

David Lloyd Leisure Ltd

Report and Financial Statements

◆ *Year Ended 5 March 2000* ◆



COMPANY NO: 1516226

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DAVID LLOYD LEISURE LTD

COMPANY INFORMATION

Directors	A S Perelman	
	S J R Philpott	
	M R Phillips	
	JD Ricketts	(appointed - 01.10.99)
	LM Weedall	(appointed - 18.10.99)
	PD Chiswell	(appointed - 01.05.00)

Secretary	M R Buxton - Smith	(appointed 25.04.00)
	E A Thorpe	

Registered office	The Arena
	Parkway West
	Cranford Lane
	Hounslow
	Middlesex
	TW5 9QA

Registered number	1516226
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Auditors	Ernst & Young
	1 Lambeth Palace Road
	London
	SE1 7EU

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 5 March 2000.

Principal activities

The principal activity of the Company is the provision of sports and leisure facilities.

Results and dividend

The profit for year was £12,320,000 (1999 - £5,319,000 - restated for FRS15). The directors recommend the payment of a final dividend of £6,800,000.

Business review and future developments

The directors are satisfied with the performance of the Company during the year ended 5 March 2000. The year under review saw the opening of new facilities at 7 locations and major refurbishments commenced at a further 5 sites.

On 30 September 1999, the company acquired the share capital of the Racquets and Healthtrack Group Limited. On 31 January 2000, the company acquired the share capital of Patchford Ltd, a company which owns the freehold for a club in Dublin.

Payment of creditors

The Company keeps to the payment terms which have been agreed with suppliers. Where payment terms have not been specifically agreed, it is the company's policy to settle invoices close to the end of the month following the month of invoicing. The company's ability to keep to these terms is dependent upon suppliers sending accurate and adequately-detailed invoices to the correct address on a timely basis.

At 5 March 2000, the company had an average of 50 days purchases outstanding in trade creditors.

Employees

During the year the company has continued to provide employees with relevant information and to seek their views on matters of common concern through their representatives and through line managers. Priority is given to ensuring that employees are aware of all significant matters affecting the Company's trading position and of any significant organisational changes.

It is the policy of the Company to support the employment of disabled persons where possible, both in recruitment and by retention of employees who become disabled whilst in the employment of the company as well as generally through training and career development.

REPORT OF THE DIRECTORS
(Continued)

Group Accounts

The company is a wholly owned subsidiary undertaking of a company established under the law of a member state of the European Community. It has therefore taken advantage of the exemption provided by Financial Reporting Standard No. 2, and has not prepared group accounts.

Year 2000 compliance

Our year 2000 "Readiness" programme, the associated business continuity plans and specific strategic replacement projects were all completed before the end of 1999. No major problems emerged over the millennium changeover period or since.

Secretary

Maria Buxton-Smith was appointed as joint Company Secretary on the 25th April 2000, to work alongside Elizabeth Thorpe.

Directors

The present directors of the Company are set out on page 1.

The directors who served throughout the year were as follows:

A S Perelman
S J R Philpott
K Furphy (resigned 31.08.99)
M R Phillips
JD Ricketts
LM Weedall (appointed 18.10.99)
PD Chiswell (appointed 01.05.00)

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>5 March 2000</u>	<u>28 February 1999 or date of appointment</u>
Alan Perelman	55,114	49,456
Stephen Philpott	666	615
Mark Phillips	968	613
John Ricketts	2,849	1,118

REPORT OF THE DIRECTORS
(Continued)

Options over ordinary shares

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

	Options held at 01.03.99 or date of appointment		Options granted		Options exercised		Options lapsed	Options held at 05.03.00
			Number	Price (p)	Number	Price (p)	Number	
Alan Perelman	174,901	(a)	3,200	1,101	-	-	-	178,101
Stephen Philpott	90,300	(a)	1,600	1,101	-	-	-	91,900
	2,701	(b)	-	-	-	-	-	2,701
	15,366	(c)	8,362	-	-	-	8,298	15,430
Mark Phillips	21,600	(a)	400	1,101	-	-	-	22,000
	3,031	(b)	613	549.7	681	440	-	2,963
John Ricketts	19,300	(a)	-	-	-	-	-	19,300
	2,867	(b)	2,578	549.7	681	440	1,714	3,050
Lynne Weedall	-	(a)	9,800	687.1	-	-	-	9,800

- (a) the Executive Share Option Scheme
- (b) the Savings Related Share Option Scheme
- (c) the Long Term Incentive Plan

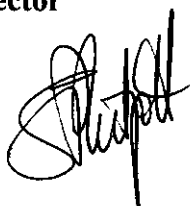
Details of the performance criteria for the Long Term Incentive Plan are set out in the Whitbread PLC annual report and accounts for 1999/2000.

