

**GOODWOOD
PARK HOTEL
LIMITED**

REPORT & ACCOUNTS

4 March 2004

Registered number 1326672



GOODWOOD PARK HOTEL LIMITED

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GOODWOOD PARK HOTEL LIMITED

DIRECTORS: Mr G R L Windle (Chairman)
Mr R N Fabricius
The Earl of March and Kinrara
Mr D J Beswick
Mr N J Northam
Mr R J Knight
The Duke of Richmond and Gordon (resigned 20 March 2003)

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

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

BANKERS: National Westminster Bank plc
32 Corn Street
Bristol
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Citypoint
One Ropemaker Street
London
EC2Y 9HX

REGISTERED NUMBER: 1326672

GOODWOOD PARK HOTEL 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 principal activity of the company during the year was the operation of one hotel incorporating a golf and country club, the Goodwood Park Marriott Hotel & Country Club. This hotel traded under the Marriott brand as part of a franchise agreement with Marriott International.

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

Results and dividends

The profit for the year after tax amounted to £523,230 (2002/3 - £713,602). The directors do not recommend the payment of a dividend.

Supplier payment policy

Since purchases of goods and services are dealt with through the parent undertaking, Whitbread Group PLC, the company does not have any trade creditors. It is not, therefore, appropriate to disclose the number of days taken to pay creditors. For invoices paid by Whitbread PLC, the company adheres to the payment terms which have been agreed with a supplier. Where payment terms have not specifically been 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 dependent upon suppliers sending accurate and adequately detailed invoices to the correct address on a timely basis.

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

The directors of the company during the year and up to the date of this report are listed on page 1. The Duke of Richmond and Gordon resigned from the board on 20 March 2003.

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>4 March 2004</u>	<u>2 March 2003</u>
D J Beswick	578	578
G R L Windle	14,910	14,488
N J Northam	1,691	423

GOODWOOD PARK HOTEL LIMITED

DIRECTORS' REPORT

Director's interests (continued)

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 or appointment	Options granted		Options exercised/ (Options lapsed)		Options held at 4.03.04
			Number	Price	Number	Price	
D J Beswick	b	2,345	-	-	2,345	413.0	-
G R L Windle	a	71,300	20,000	642.5	-	-	91,300
	b	4,012	-	-	-	-	4,012
N J Northam	a	18,000	11,000	642.5	-	-	29,000
	b	2,949	2,076	610.7	(864) 1,268	- 739.5	2,893

(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.

By order of the board

DIRECTOR

Nicholas Northam 2004
10th December 2004

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 accounts.

The directors are required by the Companies Act 1985 to prepare accounts 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 accounts on pages 6 to 14 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 accounts 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 accounts 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.

GOODWOOD PARK HOTEL LIMITED

INDEPENDENT AUDITORS' REPORT to the members of Goodwood Park Hotel 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, Cash Flow Statement, Accounting Policies and related notes 1 to 19. 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 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 United Kingdom 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 as at 4 March 2004 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

10 December

2004

GOODWOOD PARK HOTEL LIMITED

PROFIT AND LOSS ACCOUNT

<u>Year ended 4 March 2004</u>	<u>Notes</u>	<u>2003/4</u>	<u>2002/3</u>
		<u>£</u>	<u>(restated)</u>
			<u>£</u>
TURNOVER		5,954,419	5,922,973
Cost of sales		<u>(2,859,849)</u>	<u>(2,680,169)</u>
GROSS PROFIT		3,094,570	3,242,804
Administrative expenses		<u>(2,271,813)</u>	<u>(2,064,941)</u>
OPERATING PROFIT	2, 3	822,757	1,177,863
Interest	4	<u>(118,444)</u>	<u>(128,588)</u>
PROFIT BEFORE TAXATION		704,313	1,049,275
Taxation	5	<u>(181,083)</u>	<u>(335,673)</u>
RETAINED PROFIT FOR THE YEAR	12	<u>523,230</u>	<u>713,602</u>

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

There is no difference between the profit on ordinary activities before taxation and the retained profit for the period stated above, and their historical cost equivalents.

All activities of the company are continuing during the year.

