

**SC Investments Number 2 Limited**  
(formerly Bass Investments Number 2 Limited)

Financial Statements 30 September 2001  
together with directors' report and independent auditors' report

Registered number: 3101526



## Directors' report

For the year ended 30 September 2001

The directors submit their annual report on the affairs of the Company, together with the financial statements and independent auditors' report, for the year ended 30 September 2001.

### Principal activity and business review

The principal activity of the Company continues to be that of an investment company.

The profit for the period before taxation amounted to £558,000 (2000: £473,000). Taxation charged against the profit for the period was £167,000 (2000: £142,000), leaving a profit after taxation of £391,000 (2000: £331,000) to be transferred to reserves.

No dividend is proposed (2000: £nil).

### Name of Company

On 28 August 2001, the company changed its name by special resolution from Bass Investments Number 2 Limited to SC Investments Number 2 Limited.

### Directors and their interests

The following are the names of the directors who, at any time during the period, were directors of the Company:

I A M Muir  
M J N Bridge  
A E Stern

The directors and their families had the following interests in the ordinary shares of Six Continents PLC at 30 September 2001:

Name of Director	Ordinary shares <sup>(1)</sup>	
	2001	2000
I A M Muir	22,605	21,549
M J N Bridge	7,997	7,275
A E Stern	29,317	28,461
	<u>59,919</u>	<u>57,285</u>

<sup>(1)</sup> Includes ordinary shares held by Trustees under the Six Continents Employee Profit Share Scheme

# Directors' report (continued)

For the year ended 30 September 2001

## Directors' Options

Name of Director		30 Sept 2001	Granted during period	Exercised	30 Sept 2000	Weighted Average Option Price	Option price	Market price*
M J N Bridge			14,800				723p	
	A	9,200				863p		
	B	54,719				705p		
		<u>63,919</u>	<u>14,800</u>	<u>-</u>	<u>49,119</u>	<u>727p</u>		
I A M Muir			45,800				723p	
	A	21,100				846p		
	B	139,567				646p		
		<u>160,667</u>	<u>45,800</u>	<u>-</u>	<u>114,867</u>	<u>672p</u>		
A E Stern				4,982			476.5p	744p
				3,800			568p	744p
				2,500			584p	744p
			23,900				723p	
	A	23,900				589p		
	B	71,808				686p		
		<u>95,708</u>	<u>23,900</u>	<u>11,282</u>	<u>83,090</u>	<u>662p</u>		

Options are held under the Six Continents Executive Share Option Scheme and the Six Continents Employee Savings Share Scheme. Options above granted during the year under the Six Continents Executive Share Option Scheme are exercisable between 2004 and 2011.

Shares under option at the end of the period are designated as:

A where the options are exercisable

B where the options are not yet exercisable

\* middle market price on the date of exercise of the option

## Contracts and arrangements

No director was materially interested in any contract of significance to the Company's business.

## Fixed assets

Information relating to fixed asset investments is given in note 3.

## Directors' report (continued)


For the year ended 30 September 2001

### Auditors

On 28 June 2001, Ernst & Young, the Company's auditor, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

20 North Audley Street  
London  
W1K 6WN

By order of the Board,



Secretary

Date 15.3.02

## Statement of Directors' Responsibilities

in relation to the financial statements

The following statement, which should be read in conjunction with the Independent Auditors' Report set out on page 5, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the financial statements.

The directors are required by the Companies Act 1985 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 the financial year.

Following discussions with the auditors, the directors consider that, in preparing the financial statements on pages 6 to 10 inclusive, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all applicable accounting standards have been followed. The financial statements have been prepared on a going concern basis as the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

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 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.

## Independent Auditors' Report

to the members of SC Investments Number 2 Limited (formerly Bass Investments Number 2 Limited)

We have audited the Company's financial statements for the year ended 30 September 2001 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 10. These financial statements have been prepared on the basis of the accounting policies set out therein.

### Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the Company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

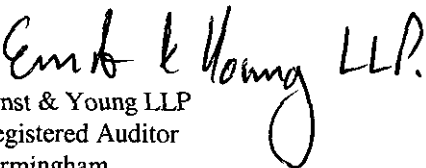
### Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 affairs of the Company as at 30 September 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
Ernst & Young LLP  
Registered Auditor  
Birmingham

Date 22/3/02.

# Profit and Loss Account

For the year ended 30 September 2001

	Notes	2001 £000	2000 £000
Investment income	1	558	473
<b>Profit on ordinary activities before taxation - continuing activities</b>		<u>558</u>	<u>473</u>
Tax on profit on ordinary activities	2	(167)	(142)
<b>Retained for reinvestment in the business</b>	7	<u>391</u>	<u>331</u>

There are no unrecognised gains/losses during the period. All the activities in 2001 are continuing activities.

