

Consolidated accounts 2009/10

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Notes to the consolidated financial statements

At 4 March 2010

1 Authorisation of financial statements

The consolidated financial statements of Whitbread PLC for the year ended 4 March 2010 were authorised for issue by the Board of Directors on 28 April 2010. Whitbread PLC is a public limited company incorporated and fully domiciled in England and Wales. The Company's ordinary shares are traded on the London Stock Exchange.

The significant activities of the Group are described in note 4, segment information.

2 Accounting policies

Basis of accounting and preparation

The consolidated financial statements of Whitbread PLC and all its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted for use in the European Union and as applied in accordance with the provisions of the Companies Act 2006.

The consolidated financial statements are presented in pounds sterling and all values are rounded to the nearest hundred thousand except when otherwise indicated. The significant accounting policies adopted are set out below.

As noted in the policy on non GAAP performance measures below, the definition of underlying profit has been amended.

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 26 February 2009, except for the adoption of the following new Standards and Interpretations that are applicable for the year ended 4 March 2010:

IFRS 2 Share-based Payment – Vesting Conditions and Cancellations

The standard has been amended to clarify the definition of vesting conditions and to prescribe the accounting of an award that is effectively cancelled because a non-vesting condition is not satisfied. The adoption of this amendment did not have any material impact on the financial position or performance of the Group.

IFRS 7 Financial Instruments: Disclosures

The amended standard requires additional disclosures of fair value measurement and liquidity risk. Fair value measurements relating to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class, for all financial instruments recognised at fair value. In addition, a reconciliation between the beginning and ending balance for level 3 fair value measurements is now required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in note 26. The liquidity risk disclosures are not significantly impacted by the amendments and are presented in note 25. As permitted by the amended standard, comparative information for the disclosures required by the amendments has not been provided in the first year of implementation.

IFRS 8 Operating Segments

This standard sets out requirements for disclosure of information about an entity's operating segments, its products and services, the geographical areas in which it operates, and its major customers. The Group determined that the operating segments were the same as the business segments previously identified under IAS 14 Segment Reporting. Additional disclosures about each of these segments are shown in note 4, including revised comparative information.

IAS 1 Revised Presentation of Financial Statements

The revised standard has required the reconciliation of movements in equity, previously disclosed in the notes, to be presented as a primary statement entitled Consolidated Statement of Changes in Equity. In addition, the Consolidated Statement of Recognised Income and Expense has been replaced with the Consolidated Statement of Comprehensive Income. The revised standard requires this statement to present all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present two statements.

IAS 23 Borrowing costs (revised)

The standard has been revised to require capitalisation of borrowing costs when such costs relate to a qualifying asset. The revision to this standard has had no effect on the financial position or performance of the Group as borrowing costs have already been capitalised under the previously allowed alternative treatment.

IFRIC 13 Customer Loyalty Programmes

This interpretation requires customer loyalty award points to be accounted for as a separate component of the sales transaction in which they are granted. Where award credits are collected on behalf of a third party, they should not be disclosed as revenue. The adoption of this amendment did not have any impact on the financial position or performance of the Group.

Basis of consolidation

The consolidated financial statements incorporate the accounts of Whitbread PLC and all its subsidiaries, together with the Group's share of the net assets and results of joint ventures and associates incorporated within these financial statements using the equity method of accounting. These are adjusted, where appropriate, to conform to Group accounting policies. The financial statements of material subsidiaries are prepared for the same reporting year as the parent Company.

Notes to the consolidated financial statements

At 4 March 2010

2 Accounting policies (continued)

Basis of consolidation (continued)

Apart from the acquisition of Whitbread Group PLC by Whitbread PLC in 2000/1, which was accounted for using merger accounting, acquisitions by the Group are accounted for under the acquisition method and any goodwill arising is capitalised as an intangible asset. The results of subsidiaries acquired or disposed of during the year are included in the consolidated financial statements from or up to the date that control passes respectively. All intra-Group transactions, balances, income and expenses are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Significant accounting policies

Goodwill

Goodwill arising on acquisition is capitalised and represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intangible assets

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired separately from a business are carried initially at cost. An intangible asset acquired as part of a business combination is recognised outside goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably.

With the exception of overseas trading licences, which are deemed to have an infinite life, intangible assets are amortised over periods of up to 15 years. Amortisation is reported within administrative expenses in the income statement. The carrying values are reviewed for impairment if events or changes in circumstances indicate that they may not be recoverable.

Property, plant and equipment

Prior to the 1999/2000 financial year, properties were regularly revalued on a cyclical basis. Since this date the Group policy has been not to revalue its properties and, while previous valuations have been retained, they have not been updated. As permitted by IFRS 1, the Group has elected to use the UK GAAP revaluations before the date of transition to IFRS as deemed cost at the date of transition. Property, plant and equipment are stated at cost or deemed cost at transition to IFRS, less accumulated depreciation and any impairment in value. Gross interest costs incurred on the financing of qualifying assets are capitalised until the time that the projects are available for use. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

- Freehold land is not depreciated
- Freehold buildings are depreciated to their estimated residual values over periods up to 50 years
- Plant and equipment is depreciated over three to 30 years

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate that their carrying values may not be recoverable. Any impairment in the value of property, plant and equipment is charged to the income statement.

Profits and losses on disposal of property, plant and equipment reflect the difference between net selling price and the carrying amount at the date of disposal and are recognised in the income statement.

Payments made on entering into or acquiring leaseholds that are accounted for as operating leases represent prepaid lease payments. These are amortised on a straight-line basis over the lease term.

