

CHISWELL PROPERTIES LIMITED
REPORT AND ACCOUNTS
YEAR ENDED 27TH FEBRUARY 1993
REGISTERED NUMBER:231137



Directors: M D Hampson
C J Wilkins
S G Barratt

Secretary: N J Fenton

Registered office: Brewery
Chiswell Street
London
EC1Y 4SD

Registered number: 231137

Accounts and dividends

The Directors submit to the shareholders their report and accounts for the year ended 27 February 1993.

The profit for the year, after tax, amounted to £32,607,399 (1991/92 - £23,306,403).

An interim dividend of 8.28 pence per ordinary share was paid on 25 February 1993. The directors do not recommend the payment of a final dividend.

Ultimate parent company

The company is a wholly owned subsidiary company of Whitbread PLC.

Principal activity

The principal activity of the company is the ownership and letting of industrial and licensed retail land and buildings.

Review of the business.

The company intends to continue to act as the owner and lessor of industrial and retail licensed land and buildings. Turnover increased by £6.1m as a result of rent reviews and the inclusion of a full year's rents in respect of properties acquired in July 1991.

Fixed assets

Movements on fixed assets during the year, including the revaluation of property, are set out in note 5 to the accounts

Directors

The directors of the company at the date of this report are those listed above.

Directors interests

According to the register maintained as required under the Companies Act 1985 the director's interests in shares, debentures and options over 'A' limited voting ordinary shares in the holding company Whitbread PLC, are as follows:

	27 February 1993	29 February 1992 or date of appointment if later
<u>M D Hampson</u>		
1985 Executive option scheme*	33,260	41,000
Share ownership scheme	90	—
Savings related share options scheme*	1,655	817
<u>C J Wilkins</u>		
'A' limited voting ordinary shares	1,935	3,268
Share ownership scheme	1,534	1,444
Savings related share options scheme*	4,370	2,694
1985 Executive option scheme*	12,200	9,300
<u>S C Barratt</u>		
1985 Executive option scheme*	23,300	22,300

Note * All options are over 'A' limited voting ordinary shares.

During the year the following movements in options over the 'A' limited voting ordinary share capital of the company (all under the terms of the Executive Share Option Scheme except as marked *) took place:

	Options granted during the year ending 27 February 1993		Options exercised during the year ending 27 February 1993	
	Number	Price	Number	Price
<u>M D Hampson</u>	2,900 838 *	456.80p 357.80p	10,700	287.20p
<u>C J Wilkins</u>	2,900 1,676 *	456.80p 357.80p		
<u>S C Barratt</u>	1,000	456.80p		

*These options were granted under the terms of the Savings Related Share Options Scheme.
The options outstanding at 27 February 1993 are exercisable at varying dates between 1993 and 2002 at varying prices between 292.2p and 456.8p.

Auditors

Ernst & Young have expressed their willingness to continue in office as auditors of the company.

By order of the Board

Nicola J Fenton
Secretary

Browley
Chiswell Street
London
EC1Y 4SD

12 NOVEMBER 1993

We have audited the accounts on pages 5 to 11 in accordance with Auditing Standards.

In our opinion, the accounts give a true and fair view of the state of affairs of the company at 27 February 1993 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young

ERNST & YOUNG
Chartered Accountants
Registered Auditor
London

12 NOVEMBER 1993

CHISWELL PROPERTIES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 27TH FEBRUARY 1993

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	<u>NOTES</u>	1992/93	1991/92
		£	£
Turnover	1	44,058,760	37,984,564
Cost of sales	2	(1,565,602)	(1,404,192)
Gross profit		42,493,158	36,580,372
Administrative costs less other income	2	(96,113)	(44,589)
Operating profit	2	42,397,045	36,535,783
Non operating items:			
Provision for permanent diminution in property value		(1,020,000)	—
Profit before taxation		41,377,045	36,535,783
Taxation	3	(8,769,646)	(13,229,380)
Profit earned for ordinary shareholders		32,607,399	23,306,403
Dividend	4	(35,500,000)	—
Profit / (loss) for the year transferred to reserves	11	(2,892,601)	23,306,403

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Profit earned for ordinary shareholders	32,607,399	23,306,403
Unrealised deficit on revaluation of fixed assets	(73,465,288)	—
Total gains and losses recognised since previous year end	(40,857,889)	23,306,403

