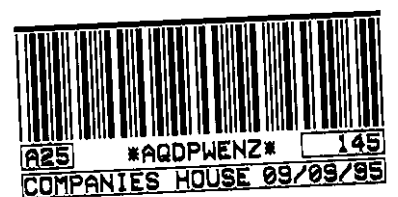


PRIORY LEISURE LIMITED

DIRECTORS' REPORT AND ACCOUNTS

25 FEBRUARY 1995

Registered Number: 996804



PRIORY LEISURE LIMITED

DIRECTORS: M D Hampson
G R L Windle

SECRETARY: N J Fenton

REGISTERED OFFICE: Chiswell Street
London
EC1Y 4SD

AUDITORS: Ernst & Young
400 Capability Green
Luton
LU1 3LU

REGISTERED NUMBER 996804

PRIORY LEISURE LIMITED

DIRECTORS' REPORT

Accounts

The directors submit to the shareholders their report and accounts for the year ended 25 February 1995.

Principal activity and review of business development

The company did not trade during the year.

Fixed assets

The movements of fixed assets during the year are set out in note 2 to the accounts.

Directors

The Directors of the Company at 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 interest of the directors in shares and options over the ordinary shares in the holding company, Whitbread PLC, including shares held under the Whitbread PLC Share Ownership Scheme, are as follows:-

Ordinary shares

	<u>25 February 1995</u>	<u>26 February 1994</u>
M D Hampson	194	142
G R L Windle	12,140	10,029

PRIORY LEISURE LIMITED

DIRECTORS' REPORT

Directors' interests

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:-

		<u>Options held</u> <u>at 27/2/94</u>	<u>Options granted</u>		<u>Options exercised</u>		<u>Options held</u> <u>at 25/2/95</u>
			<u>Number</u>	<u>Price</u>	<u>Number</u>	<u>Price</u>	
M D Hampson	a	46,500	5,600	537.6p	-	-	52,100
	b	2,371	681	440.0p	-	-	3,052
G R L Windle	a	17,800	17,300	537.6p	-	-	35,100
	b	4,370	1,363	440.0p	1,877	319.5p	3,856

(a) the Executive Share Option Scheme

(b) the Savings Related Share Option Scheme

Auditors

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

By order of the Board

Nicola J Fenton

SECRETARY

4 SEPTEMBER 1995

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO FINANCIAL STATEMENTS

The following statement, which should be read in conjunction with the auditors' statement of auditors' responsibilities set out on page 5, is made with a view to distinguishing 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 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 fraud and other irregularities.

PRIORY LEISURE LIMITED

AUDITORS' REPORT

REPORT OF THE AUDITORS

to the members of Priory Leisure Limited

We have audited the accounts on pages 6 to 9 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 4, the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.


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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company at 25 February 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Chartered Accountants
Registered Auditor
Luton

5 September 1995

PRIORY LEISURE LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 25 February 1995

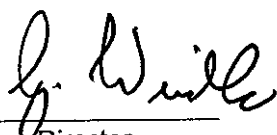
	<u>Notes</u>	<u>1994/95</u> £	<u>1993/94</u> £
Taxation	1	9,147	-
RETAINED PROFIT FOR THE YEAR	5	<u>9,147</u>	<u>-</u>

There were no recognised gains or losses except those recognised in the profit and loss account

BALANCE SHEET

25 February 1995

	<u>Notes</u>	<u>1995</u> £	<u>1994</u> £
FIXED ASSETS			
Tangible assets	2	889,111	889,111
CREDITORS - amounts falling due within one year	3	(46,429)	(55,576)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>842,682</u>	<u>833,535</u>
CAPITAL AND RESERVES			
Called up share capital	4	500	500
Revaluation reserve	5	790,526	790,526
Profit and loss account	5	<u>51,656</u>	<u>42,509</u>
SHAREHOLDERS' FUNDS	6	<u>842,682</u>	<u>833,535</u>



Director

GRAHAM R. L. WINKLE

4 SEPTEMBER 1995

PRIORY LEISURE LIMITED

ACCOUNTING POLICIES

a) **Accounting Convention**

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

b) **Depreciation**

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, freehold licensed premises are maintained in such state of repair that the aggregate of their residual value is at least equal to their book amounts. In the opinion of the directors, any depreciation of these properties would not be material.

c) **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 in the foreseeable future.

PRIORY LEISURE LIMITED

NOTES TO THE ACCOUNTS

1. TAXATION

	<u>1994/95</u>	<u>1993/94</u>
	<u>£</u>	<u>£</u>
Adjustment to prior year tax charges	<u>9,147</u>	<u>-</u>

2. TANGIBLE FIXED ASSETS

Freehold
retail
property
£

Cost or valuation:

At 26 February 1994 and 25 February 1995	<u>889,111</u>
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Depreciation:

At 26 February 1994 and 25 February 1995	<u>-</u>
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Net book amounts:

At 26 February 1994 and 25 February 1995	<u>889,111</u>
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The directors carried out a valuation of the company's property as at 27 February 1993. 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 revaluations had not taken place the book value of fixed assets would be:

Gross and net book amounts:	
At 26 February 1994 and 25 February 1995	<u>100,007</u>

PRIORY LEISURE LIMITED

NOTES TO THE ACCOUNTS

3. CREDITORS- AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1995</u> £	<u>1994</u> £
Amounts due to group and parent undertakings	<u>46,429</u>	<u>55,576</u>

4. SHARE CAPITAL

	1995 £	Authorised 1994 £	Allotted, called up and fully paid 1995 £	1994 £
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>500</u>	<u>500</u>

5. RESERVES

	Reval- uation reserve £	Profit & loss account £	Total £
26 February 1994	790,526	42,509	833,035
Profit retained	-	9,147	9,147
25 February 1995	<u>790,526</u>	<u>51,656</u>	<u>842,182</u>

6. MOVEMENT IN SHAREHOLDERS' FUNDS

	<u>1995</u> £	<u>1994</u> £
Shareholders' funds at 26 February 1994	833,535	833,535
Profit earned for ordinary shareholders	<u>9,147</u>	-
Shareholders' funds at 25 February 1995	<u>842,682</u>	<u>833,535</u>

7. 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 the accounts of Whitbread PLC can be obtained from Chiswell Street, London EC1Y 4SD.