

NOTES TO THE ACCOUNTS

1. PRINCIPAL ACCOUNTING POLICIES

(a) Statement of compliance

These accounts have been prepared in accordance with all applicable Statements of Standard Accounting Practice and Interpretations issued by the Hong Kong Society of Accountants, accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These accounts also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the principal accounting policies adopted by the Group is set out below.

(b) Basis of preparation of the accounts

The measurement basis used in the preparation of the accounts is historical cost modified by the revaluation of investment properties and hotel properties, and the marking to market of investments securities as explained in the accounting policies set out below.

(c) Basis of consolidation

(i) *Subsidiaries and controlled companies*

A subsidiary, in accordance with the Hong Kong Companies Ordinance, is a company in which the Group, directly or indirectly, holds more than half of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors. Subsidiaries are considered to be controlled if the Company has the power, directly or indirectly, to govern the financial and operating policies, so as to obtain benefits from their activities.

An investment in a controlled subsidiary is consolidated into the consolidated accounts, unless it is acquired and held exclusively with a view to subsequent disposal in the near future or operates under severe long-term restrictions which significantly impair its ability to transfer funds to the Group, in which case, it is stated in the consolidated balance sheet at fair value with changes in fair value recognised in the same way as for investment securities (see Note 1(h)).

Intra-group balances and transactions, and any unrealised profits arising from intra-group transactions, are eliminated in full in preparing the consolidated accounts. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.



NOTES TO THE ACCOUNTS (Cont'd)

1. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(c) Basis of consolidation (Cont'd)

(i) Subsidiaries and controlled companies (Cont'd)

In the Company's balance sheet, an investment in a subsidiary is stated at cost less any impairment losses (see Note 1(f)), unless it is acquired and held exclusively with a view to subsequent disposal in the near future or operates under severe long-term restrictions which significantly impair its ability to transfer funds to the Company, in which case, it is stated at fair value with changes in fair value recognised in the same way as for investment securities (see Note 1(h)).

The consolidated accounts include the accounts of the Company and all its subsidiaries ("the Group") which are made up to 31st December each year.

(ii) Associates

An associate is a company in which the Group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated accounts under the equity method and is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the associate's net assets, unless it is acquired and held exclusively with a view to subsequent disposal in the near future or operates under severe long-term restrictions that significantly impair its ability to transfer funds to the Group, in which case it is stated at fair value with changes in fair value recognised in the same way as for investment securities (see Note 1(h)). The consolidated profit and loss account reflects the Group's share of the post-acquisition results of the associates for the year, including any amortisation of positive or negative goodwill charged or credited during the year in accordance with Note 1(c)(iii).

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. If there is evidence of impairment in value of the assets transferred, the unrealised losses will be recognised immediately in the consolidated profit and loss account.

In the Company's balance sheet, its investments in associates are stated at cost less impairment losses (see note 1(f)), unless the associate is acquired and held exclusively with a view to subsequent disposal in the near future or operates under severe long-term restrictions that significantly impair its ability to transfer funds to the investor, in which case, it is stated at fair value with changes in fair value recognised in the same way as for investment securities (see Note 1(h)).



NOTES TO THE ACCOUNTS (Cont'd)

1. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(c) Basis of consolidation (Cont'd)

(iii) Goodwill/negative goodwill

Goodwill represents the excess/shortfall of the cost of investment over the appropriate share of the fair value of the identifiable assets and liabilities of a controlled subsidiary or associate acquired. Goodwill is recognised as an asset and is amortised to the consolidated profit and loss account on a straight-line basis over its estimated useful life. Negative goodwill which relates to an expectation of future losses and expenses that are identified in the plan of acquisition and can be measured reliably, but which have not yet been recognised, is recognised in the consolidated profit and loss account when the future losses and expenses are recognised. Any remaining negative goodwill, but not exceeding the fair values of the non-monetary assets acquired, is recognised in the consolidated profit and loss account over the weighted average useful life of those non-monetary assets that are depreciable/amortisable. Negative goodwill in excess of the fair values of the non-monetary assets acquired is recognised immediately in the consolidated profit and loss account.

On disposal of a controlled subsidiary or an associate, any attributable amount of purchased goodwill not previously amortised through the consolidated profit and loss account is included in the calculation of the profit and loss on disposal.

The carrying amount of goodwill is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists an impairment loss is recognised as an expense in the consolidated profit and loss account.

(d) Fixed assets

(i) Investment properties

Investment properties are defined as properties which are income producing and intended to be held for the long term. Such properties are included in the balance sheet at their open market value, which is assessed annually by external qualified valuers. Changes in the value of investment properties are dealt with as movements in the investment properties revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on a portfolio basis, the excess of the deficit is charged to the consolidated profit and loss account. When a surplus arises on subsequent revaluation on a portfolio basis, it will be credited to the consolidated profit and loss account if and to the extent that a deficit on revaluation had previously been charged to the consolidated profit and loss account. On disposal of investment properties, the revaluation surplus or deficit previously taken to the investment properties revaluation reserve is included in calculating the profit or loss on disposal. Investment properties with an unexpired lease term of 20 years or less are stated at carrying value less accumulated depreciation.



NOTES TO THE ACCOUNTS (Cont'd)

1. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(d) Fixed assets (Cont'd)

(ii) Property held for redevelopment

Property held for redevelopment is stated at cost, including borrowing costs, less such provisions for impairment losses (see Note 1(f)) considered necessary by the Directors.

All development costs including borrowing costs are capitalised up to the date of practical completion of redevelopment.

