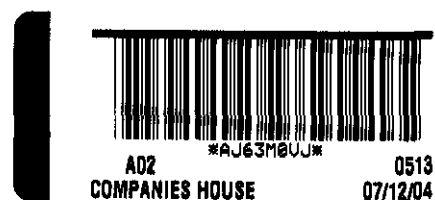


**PRIORY LEISURE  
LIMITED**

**REPORT & ACCOUNTS**

**4 March 2004**

Registered number 996804



# PRIORY LEISURE LIMITED

**DIRECTORS:** S C Barratt  
R W Fairhurst (appointed 8 November 2004)  
C J Wilkins (resigned 8 November 2004)

**SECRETARY:** R W Fairhurst (appointed 30 January 2004)  
D C Lowry (appointed 30 January 2004)  
E A Thorpe (resigned 30 January 2004)

**AUDITORS:** Ernst & Young LLP  
1 More London Place  
London  
SE1 2AF

**REGISTERED OFFICE:** 25th Floor  
CityPoint  
One Ropemaker Street  
London  
EC2Y 9HX

**REGISTERED NUMBER:** 996804

# PRIORY LEISURE LIMITED

## DIRECTORS' REPORT

### Accounts

The directors submit to the shareholders their report and accounts for the year ended 4 March 2004.

### Principal activity and review of business development

The company has not traded during the year. The directors have declared an interim dividend of £nil (2002/03 - £2).

### Directors

The directors of the company at the year end are listed on page 1. R W Fairhurst was appointed as a director on 8 November 2004 and C J Wilkins resigned at the same date.

### 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	4 March 2004	2 March 2003
S C Barratt	3,547	3,539
C J Wilkins	4,586	4,586

### 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 2.03.03	Options granted		Options exercised/ (options lapsed)		Options held at 4.3.04
			Number	Price (p)	Number	Price (p)	
S C Barratt	a	94,200	22,000	642.5	-	-	116,200
	b	1,988	-	-	540	638.6	
					528	549.7	920
C J Wilkins	a	137,000	20,000	642.5	49,500	498.8	107,500
	b	3,603	-	-	(1,080)	-	2,523

(a) the Executive Share Option Scheme

(b) the Savings Related Share Option Scheme

### Auditors

Ernst & Young LLP have expressed their willingness to continue in office as auditors of the company and a resolution proposing their re-appointment will be put to shareholders at the AGM.

By order of the board



D C LOWRY  
COMPANY SECRETARY

26 November 2004

# **PRIORY LEISURE LIMITED**

## **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 4, 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 5 to 7 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.

# PRIORY LEISURE LIMITED

## INDEPENDENT AUDITORS' REPORT

### to the members of Priory Leisure Limited

We have audited the company's financial statements for the year ended 4 March 2004 which comprise the Profit and Loss Account, Balance Sheet, Accounting Policies and the related notes 1 to 7. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### 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.

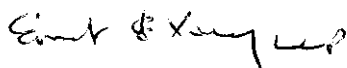
### Basis of audit opinion

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 4 March 2004 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

26 November

2004

# PRIORY LEISURE LIMITED

## PROFIT AND LOSS ACCOUNT

<u>Year ended 4 March 2004</u>	<u>Notes</u>	<u>2003/04</u>	<u>2002/03</u>
		<u>£</u>	<u>£</u>
PROFIT BEFORE AND AFTER TAXATION		-	-
Ordinary dividends	1	-	(2)
RETAINED LOSS FOR THE YEAR	4	<u>-</u>	<u>(2)</u>

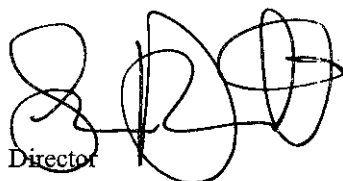
There were no recognised gains or losses other than those recognised in the profit and loss account.

# PRIORY LEISURE LIMITED

## BALANCE SHEET

4 March 2004

	<u>Notes</u>	<u>4 March 2004</u> £	<u>1 March 2003</u> £
<b>CURRENT ASSETS</b>			
Debtors	2	<u>500</u>	<u>500</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u><b>500</b></u>	<u><b>500</b></u>
 <b>CAPITAL AND RESERVES</b>			
Called up share capital	3	<u>500</u>	<u>500</u>
Profit and loss account	4	<u>-</u>	<u>-</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>	5	<u><b>500</b></u>	<u><b>500</b></u>

  
Director

26 November 2004

# PRIORY LEISURE LIMITED

## ACCOUNTING POLICIES

### Accounting convention

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

### Cash flow

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

## NOTES TO THE ACCOUNTS

### 1. DIVIDEND

An interim dividend of £nil (2003 : £2) has been proposed and paid.

### 2. DEBTORS

Amounts due from group and parent undertakings

<u>4 March 2004</u>	<u>1 March 2003</u>
£	£

<u>500</u>	<u>500</u>
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### 3. SHARE CAPITAL

	<u>Authorised</u>		<u>4 March 2004</u>		<u>1 March 2003</u>	
	<u>2004</u>	<u>2003</u>	<u>Allotted, called up and fully paid</u>		<u>2004</u>	<u>2003</u>
	£	£	£		£	£
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>500</u>		<u>500</u>	

### 4. RESERVES

	<u>4 March 2004</u>	<u>1 March 2003</u>
	£	£
1 March 2003	-	2
Loss for year	-	(2)
4 March 2004	<u>-</u>	<u>-</u>

### 5. SHAREHOLDERS FUNDS

	<u>4 March 2004</u>	<u>1 March 2003</u>
	£	£
1 March 2003	500	502
Loss for year	-	(2)
4 March 2004	<u>500</u>	<u>500</u>

### 6. 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.

### 7. PARENT UNDERTAKING

The company's immediate parent undertaking is Country Club Hotels Limited, registered in England and Wales. The smallest group of which the company is a member is Whitbread Hotel Company Limited, registered in England and Wales. It has included the company in its group financial statements, copies of which are available from its registered office: 25th Floor, CityPoint, One Ropemaker Street, London, EC2Y 9HX.

The parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the company is a member is Whitbread PLC, registered in England and Wales. Copies of their financial statements can be obtained from 25th Floor, CityPoint, One Ropemaker Street, London, EC2Y 9HX.