Auditors

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

The report of the directors was approved by the Board on *5 December 2000* and signed on its behalf by:

Director

 5/12/00

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 6, 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 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 financial statements on pages 7 to 22 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

AUDITORS' REPORT TO THE SHAREHOLDERS OF DAVID LLOYD LEISURE LIMITED

We have audited the accounts on pages 7 to 22 which have been prepared under the historical cost convention and the accounting policies set out on pages 10 to 12.

Respective responsibilities of directors and auditors

As described on page 5, the company's directors are responsible for the preparation of accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

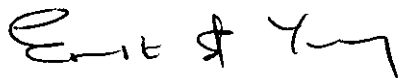
Basis of opinion

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 as at 5 March 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Registered Auditor

London

5/12/2000

DAVID LLOYD LEISURE LTD**PROFIT AND LOSS ACCOUNT****Year ended 5 March 2000**

	Notes	1999/2000 (53 weeks) £'000	1998/9 (52 weeks) (restated) £'000
Turnover	1	<u>77,958</u>	<u>57,194</u>
Cost of sales		<u>(49,572)</u>	<u>(36,727)</u>
Gross profit		28,386	20,467
Administration and other costs		<u>(10,558)</u>	<u>(8,192)</u>
Operating profit: continuing operations	2	17,828	12,275
Non operating items			
Net loss on disposal of fixed assets		-	(88)
Loss on the disposal of business		-	(6,594)
Profit on the disposal of joint venture		<u>36</u>	<u>-</u>
Profit before interest		17,864	5,593
Interest	5	<u>(4,534)</u>	<u>(75)</u>
Profit before taxation		13,330	5,518
Taxation	6	<u>(1,010)</u>	<u>(199)</u>
Profit for the financial year		12,320	5,319
Dividends	7	<u>(6,800)</u>	<u>(5,000)</u>
Retained profit for the year	16	<u>5,520</u>	<u>319</u>

DAVID LLOYD LEISURE LTD**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES****Year ended 5 March 2000**

	1999/2000 (53 weeks)	1998/9 (52 weeks) (restated)
	£'000	£'000
Profit for the financial year	<u>12,320</u>	<u>7,587</u>
Prior year adjustment - FRS 15		
Prior year adjustment for depreciation arising from the introduction of FRS15	(9,948)	-
Unrealised deficit on revaluation of fixed assets	<u>-</u>	<u>(3,379)</u>
Total gains and losses recognised since previous period end	<u>2,372</u>	<u>4,208</u>

HISTORICAL COST PROFITS AND LOSSES**Year ended 5 March 2000**

	1999/2000 (53 weeks)	1998/9 (52 weeks) (restated)
	£'000	£'000
Reported profit before taxation	<u>13,330</u>	<u>5,518</u>
Difference between the historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	<u>311</u>	<u>13</u>
Historical cost profit before taxation	<u>13,641</u>	<u>5,531</u>
Historical cost retained profit	<u>5,831</u>	<u>332</u>

DAVID LLOYD LEISURE LTD

BALANCE SHEET

5 March 2000	Notes	2000 £'000	1999 (restated) £'000
Fixed assets			
Tangible assets	8	315,595	253,978
Investments	9	38,088	5,165
		<u>353,683</u>	<u>259,143</u>
Current assets and liabilities			
Stocks	10	592	338
Debtors	11	75,198	21,235
Cash at bank and in hand		<u>13,016</u>	<u>724</u>
		88,806	22,297
Creditors: amounts falling due within one year	12	<u>(226,650)</u>	<u>(151,128)</u>
Net current liabilities		<u>(137,844)</u>	<u>128,831</u>
Total assets less current liabilities		<u>215,839</u>	<u>130,312</u>
Net assets		<u>215,839</u>	<u>130,312</u>
Capital and reserves			
Called up share capital	15	147,832	67,832
Share premium account	16	11,254	11,254
Revaluation reserve	16	31,332	31,643
Capital redemption reserve	16	1,300	1,300
Profit and loss account	16	<u>24,121</u>	<u>18,283</u>
Equity shareholders' funds	17	<u>215,839</u>	<u>130,312</u>

