

WHITBREAD FINANCE LIMITED

DIRECTORS' REPORT AND ACCOUNTS

25TH FEBRUARY 1989

10-10-1950

WHITBREAD FINANCE LIMITED

Report of the Directors
for the year ended 25th February, 1989.

Board of
Directors:

Mr. C.W. Strickland	
Mr. C.J. Wilkins	
Mr. S.J. Charnock	(appointed 25/2/89)
Mr. M.D. Hampson	(appointed 25/2/89)
Mr. L.J. Ross	(resigned 25/2/89)
Mr. D. Haine	(resigned 25/2/89)
Mr. R. Cooper	(resigned 25/2/89)

Secretary: Miss M.F. Drabble

Registered Office: Brewery,
Chiswell Street,
London EC1Y 4SD

Accounts and Dividends

The Directors submit to the shareholders the financial statements for the year to 25th February, 1989.

The profit/(loss) after providing for taxation amounted to £10,566 - 1988 (£3,793). No dividend has been paid or is proposed.

Principal Activities and Review of the Business

The Company is a finance and guarantee company, a wholly owned subsidiary of Whitbread and Company, PLC. On 25th February, 1989 the trade, assets and liabilities of the Company were transferred to its ultimate holding company.

Fixed Assets

The Company has no fixed assets.

Directors

The Directors who served during the period were those listed above. Under the Articles of Association the Directors are not required to retire at the Annual General Meeting on a rotational basis.

Directors' Interests

The interests of Mr. L.J. Ross, in shares, debentures and options of the parent company, Whitbread and Company, PLC, are shown in the Report and Accounts of that company.

Other Directors' Interests are as follows:

	<u>25th February 1989 (year end)</u>	<u>27th February 1988 (or date of appointment if later)</u>
<u>Mr. R. Cooper</u>		
"A" Limited Voting Ordinary Shares (Share Ownership Scheme)	380	209
Options - 1981 Executive Share Option Scheme	11,400	18,100
- 1985 Executive Share Option Scheme	48,000	40,600
<u>Mr. D. Haine</u>		
"A" Limited Voting Ordinary Shares (Share Ownership Scheme)	705	534
Options - Savings Related Share Option Scheme	2,721	2,721
- 1985 Executive Share Option Scheme	49,100	30,000
<u>Mr. C.W. Strickland</u>		
"A" Limited Voting Ordinary Shares	8,419	8,419
"A" Limited Voting Ordinary Shares (Share Ownership Scheme)	1,022	851
Options - Savings Related Share Option Scheme	3,268	3,268
- 1985 Executive Share Option Scheme	70,200	45,100

Mr. S.J. Charnock

Options - 1985 Executive Share Option Scheme	39,300	39,300
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Mr. M.D. Hampson

Options - 1985 Executive Share Option Scheme	10,700	10,700
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Mr. C.J. Wilkins

"A" Limited Voting Ordinary Shares	1,835	1,835
"A" Limited Voting Ordinary Shares (Share Ownership Scheme)	1,022	851
Options - Savings Related Share Option Scheme	3,268	3,268
- 1985 Executive Share Option Scheme	75,700	32,000

Options have been granted under the 1985 Executive Share Option Scheme to participants in the 1981 Executive Share Option Scheme on the basis that upon the exercise of an option granted under the 1981 Scheme their option under the 1985 Scheme will lapse and vice-versa. The extent of such lapse will be by reference to the number of shares issued pursuant to, or the amount paid for the exercise of, the option exercised depending upon whether the new option price is less than or greater than the old option price.

Auditors

A special resolution will be submitted to the next Annual General Meeting proposing that in accordance with Section 252 of the Companies Act 1985 the Company being dormant no Auditors would be appointed.

By Order of the Board


Maxine F Drabble
Miss M.F. Drabble,
Secretary.

Brewery,
Chiswell Street,
London EC1Y 4SD

REPORT OF THE AUDITORS TO THE MEMBERS OF WHITBREAD FINANCE LIMITED

We have audited the accounts set out on pages 5 to 11 in accordance with approved auditing standards. The accounts have been prepared under the historical cost convention.

In our opinion the accounts give a true and fair view of the state of affairs of the company at 25th February 1989 and of the profit for the year then ended and comply with the Companies Act 1985.



Ernst & Whinney
Chartered Accountants
London.