(iii) Hotel properties

Hotel properties are stated at their open market existing use value based on an annual professional valuation. Changes in the value of the hotel properties are dealt with as movements in the hotel properties revaluation reserve. When a deficit arises on revaluation, it will be charged to the consolidated profit and loss account, if and to the extent that it exceeds the amount held in the reserve in respect of that same property. When a surplus arises on subsequent revaluation, it will be credited to the consolidated profit and loss account, if and to the extent that a deficit on revaluation in respect of that same property had previously been charged to the consolidated profit and loss account.

(iv) Other fixed assets

Other fixed assets are stated in the balance sheet at cost less accumulated depreciation (see Note 1(e)(iv)).

Subsequent expenditure relating to a fixed asset that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Gain or losses arising from the retirement or disposal of a fixed asset are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognised in the profit and loss account on the date of retirement or disposal. On disposal of fixed assets other than investment properties, any related revaluation surplus is transferred from the revaluation reserve to retained profits.



NOTES TO THE ACCOUNTS (Cont'd)

1. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(e) Depreciation of fixed assets

(i) *Investment properties*

No depreciation is provided in respect of investment properties with an unexpired lease term of more than 20 years since the valuation takes into account the state of each building at the date of valuation.

(ii) *Property held for redevelopment*

No depreciation is provided on property held for redevelopment.

(iii) *Hotel properties*

No depreciation is provided on hotel properties on leases with 20 years or more to run at the balance sheet date or on their integral fixed plant. It is the Group's practice to maintain these assets in a continuous state of sound repair and to make improvements thereto from time to time and, accordingly, the Directors consider that, given the estimated lives of these assets and their residual values, any depreciation would be immaterial.

(iv) *Other fixed assets*

Leasehold improvements are depreciated over the unexpired terms of the leases.

Other assets comprising plant, machinery, furniture, fixtures and equipment are depreciated at annual rates of 10% to 20% on a straight line basis on cost.

(f) Impairment of assets

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount exceeds the recoverable amount. Impairment losses are recognised as an expense in the consolidated profit and loss account. The recoverable amount of an asset is the greater of its net selling price and value in use. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and such reversal is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the consolidated profit and loss account.



NOTES TO THE ACCOUNTS (Cont'd)

1. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(g) Leased assets

Leases of assets under which the lessor has not transferred all the risks and benefits of ownership are classified as operating leases.

- Assets held for use in operating leases
Where the Group leases out assets under operating leases, the assets are included in the balance sheet according to their nature.
- Operating lease charges
Where the Group has the use of assets under operating leases, payments made under the leases are charged to the consolidated profit and loss account in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in the consolidated profit and loss account as an integral part of the aggregate net lease payments made. Contingent rentals are charged to the consolidated profit and loss account in the accounting period in which they are incurred.

(h) Investment securities

- (i) Investment securities, which are not held for trading purposes, are classified as non-current assets in the balance sheet and stated at fair value. Changes in fair value of individual securities are recognised in the investment securities revaluation reserve until the security is sold, collected, or otherwise disposed of, or until there is objective evidence that the security is impaired, at which time the relevant cumulative gain or loss is transferred from the investment securities revaluation reserve to the consolidated profit and loss account. Transfers from the investment securities revaluation reserve to the consolidated profit and loss account as a result of impairments are reversed when the circumstances and events that led to the impairment cease to exist and there is persuasive evidence that new circumstances and events will persist for the foreseeable future.

Profits or losses on disposal of investment securities are determined as the difference between the estimated net disposal proceeds and the carrying amount of the securities and are recognised in the consolidated profit and loss account as they arise. On disposal of investment securities, the revaluation surplus or deficit previously taken to the investment securities revaluation reserves is also transferred to the consolidated profit and loss account for the year.

- (ii) Trading securities are stated in the balance sheet at fair value. Changes in fair value are recognised in the consolidated profit and loss account as they arise.



NOTES TO THE ACCOUNTS (Cont'd)

1. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(i) Inventories

Inventories comprise hotel consumables and are stated at the lower of cost, calculated on weighted average basis, and net realisable value. Net realisable value represents the estimated selling price less direct selling costs.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(j) Cash equivalents

Cash equivalents are short-term, highly liquid investments which are readily convertible into known amounts of cash without notice and which are within three months of maturity when acquired. For the purpose of the cash flow statement, cash equivalents would also include advances from banks repayable within three months from the date of the advance.

(k) Foreign currencies

Foreign currency transactions during the year are translated into Hong Kong dollars at the exchange rates ruling at the transaction dates. Monetary foreign currency balances and the accounts of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date. Exchange differences arising from the above are dealt with in the consolidated profit and loss account.

The results and balance sheet items of foreign enterprises are translated into Hong Kong dollars at the rates of exchange ruling at the balance sheet date. The resulting exchange differences are dealt with as a movement in reserves.

On disposal of a foreign enterprise, the cumulative amount of the exchange differences which relate to that foreign enterprise is included in the calculation of the profit or loss on disposal.



NOTES TO THE ACCOUNTS (Cont'd)

1. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(l) Recognition of income

- (i) Income from hotel operations is recognised when the services are rendered.
- (ii) Rentals receivable from investment properties held for use under operating leases are accounted for on a straight line basis over the respective periods of the lease. Lease incentives granted are recognised in the consolidated profit and loss account as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.
- (iii) Interest income is recognised on a time proportion basis that takes into account the effective yield of the asset.
- (iv) Interest on a loan advanced to an associate involved in a property development project is deferred and is recognised from when the associate starts to generate profit from the property development project based on the percentage of total area sold to the total area available for sale.
- (v) Investment income is recognised when the right to receive the income is established.

(m) Borrowing costs

Borrowing costs are expensed in the profit and loss account in the year in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditures for the asset are being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(n) Deferred taxation

Deferred taxation is provided using the liability method in respect of the taxation effect arising from all timing differences between the accounting and tax treatment of income and expenditure, which are expected with reasonable probability to crystallize in the foreseeable future.