Impairment

The Group assesses assets or groups of assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets (cash generating units or CGUs). If such indication of impairment exists or when annual impairment testing for an asset group is required, the Group makes an estimate of the recoverable amount.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the CGU's recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's carrying amount, less any residual value, on a systematic basis over its remaining useful life.

2 Accounting policies (continued)

Impairment (continued)

The recoverable amount of an asset or CGU is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined with reference to the CGU to which the asset belongs. Impairment losses are recognised in the income statement in the administrative and distribution line items.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of other assets in the CGU on a pro-rata basis.

For the purposes of impairment testing, all centrally held assets are allocated in line with IAS 36 to CGUs based on management's view of the consumption of the asset. Any resulting impairment is recorded against the centrally held asset.

Goodwill and intangibles

Goodwill acquired through business combinations is allocated to groups of CGUs at the level management monitor goodwill, which is at strategic business unit level. The Group performs an annual review of its goodwill to ensure that its carrying amount is not greater than its recoverable amount. In the absence of a comparable recent market transaction that demonstrates that the fair value less costs to sell of goodwill and intangible assets exceeds their carrying amount, the recoverable amount is determined from value in use calculations. An impairment is then made to reduce the carrying amount to the higher of the fair value less cost to sell and the value in use.

Property, plant and equipment

For the purposes of the impairment review of property, plant and equipment the Group considers CGUs to be each trading outlet.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Consideration is also given, where appropriate, to the market value of the asset, either from independent sources or in conjunction with an accepted industry valuation methodology.

Assets held for sale

Non-current assets and disposal groups are classified as held for sale only if available for immediate sale in their present condition and a sale is highly probable and expected to be completed within one year from the date of classification. Such assets are measured at the lower of carrying amount and fair value less costs to sell and are not depreciated or amortised.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated on the basis of first in, first out and net realisable value is the estimated selling price less any costs of disposal.

Provisions

Provisions for warranties, onerous contracts and restructuring costs are recognised when the Group has a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation.

Provisions are discounted to present value, where the effect is material, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. The amortisation of the discount is recognised as a finance cost.

Non GAAP performance measure

In the prior year, the Group introduced an underlying profit measure on the face of the income statement. The directors have continued with this measure but refined it so that it now excludes only exceptional items and the impact of IAS 19 Income Statement finance charge/credit for pensions.

The face of the income statement presents underlying profit before tax and reconciles this to profit before tax as required to be presented under the applicable accounting standards. Underlying earnings per share is calculated having adjusted profit after tax for the same items, their tax effect and the effect of any exceptional tax items. The term underlying profit is not defined under IFRS and may not be comparable with similarly titled profit measures reported by other companies. It is not intended to be a substitute for, or superior to, GAAP measurements of profit. The adjustments made to reported profit in the income statement in order to present an underlying performance measure include:

Notes to the consolidated financial statements

At 4 March 2010

2 Accounting policies (continued)

Exceptional items

The Group includes in non GAAP performance measures those items which are exceptional by virtue of their size or incidence so as to allow a better understanding of the underlying trading performance of the Group. The Group includes the profit or loss on disposal of property, plant and equipment, property reversions and impairment in exceptional items.

IAS 19 Income Statement finance charge/credit for defined benefit pension schemes

Underlying profit includes the service costs but excludes the volatile finance cost/revenue element of IAS 19.

Taxation

The tax impact of the above items is also excluded in arriving at underlying earnings.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange quoted at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of initial transactions.

Trading results are translated into the functional currency (generally sterling) at average rates of exchange for the year. Day to day transactions in a foreign currency are recorded in the functional currency at an average rate for the month in which those transactions take place, which is used as a reasonable approximation to the actual transaction rate. Translation differences on monetary items are taken to the income statement except where they are part of a net foreign investment hedge, in which case translation differences are reported in other comprehensive income. The differences that arise from translating the results of foreign entities at average rates of exchange, and their assets and liabilities at closing rates, are also dealt with in a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement. All other currency gains and losses are dealt with in the income statement.

A number of subsidiaries within the Group have a non sterling functional currency. These are translated into sterling in the Group accounts. Balance sheet items are translated at the rate applicable at the balance sheet date. Transactions reported in the income statement are translated using an average rate for the month in which they occur.

Revenue recognition

Generally, revenue is the value of goods and services sold to third parties as part of the Group's trading activities, after deducting discounts and sales-based taxes. The following is a description of the composition of revenues of the Group:

Rendering of services

Owned hotel revenue, including the rental of rooms and food and beverage sales from a network of hotels, is recognised when rooms are occupied and food and beverages are sold. Revenue from franchise fees received in connection with the franchise of the Group's brand names is recognised when earned.

Royalties

Royalties are recognised as the income is earned.

Sale of goods

Revenue from the sale of food and beverages is recognised when they are sold.

Finance revenue

Interest income is recognised as the interest accrues, using the effective interest method.

Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rental payments in respect of operating leases are charged against operating profit on a straight-line basis over the period of the lease. Lease incentives are recognised as a reduction of rental costs over the lease term.

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except for gross interest costs incurred on the financing of major projects, which are capitalised until the time that the projects are available for use.

Retirement benefits

In respect of defined benefit pension schemes, the obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for any unrecognised past service cost, reduced by the fair value of the scheme assets. The cost of providing benefits is determined using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognised in full in the period in which they occur in the Consolidated Statement of Comprehensive Income.

