31st December, 1994	<u>£ 234</u>	<u>£ 622</u>	<u>£ 856</u>

NOTES TO THE ACCOUNTS (continued)

6) DEBTORS

	<u>1995</u>	<u>1994</u>
	£	£
Amounts falling within one year:		
Trade debtors	-	1,648
Prepayments and accrued income	692	768
Other debtors	31	-
Amounts owed by ultimate holding company	<u>36,398</u>	<u>33,968</u>
	<u>£37,121</u>	<u>£36,384</u>

7) CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

Corporation tax	436	1,274
Accruals and deferred income	<u>124</u>	<u>25</u>
	<u>£ 560</u>	<u>£1,299</u>

8) CONTINGENT LIABILITIES

The Company is aware of a potential liability in respect of the dilapidations relating to the sole leasehold of the company that expired on 31 December, 1995. No claim has been made and the directors are of the opinion that no liability is expected to arise. No provision has been made in the accounts.

NOTES TO THE ACCOUNTS (continued)

9) SHARE CAPITAL

Authorised

100 Ordinary Shares of £1 each	<u>£100</u>	<u>£100</u>
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Allotted, called up and fully paid

54 Ordinary Shares of £1 each	<u>£54</u>	<u>£54</u>
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10) RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

At 1st January	36,798	33,373
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Profit for the financial year	<u>801</u>	<u>3,425</u>
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At 31st December	<u>£37,599</u>	<u>£36,798</u>
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11) ULTIMATE HOLDING COMPANY

The Company's ultimate holding company is The Savoy Hotel PLC which is incorporated in Great Britain and registered in England and Wales.

A copy of the statutory accounts of the ultimate holding company can be obtained from 1 Savoy Hill, London, WC2R 0BP.

Under the terms of the Companies Act 1985, The Savoy Hotel PLC is not a subsidiary of Granada Group PLC.