Future deferred tax benefits are not recognised unless their realisation is assured beyond reasonable doubt.



NOTES TO THE ACCOUNTS (Cont'd)

1. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(o) Pension schemes

The Group operates the following principal pension schemes:

(i) *Defined contribution scheme*

Contributions to the scheme are expensed as incurred and may be reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. The assets of the scheme are held separately from those of the Group in an independently administered fund.

(ii) *Defined benefit scheme*

The scheme provides benefits to the employees based on their final pay and number of years of service. Contributions to the scheme are charged against the profit and loss account in the period in which they are payable to the scheme. The contributions are determined based on the value of the retirement scheme assets and estimates of the effects of future events on the actuarial present value of accrued pension obligations and are determined by a qualified actuary on the basis of triennial valuations using the attained age method. The assets of the scheme are held separately from those of the Group in an independently administered fund.

(iii) *Mandatory Provident Fund*

Contributions to the Mandatory Provident Fund as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance are charged to the profit and loss account when incurred.

(p) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing services (business segment), or in providing services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Inter-segment pricing is based on similar terms as those available to other external parties.

In accordance with the Group's internal financial reporting the Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. Segment revenue, expenses, assets, and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.



NOTES TO THE ACCOUNTS (Cont'd)

1. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(p) Segment reporting (Cont'd)

Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, corporate and financing expenses.

(q) Related parties

For the purposes of these accounts, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

(r) Provisions

Provisions are recognised for liabilities of uncertain timing or amount when the Company or the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(s) Deferred income

Deferred income is interest income less directly attributable interest expenses arising from a loan advanced to an associate, which has been deferred and is recognised in the consolidated profit and loss account from when the associate starts to generate profit from the property development project based on the percentage of total area sold to the total area available for sale.



NOTES TO THE ACCOUNTS (Cont'd)

2. TURNOVER AND OPERATING PROFIT

The principal activity of the Company is investment holding and those of its subsidiaries and associates are set out on page 57.

(a) Analysis of the turnover and operating profit of the Group:

	Turnover		Operating profit	
	2001 <i>HK\$</i> <i>Million</i>	2000 <i>HK\$</i> <i>Million</i>	2001 <i>HK\$</i> <i>Million</i>	2000 <i>HK\$</i> <i>Million</i>
Principal activities				
Hotel and restaurants	268.3	292.9	78.8	88.8
Investment property	47.6	59.0	33.4	48.6
Investments	59.6	48.7	49.7	21.3
	375.5	400.6	161.9	158.7

(b) Other income

	2001 <i>HK\$</i> <i>Million</i>	2000 <i>HK\$</i> <i>Million</i>
Service charge	25.4	27.7
Sundry income	3.2	3.1
	28.6	30.8

NOTES TO THE ACCOUNTS (Cont'd)

2. TURNOVER AND OPERATING PROFIT (Cont'd)

(c) Operating profit is arrived at after charging:

	2001	2000
	HK\$	HK\$
	Million	Million
Cost of inventories sold	31.3	33.5
Depreciation	10.9	6.8
Staff costs	89.4	98.6
Auditors' remuneration	0.5	0.6
and after crediting:		
Gross rental income from investment properties	47.6	59.0
Less: direct outgoings	(7.7)	(7.4)
	39.9	51.6
Interest on bank deposits	32.3	17.9
Dividend income from listed securities	27.3	30.8

(d) Directors' emoluments

	2001	2000
	HK\$	HK\$
	Million	Million
Fees	0.1	0.1
Basic salaries, housing allowance, and other allowances and benefits in kind	0.8	0.7
Retirement scheme contributions	–	–
Discretionary bonuses and/or performance-related bonuses	–	–
Compensation for loss of office	–	–
Inducement for joining the Group	–	–
	0.9	0.8

For the year under review, total emoluments (including any reimbursement), being wholly in the form of Directors' fees, were paid/payable at the rate of HK\$20,000 (2000: HK\$20,000) per annum to each Independent Non-executive Director of the Company.

NOTES TO THE ACCOUNTS (Cont'd)

2. TURNOVER AND OPERATING PROFIT (Cont'd)

(d) Directors' emoluments (Cont'd)

The remuneration of the directors is within the following bands:

Bands (in HK\$)	2001 Number of Directors	2000 Number of Directors
Nil – \$500,000	7	4
\$500,001 – \$1,000,000	1	1

(e) Highest paid employees

Set out below are analyses of the emoluments (excluding amounts, if any, paid or payable by way of commissions on sales generated by the employees concerned) for the year ended 31st December, 2001 of the five highest paid employees of the Group, none of whom is a Director of the Company. The aggregate of the emoluments in respect of the individuals are as follows:

	2001 HK\$ Million	2000 Restated HK\$ Million
Basic salaries, housing allowances, and other allowances and benefits in kind	5.8	5.5
Retirement scheme contributions	0.4	0.4
Discretionary bonuses and/or performance-related bonuses	0.2	0.2
Compensation for loss of office	–	–
Inducement for joining the Group	–	–
	6.4	6.1

The emoluments of the five highest individuals are within the following bands:

Bands (in HK\$)	2001 Number of individuals	2000 Restated Number of individuals
Not more than \$1,000,000	1	2
\$1,000,001– \$1,500,000	3	2
\$1,500,001– \$2,000,000	1	1



NOTES TO THE ACCOUNTS (Cont'd)

3. BORROWING COSTS

	2001	2000
	HK\$	HK\$
	Million	Million
Interest paid on bank loan due within one year	24.3	19.8
Less: Amount deferred	—	(1.9)
	<hr/>	<hr/>
Net borrowing costs	24.3	17.9
	<hr/>	<hr/>

4. PROVISION FOR IMPAIRMENT IN VALUE OF INVESTMENT SECURITIES

In accordance with the method of accounting policy adopted under Statement of Standard Accounting Practice 24 (“Accounting for investments in securities”), the amount of reduction in fair value of investment securities should be provided against the investment securities revaluation reserve unless there is evidence that the securities are impaired, at which time the relevant reduction that had been directly provided against the investment securities revaluation reserve should be transferred to the profit and loss account and recognised as an expense.

