

## Marriott Hotels (Reading) Limited

Accounts 30 November 1996

together with directors' and auditors' reports

Registered number: 2178571



## Directors' report

For the year ended 30 November 1996

The directors present their annual report on the affairs of the company, together with the accounts and auditors' report, for the year ended 30 November 1996.

### Principal activity

The principal activity of the company is to develop hotel sites for sale in the UK from time to time, as opportunities arise. The company did not undertake any significant business activity during the year.

### Results and dividends

Results and dividends are as follows:

	£
Accumulated deficit at 1 December 1995	(1,712,276)
Profit for the financial year	18,907
Accumulated deficit at 30 November 1996	<u>(1,693,369)</u>

The directors do not recommend the payment of a dividend (1995 - £nil).

### Directors and their interests

The directors who served during the year were

R.E. Evers	(US citizen)
C.J. Pulley	
F.J. Ferschke	(US citizen)

There are no directors' interests in the shares of the company which are required to be disclosed under Schedule 7 of the Companies Act 1985.

## Directors' report (continued)

### 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; and
- 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

18-19 Southampton Place  
London  
WC1A 2AJ

By order of the Board



R.E. Evers

Director

29 December 1997

## Auditors' report

London

To the Shareholders of Marriott Hotels (Reading) Ltd:

We have audited the accounts on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

### Respective responsibilities of directors and auditors

As described on page 2, the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those 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 30 November 1996 and of the profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

*Arthur Andersen*

Arthur Andersen

Chartered Accountants and Registered Auditors

1 Surrey Street

London

WC2R 2PS

29 December 1997

## Profit and loss account

For the year ended 30 November 1996

	Notes	1996 £	1995 £
Operating expenses	2	(30,921)	(16,761)
Foreign exchange gain/(loss)	1c; 3	170,705	(246,579)
Interest payable and similar charges	4	(111,564)	-
<b>Profit/(loss) on ordinary activities before taxation</b>	5	28,220	(263,340)
Tax on profit/(loss) on ordinary activities	1b; 7	9,313	-
<b>Profit/(loss) for the financial year</b>		18,907	(263,340)
<b>Accumulated deficit, beginning of year</b>		(1,712,276)	(1,448,936)
<b>Accumulated deficit, end of year</b>		(1,693,369)	(1,712,276)

There are no recognised gains or losses other than the profit for the financial year of £18,907 (1995 loss - £263,340).

The accompanying notes are an integral part of this profit and loss account.

# Balance sheet

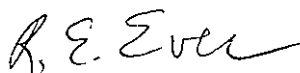
30 November 1996

	Notes	1996 £	1995 £
<b>Current assets</b>			
<b>Debtors:</b>			
- due within one year	8	2,776	2,776
- due after one year	8	11,162,687	11,162,865
<b>Creditors: Amounts falling due within one year</b>	9	<u>(12,858,732)</u>	<u>(12,877,817)</u>
<b>Net liabilities</b>		<u>(1,693,269)</u>	<u>(1,712,176)</u>
<b>Capital and reserves</b>			
Called-up share capital	10	100	100
Profit and loss account	11	<u>(1,693,369)</u>	<u>(1,712,276)</u>
<b>Total capital and reserves</b>		<u>(1,693,269)</u>	<u>(1,712,176)</u>

Signed on behalf of the Board

R.E. Evers

Director



29 December 1997

The accompanying notes are an integral part of this balance sheet.

## Notes to accounts

30 November 1996

### 1 Accounting policies

The principal accounting policies, all of which have been applied consistently throughout the year and with the preceding year, are set out below:

#### *a) Basis of accounting*

The company generated a profit during the financial year of £18,907 (1995 loss - £263,340) and at 30 November 1996 had net liabilities of £1,693,369 (1995 - £1,712,176).

The company's assets consist of a loan to another group undertaking of £11,162,687 (1995 - £11,162,865). The loan attracts no interest and has been granted for an unlimited period of time. Until sufficient funds will be available to the borrower, repayment has been deferred to all other borrower's liabilities to third parties. The asset is financed via loans from different group undertakings of £12,653,636 (1995 - £12,698,634). Of the amounts owed to other group undertakings £1,612,002 (1995 - £nil) were interest bearing. The company's shareholder and major creditor Marriott Hotels & Catering (Holdings) Limited has indicated that its loan of £11,040,851 (1995 - £10,931,301) will not be called-in in the foreseeable future and that it will ensure that the company can meet its liabilities as they fall due.