2 Accounting policies (continued)

Retirement benefits (continued)

For defined benefit plans, the employer's portion of the past and current service cost is charged to operating profit, with the interest cost net of expected return on assets in the plans reported within finance costs. The expected return on plan assets is based on an assessment made at the beginning of the year of long-term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year.

Curtailments and settlements relating to the Group's defined benefit plan are recognised in the period in which the curtailment or settlement occurs.

Payments to defined contribution pension schemes are charged as an expense as they fall due.

Share-based payment transactions

Certain employees and directors of the Group receive equity-settled remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares. The cost of equity-settled transactions with employees is measured by reference to the fair value, determined using a stochastic model, at the date at which they are granted. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the relevant vesting date. Except for awards subject to market related conditions for vesting, the cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired, and is adjusted to reflect the directors' best available estimate of the number of equity instruments that will ultimately vest. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. If options are subject to market related conditions, awards are not cumulatively adjusted for the likelihood of these targets being met. Instead these conditions are included in the fair value of the awards.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

Tax

The income tax charge represents both the income tax payable, based on profits for the year, and deferred income tax.

Deferred income tax is recognised in full, using the liability method, in respect of temporary differences between the tax base of the Group's assets and liabilities, and their carrying amounts, that have originated but have not been reversed by the balance sheet date. No deferred tax is recognised if the temporary difference arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. Deferred income tax is recognised in respect of taxable temporary differences associated with investments in associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Treasury shares

Own equity instruments which are held by the Group (treasury shares) are deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Investments in joint ventures and associates

Joint ventures are established through an interest in a company (a jointly controlled entity).

Investments in joint ventures and associates are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments in joint ventures and associates are accounted for using the equity method.

Recognition and derecognition of financial assets and liabilities

The recognition of financial assets and liabilities occurs when the Group becomes party to the contractual provisions of the instrument. The derecognition of financial assets takes place when the Group no longer has the right to cash flows, the risks and rewards of ownership, or control of the asset. The derecognition of financial liabilities occurs when the obligation under the liability is discharged, cancelled or expires.

Notes to the consolidated financial statements

At 4 March 2010

2 Accounting policies (continued)

Financial Assets

Financial assets at fair value through profit or loss

Some assets held by the Group are classified as financial assets at fair value through profit or loss. On initial recognition these assets are recognised at fair value. Subsequent measurement is also at fair value with changes recognised through finance revenue or costs in the income statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, do not qualify as trading assets and have not been designated as either fair value through profit and loss or available-for-sale. Such assets are carried at amortised cost using the effective interest method if the time value of money is significant. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Trade receivables are recognised and carried at original invoice amount less any uncollectable amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purpose of the Consolidated Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Derivative financial instruments

The Group enters into derivative transactions with a view to managing interest risks associated with underlying business activities and the financing of those activities. Derivative financial instruments used by the Group are stated at fair value on initial recognition and at subsequent balance sheet dates. Cash flow hedges hedge exposure to variability in cash flows that are either attributable to a particular risk associated with a recognised asset or liability or a forecast transaction.

Hedge accounting is only used where, at the inception of the hedge, there is formal designation and documentation of the hedging relationship, it meets the Group's risk management objective strategy for undertaking the hedge and it is expected to be highly effective.

The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

The portion of any gains or losses of cash flow hedges, which meet the conditions for hedge accounting and are determined to be effective hedges, is recognised directly in the Consolidated Statement of Comprehensive Income. The gains or losses relating to the ineffective portion are recognised immediately in the income statement.

When a firm commitment that is hedged becomes an asset or a liability recognised on the balance sheet, then, at the time the asset or liability is recognised, the associated gains or losses that had previously been recognised in equity are included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability. For all other cash flow hedges, the gains or losses that are recognised in equity are transferred to the income statement in the same period in which the transaction that results from a firm commitment that is hedged affects the income statement.

Gains or losses arising from changes in fair value of derivatives that do not qualify for hedge accounting are recognised immediately in the income statement.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised or no longer qualifies for hedge accounting. At that point in time, for cash flow hedges, any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the income statement.

Borrowings

Borrowings are initially recognised at fair value of the consideration received net of any directly associated issue costs. Borrowings are subsequently recorded at amortised cost, with any difference between the amount initially recorded and the redemption value recognised in the income statement using the effective interest method.

Significant accounting judgements and estimates

Key assumptions concerning the future, and other key sources of estimation, at the balance sheet date have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

2 Accounting policies (continued)

Significant accounting judgements and estimates (continued)

Note 15 describes the assumptions used in impairment testing of property, plant and equipment together with an analysis of the sensitivity to changes in key assumptions.

Note 32 describes the assumptions used in accounting for retirement benefit obligations together with an analysis of the sensitivity to changes in key assumptions.

The calculation of the Group's total tax charge necessarily involves a degree of estimation and judgement in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority. The final resolution of certain of these items may give rise to material income statement and/or cash flow variances.

Standards issued by the International Accounting Standards Board (IASB) not effective for the current year and not adopted by the Group

The following standards and interpretations, which have been issued by the IASB and are relevant for the Group, become effective after the current year end and have not been early adopted by the Group:

IFRS 3 Business Combinations (revised)

IFRS 3 (revised) introduces significant changes in the accounting for business combinations occurring after this date. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

IAS 27 Consolidated and Separate Financial Statements (amended)

IAS 27 (amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses by the subsidiary as well as the loss of control of a subsidiary.

The changes by IFRS 3 (revised) and IAS 27 (amended) will affect future acquisitions or loss of control of subsidiaries and transactions with non-controlling interests.