The fair value of certain of the Group’s investment securities has been persistently below the original cost for a period of in excess of three years and, therefore, management consider these investment securities are impaired in value. Accordingly, to comply with the Group’s accounting policies, a provision for the impairment of investment securities of HK\$301.5 million, which includes HK\$274.2 million provided against the investment securities revaluation reserve in previous years, was transferred from the investment securities revaluation reserve to the profit and loss account.

5. OTHER NON-OPERATING ITEMS

	2001	2000
	HK\$	HK\$
	Million	Million
Release of deferred income	62.8	—
Loss on disposal of investment securities	(1.9)	(92.6)
Provision for impairment in value of property held for redevelopment	(7.7)	(70.8)
	<hr/>	<hr/>
	53.2	(163.4)
	<hr/>	<hr/>

Loss on disposal of investment securities includes a revaluation deficit of HK\$3.0 million (2000: HK\$49.2 million) transferred from the investment securities revaluation reserve to the profit and loss account upon disposal of the related investment securities.



NOTES TO THE ACCOUNTS (Cont'd)

6. TAXATION

Hong Kong profits tax has been provided at the rate of 16.0% (2000: 16.0%) on the estimated assessable profit for the year.

	Group	
	2001	2000
	HK\$	HK\$
	Million	Million
Company and subsidiaries		
Hong Kong profits tax	11.8	22.3
Underprovision in respect of previous years	—	91.8
	11.8	114.1
Share of associates' Hong Kong profits tax for the year	0.9	—
	12.7	114.1

Unprovided deferred tax liabilities are:

	Group	
	2001	2000
	HK\$	HK\$
	Million	Million
Company and subsidiaries		
Depreciation allowances in excess of the related depreciation	3.6	2.3

The major part of the unprovided potential liabilities represents the maximum taxation arising from balancing charges in the event of a future realisation of investment and hotel properties at an amount equal to the valuations recorded in the balance sheet.

Deferred taxation on the revaluation surplus of the investment and hotel properties has not been quantified as this does not constitute a timing difference for deferred taxation purposes.



NOTES TO THE ACCOUNTS (Cont'd)

7. (LOSS)/PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The (loss)/profit attributable to shareholders is dealt with in the accounts of the Company to the extent of a profit of HK\$55.8 million (2000: profit of HK\$55.8 million).

The Group's (loss)/profit attributable to shareholders for the year is (absorbed)/retained by:

	Group	
	2001	2000
	HK\$	HK\$
	Million	Million
The Company and its subsidiaries	(122.5)	110.3
Associates	9.4	4.2
	(113.1)	114.5

8. DIVIDENDS

(a) Dividends attributable to the year

	2001	2000
	HK\$	HK\$
	Million	Million
Interim dividend of 5.0 cents (2000: 5.0 cents) per share	15.8	15.8
Final dividend of 12.0 cents (2000: 12.0 cents) per share	37.8	37.8
	53.6	53.6

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

(b) Dividends attributable to the previous financial year, approved and paid during the year

	2001	2000
	HK\$	HK\$
	Million	Million
Final dividend in respect of the previous financial year, approved and paid during the year of 12.0 cents (2000: 12.0 cents) per share	37.8	37.8



NOTES TO THE ACCOUNTS (Cont'd)

9. (LOSS)/EARNINGS PER SHARE

The calculation of (loss)/earnings per share is based on the loss for the year of HK\$113.1 million (2000: profit of HK\$114.5 million) and on 315.0 million (2000: 315.0 million) ordinary shares in issue throughout the year ended 31st December, 2001.

10. CHANGES IN ACCOUNTING POLICIES

(a) Goodwill/negative goodwill

In prior years, goodwill/negative goodwill arising on consolidation, representing the excess/shortfall of the cost of investments in subsidiaries and associates over the appropriate share of the fair value of the net tangible assets at the date of acquisition, was taken to reserves in the year in which it arose. On disposal of a subsidiary or an associate, the attributable amount of goodwill/negative goodwill was included in calculating the profit or loss on disposal.

With effect from 1st January, 2001, with the introduction of Statement of Standard Accounting Practice ("SSAP") 30 "Business combinations" issued by the Hong Kong Society of Accountants, the Group adopted a new accounting policy for goodwill as set out in Note 1 (c) (iii).

There is no financial effect on the Group upon adopting SSAP 30 since the Group had no goodwill or negative goodwill prior to 1st January, 2001 or during the current year.

(b) Planned maintenance

In prior years, the Group operated a planned maintenance scheme for its hotel which projected future maintenance requirements over a period of four years. Within this scheme actual costs and/or projected costs for the ensuing four year period as estimated by the Group were equalised by annual provisions in the consolidated profit and loss account. With effect from 1st January, 2001, maintenance costs are expensed in the consolidated profit and loss account in the year in which they are incurred in accordance with SSAP 28 "Provisions, contingent liabilities and contingent assets" issued by the Hong Kong Society of Accountants. The accounting policy has been adopted retrospectively. In adjusting prior years' figures, revenue reserves as at 1st January, 2000 and 1st January, 2001 were restated and increased by HK\$58.2 million and HK\$63.2 million respectively, representing the reversal of the previous provisions for planned maintenance.

As a result of the adoption of SSAP 28 and restating the prior years' results and reserves, the Group's profit for the year attributable to shareholders has increased by HK\$11.8 million (2000: HK\$5.0 million) as a net result of not making provisions for planned maintenance and charging the actual maintenance costs incurred during the year to the consolidated profit and loss account.



