

THE PELICAN GROUP LIMITED

REPORT & ACCOUNTS

2 March 2002

Registered number 425057



THE PELICAN GROUP LIMITED

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THE PELICAN GROUP LIMITED

DIRECTORS: N P Barbour
M Mansigani
P E Cushing

SECRETARY: M R Buxton- Smith

AUDITORS: Ernst & Young LLP
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London
SE1 7EU

REGISTERED OFFICE: Whitbread House
Park Street West
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LU1 3BG

REGISTERED NUMBER: 425057

DIRECTORS' REPORT

Accounts

The directors submit to the shareholders their report and accounts for the year ended 2 March 2002.

Principal activity and review of business development

The principal activity of the company throughout the year was that of operating restaurants. The company intends to continue this activity for the foreseeable future.

The business has traded satisfactorily during the year. Significant progress has been made in improvements in profitability through operational focus in the core business and disposal of underperforming sites. This is in the face of a difficult environment particularly in London, which was affected by reduced numbers of tourists. In light of the current trading climate we have made an impairment provision against the assets of the company. This has reduced the assets to their estimated value in use. During the year Whitbread PLC announced that it intended to dispose of the Pelican group of businesses, including The Pelican Group Limited.

The directors have a reasonable expectation that the company will continue in operational existence for the foreseeable future, and therefore have used the going concern basis in preparing the financial statements.

Results and dividends

The profit for the year after tax, but before exceptional items, amounted to £4,226,000 (2001 loss - £4,534,000). The directors do not recommend the payment of a dividend.

Supplier payment policy

The company adheres to the payment terms which have been agreed with a supplier. Where payment terms have not been specifically agreed, it is the company's policy to settle invoices close to the end of the month following the month of invoicing. Adherence to these terms is dependant upon suppliers sending accurate and adequately detailed invoices to the correct address on a timely basis.

The company makes purchases on behalf of other group undertakings and recharges them on an arms length basis. The company had 43 days purchases outstanding at the year end (2000/01 - 23), based on trade creditors and accruals outstanding at that date and purchases made during the year.

Employment of disabled persons

The company's policy is that, wherever it is practicable and reasonable within existing legislation, all employees, including disabled persons, are treated in the same way in matters relating to employment, training, career development and promotion. Every effort is made to retain and assist any individuals disabled during their employment. Full and fair consideration is given to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities.

Employee involvement

The board recognises the importance of employees being fully informed of events which directly affect them and their working conditions and to this end regular meetings are held with them. The involvement of employees in the success of the business is further encouraged through participation in the employee share option scheme of the ultimate parent undertaking.

DIRECTORS' REPORT**Directors**

The directors of the company during the year and up to the date of this report are listed on page 1.

Directors' interests

According to the register maintained as required under the Companies Act 1985, the beneficial interests of the directors in shares and options over the ordinary shares in the parent undertaking, Whitbread PLC including shares under the Whitbread PLC Share Ownership Scheme are as follows:

Ordinary shares	<u>2 March 2002</u>	<u>3 March 2001</u>
N P Barbour	920	4,660
M Mansigani	1,011	1,611
P E Cushing (appointed 20 February 2002)	-	-

M A Johnson resigned on 30 July 2001. During the year, N Wright was appointed a director on 30 July 2001, and resigned on 30 November 2001.

Options over ordinary shares

During the year the following movements in options over the ordinary share capital of the parent undertaking, Whitbread PLC, took place:-

	Options held at 04.03.01	Options granted		Options exercised/ (Options lapsed)		Options held at 02.03.02
		Number	Price (p)	Number	Price (p)	
N P Barbour	a 16,900	10,000	661.4	-	-	26,900
	b 2,345	-	-	-	-	2,345
M Mansigani	a 24,500	10,000	661.4	-	-	34,500
	b 2,345	-	-	-	-	2,345

(a) the Executive Share Option Scheme

(b) the Savings Related Share Option Scheme

P E Cushing had no options

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.

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

On behalf of the Board

M. Mansigani

DIRECTOR

3RD MAY 2002

MOHAN MANSIGANI

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO FINANCIAL STATEMENTS

The following statement, which should be read in conjunction with the auditors' statement of their responsibilities 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.