GOODWOOD PARK HOTEL LIMITED

BALANCE SHEET

4 March 2004

	<u>Notes</u>	<u>2004</u>	<u>2003</u>
		£	£
FIXED ASSETS			
Tangible assets	6	<u>12,084,455</u>	<u>11,710,929</u>
CURRENT ASSETS			
Stocks - finished goods for resale		88,195	76,454
Debtors	7	447,188	626,872
Cash at bank and in hand		<u>1,992,487</u>	<u>1,090,954</u>
		2,527,870	1,794,280
CREDITORS - amounts falling due within one year	8	<u>(2,368,872)</u>	<u>(1,327,033)</u>
NET CURRENT ASSETS		<u>158,998</u>	<u>467,247</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		12,243,453	12,178,176
CREDITORS - amounts falling due after more than one year	9	(3,693,708)	(4,143,708)
PROVISIONS FOR LIABILITIES AND CHARGES	10	(949,437)	(957,390)
TOTAL ASSETS LESS LIABILITIES		<u><u>7,600,308</u></u>	<u><u>7,077,078</u></u>
CAPITAL AND RESERVES			
Called up share capital	11	100,000	100,000
Revaluation reserve	12	2,027,824	2,040,759
Profit and loss account	12	<u>5,472,484</u>	<u>4,936,319</u>
EQUITY SHAREHOLDERS' FUNDS	13	<u><u>7,600,308</u></u>	<u><u>7,077,078</u></u>

Director

Nathan / Northam
2004

10th December 2004

GOODWOOD PARK HOTEL LIMITED

CASH FLOW STATEMENT

Year ended 4 March 2004

	Notes	2003/4		2002/3	
		£	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	14		2,764,601		1,950,671
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest paid		<u>(118,444)</u>		<u>(128,588)</u>	
NET CASH (OUTFLOW) FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			(118,444)		(128,588)
TAXATION					
UK Corporation Tax (paid)/received			(348,409)		(184,697)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT					
Purchase of property and plant		<u>(946,215)</u>		<u>(123,661)</u>	
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES			(946,215)		(123,661)
NET CASH INFLOW BEFORE FINANCING			1,351,533		1,513,725
Net funding from group and parent undertakings:					
Loan capital repaid	15		(450,000)		(650,000)
INCREASE IN CASH	15		901,533		863,725

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.

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 FRS 15 have been applied and, while previous valuations have been retained, they have not been updated. 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.

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.

Deferred tax

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 taxation are not discounted. Deferred tax assets and liabilities are calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

NOTES TO THE ACCOUNTS**1. CHANGES IN ACCOUNTING POLICIES**

The profit and loss account has been adjusted to reflect the current profile of Goodwood Park Hotel Limited's predominantly retail business. The major change is that costs of its operating outlets are now classified as distribution costs whereas previously they were classified as costs of sale. Comparative figures have been restated accordingly. The effect on the 2003 numbers has been to reduce cost of sales by £1,540,208 and increase administration expenses by £1,540,208. There is no effect on operating profit.

2. PROFIT AND LOSS ACCOUNT DETAILS

	<u>2003/4</u>	<u>2002/3</u>
	£	£
Profit is stated after charging:		
Depreciation of fixed assets (note 6)	573,455	548,468
Operating lease rentals - plant and machinery	<u>17,426</u>	<u>19,953</u>

Day to day transactions with The Goodwood Estate Co. Ltd amounted to £83,621 (2002/3 - £78,420) charged to the company on an arms length basis. All other costs, amounting to £4,474,586 (2002/3 - £4,118,222), are incurred by Whitbread Group PLC on behalf of the company and recharged to the company.

3. STAFF COSTS

Other costs of sales, including staff costs, are incurred by the parent undertaking and recharged to the company on an arms length basis. No director received any remuneration from the company during the year.