3 Revenue

An analysis of the Group's revenue is as follows:

	2009/10 £m	2008/9 £m
Rendering of services	629.8	601.5
Royalties	12.6	9.0
Sale of goods	792.6	724.1
Revenue	1,435.0	1,334.6

4 Segment information

For management purposes, the Group is organised into two strategic business units (Hotels & Restaurants and Costa) based upon their different products and services:

- Hotels & Restaurants provide services in relation to food and accommodation
- Costa generates income from the operation of its branded, owned and franchised coffee shops.

No operating segments have been aggregated to form the above reportable operating segments.

Notes to the consolidated financial statements

At 4 March 2010

4 Segment information (continued)

Management monitors the operating results of its strategic business units separately for the purpose of making decisions about allocating resources and assessing performance. Segment performance is measured based on operating profit before exceptional items. Included within the unallocated and elimination columns in the tables below are functions managed by a central division (including the costs of running the public company). The unallocated assets and liabilities are cash and debt balances (held and controlled by the central treasury function), taxation, pensions, certain property, plant and equipment and central working capital balances. Sales to Costa franchise partners were previously categorised as unallocated but are now included within Costa (restated for 2009).

Inter-segment revenue is from Costa to the Hotels & Restaurants segment and is eliminated on consolidation. Transactions were entered into on an arm's length basis in a manner similar to transactions with third parties.

All activities are continuing.

The following tables present revenue and profit information and certain asset and liability information regarding business operating segments for the years ended 4 March 2010 and 26 February 2009.

Year ended 4 March 2010	Hotels & Restaurants £m	Costa £m	Unallocated and elimination £m	Total operations £m
Revenue				
Revenue from external customers	1,096.0	339.0	-	1,435.0
Inter-segment revenue	-	1.9	(1.9)	-
Total revenue	1,096.0	340.9	(1.9)	1,435.0
Operating profit before exceptional items	247.0	36.2	(18.4)	264.8
Exceptional items:				
Pension curtailment	-	-	4.0	4.0
Net gain on disposal of property, plant and equipment and property reversions	14.5	(0.4)	(20.7)	(6.6)
Reorganisation	-	-	(9.9)	(9.9)
Impairment	(10.7)	(0.6)	-	(11.3)
Impairment reversal	9.1	0.7	-	9.8
Operating profit of the Group	259.9	35.9	(45.0)	250.8
Net finance costs				(42.8)
Profit before tax				208.0
Tax expense				(48.0)
Profit for the year				160.0
Assets and liabilities				
Segment assets	2,393.9	155.3	-	2,549.2
Unallocated assets	-	-	98.4	98.4
Total assets	2,393.9	155.3	98.4	2,647.6
Segment liabilities	(127.5)	(56.7)	-	(184.2)
Unallocated liabilities	-	-	(1,355.4)	(1,355.4)
Total liabilities	(127.5)	(56.7)	(1,355.4)	(1,539.6)
Net assets	2,266.4	98.6	(1,257.0)	1,108.0
Other segment information				
Income from associate	0.7	-	-	0.7
Loss from joint ventures	(2.2)	(0.9)	-	(3.1)
Capital expenditure:				
Property, plant and equipment - cash basis	111.6	15.2	0.3	127.1
Property, plant and equipment - accruals basis	106.6	17.3	0.1	124.0
Intangible assets	2.6	2.0	-	4.6
Depreciation	(74.6)	(17.4)	-	(92.0)
Amortisation	(3.5)	(0.4)	-	(3.9)

4 Segment information (continued)

Year ended 26 February 2009 (restated*)	Hotels & Restaurants £m	Costa £m	Unallocated and elimination £m	Total operations £m
Revenue				
Revenue from external customers	1,061.6	272.7	0.3	1,334.6
Inter-segment revenue	-	3.6	(3.6)	-
Total revenue	1,061.6	276.3	(3.3)	1,334.6
Operating profit before exceptional items				
Operating profit before exceptional items	254.9	22.7	(22.6)	255.0
Exceptional items:				
Net gain on disposal of property, plant and equipment and property reversions	6.3	0.2	0.4	6.9
Premier Inn rebranding	(5.7)	-	-	(5.7)
Reorganisation	-	-	(13.3)	(13.3)
Impairment	(15.3)	(1.2)	(1.3)	(17.8)
Impairment reversal	0.2	0.9	-	1.1
Operating profit of the Group	240.4	22.6	(36.8)	226.2
Net finance costs				(27.6)
Profit before tax				198.6
Tax expense				(108.3)
Profit for the year				90.3
Assets and liabilities				
Segment assets	2,327.7	115.0	-	2,442.7
Unallocated assets	-	-	130.3	130.3
Total assets	2,327.7	115.0	130.3	2,573.0
Segment liabilities	(110.3)	(31.5)	-	(141.8)
Unallocated liabilities	-	-	(1,302.7)	(1,302.7)
Total liabilities	(110.3)	(31.5)	(1,302.7)	(1,444.5)
Net assets	2,217.4	83.5	(1,172.4)	1,128.5
Other segment information				
Income from associate	1.1	-	-	1.1
Loss from joint ventures	(0.8)	(1.3)	-	(2.1)
Capital expenditure:				
Property, plant and equipment - cash basis	241.5	30.1	4.1	275.7
Property, plant and equipment - accruals basis	228.6	29.5	5.1	263.2
Intangible assets	0.2	0.4	-	0.6
Depreciation	(68.6)	(17.0)	(3.9)	(89.5)
Amortisation	(0.2)	-	(6.6)	(6.8)

*Sales of £12.5m to Costa franchise partners were previously categorised as unallocated but are now included within Costa revenue.