The directors consider that in preparing the financial statements on pages 6 to 16 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 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 The Pelican Group Limited

We have audited the company's financial statements for the year ended 2 March 2002 which comprise the Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses, and the related notes 1 to 19. 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.

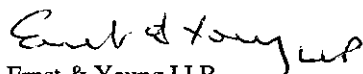
Basis of opinion

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 affairs of the company at 2 March 2002 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
London

3 May 2002

PROFIT AND LOSS ACCOUNT

Year ended 2 March 2002

	Notes	<u>2001/02</u>			<u>2000/01</u> <u>(as restated)</u>		
		Before exceptional items £ 000	(Note 3) Exceptional items £ 000	Total £ 000	Before exceptional items £ 000	(Note 3) Exceptional items £ 000	Total £ 000
TURNOVER		62,764	-	62,764	66,316	-	66,316
Cost of sales		(16,753)	-	(16,753)	(19,085)	-	(19,085)
GROSS PROFIT		46,011	-	46,011	47,231	-	47,231
Administrative expenses		(43,996)	(8,873)	(52,869)	(45,942)	(3,525)	(49,467)
OPERATING PROFIT / (LOSS)	2	2,015	(8,873)	(6,858)	1,289	(3,525)	(2,236)
NON-OPERATING ITEMS							
Loss on disposal of retail property		-	(1,144)	(1,144)	-	(112)	(112)
PROFIT / (LOSS) BEFORE INTEREST		2,015	(10,017)	(8,002)	1,289	(3,637)	(2,348)
Interest	6	1	-	1	(1,503)	-	(1,503)
PROFIT / (LOSS) BEFORE TAXATION		2,016	(10,017)	(8,001)	(214)	(3,637)	(3,851)
Taxation	7	2,210	-	2,210	(4,320)	-	(4,320)
RETAINED PROFIT / (LOSS) FOR THE YEAR	14	4,226	(10,017)	(5,791)	(4,534)	(3,637)	(8,171)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Loss for ordinary shareholders	(5,791)	(8,171)
Prior year adjustment arising from the implementation of FRS 19	(5,855)	-
Total gains and losses recognised since previous previous year end	<u>(11,646)</u>	<u>(8,171)</u>

BALANCE SHEET

2 March 2002

	Notes	2002 £ 000	2001 (as restated) £ 000
FIXED ASSETS			
Tangible fixed assets	8	18,211	35,775
Investments	9	8,054	8,054
		<u>26,265</u>	<u>43,829</u>
CURRENT ASSETS			
Stock - finished goods and consumables		1,539	2,336
Debtors	10	30,778	45,320
Cash at bank and in hand		6,340	-
		<u>38,657</u>	<u>47,656</u>
CREDITORS - amounts falling due within one year	11	<u>(58,000)</u>	<u>(73,370)</u>
NET CURRENT LIABILITIES		<u>(19,343)</u>	<u>(25,714)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		6,922	18,115
PROVISIONS FOR LIABILITIES AND CHARGES	12	<u>(4,679)</u>	<u>(10,184)</u>
TOTAL ASSETS LESS LIABILITIES		<u>2,243</u>	<u>7,931</u>
CAPITAL AND RESERVES			
Called up share capital	13	44,764	44,764
Share premium account	14	17,134	17,134
Revaluation reserve	14	1,215	1,113
Profit and loss account	14	<u>(60,870)</u>	<u>(55,080)</u>
SHAREHOLDERS' FUNDS	15	<u>2,243</u>	<u>7,931</u>

M. Mansinghani

Director

MOHAN MANSINGANI

3rd May 2002

ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention as modified by the revaluation of property, and in accordance with applicable Accounting Standards. In accordance with the exemption granted by s228 Companies Act 1985, the company does not prepare consolidated group accounts.

Tangible fixed assets

Prior to the adoption of FRS15 in the 1999/2000 financial year, properties were regularly revalued on a cyclical basis. Since the adoption of FRS15, the group policy has been not to revalue its properties. Consequently the transitional provisions of FRS15 have been applied and, while previous valuations have been retained, they have not been updated. Details of the last revaluations are given in note 5. Other fixed assets are stated at cost.