The financial statements were approved by the Board on 5 DECEMBER 2000 and signed on its behalf by:


Director

NOTES TO THE FINANCIAL STATEMENTS

5 March 2000

1. ACCOUNTING POLICIES

Changes to accounting policies

FRS 15 (Tangible Fixed Assets) has been adopted in the year. Under previous accounting standards, where retail properties were maintained in such a state of repair that their residual value was at least equal to their net book value and the corresponding depreciation would not be material depreciation need not be charged. However FRS 15 now requires that retail properties are disaggregated and that depreciation is charged on the separate components. The effects of this are as follows:

- Freehold and leasehold retail properties are now depreciated in accordance with the accounting policies set out on page 11.

Fixtures and fittings in retail properties were previously included within land and buildings in the fixed assets note and furniture and equipment were included in plant and machinery. These two categories are now combined under the heading 'Furniture, fixtures and equipment' and depreciated in accordance with the accounting policies set out on page 11. As permitted by FRS 15, because the group's assets have been disaggregated into different components, with significantly differing economic lives for depreciation purposes, the above changes have been accounted for as prior year adjustments. An adjustment has been made to account for backlog depreciation on fixtures and fittings which would have been charged in previous years had the revised accounting policies been in place when the current fixed asset portfolio was acquired.

A consequence of a subsequent UITF abstract is that the restatement does not adjust 1998/9 to a comparable basis to 1999/2000. This arises in respect of freehold buildings and leasehold buildings where the lease has more than 20 years to run, for which there will be a depreciation charge for the first time in 1999/2000. Had the comparative amount been restated to a comparable basis, the depreciation charge for 1998/9 would have been increased by a further £1,218,000.

The effect of the changes on the balance sheet can be seen in notes 8 and 16.

Accounting convention

The financial statements are prepared in accordance with applicable accounting standards under the historical cost convention as modified by the revaluation of certain land and buildings.

Goodwill

Following the adoption of Financial Reporting Standard No. 10 (Goodwill and intangible assets), goodwill arising on acquisitions will be capitalised and amortised over its estimated useful economic life. Goodwill previously eliminated against reserves has not been reinstated. If a subsidiary, associate or business is subsequently sold or closed, any goodwill arising on acquisition that was written off directly to reserves or that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or closure.

NOTES TO THE FINANCIAL STATEMENTS

5th March 2000

1. ACCOUNTING POLICIES (Continued)

Turnover and segmental analysis

Turnover comprises membership subscriptions, enrolment fees, facilities income and bar and restaurant income exclusive of value added tax.

Subscriptions are accounted for on an accruals basis being credited to income in the period to which they relate. Subscriptions received prior to the year to which they relate are recorded as deferred income. Enrolment fees are non refundable and are taken to income in the period in which they are received. Life membership subscriptions are spread evenly over five years.

A segmental analysis has not been included as all turnover is generated from Health & Leisure activities in the U.K.

Development costs

Advertising and promotion expenditure incurred before the opening of a club is written off over the year in which the club opened.

Interest capitalisation

Gross interest costs incurred on the financing of major projects are capitalised until the time that they are available for use.

Depreciation

Depreciation is provided on all tangible fixed assets in use at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life on the following bases:

Freehold land is not depreciated.

Freehold buildings are depreciated to their estimated residual values over periods up to 50 years.

Long leasehold land and buildings are depreciated to their estimated residual values over the shortest of 50 years, their estimated useful lives and their remaining lease periods.

Fixtures, furniture, plant and equipment are depreciated over 6 to 20 years.

Leased assets

The rental costs arising from operating leases are charged against operating profit as they arise.

NOTES TO THE FINANCIAL STATEMENTS

5th March 2000

Stocks

Stocks are stated at the lower of cost and net realisable value.

Taxation

Deferred taxation is recognised where it is considered that a liability will crystallise or tax will be recoverable in the foreseeable future. Any resulting asset or liability is calculated using the tax rate which is expected to be in force at the date of settlement.

Pension

The Company operates a defined contribution pension scheme. The assets of the scheme are invested and managed independently of the finances of the Company. The pension cost charge represents contributions payable in the period.