Revenues from external customers are split geographically as follows:

	2009/10 £m	2008/9 £m
United Kingdom*	1,421.4	1,323.2
Non United Kingdom	13.6	11.4
	1,435.0	1,334.6

*United Kingdom revenue is revenue where the source of the supply is the United Kingdom. This includes Costa franchise income invoiced from the United Kingdom.

Non-current assets** are split geographically as follows:

	2009/10 £m	2008/9 £m
United Kingdom	2,457.4	2,425.9
Non United Kingdom	22.6	18.2
	2,480.0	2,444.1

**Non-current assets exclude financial instruments and deferred tax assets

Notes to the consolidated financial statements

At 4 March 2010

5 Group operating profit

This is stated after charging/(crediting):	2009/10 £m	2008/9 £m
Property operating lease payments		
Minimum lease payments recognised as an operating lease expense:		
Minimum lease payments attributable to the current period	78.6	67.4
IAS 17 - impact of future minimum rental uplifts	2.8	3.4
Contingent rents	6.3	5.9
Total property rent	87.7	76.7
Plant and machinery operating lease payments	8.2	8.9
Operating lease payments	95.9	85.6
Operating lease payments - sublease receipts	(1.5)	(2.5)
Amortisation of intangible assets (note 13)	3.9	6.8
Depreciation of property, plant and equipment (note 14)	92.0	89.5
Cost of inventories recognised as an expense	212.7	181.9
Employee benefits expense (note 7)	409.8	390.7
Net foreign exchange differences	0.2	(0.2)
Principal auditor's fees		
Audit of the Group financial statements	0.5	0.6
Other fees to auditors:		
Auditing the accounts of subsidiaries	0.1	0.1
All other services	0.1	0.1
	0.7	0.8

6 Exceptional items and other non GAAP adjustments

	2009/10 £m	2008/9 £m
Exceptional items before tax and interest:		
Distribution costs		
Net profit/(loss) on disposal of property, plant and equipment, and property reversions ¹	(6.6)	6.9
Premier Inn rebranding ²	-	(5.7)
Impairment of property, plant and equipment (note 15)	(11.3)	(17.8)
Impairment reversal (note 15)	9.8	1.1
	(8.1)	(15.5)
Administrative expenses		
Pension curtailment ³	4.0	-
Reorganisation costs ⁴	(9.9)	(13.3)
	(5.9)	(13.3)
Exceptional interest:		
Interest on exceptional tax ⁵	(0.7)	(1.7)
Movement in discount on provisions	(0.9)	(0.8)
	(1.6)	(2.5)
Other non GAAP adjustments made to underlying profit before tax to arrive at reported profit before tax:		
IAS 19 Income Statement (charge)/credit for pension finance cost	(15.5)	5.5
Items included in reported profit before tax, but excluded in arriving at underlying profit before tax	(31.1)	(25.8)
Tax adjustments included in reported profit after tax, but excluded in arriving at underlying profit after tax		
	2009/10 £m	2008/9 £m
Tax on continuing exceptional items	2.0	5.4
Tax on non GAAP adjustment	4.3	(1.5)
Exceptional tax items ⁶	16.8	-
Deferred tax arising on abolition of Industrial Buildings Allowances ⁷	-	(44.1)
	23.1	(40.2)

- During the year a net profit of £14.6m was recognised on disposals of property, plant and equipment. In addition, following the entry of First Quench Retailing into administration on 29 October 2009, a provision has been raised for a total of 130 properties for which the Group has an obligation.
- Premier Inn rebranding costs in the prior year relate to asset write off and brand relaunch costs.
- The pension curtailment credit arose due to the closure of the defined benefit scheme to future accrual on 31 December 2009 (note 32).
- In 2007/8, the Group sold its interests in David Lloyd Leisure Limited and TGI Friday's. Following these disposals it was announced that the Restaurant and Hotels divisions would merge and that the shared service teams would be disbanded. This restructuring includes the final costs associated with the aligning of IT with the new structures. This then completes the income statement impact of the restructuring programme that was announced in 2007/8.
- The interest arising on late payment of an item claimed in a previous year, which is disputed, is included in exceptional interest charges.
- Reduction in deferred tax liability on rolled over gains for differences between the tax deductible cost and accounts residual value of the reinvestment assets.
- The deferred tax charge in the prior year arose as a result of the enactment by the UK government, in July 2008, of the abolition of Industrial Buildings Allowances for hotel buildings.

7 Employee benefits expense

	2009/10 £m	2008/9 £m
Wages and salaries	377.5	360.2
Social security costs	25.0	24.0
Pension costs	7.3	6.5
	409.8	390.7

Included in wages and salaries is a share-based payments expense of £5.8m (2008/9: £5.5m), all of which arises from transactions accounted for as equity-settled share-based payments.

The average number of persons directly employed in the business segments on a full time equivalent basis was as follows:

	2009/10	2008/9
Hotels & Restaurants	20,452	21,320
Costa	5,285	4,928
Unallocated	57	129
Total operations	25,794	26,377

All operations are continuing.

Excluded from the above are employees of joint ventures and associated undertakings.

Details of directors' emoluments are disclosed in the Remuneration report on pages 47 to 56.

