

Registered Number 368879

Q & M LIMITED

DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER, 1996



Q & M LIMITED

DIRECTORS' REPORT

The directors present their Annual Report and audited accounts for the year ended 31st December, 1996.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company's sole lease expired on 31st December 1995 and as a result no revenue has been generated during 1996. Prior to 1996, the principle activity of The Company was that of property letting.

	<u>1996</u>	<u>1995</u>
	£	£
Turnover	<u>-</u>	<u>10,404</u>
(Loss) / profit on ordinary activities before taxation	(2,001)	1,237
Taxation	<u>(261)</u>	<u>436</u>
(Loss) / profit on ordinary activities after taxation	<u>(1,740)</u>	<u>801</u>

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

PROPOSED DIVIDEND

The directors do not propose a dividend this year (1995: Nil).

FUTURE

The principal activity of the company was property letting. The company's sole lease expired on 31st December 1995 and as a result the company is not expected to trade in the future.

DIRECTORS

Mrs J K Thorne
Mr S Bodley-Scott (Resigned 31st December, 1996)
Mr A Fort (Appointed 11th October, 1996)
Mr R Pajares (Appointed 11th October, 1996)

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, 1996 were:

	1st January 1996	31st December 1996
(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

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



M R France
Secretary
1 Savoy Hill
London
WC2R 0BP

Registered in England No. 368879

22nd October, 1997

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, and taking reasonable steps to ensure the prevention and detection of fraud and other irregularities.

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

We have audited the accounts on pages 4 to 8.

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, 1996 and of the loss and total recognised losses for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

London
22nd October, 1997


COOPERS & LYBRAND
Chartered Accountants & Registered Auditors

Q & M LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER, 1996

	<u>NOTE</u>	<u>1996</u>	<u>1995</u>
		£	£
TURNOVER	2	-	10,404
Administrative expenses		<u>2,001</u>	<u>9,245</u>
Operating (loss) / profit		(2,001)	1,159
Interest receivable		<u>-</u>	<u>78</u>
(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(2,001)	1,237
Taxation	4	<u>(261)</u>	<u>436</u>
(LOSS) / PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(1,740)	801
Retained profit brought forward		<u>37,599</u>	<u>36,798</u>
RETAINED PROFIT CARRIED FORWARD		<u>35,859</u>	<u>37,599</u>

All operations are discontinued.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

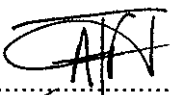
	<u>1996</u>	<u>1995</u>
	£	£
(Loss) / profit for financial year	<u>(1,740)</u>	<u>801</u>
Total (losses) / gains recognised since the last annual report	<u>(1,740)</u>	<u>801</u>

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

Q & M LIMITED
BALANCE SHEET
AS AT 31ST DECEMBER, 1996

	<u>NOTE</u>	<u>1996</u>	<u>1995</u>
		£	£
<u>CURRENT ASSETS</u>			
Debtors	5	35,913	37,121
Cash at bank		<u>-</u>	<u>1,092</u>
		35,913	38,213
<u>CREDITORS</u>			
Amounts due within one year	6	<u>-</u>	<u>560</u>
NET CURRENT ASSETS		<u>35,913</u>	<u>37,653</u>
NET ASSETS		<u>35,913</u>	<u>37,653</u>
<u>CAPITAL AND RESERVES</u>			
Called up share capital	8	54	54
Profit and loss account		35,859	37,599
		<u>35,913</u>	<u>37,653</u>

These accounts were approved by The Board on 22nd October, 1997

 Director

The notes on pages 6 to 8 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) **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 in 1995 arose entirely in the UK and 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>1996</u> £	<u>1995</u> £
Rent payable	-	100
Staff costs	-	-
Depreciation and amortisation	-	856
Auditors' remuneration	500	500

The directors' remuneration was Nil (1995: Nil)

There are no employees other than the Directors.

£1,450 (1995 Nil) was paid to the Auditors for non audit services for the company.

NOTES TO THE ACCOUNTS (continued)

	<u>1996</u> £	<u>1995</u> £
4) <u>TAXATION</u>		
Corporation tax at 25% - current year	-	436
- prior year	<u>(261)</u>	<u>-</u>
	<u>(261)</u>	<u>436</u>

There is no current year tax credit because the expenses incurred during the period relate to the post cessation period and therefore cannot be relieved.

The prior year credit arises as a result of an extra capital allowances claim in respect of a prior year computation.

5) <u>DEBTORS</u>		
Prepayments and accrued income	-	692
Corporation tax recoverable	261	-
Other debtors	-	31
Amounts owed by ultimate holding company	<u>35,652</u>	<u>36,398</u>
	<u>35,913</u>	<u>37,121</u>

6) <u>CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR</u>		
Corporation tax	-	436
Accruals and deferred income	<u>-</u>	<u>124</u>
	<u>-</u>	<u>560</u>

NOTES TO THE ACCOUNTS (continued)

7) RELATED PARTY TRANSACTIONS

There have been no related party transactions during the year.

8) 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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9) RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

At 1st January	37,653	36,852
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Loss / (profit) for the financial year	<u>(1,740)</u>	<u>801</u>
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At 31st December	<u>35,913</u>	<u>37,653</u>
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10) 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.

Q & M LIMITED

MANAGEMENT PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER, 1996

	<u>1996</u>		<u>1995</u>	
	£	£	£	£
TURNOVER				
Rents receivable		-		10,404
EXPENSES				
Rent	-		100	
General rates	-		2,138	
Water rates	-		583	
Cleaning	-		353	
Insurance	-		297	
Bank charges	12		31	
Repairs	-		579	
Gas and electricity	2		278	
Auditors' remuneration	1950		500	
Professional fees	-		1,200	
Bad debt provision	-		2,330	
Sundries	37		-	
Amortisation on leasehold properties	-		234	
Depreciation on fixtures and fittings	-		622	
	<u>-</u>		<u>622</u>	
		<u>2,001</u>		<u>9,245</u>
		(2,001)		1,159
Interest receivable		-		<u>78</u>
NET PROFIT BEFORE TAXATION		(2,001)		1,237
TAXATION		<u>(261)</u>		<u>436</u>
NET PROFIT AFTER TAXATION		(1,740)		801
RETAINED PROFIT BROUGHT FORWARD		<u>37,599</u>		<u>36,798</u>
RETAINED PROFIT CARRIED FORWARD		<u>35,859</u>		<u>37,599</u>