

Registered Number: 00996804

Priory Leisure Limited

Directors' report and financial statements

for the period 4 March 2005 to 31 December 2005



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Priory Leisure Limited

Contents

Directors' report	2-3
Independent auditors' report	4
Balance sheet	5
Notes to the financial statements	6-8

Priory Leisure Limited

Directors' report

for the period 4 March 2005 to 31 December 2005

The directors present their annual report and the audited financial statements of the company for the period ended 31 December 2005.

Change of accounting reference date

During the period the company changed its accounting reference date from 3 March to 31 December.

Principal activities, and review of business and future developments

The company has not traded during the period and was dormant during the previous year.

On 5 May 2005, Whitbread Group PLC, the company's former ultimate parent undertaking sold its franchised Marriott hotels to Condor Overseas Holdings Limited, a joint venture with Marriott UK Acquisition Company Limited. The company formed part of the disposal transaction and was sold to this joint venture. Under this re-structure, the company was required to increase its issued share capital to £100,000.

Subsequent to the period end, Condor Overseas Holdings Limited and its hotel trading subsidiaries were sold. Following this disposal, the company is now a subsidiary undertaking within the group of Whitbread Group PLC.

Directors and their interests

The directors who held office during the period and up to the date of this report were as follows:

S Barratt	appointed 14 July 2005
D Taljaard	appointed 14 July 2005, resigned 15 September 2006
J Coughtrie	appointed 15 July 2005, resigned 8 May 2006
J Healy	appointed 15 July 2005, resigned 8 May 2006
Whitbread Directors 1 Limited	resigned 14 July 2005
Whitbread Directors 2 Limited	resigned 14 July 2005

None of the directors or their families had any interest in the share capital of the company or any other company in the group.

Priory Leisure Limited

Directors' report (continued) for the period 4 March 2005 to 31 December 2005

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements the directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Ernst & Young LLP have been appointed as auditors to the company and a resolution to re-appoint them will be proposed at the next Annual General Meeting of the company.

By order of the Board



S Barratt
Director

24.10

2006

Priory Leisure Limited

Independent auditors' report to the members of Priory Leisure Limited

We have audited the company's financial statements for the period ended 31 December 2005 which comprise the Balance Sheet and the related notes 1 to 9. These financial statements have been prepared under 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

The directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 other transactions 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.

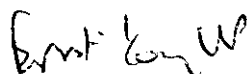
Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered auditor
Luton

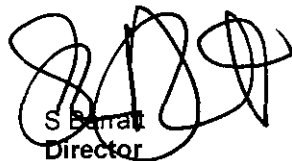
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Priory Leisure Limited

Balance sheet at 31 December 2005

	Note	31 December 2005	3 March 2005
		£	£
Current assets			
Debtors	4	100,000	500
Net assets		100,000	500
Capital and reserves			
Called up share capital	5	100,000	500
Total equity shareholder's funds	6	100,000	500

The financial statements on pages 5 to 8 were approved by the board of directors on
29.1.06 2006 and were signed on its behalf by:


S Barratt
Director

Priory Leisure Limited

Notes to the financial statements for the period 4 March 2005 to 31 December 2005

1 Accounting policies

Basis of preparation

The financial statements have been prepared on the going concern basis and under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom.

Taxation

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

2 Cash flow statement and related party disclosures

The company's results are included within the consolidated financial statements of Wentworth No.1 Limited, the company's penultimate parent undertaking. The consolidated financial statements of Wentworth No.1 Limited are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1. The company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Wentworth No. 1 Limited group.

3 Auditors' remuneration

Auditors' remuneration for the period is borne by the company's ultimate parent undertaking.

4 Debtors

	31 December 2005	3 March 2005
	£	£
Amounts due from parent undertaking	100,000	500

The above debts are unsecured, interest-free and have no fixed repayment date.

Priory Leisure Limited

Notes to the financial statements (continued) for the period 4 March 2005 to 31 December 2005

5 Share capital

	31 December 2005	3 March 2005
	£	£
Authorised		
250,000 ordinary shares of £1 each	250,000	1,000
Allotted, called up and fully paid		
100,000 ordinary shares of £1 each	100,000	500

During the period, the company's authorised share capital was increased by 249,000 ordinary shares of £1 each. A further 99,500 £1 ordinary shares were issued at par as part of a group restructure.

6 Reconciliation of movement in shareholder's funds

	31 December 2005	3 March 2005
	£	£
Opening shareholder's funds	500	500
Issue of shares in the period (note 5)	99,500	-
Closing shareholder's funds	100,000	500

7 Contingent liabilities

The company provided guarantees in respect of a bank loan to Wentworth No 3 Limited, a company within the Condor Overseas Holdings Limited group. The guarantees relate to the full payments due, and the punctual performance of all of the borrower's obligations under the terms of the loan.

Priory Leisure Limited

Notes to the financial statements (continued) for the period 4 March 2005 to 31 December 2005

8 Ultimate parent undertaking

The company's immediate parent undertaking is Country Club Hotels Limited a company registered in the United Kingdom.

At 31 December 2005 the penultimate parent undertaking is Wentworth No. 1 Limited, a company incorporated in the British Virgin Islands, which is the parent undertaking of the smallest group to consolidate these financial statements.

At 31 December 2005 the ultimate parent undertaking is Condor Overseas Holdings Limited, which is the parent undertaking of the largest group to consolidate these financial statements. Condor Overseas Holdings Limited is registered in the British Virgin Islands and at 31 December 2005, is a joint venture between Whitbread Group PLC and Marriott UK Acquisition Company Limited. These are joint ultimate controlling parties.

As explained in note 9, subsequent to the period end, the ultimate parent undertaking and controlling party of the company is Whitbread Group PLC.

9 Post balance sheet events

Subsequent to the period end, Condor Overseas Holdings Limited and its hotel trading subsidiaries were sold. Following this disposal the company is now a subsidiary undertaking within the group of Whitbread Group PLC.