8 Finance (costs)/revenue

	2009/10 £m	2008/9 £m
Finance costs		
Bank loans and overdrafts	(27.2)	(35.3)
Other loans	(0.1)	(0.2)
Interest capitalised	0.5	3.0
	(26.8)	(32.5)
Net pension finance cost (note 32)	(15.5)	-
Impact of ineffective portion of cash flow hedges	-	(0.4)
Finance costs before exceptional items	(42.3)	(32.9)
Exceptional finance costs (note 6)	(0.7)	(1.7)
Movement in discount on provisions (note 6)	(0.9)	(0.8)
Total finance costs	(43.9)	(35.4)
Finance revenue		
Bank interest receivable	0.1	0.4
Other interest receivable	0.8	1.6
Income from investments	-	0.3
	0.9	2.3
Net pension finance revenue (note 32)	-	5.5
Impact of ineffective portion of cash flow hedges	0.2	-
Total finance revenue	1.1	7.8

9 Taxation

	2009/10 £m	2008/9 £m
Consolidated income statement		
Current tax:		
Current tax expense	57.5	61.3
Adjustments in respect of current tax of previous periods	(0.2)	(1.3)
	57.3	60.0
Deferred tax:		
Origination and reversal of temporary differences	4.4	48.3
Adjustments in respect of previous periods	(13.7)	-
	(9.3)	48.3
Tax reported in the consolidated income statement	48.0	108.3

All operations are continuing.

Notes to the consolidated financial statements

At 4 March 2010

9 Taxation (continued)

Consolidated statement of comprehensive income	2009/10 £m	2008/9 £m
Current tax:		
Pensions	(28.6)	(14.0)
Deferred tax:		
Cash flow hedge	0.8	(8.3)
Pensions	(26.3)	(57.5)
Tax reported in other comprehensive income	(54.1)	(79.8)

A reconciliation of the tax charge applicable to profit from operating activities before tax at the statutory tax rate to the actual tax charge at the Group's effective tax rate for the years ended 4 March 2010 and 26 February 2009 respectively is as follows:

Consolidated statement of comprehensive income	2009/10 £m	2008/9 £m
Profit before tax as reported in the consolidated income statement	208.0	198.6
Tax at current UK tax rate of 28.00% (2009: 28.17%)	58.2	55.9
Effect of different tax rates in overseas companies	1.2	1.6
Effect of joint ventures and associate	0.7	0.5
Expenditure not allowable/(income not taxable)	1.8	10.1
Adjustments to tax expense in respect of previous years	(0.2)	(1.3)
Adjustments to deferred tax expense in respect of previous years	3.1	-
Exceptional adjustments to deferred tax expense in respect of prior years	(16.8)	-
Deferred tax arising on abolition of Industrial Buildings Allowances	-	44.1
Revaluation reserve realisation	-	(2.6)
Tax expense reported in the consolidated income statement	48.0	108.3

All operations are continuing.

Deferred tax

Deferred tax relates to the following:

	Consolidated balance sheet		Consolidated income statement	
	2010 £m	2009 £m	2009/10 £m	2008/9 £m
Deferred tax liabilities				
Accelerated capital allowances	102.1	98.7	2.5	41.1
Rolled over gains and property revaluations	160.3	174.8	(14.4)	3.8
Gross deferred tax liabilities	262.4	273.5		
Deferred tax assets				
Pensions	(93.0)	(65.2)	(1.4)	1.5
Other	(8.6)	(12.6)	4.0	1.9
Gross deferred tax assets	(101.6)	(77.8)		
Deferred tax expense			(9.3)	48.3
Net deferred tax liability	160.8	195.7		

Total deferred tax liabilities released as a result of disposals during the year was £0.1m (2009: £2.6m).

As a result of the transaction referred to in note 32, a current tax benefit of £28.6m has been obtained in the current year. The deferred tax balance associated with the pension deficit has been adjusted to reflect this benefit.

The Group has not provided deferred tax of £1.7m (2009: £1.7m) in respect of the unremitted earnings of overseas subsidiaries. Following the enactment of the Finance Act 2009, the Group considers that the receipt of those earnings would be exempt from UK tax.

Tax relief on total interest capitalised amounts to £0.1m (2009: £0.8m).

10 Business combinations

On 18 February 2010 Costa Coffee Limited acquired the entire issued share capital of Coffeeheaven International plc for a total cash consideration of £37.2m, equivalent to 24 pence per ordinary share. Coffeeheaven International plc is the leading coffee chain in central and eastern Europe, with 89 stores throughout Poland, the Czech Republic, Hungary, Bulgaria and Latvia.

10 Business combinations (continued)

The fair value of the identifiable assets and liabilities of the acquired businesses as at the date of acquisition, and the corresponding carrying amounts immediately before the acquisition were:

	Book value £m	Provisional fair value to Group £m
Property, plant and equipment (note 14)	10.6	8.3
Inventories	0.6	0.6
Cash	3.0	3.0
Trade and other receivables	4.4	4.4
Overdrafts and loans	(0.3)	(0.3)
Trade and other payables	(6.1)	(6.1)
Net assets	12.2	9.9
Intangible assets in relation to the Coffeeheaven brand name		5.1
Deferred tax liability in relation to the Coffeeheaven brand name		(1.0)
Goodwill arising on acquisition (note 13)		23.2
Total consideration		37.2
Cash flow on acquisition:		
Cash acquired		3.0
Overdrafts and loans acquired		(0.3)
Cash paid		(37.2)
Net cash outflow		(34.5)

The consideration includes £1.1m of costs associated with the acquisition, paid in cash.