Depreciable fixed assets are written off on a straight line basis over their estimated useful lives as follows:

- Freehold land is not depreciated.
- Freehold buildings are depreciated to their estimated residual values over periods up to 50 years.
- Leasehold properties are depreciated to their estimated residual values over the shorter of 50 years, their estimated useful lives and their remaining lease periods.
- Retail furniture, fixtures and equipment are depreciated over 4 to 25 years.
- Motor vehicles are depreciated over 4 to 10 years.

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. Any impairment in the value of the fixed assets below depreciated historical cost is charged to the profit and loss account. Profits and losses on disposal of fixed assets reflect the difference between net selling price and net book value at the date of disposal.

Stocks

Stocks are valued at the lower of cost and net realisable value.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken to the profit and loss account for the year.

Turnover

Turnover is the value of goods and services sold, within the UK, as part of the company's continuing ordinary activities after deducting sales based taxes.

Leases

Rental payments in respect of operating leases are charged against operating profit on a straight line basis over the period of the lease.

Vacant properties

Provision is made for the future net rental costs of leasehold properties which are vacant or sub-let below passing rent. The provision is based on estimated future net cash out flows discounted to net present value.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not been reversed by the balance sheet date. Deferred taxation is not recognised when an asset is sold if it is more likely than not that the taxable gain will be rolled over. Deferred taxation assets are recognised to the extent that they are regarded as recoverable. Provisions for deferred taxation are not discounted. Deferred tax assets and liabilities are calculated using the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

Cash flow

As permitted by Financial Reporting Standard No.1 (revised) a cashflow has not been prepared as the company is a wholly owned subsidiary of a European Community parent whose consolidated accounts are publicly available.

Pension Funding

Pension costs are charged to the profit and loss account over the average expected service life of current employees. Actuarial surpluses are amortised over the expected remaining service lives of current employees, using the percentage of pensionable salaries method. Differences between the amount charged in the profit and loss account and payments made to the schemes are treated as assets or liabilities in the balance sheet.

NOTES TO THE ACCOUNTS

1. CHANGES TO ACCOUNTING POLICIES

FRS 19 (Deferred Tax) has been adopted in the current year. The comparative amounts have been restated to comply with the new standard. The effect on the profit and loss account is to reduce the taxation charge for the company by £2,754,000 (2001 - increase £4,343,000). The balance sheet effect is to increase provisions for liabilities and charges by £1,843,000 (2001 - £5,855,000). Provisions for deferred tax have not been calculated on a discounted basis.

FRS 18 (Accounting Policies) has been adopted in the current year. It has had no effect on the reported figures.

Although the first stage of the FRS 17 (Retirement Benefits) transitional arrangements has been adopted in the current year there have been no changes to the reported figures which continue to be prepared on the basis of SSAP 24. The disclosures required under this stage of the transitional arrangements are included within note 5.

2. PROFIT AND LOSS ACCOUNT DETAILS

	<u>2001/02</u> £ 000	<u>2000/01</u> £ 000
Operating loss is stated after charging:		
Depreciation of fixed assets (note 5)	2,578	2,411
Loss on disposal of fixed assets	1,144	112
Operating lease rentals	6,437	6,467
- land and buildings		
- other	-	38
Hire of plant and machinery	9	10

All audit fees are paid by the Restaurants Head Office of the parent company, Whitbread Group PLC and not by the company.

The Pelican Group Limited operates together with BrightReasons Restaurants Limited as part of the Restaurants Division of Whitbread Group PLC. As a result certain support functions are shared with the Restaurants Division and charged to the Division. In addition certain support costs are borne by The Pelican Group Limited in respect of BrightReasons Restaurants Limited.

3. EXCEPTIONAL ITEMS

	<u>2001/02</u> £ 000	<u>2000/01</u> £ 000
Onerous contract provision	(235)	3,451
Impairment of fixed assets	9,108	74
	<u>8,873</u>	<u>3,525</u>

The company has performed an impairment review under FRS 11, resulting in a provision against the property.

NOTES TO THE ACCOUNTS**4. INFORMATION ON DIRECTORS AND EMPLOYEES**

	<u>2001/02</u>	<u>2000/01</u>
	£ 000	£ 000
Staff costs		
Wages and salaries	21,422	22,254
Social security costs	1,427	807
Other pension costs	288	134
	<u>23,137</u>	<u>23,195</u>

The average monthly number of employees (including directors) during the year was made up as follows:

	No.	No.
Administration	37	59
Restaurant	1,349	2,259
	<u>1,386</u>	<u>2,318</u>

Directors' emoluments

The costs of the directors are borne by the Restaurants Division of Whitbread Group PLC. The directors are also members of the Whitbread PLC principal group pension scheme.