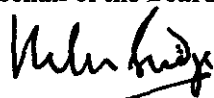
Notes on pages 8 to 10 form an integral part of these financial statements.

**Balance sheet**  
30 September 2001

	Notes	2001 £000	2000 £000
<b>Fixed assets</b>			
Investments	3	53,353	53,353
<b>Current assets</b>			
Debtors	5	10,311	9,754
Unlisted investments		10	10
Cash at bank		4	3
		<hr/>	<hr/>
		63,678	63,120
Creditors: Amounts falling due within one year	6	(1,252)	(1,085)
<b>Net assets</b>		<hr/>	<hr/>
		62,426	62,035
		<hr/>	<hr/>
<b>Capital and reserves – equity interests</b>			
Share capital	7	50,100	50,100
Profit and loss account	7	12,326	11,935
<b>Shareholders' funds</b>		<hr/>	<hr/>
		62,426	62,035
		<hr/>	<hr/>

Signed on behalf of the Board

Director



Date

15. 3. 02.

Notes on pages 8 to 10 form an integral part of these financial statements.



## Accounting policies

Principal accounting policies, as applied consistently throughout the period, are:

### *Basis of accounting*

The financial statements are prepared under the historical cost convention and have been drawn up to comply with applicable accounting standards. Group financial statements have not been prepared because the Company is a wholly owned subsidiary undertaking of another UK company (see note 9).

### *Investments*

Fixed asset investments are stated individually at cost less any provision for permanent diminution in value.

# Notes to the financial statements

For the year ended 30 September 2001

<b>1 Investment income</b>	2001 £000	2000 £000
Interest due on investments	1	1
Interest receivable from ultimate parent undertaking	557	472
	<u>558</u>	<u>473</u>

<b>2 Tax on ordinary activities</b>	2001 £000	2000 £000
The tax charge is made up as follows:		
UK corporation tax @ 30% (2000 : 30%)	167	142
	<u>167</u>	<u>142</u>

<b>3 Fixed asset investments</b>	Shares in Group undertakings £000
At 1 October 2000	53,353
Movements during the year	-
At 30 September 2001	<u>53,353</u>

The principal subsidiary undertaking is Culross Finance Limited, a company incorporated and registered in the Cayman Islands, and whose principal activity is that of an investment company.

## **4 Directors' Remuneration**

The Directors received no remuneration in respect of their services to the company.

<b>5 Debtors</b>	2001 £000	2000 £000
Amounts receivable from ultimate parent undertaking	10,311	9,754
	<u>10,311</u>	<u>9,754</u>

# Notes to the financial statements (continued)

For the year ended 30 September 2001

<b>6 Creditors: Amounts falling due within one year</b>	<b>2001 £000</b>	<b>2000 £000</b>
Amount owed to ultimate parent undertaking	77	77
Amount owed to other group undertakings	867	867
UK corporation tax payable	295	128
Other creditors	13	13
	<u>1,252</u>	<u>1,085</u>

<b>7 Reconciliation of movement in shareholders' funds</b>	<b>Share capital £000</b>	<b>Profit and loss account £000</b>	<b>Total £000</b>
At 1 October 1999	50,100	11,604	61,704
Retained profit for the year	-	331	331
At 1 October 2000	<u>50,100</u>	<u>11,935</u>	<u>62,035</u>
Retained profit for the year	-	391	391
At 30 September 2001	<u>50,100</u>	<u>12,326</u>	<u>62,426</u>

The Company has authorised share capital of £55,000,000 (being 55,000,000 ordinary shares of £1 each) and allotted, called up and fully paid share capital of £50,100,000 (being 50,100,000 ordinary shares of £1 each).

## 8 Cash flow statement

No cash flow statement is given as the Company is a wholly owned UK subsidiary undertaking of Six Continents PLC which has provided a consolidated cash flow statement under Financial Reporting Standard 1 (revised) for the year ended 30 September 2001.

## 9 Ultimate parent undertaking

The Company is a subsidiary undertaking of Six Continents PLC, incorporated in Great Britain and registered in England and Wales.

The largest group in which the results of SC Investments Number 2 Limited are consolidated is that headed by Six Continents PLC, incorporated in Great Britain. The consolidated financial statements of the group are available to the public and may be obtained from Six Continents PLC, 20 North Audley Street, London W1K 6WN.

## 10 Related party disclosure

Other than the transactions with other members of the Six Continents Group that are exempt from disclosure under FRS8, there are no related party transactions that require disclosure.