

GRANADA RESTAURANT PROPERTIES LIMITED

REPORT AND ACCOUNTS

PERIOD FROM DATE OF INCORPORATION ON 16 JULY 1998 TO 25 SEPTEMBER 1999



Registered Number 3599220

GRANADA RESTAURANT PROPERTIES LIMITED

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GRANADA RESTAURANT PROPERTIES LIMITED

DIRECTORS' REPORT

The Directors present their Report and Accounts for the period from date of incorporation on 16 July 1998 to 25 September 1999.

INCORPORATION AND COMMENCEMENT OF TRADING

The Company was incorporated on 16 July 1998 as 3104th Single Member Shelf Trading Company Limited. The Company changed its name on 17 September 1998 to Granada Restaurant Properties Limited and commenced to trade on 24 November 1998.

PRINCIPAL ACTIVITY

The Company provides lease finance to Forte (UK) Limited.

TRADING RESULTS

The profit on ordinary activities before taxation for the period was £6,222.

DIVIDEND

The Directors do not recommend the payment of a dividend for the period.

DIRECTORS

The Directors of the Company as at 25 September 1999 were as follows

G.J. Parrott (appointed 21.8.98)

H.J. Tautz (appointed 21.8.98)

Loviting Ltd and Serjeants' Inn Nominees Ltd were directors from incorporation and resigned on 21 August 1998.

DIRECTORS' INTERESTS

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

The beneficial interests of the Directors in the issued share capital of Granada Group PLC were as follows:-

	At 25 September 1999	At date of incorporation (or date of appointment where later)
HJ Tautz	Nil	Nil

GRANADA RESTAURANT PROPERTIES LIMITED

The following Directors held share options under Granada's Executive and Savings-Related Share Option Schemes:-

	At 25 September 1999	At date of incorporation (or date of appointment where later)	Granted during the period	Exercised during the period
HJ Tautz	45,417	30,080	15,337	Nil

Mr G J Parrott is a Director of Granada Group PLC and his interests in shares are shown in the financial statements of that company.

YEAR 2000 DISCLOSURE

Granada Restaurant Properties Limited and fellow subsidiary undertakings continue to undertake a carefully planned programme for Year 2000 compliance on business critical systems during the period and by the end of the financial year we had satisfactorily completed testing and implementation programmes which confirmed that our mission critical systems are now compliant.

We have also completed a supplier and customer evaluation programme designed to establish the current and prospective Year 2000 status of key suppliers and customers and undertaken corrective action where necessary. We have also developed contingency plans to reduce the risk of business disruption from Year 2000 failures arising in suppliers with which we do not have a direct relationship.

Because Year 2000 compliance is primarily achieved through replacing or enhancing existing systems, a substantial proportion of the costs of the programme are capital in nature. Amounts invested during the year in IT systems and amounts charged to the profit and loss account in relation to the Year 2000 issue are disclosed in the accounts of Granada Group PLC.

Our Year 2000 action plan has been an opportunity to remove any near redundant systems and leaves us with much improved hardware to improve service to customers and information flows internally. All the Company's IT systems worked without experiencing any significant disruption during the first three months of the year 2000.

FUTURE DEVELOPMENTS

The Directors intend to continue and maintain the Company's existing business.

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.

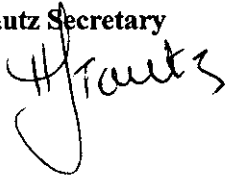
GRANADA RESTAURANT PROPERTIES LIMITED

POST BALANCE SHEET EVENT

Subsequent to the period end on 17 December 1999, the company purchased from a third party the title to 32 properties, held under finance leases by a fellow subsidiary, Forte (UK) Limited, for consideration of £52,390,000.

By Order of the Board,

H. J. Tautz Secretary



10 May 2000

Stornoway House
13 Cleveland Row
London
SW1A 1GG

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 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 AUDITORS, KPMG AUDIT PLC

TO THE MEMBERS OF GRANADA RESTAURANT PROPERTIES LIMITED

We have audited the financial statements on pages 7 to 12.

Respective responsibilities of directors and auditors

As described on page 5 the Company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 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 September 1999 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

**KPMG Audit Plc
Milton Keynes
Chartered Accountants
Registered Auditor**

11 May 2000

GRANADA RESTAURANT PROPERTIES LIMITED

PROFIT AND LOSS ACCOUNT FROM THE DATE OF INCORPORATION TO 25 SEPTEMBER 1999

	<i>Note</i>	Period ended 25 September 1999 £
Turnover	<i>1</i>	3,434,040
Administrative expenses		(45)
Operating profit		3,433,995
Interest received	<i>3</i>	362
Interest paid	<i>3</i>	(3,428,135)
Profit on ordinary activities before taxation		6,222
Taxation on profit on ordinary activities	<i>4</i>	(1,867)
Retained profit for the period	<i>10</i>	4,355

The Company had no gains or losses during the period other than those reflected in the above profit and loss account.

There is no difference between the reported results for the period and those which would be reported under the historical cost convention.

The Company's results were derived wholly from continuing operations.

The notes on pages 9 to 12 form part of these accounts.