5. PENSIONS

Details of the Whitbread PLC pension scheme are set out in the Whitbread PLC Annual Report and Accounts 2001/02. This is re-produced in full below:

The principal group pension scheme, which was available to eligible UK full-time and part-time employees, was closed to new members on 31 December 2001. This scheme is a funded, defined benefit scheme which is based on final pay levels. There was also a defined contribution scheme available to employees which was also closed to new members on 31 December 2001. Contributions to both schemes by both employees and group companies are held in externally invested trustee-administered funds. Members of these schemes are contracted out of the State Earnings Related Pension Scheme. The total non government pension cost for the group, including directors, is analysed below:

	<u>2001/02</u>	<u>2000/01</u>
	£m	£m
Funded schemes	19.8	21.1
Unfunded scheme	0.4	2.1
Overseas schemes	0.1	0.1
	<u>20.3</u>	<u>23.3</u>

The pension cost relating to the Whitbread Group Pension Fund is assessed in accordance with the advice of a firm of actuaries, Bacon & Woodrow, using the projected unit credit valuation basis. As the scheme is now closed to new members the current service cost, under the projected unit credit valuation basis, will increase as a percentage of salary as members of the scheme approach retirement. The pension cost for the year has been based on the latest actuarial valuation which was carried out as at 31 March 1999. The main valuation assumptions were that the return on investments would be 4.25% per annum above inflation, that the annual increase in pensionable salaries (including promotional increases) would be 2.5% above inflation, that the annual increase in pensions in payment would average 0.25% below inflation and that dividend growth would be 1% above inflation. The average expected remaining service life of current employees is 10½ years. At the date of the valuation the market value of the Fund's assets was £1,239m and the actuarial value of those assets represented 97% of the benefits that had accrued to the members. The contribution rate is designed to reduce the deficit to zero over the expected remaining service life of existing members. Membership of the fund at 2 March 2002 was 8,114 (2001- 9,894).

The pension prepayment included in debtors (note 21) represents funding paid to Whitbread Group Pension Fund in excess of the pension cost, plus interest thereon.

NOTES TO THE ACCOUNTS

5. Pensions - continued

Financial Reporting Standard 17 - Retirement Benefits will change fundamentally the calculation and reporting of the cost of retirement benefits. The disclosures below relate to the retirement benefit plans in the UK.

The principal assumptions used by the independent qualified actuaries in updating the most recent valuations of the UK scheme to 2 March 2002 for FRS 17 purposes were:

	At 2/3/02	At 3/3/01
Rate of increase in salaries	4.0%	4.0%
Rate of increase in pensions in payment & deferred pensions	2.5%	2.5%
Discount Rate	5.9%	5.7%
Inflation assumption	2.5%	2.5%

The assets in the scheme and the expected rate of return were:

	Long-term rate of return expected at 2/3/02	Value at 2/3/02 £m	Long-term rate of return expected at 3/3/01	Value at 3/3/01 £m
Equities	7.50%	835.0	7.00%	904.0
Government bonds	5.00%	74.0	4.50%	93.0
Corporate bonds	5.90%	79.0	5.70%	77.0
Property	7.50%	7.0	7.00%	40.0
Cash	4.00%	48.0	5.75%	83.0
Total Market Value of Assets		<u>1,043.0</u>		<u>1,197.0</u>
Present value of scheme liabilities		(1,127.0)		(1,152.0)
Surplus/(deficit) in scheme		<u>(84.0)</u>		<u>45.0</u>
Related deferred tax asset/(liability)		25.2		(13.5)
Net pension asset/(liability)		<u>(58.8)</u>		<u>31.5</u>

If FRS 17 had been adopted in the financial statements, the groups net assets and profit and loss reserve at 2 March 2002 would be as follows:

	2/3/02 £m	3/3/01 £m
Net assets excluding SAAP 24 pension asset/(liability)	(16.1)	(16.4)
Pension asset/(liability)	<u>(58.8)</u>	<u>31.5</u>
	<u>(74.9)</u>	<u>15.1</u>
Profit and loss reserve excluding SSAP 24 pension asset/(liability)	(16.1)	(16.4)
Pension reserve	<u>(58.8)</u>	<u>31.5</u>
	<u>(74.9)</u>	<u>15.1</u>