NOTES TO THE ACCOUNTS (Cont'd)

10. CHANGES IN ACCOUNTING POLICIES (Cont'd)

(c) Proposed dividends

In prior years, dividends proposed after balance sheet date were accrued as liabilities at the balance sheet date. With effect from 1st January, 2001, dividends proposed after balance sheet date are shown as a separate component of shareholders' funds in accordance with revised SSAP 9 "Events after the balance sheet date" issued by the Hong Kong Society of Accountants. The new accounting policy has been adopted retrospectively. In adjusting prior years' figures, shareholders' funds as at 1st January, 2001 were restated and increased by HK\$37.8 million representing the proposed final dividend for the year ended 31st December, 2000.

As a result of the adoption of SSAP 9 and restating the prior years' reserves, the Group's shareholders' funds at 31st December, 2001 have increased by HK\$37.8 million (2000: HK\$37.8 million).

(d) Segment reporting

A segment is distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Inter-segment pricing is based on similar terms as those available to other external parties.

In Note 11 to the consolidated accounts, the Group discloses segment revenue and results as defined under SSAP 26 "Segment reporting" issued by the Hong Kong Society of Accountants. In accordance with the Group's internal financial reporting the Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format.



NOTES TO THE ACCOUNTS (Cont'd)

11. SEGMENT REPORTING

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

(a) Business segments

	Hotel and restaurants		Property		Investments		Total	
	2001 HK\$ Million	2000 HK\$ Million	2001 HK\$ Million	2000 HK\$ Million	2001 HK\$ Million	2000 HK\$ Million	2001 HK\$ Million	2000 HK\$ Million
Segment revenue	296.3	323.5	48.2	59.2	59.6	48.7	404.1	431.4
Segment result	78.8	88.8	33.4	48.6	49.7	21.3	161.9	158.7
Provision for impairment in value of investment securities	-	-	-	-	(301.5)	-	(301.5)	-
Provision for impairment in value of investment securities written back	-	-	-	-	-	247.0	-	247.0
Borrowing costs	-	-	-	-	-	-	(24.3)	(17.9)
Other non-operating items	-	-	(7.7)	(70.8)	60.9	(92.6)	53.2	(163.4)
Share of profit of associates	-	-	5.9	-	4.4	4.2	10.3	4.2
(Loss)/profit before taxation							(100.4)	228.6
Taxation							(12.7)	(114.1)
(Loss)/profit attributable to shareholders							(113.1)	114.5
Segment assets	1,899.8	2,013.0	906.8	966.5	852.0	909.9	3,658.6	3,889.4
Interest in associates	-	-	869.9	1,134.6	27.1	39.0	897.0	1,173.6
Unallocated assets Cash and cash equivalents							868.3	332.4
Total assets							5,423.9	5,395.4
Segment liabilities	(41.5)	(53.3)	(152.2)	(148.9)	(27.0)	(20.9)	(220.7)	(223.1)
Unallocated liabilities Unsecured short term bank loan and overdrafts							(400.9)	(100.0)
Taxation							(8.4)	(112.5)
Total liabilities							(630.0)	(435.6)
Depreciation for the year	10.9	6.8	-	-	-	-	10.9	6.8
Capital expenditure incurred during the year	26.9	4.7	1.7	0.3	-	-	28.6	5.0

NOTES TO THE ACCOUNTS (Cont'd)

11. SEGMENT REPORTING (Cont'd)

(b) Geographical segments

	Segment revenue		Segment results	
	2001	2000	2001	2000
	HK\$	HK\$	HK\$	HK\$
	Million	Million	Million	Million
Hong Kong	382.5	413.6	140.3	140.9
Singapore	21.6	17.8	21.6	17.8
	404.1	431.4	161.9	158.7

No inter-segment revenue was recorded during the years.

12. FIXED ASSETS

	Group				Total HK\$ Million
	Investment properties HK\$ Million	Property held for redeve- lopment HK\$ Million	Hotel properties HK\$ Million	Other fixed assets HK\$ Million	
(a) Cost or valuation					
Balance at 1st January, 2001	876.0	85.9	1,970.0	137.1	3,069.0
Additions	1.1	0.6	-	26.9	28.6
Provision for impairment	-	(7.7)	-	-	(7.7)
Revaluation deficit	(55.1)	-	(130.0)	-	(185.1)
Balance at 31st December, 2001	822.0	78.8	1,840.0	164.0	2,904.8
Accumulated depreciation					
Balance at 1st January, 2001	-	-	-	119.8	119.8
Charge for the year	-	-	-	10.9	10.9
Balance at 31st December, 2001	-	-	-	130.7	130.7
Net book value					
At 31st December, 2001	822.0	78.8	1,840.0	33.3	2,774.1
At 31st December, 2000	876.0	85.9	1,970.0	17.3	2,949.2

NOTES TO THE ACCOUNTS (Cont'd)

12. FIXED ASSETS (Cont'd)

(b) The analysis of cost or valuation of the above assets is as follows:

	Investment properties	Property held for redeve- lopment	Group		Total
			Hotel properties	Other fixed assets	
			HK\$ Million	HK\$ Million	
2001 valuation	822.0	–	1,840.0	–	2,662.0
Cost less provisions	–	78.8	–	164.0	242.8
	<u>822.0</u>	<u>78.8</u>	<u>1,840.0</u>	<u>164.0</u>	<u>2,904.8</u>

The carrying value of the hotel properties would have been HK\$71.1 million (2000: HK\$71.1 million) had they been stated at cost.