Fair values are described as provisional due to the proximity of the acquisition date to the year end.

In arriving at the fair value of property, plant and equipment an adjustment of £2.3m has been made to impair the carrying value of a number of leasehold sites. Goodwill arising on the acquisition of Coffeeheaven International plc arises as a result of the expected synergies from the business combination together with the benefits of the assembled workforce of the acquired business.

From the date of acquisition, the company acquired contributed £1.0m revenue and no profit to the net profit of the Group. If the acquisition had taken place at the beginning of the year, the profit for the Group would have been decreased by £1.2m and the revenue from continuing operations would have been increased by £22.8m.

On 18 February 2010 Premier Inn India Limited acquired 50.1% of Premier Inn India Private Limited, which it previously did not own, for £5.5m in cash.

The fair value of the identifiable assets and liabilities of the acquired businesses as at the date of acquisition, and the corresponding carrying amounts immediately before the acquisition were:

	Book value £m	Provisional fair value to Group £m
Property, plant and equipment (note 14)	5.8	5.4
Cash	2.4	2.4
Trade and other receivables	5.8	5.8
Loan from Premier Inn India Limited	(4.8)	(4.8)
Trade and other payables	(0.6)	(0.6)
Net assets	8.6	8.2
Existing investment in joint venture		(4.3)
Goodwill arising on acquisition (note 13)		1.6
Total consideration		5.5
Cash flow on acquisition:		
Cash acquired		1.2
Cash paid		(5.5)
Net cash outflow		(4.3)

The consideration includes £0.1m of costs associated with the acquisition, paid in cash.

Fair values are described as provisional due to the proximity of the acquisition date to the year end.

In arriving at fair value of property, plant and equipment an adjustment of £0.4m has been made to write off costs which had been inappropriately capitalised.

No goodwill arose on the original investment in the joint venture.

From the date of acquisition, the company acquired contributed no revenue and a loss of £0.1m to the net profit of the Group. If the acquisition had taken place at the beginning of the year, the profit for the Group would have been decreased by £1.6m and the revenue from continuing operations would have been increased by £0.1m.

Notes to the consolidated financial statements

At 4 March 2010

10 Business combinations (continued)

Prior year business combinations

In 2008/9, four business combinations were effected for a total consideration of £101.0m; £30.2m cash and £78.0m fair value of assets given as consideration. Overdrafts and loans acquired totalled £0.8m and goodwill of £23.9m was recognised. There have been no adjustments to the provisional fair values allocated and disclosed in the financial statements of 2008/9. The book and fair value of assets acquired in 2008/9 were:

	Book value £m	Fair value to Group £m
Property, plant and equipment (note 14)	84.7	84.7
Cash	0.6	0.6
Trade and other receivables	0.6	0.6
Overdrafts and loans	(0.8)	(0.8)
Trade and other payables	(0.6)	(0.6)
Deferred tax	(0.2)	(0.2)
	84.3	84.3

11 Earnings per share

The basic earnings per share figures are calculated by dividing the net profit for the year attributable to ordinary shareholders, therefore before minority interests, by the weighted average number of ordinary shares in issue during the year after deducting treasury shares and shares held by an independently managed employee share ownership trust (ESOT).

The diluted earnings per share figures allow for the dilutive effect of the conversion into ordinary shares of the weighted average number of options outstanding during the period. Where the share price at the year end is lower than the option price the options become anti-dilutive and are excluded from the calculation. The number of such options was nil (2009: 694,753).

The numbers of shares used for the earnings per share calculations are as follows:

	2009/10 million	2008/9 million
Basic weighted average number of ordinary shares	174.3	173.8
Effect of dilution – share options	0.4	0.2
Diluted weighted average number of ordinary shares	174.7	174.0

The total number of shares in issue at the year end, as used in the calculation of the basic weighted average number of ordinary shares, was 190.6m less 14.7m treasury shares held by Whitbread PLC and 0.5m held by the ESOT (2009: 189.1m less 14.7m treasury shares held by Whitbread PLC and 0.8m held by the ESOT).

The profits used for the earnings per share calculations are as follows:

	2009/10 £m	2008/9 £m
Profit for the year attributable to parent shareholders	161.0	91.8
Exceptional items – gross	15.6	31.3
Exceptional items – taxation	(18.8)	38.7
Profit for the year before exceptional items attributable to parent shareholders	157.8	161.8
Non GAAP adjustments – gross	15.5	(5.5)
Non GAAP adjustments – taxation	(4.3)	1.5
Underlying profit for the year attributable to parent shareholders	169.0	157.8

All operations are continuing.

	2009/10 p	2008/9 p
Basic for profit for the year	92.37	52.82
Exceptional items – gross	8.95	18.01
Exceptional items – taxation	(10.79)	22.27
Basic for profit before exceptional items for the year	90.53	93.10
Non GAAP adjustments – gross	8.89	(3.16)
Non GAAP adjustments – taxation	(2.47)	0.86
Basic for underlying profit for the year	96.95	90.80
Diluted for profit for the year	92.16	52.76
Diluted for profit before exceptional items for the year	90.33	92.99
Diluted for underlying profit for the year	96.74	90.69

All operations are continuing.