NOTES TO THE ACCOUNTS**6. INTEREST**

	<u>2001/02</u> £ 000	<u>2000/01</u> £ 000
Interest payable and similar charges		
Loan from parent undertaking	-	1,512
Other	<u>14</u>	<u>-</u>
	<u>14</u>	<u>1,512</u>
Interest receivable		
Other	<u>(15)</u>	<u>(9)</u>
	<u>(1)</u>	<u>1,503</u>

7. TAXATION

	<u>2001/02</u> £ 000	<u>2000/01</u> (as restated) £ 000
Current taxation on losses for the year		
U.K. Corporation Tax	544	226
Adjustments to UK Corporation Tax for earlier periods	-	(249)
Total current taxation	<u>544</u>	<u>(23)</u>
Deferred tax		
Timing differences	238	4,343
Prior year	(2,992)	-
Total deferred taxation	<u>(2,754)</u>	<u>4,343</u>
Total tax charge	<u>(2,210)</u>	<u>4,320</u>
Factors affecting the tax charge for the year		
Loss before tax	<u>(8,001)</u>	<u>(3,851)</u>
Tax at current UK Corporation tax rate of 30% (2001 - 30%)	(2,400)	(1,155)
Effect of:		
Impairment of retail property	2,755	22
Onerous contract provision for lease	(93)	1,035
Expenses not deductible for tax purposes	292	151
Capital allowances in excess of depreciation	(367)	(42)
Sale of retail property	343	(34)
Other disallowable expenses	14	-
	<u>544</u>	<u>(23)</u>

NOTES TO THE ACCOUNTS

8. TANGIBLE FIXED ASSETS

	Retail		
	Land & Buildings £ 000	Furniture, fixtures & equipment £ 000	Total £ 000
Gross amounts 3 March 2001	25,042	27,493	52,535
Additions	(146)	1,483	1,337
Disposals	(6,525)	(2,475)	(9,000)
Transfers (to) / from other group companies	(30)	30	-
Revaluation re inter-company transfer	104	-	104
Gross amounts 2 March 2002	18,445	26,531	44,976
Depreciation 3 March 2001	(5,145)	(11,615)	(16,760)
Depreciation for the year	(973)	(1,605)	(2,578)
Disposals	352	1,357	1,709
Transfers to / (from) other group companies	1	(27)	(26)
Revaluation re inter-company transfer	(2)	-	(2)
Impairment	(9,108)	-	(9,108)
Depreciation 2 March 2002	(14,875)	(11,890)	(26,765)
Net book amounts 2 March 2002	3,570	14,641	18,211
Net book amounts 3 March 2001	19,897	15,878	35,775

	Freehold £ 000	Long leasehold £ 000	Short leasehold £ 000	Total £ 000
Net book amounts of properties				
2 March 2002	-	-	3,570	3,570
3 March 2001	1,685	-	18,212	19,897

The directors have previously carried out a valuation of the company's property. The property was valued at open market value for the purpose of its existing use by chartered surveyors employed by the parent company. If this and previous revaluation's had not taken place, the values of the fixed assets would have been:

	Retail		
	Land & Buildings £ 000	Furniture, fixtures & equipment £ 000	Total £ 000
Gross amounts	17,230	26,531	43,761
Depreciation	(14,875)	(11,890)	(26,765)
Net book amounts 2 March 2002	2,355	14,641	16,996
Net book amounts 3 March 2001	18,784	15,878	34,662

NOTES TO THE ACCOUNTS

9. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

	£ 000
Shares at or under cost	
3 March 2001	8,054
2 March 2002	<u>8,054</u>

	<u>Principal activities</u>	<u>Country of incorporation or registration</u>	<u>Country of principal operations</u>	<u>% equity holding</u>
Principal subsidiary undertakings				
Adamstar Limited	see below	England	England	100
Café Pelican Limited	see below	England	England	100
Café Rouge Limited*	see below	England	England	100
Dragon Inns & Restaurants Limited*	see below	England	England	100
Handyminster Limited	Restaurants	England	England	100
Heathgate Restaurants PLC	Restaurants	England	England	95
Insignia Restaurants One PLC	Restaurants	England	England	100
Yankee Noodle Restaurants Limited #	see below	England	England	100

The principal activity of Heathgate Restaurants PLC and Insignia Restaurants One PLC throughout the year was that of the operation of restaurants. Handyminster Limited ceased to trade during the year. The remaining companies did not trade during the year and will remain dormant for the foreseeable future.