(c) Tenure of title to properties:

Long term lease held in Hong Kong Over 50 years	<u>822.0</u>	<u>78.8</u>	<u>1,840.0</u>	<u>–</u>	<u>2,740.8</u>
---	--------------	-------------	----------------	----------	----------------

(d) Properties valuation

The Group's investment properties in Hong Kong and The Marco Polo Hongkong Hotel have been revalued as at 31st December, 2001 on an open market existing use value basis by Chesterton Petty Limited, a company engaged in professional property valuation. The deficits arising from the revaluations have been dealt with in the relevant revaluation reserves.

NOTES TO THE ACCOUNTS (Cont'd)

12. FIXED ASSETS (Cont'd)

(e) Properties schedule at 31st December, 2001

Address	Lot number	Year of completion	Stage of completion	Lease expiry	Site area (sq.ft.)	Approximate gross floor areas			Hotel (rooms)	Attributable interest
						Office (sq.ft.)	Retail (sq.ft.)	Residential (sq.ft.)		
Investment property										
The Marco Polo Hongkong Hotel (Commercial section) Harbour City Tsimshatsui	KML 91 S.A. & KML 10 S.B.	1969	Completed	2863	(Note)	35,000	136,540	-	-	100%
Property held for redevelopment										
60 Victoria Road Kennedy Town	IL 8079	N/A	Planning Stage	2064	6,100	-	-	48,800	-	100%
Hotel property										
The Marco Polo Hongkong Hotel Harbour City Tsimshatsui	KML 91 S.A. & KML 10 S.B.	1969	Completed	2863	58,814	-	-	-	665	100%

Note: Part of The Marco Polo Hongkong Hotel building.

- (f) The Group leases out investment properties under operating leases. The leases typically run for an initial period of one to five years, with an option to renew the lease after that date at which time all terms are renegotiated.

Contingent rental income derived from the Group for the year amounted to HK\$1.8 million (2000: HK\$2.0 million).

The gross carrying amounts of investment properties of the Group and the Company held for use in operating leases were HK\$822.0 million (2000: HK\$876.0 million).

NOTES TO THE ACCOUNTS (Cont'd)

12. FIXED ASSETS (Cont'd)

(g) The Group's total future minimum lease receipts under non-cancellable operating leases are receivable as follows:

	2001	2000
	HK\$	HK\$
	Million	Million
Within 1 year	25.4	42.4
After 1 year but within 5 years	25.9	34.2
	51.3	76.6

13. INVESTMENTS IN SUBSIDIARIES

	Company	
	2001	2000
	HK\$	HK\$
	Million	Million
Unlisted shares, at cost less provision	–	50.0

Amounts due from/to subsidiaries are unsecured, interest free and repayable on demand, except for an amount due to a subsidiary of HK\$300.0 million (2000: HK\$Nil) which is interest bearing at market rates.

Details of the Company's subsidiaries at 31st December, 2001 are shown on page 57.

14. INTEREST IN ASSOCIATES

	Group		Company	
	2001	2000	2001	2000
	HK\$	HK\$	HK\$	HK\$
	Million	Million	Million	Million
Share of net tangible assets	42.1	39.0	–	–
Loan due from an associate	865.0	1,134.6	865.0	1,134.6
Amount due to an associate	(10.1)	–	–	–
	897.0	1,173.6	865.0	1,134.6

Details of the Company's associates at 31st December, 2001 are shown on page 57.

NOTES TO THE ACCOUNTS (Cont'd)

14. INTEREST IN ASSOCIATES (Cont'd)

- (a) The loan advanced to an associate involved in a property development project bears interest at rates as determined by the shareholders of the associate with reference to the prevailing market rates.
- (b) The following supplementary financial information is disclosed relating to a significant associate of the Group, Hopfield Holdings Limited:

	2001	2000
	HK\$	HK\$
	Million	Million
Consolidated balance sheet		
Current assets	8,608.6	5,780.7
Current liabilities	(2,052.9)	(107.7)
Non-current liabilities	(6,531.1)	(5,673.0)
Consolidated profit and loss account		
Turnover	1,273.6	–
Operating profit	29.3	–
Taxation	(4.7)	–

15. INVESTMENT SECURITIES

	Group	
	2001	2000
	HK\$	HK\$
	Million	Million
Equity securities		
Listed in Hong Kong, at market value	327.9	376.4
Listed outside Hong Kong, at market value	523.6	513.6
	851.5	890.0

NOTES TO THE ACCOUNTS (Cont'd)

16. DEBTORS

	Group		Company	
	2001 HK\$ Million	2000 HK\$ Million	2001 HK\$ Million	2000 HK\$ Million
Trade debtors				
Due within 30 days	14.8	15.2	–	–
Due after 30 days but within 60 days	4.4	3.5	–	–
Due after 60 days but within 90 days	1.3	1.0	–	–
Over 90 days	0.7	0.2	–	–
	21.2	19.9	–	–
Other debtors	2.9	22.6	0.4	0.2
Amounts due by fellow subsidiaries	5.0	3.6	0.1	–
	29.1	46.1	0.5	0.2

The Group has a defined credit policy. The general credit terms allowed range from 0 to 60 days. The amounts due by fellow subsidiaries are unsecured, interest free and repayable on demand. The above includes deposits paid amounting to HK\$0.1 million (2000: HK\$0.1 million) which are expected to be recovered after one year.

NOTES TO THE ACCOUNTS (Cont'd)

17. CREDITORS

	Group		Company	
	2001 <i>HK\$</i> <i>Million</i>	2000 <i>HK\$</i> <i>Million</i>	2001 <i>HK\$</i> <i>Million</i>	2000 <i>HK\$</i> <i>Million</i>
Trade creditors				
Due within 30 days	9.6	14.1	–	–
Due after 30 days but within 60 days	3.3	–	–	–
Over 90 days	0.1	–	–	–
	13.0	14.1	–	–
Other creditors and provisions	68.6	70.3	1.4	1.5
Amounts due to fellow subsidiaries	3.2	3.0	0.4	0.2
	84.8	87.4	1.8	1.7

The amounts due to fellow subsidiaries are unsecured, interest free and repayable on demand. The above includes deposits received amounting to HK\$3.8 million (2000: HK\$7.4 million) which are expected to be settled after one year.