4. INTEREST

	<u>2003/4</u>	<u>2002/3</u>
	£	£
Interest payable on loan from parent undertaking	151,860	177,368
Less interest receivable	<u>(33,416)</u>	<u>(48,780)</u>
	<u>118,444</u>	<u>128,588</u>

5. TAX

	<u>2003/4</u>	<u>2002/3</u>
	£	£
Current tax on profits for the year		
U.K. Corporation Tax	189,036	300,962
Adjustments to UK Corporation Tax for earlier periods	-	22,838
Total current tax	<u>189,036</u>	<u>323,800</u>
Deferred tax		
Timing differences	58,533	34,711
Prior year	<u>(66,486)</u>	<u>(22,838)</u>
Total deferred tax	<u>(7,953)</u>	<u>11,873</u>
Total tax charge	<u>181,083</u>	<u>335,673</u>
Factors affecting the tax charge for the year		
Profit before tax	<u>704,313</u>	<u>1,049,275</u>
Tax at current UK Corporation tax rate of 30% (2002/3 - 30%)	211,294	314,783
Effect of:		
Capital allowances in excess of depreciation	(58,533)	(34,711)
Depreciation of assets not qualifying for capital allowances	34,475	19,390
Other disallowable expenses	1,800	1,500
Adjustments to earlier periods	-	22,838
	<u>189,036</u>	<u>323,800</u>

GOODWOOD PARK HOTEL LIMITED

NOTES TO THE ACCOUNTS

6. TANGIBLE FIXED ASSETS

	<u>Land & buildings</u> £	<u>Furniture, fixtures & equipment</u> £	<u>Total</u> £
Gross amounts 1 March 2003	9,685,050	5,121,908	14,806,958
Additions	266,423	680,558	946,981
Disposals	-	(335,710)	(335,710)
Gross amounts 4 March 2004	<u>9,951,473</u>	<u>5,466,756</u>	<u>15,418,229</u>
Depreciation 1 March 2003	(331,110)	(2,764,919)	(3,096,029)
Depreciation for the year	(85,616)	(487,839)	(573,455)
Disposals	-	335,710	335,710
Depreciation 4 March 2004	<u>(416,726)</u>	<u>(2,917,048)</u>	<u>(3,333,774)</u>
Net book amounts 4 March 2004	<u>9,534,747</u>	<u>2,549,708</u>	<u>12,084,455</u>
Net book amounts 1 March 2003	<u>9,353,940</u>	<u>2,356,989</u>	<u>11,710,929</u>

All land and buildings are held on long leasehold.

The directors carried out a valuation of the company's property during 1994/5. 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 values of the fixed assets would have been:

	<u>Land & buildings</u> £	<u>Furniture, fixtures & equipment</u> £	<u>Total</u> £
Gross amounts	7,858,993	5,466,756	13,325,749
Depreciation	(352,070)	(2,917,048)	(3,269,118)
Net book amounts 4 March 2004	<u>7,506,923</u>	<u>2,549,708</u>	<u>10,056,631</u>
Net book amounts 1 March 2003	<u>7,313,181</u>	<u>2,356,989</u>	<u>9,670,170</u>

7. DEBTORS

	<u>2004</u> £	<u>2003</u> £
Trade debtors	150,542	155,843
Amounts due from Whitbread group undertakings	182,586	310,011
Prepayments and accrued income	114,060	161,018
	<u>447,188</u>	<u>626,872</u>

Included above is £1,109 (2003 - £84) due from The Goodwood Estate Co. Ltd, a related party.

8. CREDITORS - amounts falling due within one year

	<u>2004</u> £	<u>2003</u> £
Amounts owed to Whitbread group undertakings	1,872,498	381,876
Corporation Tax	117,669	277,042
Other creditors	148,170	231,514
Accruals and deferred income	230,535	436,601
	<u>2,368,872</u>	<u>1,327,033</u>

GOODWOOD PARK HOTEL LIMITED

NOTES TO THE ACCOUNTS

9. CREDITORS - amounts falling due after more than one year

	2004	2003
	£	£
Debentures	821,708	1,121,708
Loan due to parent undertakings	2,872,000	3,022,000
	<u>3,693,708</u>	<u>4,143,708</u>

The debentures, which are secured on the Marriott Goodwood Park Hotel, are interest free and repayable at the option of the company. The debentures are held by Country Club Hotels Limited (£615,396) and The Goodwood Estate Co. Ltd (£206,312) both of whom are related parties. The amount due to the parent undertaking is a loan secured on assets of the company, ranking after the debentures. From 1 July 2001 interest became payable at 1.5% over 3 month LIBOR, subject to a maximum of 8.35% and a minimum of 4.5%, with repayments of £150,000 on the first to the ninth anniversary of 1 July 2001 and one payment of £1,822,000 on 1 July 2011.

10. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred tax
	£
1 March 2003	957,390
Other movements	(66,486)
Created	58,533
4 March 2004	<u>949,437</u>

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

No provision has been made for tax on any gains which might arise in the event of properties being sold at their revalued amounts, as in the ordinary course of business the majority of properties would be retained indefinitely.

11. SHARE CAPITAL

	Authorised, allotted, called up and fully paid	
	2004	2003
	£	£
'A' ordinary shares of £1 each	30,000	30,000
'B' ordinary shares of £1 each	70,000	70,000
	<u>100,000</u>	<u>100,000</u>

The 'A' and 'B' shares rank pari passu in all respects save the number of directors which can be appointed by each share class.

12. RESERVES

	Revaluation reserve	Profit & loss account	Total
	£	£	£
1 March 2003	2,040,759	4,936,319	6,977,078
Depreciation transferred	(12,935)	12,935	-
Profit retained	-	523,230	523,230
4 March 2004	<u>2,027,824</u>	<u>5,472,484</u>	<u>7,500,308</u>

GOODWOOD PARK HOTEL LIMITED

NOTES TO THE ACCOUNTS

13. MOVEMENT IN SHAREHOLDERS' FUNDS

	2004	2003
	£	£
Shareholders' funds at 1 March 2003	7,077,078	6,363,476
Profit earned for ordinary shareholders	523,230	713,602
Shareholders' funds at 4 March 2004	7,600,308	7,077,078

14. NET CASH INFLOW FROM OPERATING ACTIVITIES

	2004	2003
	£	£
Operating profit	822,757	1,177,863
Depreciation	573,455	548,468
(Increase) / Decrease in stocks	(11,741)	(8,575)
(Increase) / Decrease in debtors	179,684	(177,485)
Increase / (Decrease) in creditors	1,200,446	410,400
Cash flow from operating activities	2,764,601	1,950,671

15. BALANCE SHEET MOVEMENTS IN CASH AND CASH EQUIVALENTS AND NET BORROWINGS

2003/4	1 March 2003	Cash flow	4 March 2004
	£	£	£
Cash at bank	1,090,954	901,533	1,992,487
Overdrafts	-	-	-
Net Cash	1,090,954	901,533	1,992,487
Net funding from group and parent undertaking			
Loan	(3,022,000)	150,000	(2,872,000)
Loan capital over one year	(1,121,708)	300,000	(821,708)
Net borrowings	(3,052,754)	1,351,533	(1,701,221)
2002/3	2 March 2002	Cash flow	1 March 2003
	£	£	£
Cash at bank	227,229	863,725	1,090,954
Overdrafts	-	-	-
Net Cash	227,229	863,725	1,090,954
Net funding from group and parent undertaking			
Loan	(3,172,000)	150,000	(3,022,000)
Loan capital over one year	(1,621,708)	500,000	(1,121,708)
Net borrowings	(4,566,479)	1,513,725	(3,052,754)

16. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2003/4	2002/3
	£	£
Increase in cash	901,533	863,725
Repayment of long-term loans	450,000	650,000
Movement in net debt	1,351,533	1,513,725
Net debt at 2 March 2002	(3,052,754)	(4,566,479)
Net debt at 1 March 2003	(1,701,221)	(3,052,754)

GOODWOOD PARK HOTEL LIMITED

NOTES TO THE ACCOUNTS

17. LEASE COMMITMENTS

	2004		2003	
	£	£	£	£
	Land and buildings	Plant and machinery	Land and buildings	Plant and machinery
Annual payments under operating leases which expire:				
Under one year	-	-	-	-
Within two to five years	-	13,995	-	18,565
Over five years	10,369	20,588	-	1,388
	<u>10,369</u>	<u>34,583</u>	<u>-</u>	<u>19,953</u>

18. RELATED PARTIES

All the transactions and balances with related parties, Whitbread PLC and its subsidiaries and The Goodwood Estate Co. Ltd, are disclosed in the notes to these accounts.

19 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.

The parent undertaking of the smallest group of undertakings for which group accounts are drawn up and of which the company is a member is Whitbread Group PLC, registered in England and Wales. Copies of their accounts can be obtained from Whitbread House, Park Street West, Luton, LU1 3BG.