* Indicates held by a subsidiary undertaking. The percentage of voting rights held is the same as the percentage of the nominal value of the shares held.

Preference and ordinary shares held

10. DEBTORS

	<u>2002</u>	<u>2001</u>
	£ 000	£ 000
Trade debtors	541	1,200
Other debtors	909	11
Amounts due from group undertakings	28,360	42,293
Prepayments and accrued income	968	1,816
	<u>30,778</u>	<u>45,320</u>

Amounts due from group undertakings have no fixed repayment date.

11. CREDITORS- amounts falling due within one year

	<u>2002</u>	<u>2001</u>
	£ 000	£ 000
Trade creditors	3,998	3,668
Amounts owed to group undertakings	50,601	7,202
Bank Overdrafts	159	56,773
Other taxes and social security costs	448	750
Other creditors	731	393
Corporation tax payable	1,414	634
Accruals and deferred income	649	3,950
	<u>58,000</u>	<u>73,370</u>

Amounts due to group and parent undertakings have no fixed repayment date.

NOTES TO THE ACCOUNTS**12. PROVISIONS FOR LIABILITIES AND CHARGES**

	Reorganisation Cost £ 000	Onerous contracts £ 000	Deferred Taxation £ 000	Total £ 000
3 March 2001 - as reported	285	4,044	-	4,329
Adjustment for the implementation of FRS 19	-	-	5,855	5,855
3 March 2001 - restated	285	4,044	5,855	10,184
Utilised	(15)	(1,478)	(4,012)	(5,505)
2 March 2002	270	2,566	1,843	4,679

The above deferred tax liabilities relate entirely to capital allowances in advance of depreciation.

13. SHARE CAPITAL

	Authorised 2002 £ 000	2001 £ 000	Allotted, called up and fully paid 2002 £ 000	2001 £ 000
Ordinary shares of 20p each	150,000	150,000	44,764	44,764

14. RESERVES

	Share premium account £ 000	Revaluation reserve £ 000	Profit & loss account £ 000	Total £ 000
3 March 2001 - as reported	17,134	1,113	(49,225)	(30,978)
Adjustment for the implementation of FRS 19	-	-	(5,855)	(5,855)
3 March 2001 - restated	17,134	1,113	(55,080)	(36,833)
Loss retained	-	-	(5,791)	(5,791)
Others	-	-	103	103
Transfer on disposal of property	-	102	(102)	-
2 March 2002	17,134	1,215	(60,870)	(42,521)

15. MOVEMENT IN SHAREHOLDERS' FUNDS

	2002 £ 000	2001 £ 000
Opening shareholders' funds - as reported	13,786	17,614
Adjustment for the implementation of FRS 19	(5,855)	(1,512)
Opening shareholders' funds - restated	7,931	16,102
Other movements	103	-
Loss retained	(5,791)	(8,171)
Closing shareholders' funds	2,243	7,931

NOTES TO THE ACCOUNTS

16. LEASE COMMITMENTS

	2002	2001
	<u>Property</u>	<u>Property</u>
	<u>£ 000</u>	<u>£ 000</u>
Annual payments under operating leases which expire:		
Under one year	176	42
Between two and five years	429	412
More than five years	6,353	6,941
	<u>6,958</u>	<u>7,395</u>

17. CONTINGENT LIABILITIES

The company acts as guarantor in respect of certain leases granted to subsidiary undertakings and in respect of leases which have been disposed of. It is not practical to quantify the extent of any liability which may arise.

18. RELATED PARTIES

The company is a 100% owned subsidiary of Whitbread PLC and has taken advantage of the exemption given in Financial Reporting Standard No.8 not to disclose transactions with other group companies.

19. PARENT UNDERTAKING

The ultimate parent undertaking is Whitbread PLC, registered in England and Wales.

The smallest and largest 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 their accounts can be obtained from Whitbread House, Park Street West, Luton, LU1 3BG