CHISWELL PROPERTIES LIMITED
BALANCE SHEET 27TH FEBRUARY 1993

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	<u>NOTES</u>	1992	1991
		£	£
Fixed assets			
Tangible assets	5	381,274,467	448,417,043
Investments	6	11,907	11,907
		<u>381,286,374</u>	<u>448,428,950</u>
Current assets and liabilities			
Debtors	7	40,574,718	42,237,058
Cash at bank and in hand		2,604,375	506
		<u>43,179,093</u>	<u>42,238,364</u>
Creditors : amounts falling due within one year	8	(23,497,722)	(1,570,629)
Net current assets		<u>19,681,371</u>	<u>40,667,735</u>
Total assets less current liabilities		400,967,745	489,096,685
Creditors : amounts falling due after more than one year	9	—	(11,771,051)
		<u>400,967,745</u>	<u>477,325,634</u>
Capital and reserves			
Called up share capital	10	428,799,324	428,799,324
Revaluation reserve	11	(73,465,288)	—
Profit and loss account	11	45,633,709	48,526,310
Shareholders' funds	12	<u>400,967,745</u>	<u>477,325,634</u>



Director

12 NOVEMBER 1993

CHISWELL PROPERTIES LIMITED

ACCOUNTING POLICIES

a) Accounting convention

The accounts are prepared under the historical cost convention and incorporate the revaluation of property. The accounts are prepared in accordance with applicable Accounting Standards.

b) Fixed assets

Fixed assets include properties professionally valued by Chartered Surveyors employed by Whitbread PLC. Other fixed assets are stated at valuation or cost. Freehold and leasehold industrial buildings and plant and machinery are written off by equal instalments over their estimated useful lives.

While it is the company's policy to depreciate relevant fixed assets, the nature of the licensed trade requires that, in order to protect that trade, licensed premises are maintained in such a state of repair that the aggregate of their residual values is at least equal to their book amounts. In the opinion of the directors, any depreciation of freehold licensed premises and leasehold licensed premises where the lease has over 20 years to run would not be material. Depreciation is not provided on freehold land.

The rates of depreciation are as follows :

Freehold industrial and office buildings — over their estimated useful lives.
Freehold licensed premises and leasehold licensed premises where the lease has over 20 years to run — nil.
Plant and machinery — mainly over 10 years.

c) Turnover

Turnover consists of property rents receivable.

d) Cash flow statement

As permitted by Financial Reporting Standard No.1, a cash flow statement has not been prepared as the company is a wholly owned subsidiary of a European Community parent.

e) Deferred taxation

Provision is made for deferred taxation, using the liability method, on all timing differences to the extent that it is probable that the liability will crystallise.

1. Segmental analysis of turnover, profit and net assets

Turnover was derived from a single class of business, all within the UK. The company's assets are all held in the UK and are devoted to the ownership and letting of industrial and licensed retail land and buildings.

2. Profit and loss account details

	1992/93 £	1991/92 £
Turnover — Property rents receivable	44,058,760	37,984,584
Cost of sales	(1,565,602)	(1,404,192)
Gross profit	42,493,158	36,580,372
Administration and other costs	(133,946)	(91,970)
Profit on disposal of retail properties	42,359,212	36,488,402
Investment income — listed investments	36,483	46,031
	1,350	1,350
Operating profit	42,397,045	36,535,783
Included in cost of sales is :		
Depreciation of tangible fixed assets	1,336,331	1,176,822
Included in administration and other costs is :		
Auditors' remuneration	8,000	10,000

2a. Directors' emoluments

None of the directors received any emoluments during the period for their services as directors of the company.

3. Taxation

Taxation payable based on the result for the year at
33% (1991/92 — 33.085%)

Adjustments to earlier periods

8,769,646	5,828,622
—	7,400,758
8,769,646	13,229,380

Deferred taxation

The potential amount of deferred taxation not provided for in these accounts is £26.3m (1991/92— £25.5m) in respect of accelerated capital allowances.

No provision has been made for any chargeable gains which might arise in the event of properties being sold at their revalued amounts, as in the normal course of business the majority of properties would be retained indefinitely.