Cashflow Statement

The Company has taken advantage of the exemption under Financial Reporting Standard No.1 Revised, not to prepare a cash flow statement as the Ultimate Parent undertaking is preparing a cash flow statement.

NOTES TO THE FINANCIAL STATEMENTS

5th March 2000

2. PROFIT AND LOSS ACCOUNT DETAILS

Operating profit is stated after charging:

	1999/2000 £'000	1998/9 (restated) £'000
Depreciation (note 8)	10,818	6,326
Operating lease rentals:		
Hire of plant and machinery	350	439
Property	2,756	1,617
Amounts paid to auditors:		
Audit fees	54	52
Other services	113	14
Staff costs (note 4)	23,113	14,514

3. DIRECTORS' EMOLUMENTS

	1999/2000 £'000	1998/9 £'000
The emoluments of the directors were as follows:		
Remuneration (excluding performance-related payments)	411	371
Performance-related payments	47	46
Contributions to pension scheme	17	19
Compensation to former director	256	-
	731	436
	1999/2000 No.	1998/9 No.
Members of money purchase pension schemes	-	1

NOTES TO THE FINANCIAL STATEMENTS

5 March 2000

3. DIRECTORS' EMOLUMENTS (Continued)

The following table shows the emoluments of the chairman and highest paid director.

	<u>1999/2000</u>	<u>1998/9</u>
	£	£
Remuneration	197,867	180,393
Pension contributions	<u>8,784</u>	<u>7,990</u>
	<u>206,651</u>	<u>188,383</u>

4. STAFF COSTS AND NUMBERS

	<u>1999/2000</u>	<u>1998/9</u>
	£'000	£'000
Wages and salaries	21,088	13,319
Social security costs	1,670	1,055
Pension costs	<u>355</u>	<u>140</u>
	<u>23,113</u>	<u>14,514</u>

	<u>1999/00</u>		<u>1998/9</u>	
	<u>Full-time</u>	<u>Part-time</u>	<u>Full-time</u>	<u>Part-time</u>
The average number of persons employed in the company was as follows:	<u>1,810</u>	<u>1,063</u>	<u>1,153</u>	<u>761</u>

NOTES TO THE FINANCIAL STATEMENTS**5 March 2000****5. INTEREST**

	1999/2000 £'000	1998/9 £'000
	<u> </u>	<u> </u>
Interest payable and similar charges		
Other interest payable	<u>7,460</u>	<u>4,147</u>
Deduct:		
Interest receivable on short term deposits	(56)	(64)
Intercompany interest receivable	(354)	(1,085)
Interest capitalised	<u>(2,516)</u>	<u>(2,923)</u>
	<u>4,534</u>	<u>75</u>

Interest payable on loan and bank overdrafts relates to amounts borrowed from Whitbread PLC, the ultimate parent company. Interest for 1999/2000 has been charged at 5.4%.

6. TAXATION

	1999/2000 £'000	1998/9 £'000
	<u> </u>	<u> </u>
Current taxation on profits for the period		
UK Corporation Tax at 30.08% (1998/9: 31%)	1,292	932
Over provision in prior year	<u>(282)</u>	<u>(733)</u>
	<u>1,010</u>	<u>199</u>

7. DIVIDENDS

	1999/2000 £'000	1998/9 £'000
	<u> </u>	<u> </u>
Proposed Final Dividend 1.15 pence per share (1999 - 1.84 pence)	<u>6,800</u>	<u>5,000</u>

DAVID LLOYD LEISURE LTD

NOTES TO THE FINANCIAL STATEMENTS

5 March 2000

8. TANGIBLE FIXED ASSETS

	Land and buildings £'000	Furniture, fixtures & equipment £'000	Manufacturing Logistics & Administration Property £'000	Total £'000
Cost or valuation 28 February 1999 - reanalysed	192,875	85,776	61	278,712
Additions	43,731	26,581	79	70,391
Interest capitalised	2,516	-	-	2,516
Disposals	(3)	(1,150)	-	(1,153)
Cost or valuation 5 March 2000	239,119	111,207	140	350,466
Depreciation 28 February 1999 - reanalysed	-	(14,772)	(14)	(14,786)
1998/99 backlog depreciation (see note 1)	-	(2,268)	-	(2,268)
Pre 1998/99 backlog depreciation (see note 1)	-	(7,680)	-	(7,680)
Depreciation 28 February 1999 -restated	-	(24,720)	(14)	(24,734)
Depreciation for the year	(1,980)	(8,838)	-	(10,818)
Disposals	-	681	-	681
Depreciation 5 March 2000	(1,980)	(32,877)	(14)	(34,871)
Net book amounts 5 March 2000	237,139	78,330	126	315,595
Net book amounts 28 February 1999 - restated	192,875	61,056	47	253,978