18. SHARE CAPITAL

	2001		2000	
	No. of shares <i>Million</i>	<i>HK\$</i> <i>Million</i>	No. of shares <i>Million</i>	<i>HK\$</i> <i>Million</i>
Authorised:				
Ordinary shares of HK\$0.50 each	380.0	190.0	380.0	190.0
Issued and fully paid:				
Ordinary shares of HK\$0.50 each	315.0	157.5	315.0	157.5

NOTES TO THE ACCOUNTS (Cont'd)

19. RESERVES

	Share premium HK\$ Million	Investment properties revaluation reserve HK\$ Million	Hotel properties revaluation reserve HK\$ Million	Investment securities revaluation reserve HK\$ Million	Exchange and other capital reserves HK\$ Million	Revenue reserves HK\$ Million	Total HK\$ Million
(a) The Group							
<i>(i) Company and subsidiaries</i>							
Balance at 1st January, 2000							
- as previously reported	542.0	782.1	1,824.9	(278.6)	7.1	1,612.4	4,489.9
- prior year adjustments							
- planned maintenance	-	-	-	-	-	58.2	58.2
- proposed dividend	-	-	-	-	-	37.8	37.8
- as restated	542.0	782.1	1,824.9	(278.6)	7.1	1,708.4	4,585.9
Dividend approved in respect of the previous year	-	-	-	-	-	(37.8)	(37.8)
Exchange reserve	-	-	-	-	4.0	-	4.0
Transferred to profit and loss account on disposal of investment securities	-	-	-	49.2	-	-	49.2
Other capital reserve released upon liquidation of an associate	-	-	-	-	(0.1)	-	(0.1)
Revaluation surplus/(deficit)							
Investment properties	-	50.0	-	-	-	-	50.0
Hotel properties	-	-	74.0	-	-	-	74.0
Investment securities	-	-	-	(41.8)	-	-	(41.8)
Retained profit for the year	-	-	-	-	-	110.3	110.3
Dividend declared in respect of the current year	-	-	-	-	-	(15.8)	(15.8)
Balance at 31st December, 2000	542.0	832.1	1,898.9	(271.2)	11.0	1,765.1	4,777.9
Balance at 1st January, 2001							
- as previously reported	542.0	832.1	1,898.9	(271.2)	11.0	1,664.1	4,676.9
- prior year adjustments							
- planned maintenance	-	-	-	-	-	63.2	63.2
- proposed dividend	-	-	-	-	-	37.8	37.8
- as restated	542.0	832.1	1,898.9	(271.2)	11.0	1,765.1	4,777.9
Dividend approved in respect of the previous year	-	-	-	-	-	(37.8)	(37.8)
Exchange reserve	-	-	-	-	(2.0)	-	(2.0)
Transferred to profit and loss account on disposal of investment securities	-	-	-	3.0	-	-	3.0
Transferred to revenue reserves from exchange and other capital reserves	-	-	-	-	(9.0)	9.0	-
Revaluation deficit							
Investment properties	-	(55.1)	-	-	-	-	(55.1)
Hotel properties	-	-	(130.0)	-	-	-	(130.0)
Investment securities	-	-	-	(114.4)	-	-	(114.4)
Deficit transferred to the profit and loss account on impairment of investment securities	-	-	-	301.5	-	-	301.5
Loss for the year (Note 7)	-	-	-	-	-	(122.5)	(122.5)
Dividend declared in respect of the current year	-	-	-	-	-	(15.8)	(15.8)
Balance at 31st December, 2001	542.0	777.0	1,768.9	(81.1)	-	1,598.0	4,604.8

NOTES TO THE ACCOUNTS (Cont'd)

19. RESERVES (Cont'd)

	Share premium <i>HK\$ Million</i>	Investment properties revaluation reserve <i>HK\$ Million</i>	Hotel properties revaluation reserve <i>HK\$ Million</i>	Investment securities revaluation reserve <i>HK\$ Million</i>	Exchange and other capital reserves <i>HK\$ Million</i>	Revenue reserves <i>HK\$ Million</i>	Total <i>HK\$ Million</i>
(a) The Group (Cont'd)							
<i>(ii) Associates</i>							
Balance at 1st January, 2000	-	-	-	-	-	12.5	12.5
Revaluation surplus							
Investment securities	-	-	-	7.7	-	-	7.7
Retained profit for the year	-	-	-	-	-	4.2	4.2
Balance at 31st December, 2000 and 1st January, 2001	-	-	-	7.7	-	16.7	24.4
Revaluation deficit							
Investment securities	-	-	-	(2.2)	-	-	(2.2)
Retained profit for the year (Note 7)	-	-	-	-	-	9.4	9.4
Balance at 31st December, 2001	-	-	-	5.5	-	26.1	31.6
Total reserves							
At 31st December, 2001	542.0	777.0	1,768.9	(75.6)	-	1,624.1	4,636.4
At 31st December, 2000	542.0	832.1	1,898.9	(263.5)	11.0	1,781.8	4,802.3

The application of the share premium account is governed by Section 48B of the Hong Kong Companies Ordinance. The exchange reserves and revaluation reserves have been set up and will be dealt with in accordance with the accounting policies adopted by the Group for foreign currency translation and the revaluation of investment and hotel properties and investment securities.