4. Dividend

Interim dividend (8.28 pence per ordinary share)

35,500,000	—
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5. Tangible fixed assets	Industrial property £	Retail property £	Plant and machinery £	Total £
Cost at 29 February 1992	49,900,127	400,337,936	162,707	450,400,770
Transfer from/(to) group companies	857,679	(60,494)	—	797,185
Additions	203,401	12,395,028	—	12,598,429
Disposals	—	(4,716,571)	—	(4,716,571)
Revaluation	(38,128,706)	(39,533,617)	—	(77,662,323)
Cost at 27 February 1993	12,832,501	368,422,282	162,707	381,417,490
Depreciation at 29 February 1992	(1,048,461)	—	(135,266)	(1,983,727)
Charge for the year	(1,328,574)	—	(7,757)	(1,336,331)
Revaluation	3,177,035	—	—	3,177,035
Depreciation at 27 February 1993	—	—	(143,023)	(143,023)
Net book amount 27 February 1993	12,832,501	368,422,282	19,684	381,274,467
Net book amount 29 February 1992	48,051,666	400,337,936	27,441	448,417,043

The directors carried out a valuation of the Company's properties at 27 February 1993 in conjunction with the parent company's own professionally qualified staff and, principally Gerald Eve. The properties were valued at open market value for the purpose of their existing use. The valuation was £ 74,485,288 below book value as at 27 February 1993. £73,465,288 of the diminution is regarded as temporary and it has been taken direct to the revaluation reserve. £1,020,000 of the diminution is regarded as permanent and has been charged to the profit and loss account. If this revaluation had not taken place, the values of fixed assets would have been:

	Industrial property £	Retail property £	Plant and machinery £	Total £
Gross amounts	50,961,207	407,955,899	162,707	459,079,813
Depreciation	(3,177,035)	—	(143,023)	(3,320,058)
Net book amounts 27 February 1993	47,784,172	407,955,899	19,684	455,759,755
Net book amounts 29 February 1992	48,051,666	400,337,936	27,441	448,417,043
Net book amount of properties		Freehold £	Long leasehold £	Total £
27 February 1993		367,588,819	13,665,964	381,254,783
29 February 1992		429,850,597	18,539,005	448,389,602

5. Tangible fixed assets (continued)

	1993 £	1992 £
Capital expenditure for which no provision has been made:		
Committed	850,000	6,400
Authorised, not committed	<u>—</u>	<u>229,000</u>
	<u>850,000</u>	<u>235,400</u>

6. Investments — listed

	£
Cost at 27 February 1993 and 29 February 1992	<u>11,907</u>
Market value	
27 February 1993	<u>13,709</u>
29 February 1992	<u>12,494</u>

7. Debtors

	1993 £	1992 £
Rents receivable	40,574,718	35,669,848
Amount due from Group undertakings	<u>—</u>	<u>6,568,010</u>
	<u>40,574,718</u>	<u>42,237,858</u>

8. Creditors: amounts falling due within one year

Corporation tax	20,471,078	1,457,815
Accruals	24,000	38,674
Amount due to group undertakings	3,002,644	—
Other creditors	<u>—</u>	<u>74,140</u>
	<u>23,497,722</u>	<u>1,570,629</u>

9. Creditors: amounts falling due after more than one year

Corporation tax	<u>—</u>	<u>11,771,051</u>
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10. Share capital

	Authorised £	Allotted, called up & fully paid £
1993		
Ordinary shares of £ 1 each	<u>1,000,000,000</u>	<u>428,799,324</u>
1992		
Ordinary shares of £ 1 each	<u>1,000,000,000</u>	<u>428,799,324</u>

11. Reserves

	Revaluation reserve £	Profit & loss account £	Total £
29 February 1992	—	48,526,310	48,526,310
Profit for the year	—	(2,892,601)	(2,892,601)
Revaluation of fixed assets	(73,465,288)	—	(73,465,288)
27 February 1993	<u>(73,465,288)</u>	<u>45,633,709</u>	<u>(27,831,579)</u>

12. Movement in shareholders' funds

	1993 £	1992 £
Shareholders' funds at 29 February 1992	477,325,634	381,916,016
Issue of shares	—	72,103,215
Profit earned for ordinary shareholders	32,607,399	23,308,403
Dividend	(35,500,000)	—
Revaluation	<u>(73,465,288)</u>	<u>—</u>
	<u>400,967,745</u>	<u>477,325,634</u>

13. Parent undertaking

The parent undertaking of the group of undertakings for which group accounts are drawn up and of which the company is a member is Whitbread PLC, registered in England and Wales. Copies of Whitbread PLC's accounts can be obtained from Brewery, Chiswell Street, London EC1Y 4SD.

14. Contingent liabilities

The company's assets and undertakings are charged as part security for £185,000,000 11 5/8 per cent redeemable debenture stock of Whitbread PLC.