

496062

**STONESHELL
LIMITED**

REPORT & ACCOUNTS

31 January 2002



Registered number 496062

STONESHELL LIMITED

DIRECTORS: C J Wilkins
S C Barratt

SECRETARY: M R Buxton - Smith

AUDITORS: Ernst & Young LLP
Becket House
1 Lambeth Palace Road
London
SE1 7EU

REGISTERED OFFICE: Whitbread House
Park Street West
Luton
LU1 3BG

REGISTERED NUMBER: 496062

DIRECTORS' REPORT

Accounts

The Directors submit to the shareholders their report and accounts for the year ended 31 January 2002.

Principal activity and review of business development

The company's principal activity was to provide funding to the ultimate parent company.

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 amounted to £2,100,000 (2001 - Profit £2,069,600). The directors do not propose a final or interim dividend.

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 holding company, Whitbread PLC including shares under the Whitbread PLC Share Ownership Scheme are as follows:

| Ordinary shares | <u>31 January 2002</u> | <u>31 January 2001</u> |
|-----------------|------------------------|------------------------|
| C J Wilkins | 4,556 | 8,145 |
| S C Barratt | 3,443 | 5,468 |

DIRECTORS' REPORT

Directors' interests cont.

Options over ordinary shares

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

| | | Options held at 1.02.00 | Options granted | | Options exercised | | Options held at 31.01.02 |
|-------------|---|----------------------------|-----------------|-------|-------------------|-------|-----------------------------|
| | | | Number | Price | Number | Price | |
| C J Wilkins | a | 97,000 | 20,000 | 661.4 | - | - | 117,000 |
| | b | 2,897 | 440 | 431.0 | - | - | 3,337 |
| S C Barratt | a | 47,200 | 23,000 | 661.4 | - | - | 70,200 |
| | b | 2,291 | - | - | - | - | 2,291 |

(a) the Executive Share Option Scheme

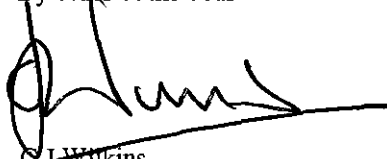
(b) the Savings Related Option Scheme

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.

By order of the board


C J Wilkins
DIRECTOR

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 11 the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all applicable Accounting Standards have been followed. The financial statements have been prepared on a going concern basis.

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 Stoneshell Limited

We have audited the company's financial statements for the year ended 31 January 2002 which comprise the Profit and Loss Account, Balance Sheet, Accounting Policies and related notes 1 to 12. 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.

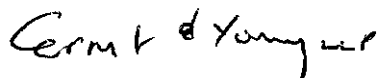
Basis of opinion

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 31 January 2002 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
London

16 September 2002

STONESHELL LIMITED

PROFIT AND LOSS ACCOUNT

| <u>Year ended 31 January 2002</u> | <u>Notes</u> | <u>2001/2</u> £ | <u>2000/1</u> £ |
|-------------------------------------|--------------|-------------------------|-------------------------|
| Administrative expenses | | - | (400) |
| Interest receivable | 2 | <u>3,000,000</u> | <u>3,000,000</u> |
| PROFIT BEFORE TAXATION | | 3,000,000 | 2,999,600 |
| Taxation | 4 | (900,000) | (930,000) |
| RETAINED PROFIT FOR THE YEAR | 9 | <u>2,100,000</u> | <u>2,069,600</u> |

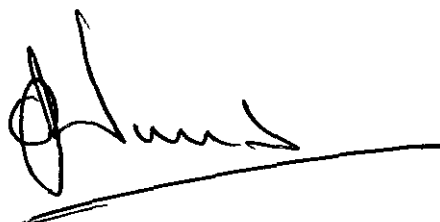
There were no recognised gains or losses other than those recognised in the profit and loss account.

STONESHELL LIMITED

BALANCE SHEET

31 January 2002

| | <u>Notes</u> | <u>2002</u> £ | <u>2001</u> £ |
|--|--------------|--------------------------|--------------------------|
| CURRENT ASSETS | | | |
| Debtors | 6 | 53,092,668 | 51,715,353 |
| Cash at bank and in hand | | <u>5,883,831</u> | <u>5,883,831</u> |
| | | 58,976,499 | 57,599,184 |
| CREDITORS - amounts falling due within one year | | | |
| | 7 | <u>(723,750)</u> | <u>(1,446,435)</u> |
| NET CURRENT ASSETS | | <u><u>58,252,749</u></u> | <u><u>56,152,749</u></u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 8 | 51,000,000 | 51,000,000 |
| Profit and loss account | 9 | <u>7,252,749</u> | <u>5,152,749</u> |
| EQUITY SHAREHOLDERS' FUNDS | 10 | <u><u>58,252,749</u></u> | <u><u>56,152,749</u></u> |



Director

2002

ACCOUNTING POLICIES

Accounting convention

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

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 statement

As permitted by Financial Reporting Standard No. 1 (revised), a cash flow statement has not been prepared by the company.