DAVID LLOYD LEISURE LTD

NOTES TO THE FINANCIAL STATEMENTS

5 March 2000

8. TANGIBLE FIXED ASSETS (Continued)

Up to and including 1998/99 it was the company policy to revalue its UK properties, other than leasehold properties with a remaining term of less than 20 years. In 1999/2000 the company has adopted FRS15 (Tangible Fixed Assets). The transitional provisions of FRS15 have been applied and, whilst previous revaluations have been retained, they have not been updated. From 1999/2000, it is company policy not to revalue fixed assets.

If the revaluations up to 1998/99 had not taken place, the net book amount of fixed assets would have been:

	Land and buildings £'000	Furniture, fixtures & equipment £'000	Manufacturing Logistics & Administration Property £'000	Total £'000
Cost	207,476	111,207	140	318,823
Depreciation	(1,669)	(32,877)	(14)	(34,560)
Net book amounts 5 March 2000	205,807	78,330	126	284,263
Net book amounts 28 February 1999 - restated	161,232	61,056	47	222,335
	Freehold £'000	Long Leasehold £'000	Short Leasehold £'000	Total £'000
Net book amounts of properties				
Net book amounts 5 March 2000	98,319	126,954	11,866	237,139
Net book amounts 28 February 1999 - restated	71,175	109,369	12,331	192,875
Cost or valuation of properties			2000 £'000	1999 £'000
1995/6			23,809	23,616
1996/7			20,816	20,756
1997/8			22,054	21,984
1998/9			18,105	18,020
Total revalued property			84,784	84,376
Property never revalued			154,475	108,560
			239,259	192,936
Capital expenditure for which no provision has been made			1999/2000 £'000	1998/9 £'000
Commitments			15,000	10,940

NOTES TO THE FINANCIAL STATEMENTS
5 March 2000

9. INVESTMENTS IN SUBSIDIARY AND ASSOCIATED UNDERTAKINGS

	Subsidiary £'000	Associates £'000	Total £'000
Shares at or under cost			
28 February 1999	5,155	10	5,165
Additions	32,948	-	32,948
Disposals	-	(10)	(10)
Amounts written off	(15)	-	(15)
5 March 2000	38,088	-	38,088

Principle subsidiary undertakings	Principal activity	Country of incorporation or registration	Country of principal Operations	% of equity and votes held
Markson Tennis & Leisure Centres Limited	Leisure clubs	England	Scotland	100%
Design Collective Limited	Architectural services	England	England	100%
David Lloyd Leisure Nurseries Limited	Nurseries	England	England	100%
Castledene Leisure Limited	Leisure clubs	England	England	100%
Curzons Management Associates Limited	Gyms	England	England	100%
Racquets & Healthtrack Group Limited	Leisure clubs	England	England	100%
Brooklands Healthtrack Limited	Leisure clubs	England	England	100%
Cheshire Oaks Racquets & Healthtrack Ltd	Leisure clubs	England	England	100%
Nottingham Racquets & Healthtrack Ltd	Leisure clubs	England	England	100%
Ealing Racquets & Healthtrack Ltd	Leisure clubs	England	England	100%
Solihull Racquets & Healthtrack Limited	Leisure clubs	England	England	100%
Manchester Racquets & Healthtrack Ltd	Leisure clubs	England	England	100%

NOTES TO THE FINANCIAL STATEMENTS

5 March 2000

10. STOCKS

	2000 £'000	1999 £'000
	<hr/>	<hr/>
Bar	142	85
Food	127	90
Golf	112	153
Other	<u>211</u>	<u>10</u>
	<u>592</u>	<u>338</u>

The estimated replacement cost of stocks is not materially different from the above carrying values.

