

ZEDLEASE LIMITED

REPORT & ACCOUNTS

28 February 1998

Registered number 2939895



ZEDLEASE LIMITED

CONTENTS

Pages

Company information	1
Directors' report	2-3
Directors' responsibilities	4
Auditors' report	5
Profit and loss account	6
Balance sheet	7
Accounting policies	8
Notes to the accounts	9-10

ZEDLEASE LIMITED

DIRECTORS:
R Myers (resigned 1 December 1997)
K E D Jones (resigned 31 August 1998)
L I Ross (resigned 30 September 1998)
S J Warner
M A Johnson (appointed 16 October 1998)

SECRETARY: R N C Franklin

AUDITORS: Ernst & Young
Becket House
1 Lambeth Palace Road
London
SE1 7EU

REGISTERED OFFICE: Chiswell Street
London
EC1Y 4SD

REGISTERED NUMBER: 2939895

DIRECTORS' REPORT

Accounts

The Directors submit to the shareholders their report and accounts for the year ended 28 February 1998.

Principal activity and review of business development

The company did not trade during the year. However, on 28 February 1998 the beneficial interest in the assets were transferred to its parent undertaking, Pelican Group PLC. The company will not resume trading after this date and will become dormant.

Results and dividends

The profit for the year after tax amounted to £15,000 (1997 - £28,453). The directors do not recommend the payment of a dividend.

Directors

The Directors of the company during the year and up to 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 interests of the directors in shares and options over the ordinary shares in the parent undertaking, Whitbread PLC including shares under the Whitbread PLC Share Ownership Scheme are as follows:

Ordinary shares	<u>28 February 1998</u>	<u>2 March 1997</u>
S J Warner	175	1,293

Options over ordinary shares

During the year the following movements in options over the ordinary share capital of the parent undertaking, Whitbread PLC, took place:-

		<u>Options held</u>	<u>Options granted</u>		<u>Options exercised</u>		<u>Options held</u>
		<u>at 2.03.97</u>	<u>Number</u>	<u>Price</u>	<u>Number</u>	<u>Price</u>	<u>at 28.02.98</u>
S J Warner	a	14,700	4,700	778.5			19,400
	b	2,839	270	638.6			3,109

(a) the Executive Share Option Scheme

(b) the Savings Related Share Option Scheme

**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 on pages 6 to 10 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.

REPORT OF THE AUDITORS

to the members of Zedlease Limited

We have audited the financial statements on pages 6 to 10 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

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

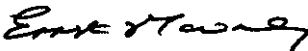
Basis of opinion

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 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 at 28 February 1998 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Registered Auditor
London

03 DEC 1998.

ZEDLEASE LIMITED**PROFIT AND LOSS ACCOUNT****Year ended 28 February 1998**

	<u>Notes</u>	<u>Year ended</u> <u>28 February 1998</u>	<u>11 months ended</u> <u>1 March 1997</u>
		£	£
Other operating income		<u> </u>	<u>43,782</u>
OPERATING PROFIT		-	43,782
PROFIT BEFORE TAXATION		-	43,782
Taxation	1	<u>15,000</u>	<u>(15,329)</u>
RETAINED PROFIT FOR THE YEAR	5	<u>15,000</u>	<u>28,453</u>

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

ZEDLEASE LIMITED**BALANCE SHEET****28 February 1998**

	<u>Notes</u>	<u>1998</u> £	<u>1997</u> £
CURRENT ASSETS			
Debtors	2	52,473	52,223
Cash at bank and in hand		-	250
		<u>52,473</u>	<u>52,473</u>
CREDITORS - amounts falling due within one year			
	3	-	(15,000)
NET CURRENT ASSETS		<u>52,473</u>	<u>37,473</u>
TOTAL ASSETS LESS LIABILITIES		<u>52,473</u>	<u>37,473</u>
CAPITAL AND RESERVES			
Called up share capital	4	2	2
Profit and loss account	5	<u>52,471</u>	<u>37,471</u>
EQUITY SHAREHOLDERS' FUNDS	6	<u>52,473</u>	<u>37,473</u>

m JOHNSON
Director
3 December/ 1998



ACCOUNTING POLICIES

Accounting convention

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

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.

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 or tax will be recoverable within the foreseeable future.

Cash flow

As permitted by Financial Reporting Standard No.1 (revised) a cashflow has not been prepared as the company is a wholly owned subsidiary of a European Community parent whose consolidated accounts are publicly available.

ZEDLEASE LIMITED

NOTES TO THE ACCOUNTS

1. TAXATION

	Year ended 28 February 1998	11 months ended 1 March 1997
	£	£
Current taxation on profits for the year		
U.K. Corporation Tax at 23% (1996/7 - 24%)	-	15,000
Adjustments to earlier periods		
Corporation Tax	(15,000)	329
	<u>(15,000)</u>	<u>15,329</u>

2. DEBTORS

	1998	1997
	£	£
Amounts due from Whitbread group undertakings	<u>52,473</u>	<u>52,223</u>

3. CREDITORS- amounts falling due within one year

	1998	1997
	£	£
Corporation Tax	-	15,000

4. SHARE CAPITAL

	Authorised		Allotted, called up and fully paid	
	1998	1997	1998	1997
	£	£	£	£
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>2</u>	<u>2</u>

5. PROFIT AND LOSS ACCOUNT

	1998	1997
	£	£
Opening balance	37,471	9,018
Profit retained	15,000	28,453
Closing balance	<u>52,471</u>	<u>37,471</u>

6. MOVEMENT IN SHAREHOLDERS' FUNDS

	1998	1997
	£	£
Opening shareholders' funds	37,473	9,020
Profit earned for ordinary shareholders	15,000	28,453
Closing shareholders' funds	<u>52,473</u>	<u>37,473</u>

NOTES TO THE ACCOUNTS

7. RELATED PARTIES

The company is a wholly owned subsidiary of Whitbread PLC and has taken advantage of the exemption given in Financial Reporting Standard No.8 not to disclose transactions with other group companies.

8. PARENT UNDERTAKING

The ultimate parent undertaking is Whitbread PLC, registered in England and Wales.

The smallest and 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 Chiswell Street, London EC1Y 4SD.