NOTES TO THE ACCOUNTS (Cont'd)

19. RESERVES (Cont'd)

	Share premium <i>HK\$ Million</i>	Investment properties revaluation reserve <i>HK\$ Million</i>	Hotel properties revaluation reserve <i>HK\$ Million</i>	Investment securities revaluation reserve <i>HK\$ Million</i>	Exchange and other capital reserves <i>HK\$ Million</i>	Revenue reserves <i>HK\$ Million</i>	Total <i>HK\$ Million</i>
(b) The Company							
Balance at 1st January, 2000							
- as previously reported	542.0	-	-	-	-	46.1	588.1
- prior year adjustments							
- proposed dividend	-	-	-	-	-	37.8	37.8
- as restated	542.0	-	-	-	-	83.9	625.9
Dividend approved in respect of the previous year	-	-	-	-	-	(37.8)	(37.8)
Retained profit for the year	-	-	-	-	-	55.8	55.8
Dividend declared in respect of the current year	-	-	-	-	-	(15.8)	(15.8)
Balance at 31st December, 2000	542.0	-	-	-	-	86.1	628.1
Balance at 1st January, 2001							
- as previously reported	542.0	-	-	-	-	48.3	590.3
- prior year adjustments							
- proposed dividend	-	-	-	-	-	37.8	37.8
- as restated	542.0	-	-	-	-	86.1	628.1
Dividend approved in respect of the previous year	-	-	-	-	-	(37.8)	(37.8)
Retained profit for the year	-	-	-	-	-	55.8	55.8
Dividend declared in respect of the current year	-	-	-	-	-	(15.8)	(15.8)
Balance at 31st December, 2001	542.0	-	-	-	-	88.3	630.3

Reserves of the Company available for distribution to shareholders at 31st December, 2001 amounted to HK\$88.3 million (2000: HK\$86.1 million)

20. DEFERRED INCOME

Details of accounting policies adopted for deferred income are set out in Note 1 (s). The movements of deferred income of the Group and Company are as follows:

	Group and Company	
	2001	2000
	HK\$	HK\$
	Million	Million
Balance at 1st January	135.7	56.2
Additions	63.0	79.5
Release of deferred income	(62.8)	-
Balance at 31st December	135.9	135.7

NOTES TO THE ACCOUNTS (Cont'd)

21. MATERIAL RELATED PARTY TRANSACTIONS

- (a) The Group has a management agreement with a subsidiary of the ultimate holding company for the management of the Group's hotel operations. Fees payable under this arrangement during the current year amounted to HK\$17.4 million (2000: HK\$19.1 million) which included management fees of HK\$13.3 million (2000: HK\$14.7 million) and marketing fees of HK\$4.1 million (2000: HK\$4.4 million). The management fee includes a basic fee and an incentive fee which is calculated based on 3% and 5% of gross revenue and gross operating profit respectively. The marketing fee is calculated based on 1.5% of gross revenue. Such transactions also constitute connected transactions as defined under the Listing Rules, but are exempted from the requirements under paragraph 14.24(2) relating to connected transactions thereof.
- (b) As disclosed in Note 23 (a) to the accounts, the joint venturers have jointly and severally guaranteed the performance and observance of the terms under an agreement for the development of Sorrento (Kowloon Station Package II) undertaken by the project company. The joint venturers have also severally guaranteed loan facilities granted to the project company. The amount attributable to the Company is HK\$433.0 million (2000: HK\$680.0 million). Such guarantees given by the Company constitute connected transactions as defined under the Listing Rules, but a waiver from complying with the relevant connected transaction requirements was granted by the Stock Exchange in 1997.
- (c) As stated in Note 14 to the accounts, loans totalling HK\$865.0 million (2000: HK\$1,134.6 million) due from an associate involved in the Sorrento project are considered to be related party transactions and also constitute connected transactions as defined under the Listing Rules. Waivers were granted by the Stock Exchange in 1994 and 1997 from complying with the relevant connected transaction requirements. The net interest earned by the Group from the above loan during the current year amounted to HK\$63.0 million (2000: HK\$79.5 million) which has been deferred and is recognised in the consolidated profit and loss account in accordance with the basis as set out in Note 1(s) above.

22. COMMITMENTS

Capital commitments for property, plant and equipment

	Group	
	2001	2000
	HK\$	HK\$
	Million	Million
Contracted but not provided for	15.3	2.9
Authorised but not contracted for	3.8	2.3
	19.1	5.2



NOTES TO THE ACCOUNTS (Cont'd)

23. CONTINGENCIES

- (a) The Company, together with its ultimate holding company, The Wharf (Holdings) Limited (“Wharf”), the principal shareholder of Wharf and two subsidiaries thereof (together the “joint venturers”), have jointly and severally guaranteed the performance and observance of the terms under an agreement for the development of Sorrento (Kowloon Station Package II) undertaken by an associate (the “project company”). The joint venturers have also severally guaranteed loan facilities granted to the project company. The amount attributable to the Company is HK\$433.0 million (2000: HK\$680.0 million).
- (b) There were contingent liabilities in respect of guarantees given by the Company on behalf of a subsidiary relating to short term loan facilities up to HK\$300.0 million (2000: HK\$Nil).

24. ULTIMATE HOLDING COMPANY

The ultimate holding company is The Wharf (Holdings) Limited, a company incorporated and listed in Hong Kong.

25. POST BALANCE SHEET EVENTS

After the balance sheet date the directors proposed a final dividend. Further details are disclosed in Note 8.

26. COMPARATIVE FIGURES

Certain comparative figures have been adjusted as a result of changes in accounting policies for planned maintenance provision, proposed dividends and segment reporting in order to comply with SSAPs 28, 9 and 26 respectively, details of which are set out in Note 10. Certain comparative figures for turnover, interest in associates and deferred income have also been reclassified in order to present better the results and financial condition of the Group.

27. APPROVAL OF ACCOUNTS

The accounts were approved and authorised for issue by the Directors on 11th March, 2002.