Comparative amounts

Comparative amounts are restated where necessary to conform to current presentation.

NOTES TO THE ACCOUNTS

1. CHANGES TO ACCOUNTING POLICIES

FRS 19 (Deferred Tax) has been adopted in the current year. It has had no effect on the reported figures.

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

The first stage of FRS 17 (Retirement Benefits) transitional arrangements has been adopted in the current year. It has had no effect on the reported figures.

2. INTEREST

| | <u>2002</u> | <u>2001</u> |
|---|------------------|------------------|
| | £ | £ |
| Interest received on loan to parent undertaking | <u>3,000,000</u> | <u>3,000,000</u> |
| | <u>3,000,000</u> | <u>3,000,000</u> |

3. DIRECTORS' EMOLUMENTS

No directors' remuneration was paid by the company in the year, or in the previous year.

4. TAXATION

Current taxation on profits for the year

| | | |
|---|----------------|----------------|
| U.K. Corporation Tax at 30.00% (2000/1 - 30.00%) | 900,000 | 930,000 |
| Adjustments to UK Corporation Tax for earlier periods | - | - |
| Total current taxation | <u>900,000</u> | <u>930,000</u> |

Deferred tax

| | | |
|--------------------------------|----------|----------|
| Timing differences | - | - |
| Prior year | - | - |
| Total deferred taxation | <u>-</u> | <u>-</u> |

Total tax charge

| | |
|----------------|----------------|
| <u>900,000</u> | <u>930,000</u> |
|----------------|----------------|

Factors affecting the tax charge for the year

| | | |
|--|------------------|------------------|
| Profit before tax | <u>3,000,000</u> | <u>2,999,600</u> |
| Tax at current UK Corporation tax rate of 30% (2000/1 - 30%) | 900,000 | 899,880 |
| Effect of: | | |
| Rate adjustment | - | 30,120 |
| | <u>900,000</u> | <u>930,000</u> |

5. AUDITORS REMUNERATION

| | | |
|-------|----------|------------|
| Audit | <u>-</u> | <u>400</u> |
|-------|----------|------------|

NOTES TO THE ACCOUNTS

6. DEBTORS

| | <u>2002</u> | <u>2001</u> |
|--|-------------------|-------------------|
| | £ | £ |
| Loan account | 50,000,000 | 50,000,000 |
| Other amounts owed by group undertakings | 3,092,668 | 1,715,353 |
| | <u>53,092,668</u> | <u>51,715,353</u> |

The above amounts have no fixed repayment date.

7. CREDITORS- amounts falling due within one year

| | <u>2002</u> | <u>2001</u> |
|--------------------|----------------|------------------|
| | £ | £ |
| Income tax payable | 600,000 | 1,322,685 |
| Other creditors | 123,750 | 123,750 |
| | <u>723,750</u> | <u>1,446,435</u> |

8. SHARE CAPITAL

| | <u>Authorised</u> | <u>Allotted, called up and fully paid</u> |
|--|-------------------|---|
| | £ | £ |
| Ordinary shares of £1 each as at 31 January 2002 and 31 January 2001 | <u>61,000,000</u> | <u>51,000,000</u> |

9. PROFIT AND LOSS ACCOUNT

| | <u>2002</u> | <u>2001</u> |
|-----------------|------------------|------------------|
| | £ | £ |
| 31 January 2001 | 5,152,749 | 3,083,149 |
| Profit retained | 2,100,000 | 2,069,600 |
| 31 January 2002 | <u>7,252,749</u> | <u>5,152,749</u> |

NOTES TO THE ACCOUNTS

10. MOVEMENT IN SHAREHOLDERS' FUNDS

| | <u>2002</u> | <u>2001</u> |
|---|--------------------------|--------------------------|
| | £ | £ |
| Shareholders' funds at 31 January 2001 | 56,152,749 | 54,083,149 |
| Profit earned for ordinary shareholders | <u>2,100,000</u> | <u>2,069,600</u> |
| Shareholders' funds at 31 January 2002 | <u><u>58,252,749</u></u> | <u><u>56,152,749</u></u> |

11. RELATED PARTIES

The company is a wholly 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.

12. PARENT UNDERTAKING

The parent undertaking of the 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.