12 JUL 1989

WHITBREAD FINANCE LIMITED

PROFIT AND LOSS ACCOUNT, YEAR TO 25TH FEBRUARY 1989

	<u>Notes</u>	<u>1989</u> £	<u>1988</u> £
Turnover		73,166	99,213
Operating costs	1	(77,765)	(101,797)
Interest	2	<u>4,979</u>	(<u>3,251</u>)
Profit/(loss) on ordinary activities before taxation		380	(5,835)
Taxation	3	<u>10,186</u>	<u>2,042</u>
Profit/(loss) on ordinary activities after taxation	9	<u>10,566</u> =====	(<u>3,793</u>) =====

WHITBREAD FINANCE LIMITED

BALANCE SHEET 25TH FEBRUARY 1989

	<u>Notes</u>	<u>1989</u> £	<u>1988</u> £
Current assets:			
Debtors	4	37,084	142,164
Cash at bank		-	2,989
		37,084	145,153
Creditors - amounts falling due within one year	5	-	(82,493)
Total assets less current liabilities		37,084	62,660
Provisions for liabilities and charges	6	-	(36,142)
Total assets less liabilities		37,084 =====	26,518 =====
Capital and reserves			
Called up share capital	7	31,000	31,000
Profit and loss account	8	6,084 37,084 =====	(4,482) 26,518 =====

L. W. Jean
Directors
M. D. Hampson

12 JUL 1989

WHITBREAD FINANCE LIMITED

ACCOUNTING POLICIES

(a) Accounting convention

The accounts are prepared under the historical cost convention.

(b) Turnover

Turnover represents rentals received from finance leases excluding value added tax.

(c) Finance leases

Income from leased assets is credited to the profit and loss account to give a constant rate of return on net cash investment.

(d) Taxation

Deferred taxation is recognised where it is considered that a liability will crystallise or tax will be recoverable in the foreseeable future. Provision is made for short term timing differences under the liability method.

(e) Source and application of funds statement

Due to the structure of the Whitbread Group whereby subsidiary companies are funded through the parent company, it is not considered relevant to publish a source and application of funds statement.

WHITBREAD FINANCE LIMITED

NOTES TO THE ACCOUNTS

	<u>1989</u> £	<u>1988</u> £
1. <u>Profit and loss account details</u>		
Turnover	73,166	99,213
Cost of sales	(74,185) (1,019)	(98,316) 897
Administration and other costs	(3,580)	(3,481)
Interest (Note 2)	(4,599)	(2,504)
Profit/(loss) on ordinary activities before taxation	<u>4,979</u>	(3,251)
	380	(5,835)
	=====	=====
Included in operating costs are:		
Capital repayments of finance leases		
Directors' emoluments	74,185	98,316
Auditors' remuneration	-	-
	355	410
	=====	=====

WHITBREAD FINANCE LIMITED

NOTES TO THE ACCOUNTS
(continued)

	<u>1989</u> £	<u>1988</u> £
2. <u>Interest</u>		
Interest receivable from/(payable to) parent company	4,979 =====	(3,251) =====
3. <u>Taxation</u>		
Taxation on ordinary activities:		
U.K. Corporation tax payable at 35%	25,956	30,408
Deferred taxation (note 6)	(36,142) (10,186) =====	(32,450) (2,042) =====
4. <u>Debtors</u>		
Trade debtors	-	296
Due from parent company	37,084	21,798
Finance lease receivables	- 37,084 =====	120,070 142,164 =====

WHITBREAD FINANCE LIMITED

NOTES TO THE ACCOUNTS
(continued)

	<u>1989</u> £	<u>1988</u> £
5. <u>Creditors - amounts falling due within one year</u>		
Corporation tax	-	30,408
Other taxes	-	3,924
Accruals and deferred income	-	41,137
Other creditors	-	7,024
	=====	=====
		82,493

6. Provisions for liabilities and charges

Deferred taxation

At 27th February 1988 36,142

Transfer to profit and loss account
(note 3) (36,142)

At 25th February 1989 -

Deferred taxation arose in respect of finance lease repayments,
and was fully provided.

7. Called up share capital

	<u>Authorised</u> £	<u>Allotted, called up and fully paid</u> £
Ordinary share capital at: 25th February 1989 and 27th February 1988	31,000 =====	31,000 =====

The nominal value of each share is 21.

WHITBREAD FINANCE LIMITED

NOTES TO THE ACCOUNTS
(continued)

8. Profit and loss account

	£
Balance 27th February 1988, brought forward	(4,482)
Profit/(loss) for the year	<u>10,566</u>
Balance 25th February 1989, carried forward	<u>6,084</u> <u>=====</u>

9. Ultimate holding company

The ultimate holding company is Whitbread and Company, PLC, which is incorporated in the United Kingdom.