11. DEBTORS

	2000 £'000	1999 £'000
	<hr/>	<hr/>
Trade debtors	1,308	493
Other debtors	717	50
Amounts due from group undertakings	70,653	19,365
Prepayments and accrued income	<u>2,520</u>	<u>1,327</u>
	<u>75,198</u>	<u>21,235</u>

NOTES TO THE FINANCIAL STATEMENTS

5 March 2000

12. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 <u>£'000</u>	1999 <u>£'000</u>
Bank overdrafts	1,194	24,411
Trade creditors	7,290	5,379
Amounts owed to group undertakings	190,121	99,626
Corporation Tax	1,421	1,040
Other taxes and social security	932	827
Deferred income	15,993	5,128
Other creditors & accruals	9,699	9,717
Proposed dividend	-	5,000
	<u>226,650</u>	<u>151,128</u>

Amounts owed to other group companies includes £189,698,000 (1999 - £99,583,000) due to Whitbread PLC. There is no fixed date by which the loan must be repaid. The loan is unsecured and interest has been charged at 5.4% per annum.

13. OTHER FINANCIAL COMMITMENTS

At 5 March 2000 the company had annual commitments under non-cancellable operating leases as set out below:

	Land & Buildings		Other	
	2000 <u>£'000</u>	1999 <u>£'000</u>	2000 <u>£'000</u>	1999 <u>£'000</u>
Within one year	-	-	86	253
In two to five years	257	-	419	156
In over five years	<u>2,941</u>	<u>2,566</u>	<u>-</u>	<u>-</u>
	<u>3,198</u>	<u>2,566</u>	<u>505</u>	<u>409</u>

14. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred Tax

The potential amount of deferred taxation not provided for in these accounts in respect of accelerated capital allowances is £10,582,421 (1999 - £4,544,605). 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.

DAVID LLOYD LEISURE LTD**NOTES TO THE FINANCIAL STATEMENTS****5 March 2000****15. SHARE CAPITAL**

	Authorised		Allotted, called up and fully paid	
	2000	1999	2000	1999
Equity share capital	£'000	£'000	£'000	£'000
Ordinary shares of 25p	<u>200,000</u>	<u>100,000</u>	<u>147,832</u>	<u>67,832</u>

On 28 February, £2,000 million of the amount due to Whitbread PLC was capitalised at par and 320 million ordinary shares were allotted to Whitbread PLC. There were 591.3m ordinary shares in issue at 4 March 2000 (1999 - 271.3m).

16. RESERVES

	Share Premium £'000	Revaluation Reserve £'000	Capital Redemption Reserve £'000	Profit & Loss Account £'000	Total £'000
28 February 1999	11,254	31,643	1,300	28,231	72,428
Adjust for backlog depreciation as at 28 February 1998	-	-	-	(7,680)	(7,680)
Adjust for backlog depreciation for 1998/9	-	-	-	(2,268)	(2,268)
28 February 1999 - restated	11,254	31,643	1,300	18,283	62,480
Realised revaluation surplus transferred to the profit & loss account	-	(311)	-	311	-
Currency translation differences	-	-	-	7	7
Profit retained	-	-	-	5,520	5,520
5 March 2000	<u>11,254</u>	<u>31,332</u>	<u>1,300</u>	<u>24,121</u>	<u>68,007</u>

NOTES TO THE FINANCIAL STATEMENTS**5 March 2000****17. SHAREHOLDERS' FUNDS**

	1999/00	1998/9
	£'000	£'000
Movements in shareholders' funds		
Shareholders' funds at 28 February 1999 as published	140,260	85,052
Prior year adjustment for depreciation arising from the introduction of FRS15	(9,948)	(7,680)
Shareholders fund at 28 February 1999 restated	130,312	77,372
Share issue	80,000	56,000
Profit earned for ordinary shareholders	12,320	5,319
Dividends	(6,800)	(5,000)
Revaluation of tangible fixed assets	-	(3,379)
Currency translation differences	<u>7</u>	<u>-</u>
Shareholders' funds at 5 March 2000	<u>215,839</u>	<u>130,312</u>

18. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in FRS8 from disclosing transactions with related parties that are part of the Whitbread Group.

19. ULTIMATE PARENT UNDERTAKING

At 5 March 2000 the ultimate parent company was Whitbread PLC, a company incorporated in the United Kingdom which is the parent of both the smallest and largest groups of which the company is a member.

Copies of the group accounts are available from the Company Secretary of Whitbread PLC at Chiswell Street, London EC1Y 4SD.