GRANADA RESTAURANT PROPERTIES LIMITED

BALANCE SHEET AS AT 25 SEPTEMBER 1999

	<i>Note</i>	Period ended 25 September 1999 £
Current assets		
Debtors - Amounts falling due within one year	5	3,783,354
Debtors - Amounts falling due after one year	6	49,830,652
Cash at bank and in hand		10,591
		<hr/> 53,624,597
Creditors: amounts falling due within one year	7	(3,789,590)
Net current assets		<hr/> 49,835,007
Creditors: amounts falling due after more than one year	8	(49,830,651)
Net assets		<hr/> 4,356
Capital and reserves		<hr/>
Called up share capital	9	1
Profit and loss account	10	4,355
Equity shareholders' funds	10	<hr/> 4,356

Approved by the Board on 10 May 2000 and signed on its behalf by

H. J. Tautz
Director
H. J. TAUTZ

The notes on pages 9 to 12 form part of these accounts

GRANADA RESTAURANT PROPERTIES LIMITED

NOTES TO THE ACCOUNTS

FOR THE PERIOD ENDED 25 SEPTEMBER 1999

1 PRINCIPAL 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.

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.

The accounts have been prepared on a going concern basis. The Company's immediate and ultimate parent undertaking, Granada Group PLC, has confirmed its financial support for the foreseeable future.

(b) Turnover

Turnover represents the interest receivable on finance leases.

(c) Finance lease

The general principle adopted for crediting income to the profit and loss account is to spread the income over the period in which repayments are due on a reducing balance basis.

2 OPERATING COSTS

The average number of personnel employed by the Company during the period was Nil.

The Directors did not receive any emoluments in respect of their services to the Company during the period.

Auditors' remuneration has been borne by Forte (UK) Limited.

GRANADA RESTAURANT PROPERTIES LIMITED

NOTES TO THE ACCOUNTS

FOR THE PERIOD ENDED 25 SEPTEMBER 1999 (CONTINUED)

3 INTEREST

	Period ended 25 September 1999 £
Interest payable to ultimate parent undertaking	3,428,135
Bank interest received	<u>(362)</u>

4 TAXATION

	Period ended 25 September 1999 £
UK Corporation Tax at 30%	<u>1,867</u>

Corporation taxation payable is provided on taxable profits at the current rate.

Deferred taxation, at the appropriate rates of corporation tax, is provided in respect of the taxation effects of all timing differences to the extent that it is probable that assets and liabilities will crystallise.

5 DEBTORS – Amounts falling due within one year

	25 September 1999 £
Finance lease receivables (see below)	3,773,972
Prepayments and accrued income	<u>9,382</u>
	<u>3,783,354</u>

All finance lease receivables are due from a fellow subsidiary undertaking.

GRANADA RESTAURANT PROPERTIES LIMITED

NOTES TO THE ACCOUNTS

FOR THE PERIOD ENDED 25 SEPTEMBER 1999 (CONTINUED)

6 DEBTORS – Amounts falling due after one year

25 September 1999

£

Finance lease receivables (see below)	49,830,652
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All finance lease receivables are due from a fellow subsidiary undertaking.

7 CREDITORS – Amounts falling due within one year

25 September 1999

£

Amounts owed to parent undertaking:	3,428,134
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Other creditors including taxation and social security	
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Other taxes	359,589
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Corporation tax	1,867
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	3,789,590
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8 CREDITORS – Amounts falling due after more than one year

25 September 1999

£

Amounts owed to parent undertaking	49,830,651
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All amounts included above fall due after more than five years.

NOTES TO THE ACCOUNTS

FOR THE PERIOD ENDED 25 SEPTEMBER 1999 (CONTINUED)

9 SHARE CAPITAL

	25 September 1999 £
Authorised	
100 Ordinary shares of £1 each	100
	<hr/>
Issued, allotted and fully paid	
1 Ordinary shares of £1 each	1
	<hr/>

The Company was incorporated on 16 July 1998 with allotted share capital of £1.

10 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share capital	Profit & Loss Account	Total
	£	£	£
Shares subscribed for in period	1	-	1
Retained profit for the period	-	4,355	4,355
	<hr/>	<hr/>	<hr/>
Balance as at 25 September 1999	1	4,355	4,356
	<hr/>	<hr/>	<hr/>

11 RELATED PARTY TRANSACTIONS

As the Company is a wholly owned subsidiary of Granada Group PLC, the Company has taken advantage of the exemption contained in the Financial Reporting Standard No 8 and has therefore not disclosed transactions or balances with entities which form part of the Group.

12 CONTINGENT LIABILITIES

The Company has an arrangement with Granada Group PLC whereby the bank account is operated as part of the Granada Group banking arrangements. Accordingly the Company and other associated companies are jointly and severally liable for all amounts outstanding on the forementioned account to the value of £3,535,112 as at 25 September 1999.

13 ULTIMATE PARENT UNDERTAKING AND CONTROLLING COMPANY

The Directors consider the ultimate and immediate holding and controlling company to be Granada Group PLC, a company registered in England. The accounts of the ultimate holding company, 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: Stornoway House, 13 Cleveland Row, London SW1A 1GG.