The directors have considered that the company will continue in operational existence for the foreseeable future. The financial statements have been prepared on the going concern basis.

The accounts have been prepared under the historical cost convention in accordance with applicable accounting standards.

The company is exempt from the requirement of FRS1 (revised) to include a cash flow statement as part of its financial statements because it is a wholly owned subsidiary of Marriott International Inc. in whose financial statements the company is consolidated.

#### *b) Taxation*

Corporation tax payable is provided on taxable profits at the current rate of 33%.

Deferred tax is provided on timing differences which will probably reverse, at the rates of tax likely to be in force at the time of reversal. Deferred tax is not provided on timing differences which, in the opinion of the directors, will probably not reverse.

#### *c) Foreign currency*

Trading activities denominated in foreign currencies are recorded in sterling at the exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year-end are reported at the rates of exchange prevailing at the year-end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is reported as an exchange gain or loss in the profit and loss account.

## Notes to accounts (continued)

### 2 Operating expenses

	1996 £	1995 £
Administrative expenses	<u>30,921</u>	<u>16,761</u>

### 3 Foreign exchange loss

The foreign exchange gain of £170,705 results from a US\$ loan from another group undertaking (1995 - loss of £246,579).

### 4 Interest payable and similar charges

	1996 £	1995 £
On loans from other group undertakings	<u>(111,564)</u>	<u>-</u>

Of the amounts due to other group undertakings £1,612,002 (1995 - £nil) were interest bearing during the year at LIBOR plus 1%. The remaining liabilities were non interest bearing.

### 5 Profit/(loss) on ordinary activities before taxation

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

	1996 £	1995 £
Auditors' remuneration	4,200	4,200
Non audit fees paid to auditors	<u>23,350</u>	<u>10,761</u>

### 6 Staff costs

The directors received no remuneration for services to the company in the year (1995 - £nil).

### 7 Tax on profit/(loss) on ordinary activities

The charge for the year comprises:

	1996 £	1995 £
Corporation tax at 33% (1995 - 33%)	<u>9,313</u>	<u>-</u>



## Notes to accounts (continued)

### 8 Debtors

	1996 £	1995 £
Amounts falling due within one year:		
Amounts owed by other group undertakings	1,341	1,341
VAT	1,435	1,435
	<u>2,776</u>	<u>2,776</u>
Amounts falling due in greater than one year:		
Amounts owed by other group undertakings	11,162,687	11,162,865
	<u>11,165,463</u>	<u>11,165,641</u>

The intercompany loans are non-interest bearing.

### 9 Creditors: Amounts falling due within one year

	1996 £	1995 £
Amounts owed to other group undertakings	12,653,636	12,698,634
Accruals and deferred income	20,810	4,210
Corporation tax payable	184,286	174,973
	<u>12,858,732</u>	<u>12,877,817</u>

From 1 December 1995 an amount of £1,612,002, owed to other group undertakings, became interest-bearing at LIBOR plus 1% (1995 - £nil). All other amounts owed to group undertakings are non-interest bearing.

### 10 Called-up share capital

	1996 £	1995 £
<i>Authorised</i>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
<i>Allotted, called-up and fully-paid</i>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

## Notes to accounts (continued)

### 11 Reconciliation of movement in shareholders' funds

	Share capital £	Profit and loss account £	Total £
Beginning of year	100	(1,712,276)	(1,712,176)
Profit for the year	-	18,907	18,907
End of year	<u>100</u>	<u>(1,693,369)</u>	<u>(1,693,269)</u>

### 12 Ultimate parent company

The company is a direct subsidiary of Marriott Hotels and Catering (Holdings) Limited, registered in England and Wales. The ultimate holding company is Marriott International Inc., incorporated in the State of Delaware, U.S.A.

The largest and smallest group in which the results of Marriott Hotel (Reading) Limited are consolidated is that headed by Marriott International Inc.

The consolidated accounts of Marriott International Inc. are available to the public and may be obtained from Marriott International Inc., 1 Marriott Drive, Washington DC 20058, USA.

### 13 Related party transactions

As a subsidiary of Marriott International Inc., the company has taken advantage of the exemption in FRS8 'Related Party Transactions' not to disclose transactions with other members of the group headed by Marriott International Inc.