12 Dividends paid and proposed

	2009/10		2008/9	
	pence per share	£m	pence per share	£m
Final dividend relating to the prior year	26.90	46.7	26.90	47.1
Settled via scrip issue (note 28)		(6.0)		-
Paid in the year		40.7		47.1
Interim dividend for the current year	9.65	16.8	9.65	16.7
Settled via scrip issue (note 28)		(3.8)		-
Paid in the year		13.0		16.7
Total equity dividends paid in the year		53.7		63.8
Dividends on other shares:				
B share dividend	7.13	0.1	7.11	0.2
C share dividend	2.93	0.1	6.64	0.1
		0.2		0.3
Total dividends paid		53.9		64.1
Proposed for approval at Annual General Meeting:				
Equity dividends on ordinary shares:				
Final dividend for the current year	28.35	49.7	26.90	46.7

13 Intangible assets

	Goodwill £m	Brand £m	IT software £m	Other £m	Total £m
Cost					
At 28 February 2008	86.6	-	36.5	2.3	125.4
Additions	-	-	-	0.6	0.6
Businesses acquired	23.9	-	-	-	23.9
At 26 February 2009	110.5	-	36.5	2.9	149.9
Additions	-	-	4.6	-	4.6
Businesses acquired	24.8	5.1	-	-	29.9
Foreign currency adjustment	0.5	-	-	-	0.5
At 4 March 2010	135.8	5.1	41.1	2.9	184.9
Amortisation and impairment					
At 28 February 2008	-	-	(23.7)	(0.5)	(24.2)
Amortisation during the year	-	-	(6.6)	(0.2)	(6.8)
At 26 February 2009	-	-	(30.3)	(0.7)	(31.0)
Amortisation during the year	-	-	(3.7)	(0.2)	(3.9)
At 4 March 2010	-	-	(34.0)	(0.9)	(34.9)
Net book value at 4 March 2010	135.8	5.1	7.1	2.0	150.0
Net book value at 26 February 2009	110.5	-	6.2	2.2	118.9

The carrying amount of goodwill allocated by segment is presented below:

	2010 £m	2009 £m
Hotels & Restaurants	112.6	110.5
Costa	23.2	-
Total	135.8	110.5

The carrying amount of goodwill at 26 February 2009 relates to Hotels & Restaurants. Additions during the year comprise £23.2m arising on the acquisition of Coffeeheaven International plc and £1.6m arising on the acquisition of Premier Inn India Private Limited. Of the £24.8m of goodwill relating to additions in the year, £1.6m has been allocated for impairment testing purposes to the cash generating unit Hotels & Restaurants, with the remaining £23.2m being allocated to the Costa cash generating unit. Both of these cash generating units are also reportable segments and represent the lowest level within the Group at which goodwill is monitored for internal management purposes.

Notes to the consolidated financial statements

At 4 March 2010

13 Intangible assets (continued)

IT software has been assessed as having finite lives and will be amortised under the straight-line method over periods ranging from three to 10 years from the date it became fully operational. During the prior year the useful economic life of elements of the Group's ERP system was reduced as a result of the reorganisation referred to in note 6. The IT software amortisation charge for the year includes an accelerated amortisation charge of £1.4m (2008/9: £4.3m) as a result of this revision and is included within exceptional items in both the current and prior years.

Other intangibles

Other intangibles comprise Costa overseas trading licences and the brand name and franchise fee agreements acquired with the Premier Lodge business.

The trading licences, which have a carrying value of £0.6m (2009: £0.7m), are deemed to have an infinite life as there is no time limit associated with them. The brand name and franchise fee agreements are being amortised over their estimated useful economic lives of periods up to 15 years.

Capital expenditure commitments

There are no capital expenditure commitments in relation to intangible assets at the year end (2009: £nil).

14 Property, plant and equipment

	Land and buildings £m	Plant and equipment £m	Total £m
Cost			
At 28 February 2008	1,820.2	676.3	2,496.5
Additions	119.5	143.7	263.2
Businesses acquired	75.1	9.6	84.7
Interest capitalised	3.0	-	3.0
Reclassified	2.3	(2.3)	-
Assets written off	(0.9)	(14.4)	(15.3)
Foreign currency adjustment	-	0.8	0.8
Movements to held for sale in the year	(59.9)	(20.2)	(80.1)
Disposals	(0.9)	(31.2)	(32.1)
At 26 February 2009	1,958.4	762.3	2,720.7
Additions	41.1	82.9	124.0
Businesses acquired (note 10)	12.5	1.2	13.7
Interest capitalised	0.5	-	0.5
Reclassified	1.2	(1.2)	-
Assets written off	(0.5)	(46.0)	(46.5)
Movements to held for sale in the year	(6.2)	(2.4)	(8.6)
Disposals	(26.7)	(8.8)	(35.5)
At 4 March 2010	1,980.3	788.0	2,768.3
Depreciation and impairment			
At 28 February 2008	(125.8)	(243.3)	(369.1)
Depreciation charge for the year	(17.7)	(71.8)	(89.5)
Impairment (note 15)	(14.2)	(2.5)	(16.7)
Depreciation written off	0.6	13.1	13.7
Foreign currency adjustment	-	(0.1)	(0.1)
Movements to held for sale in the year	2.6	7.5	10.1
Disposals	0.8	31.2	32.0
At 26 February 2009	(153.7)	(265.9)	(419.6)
Depreciation charge for the year	(12.9)	(79.1)	(92.0)
Impairment (note 15)	(1.0)	0.1	(0.9)
Depreciation written off	-	41.2	41.2
Reclassified	0.6	(0.6)	-
Movements to held for sale in the year	2.0	1.6	3.6
Disposals	3.9	6.2	10.1
At 4 March 2010	(161.1)	(296.5)	(457.6)
Net book value at 4 March 2010	1,819.2	491.5	2,310.7
Net book value at 26 February 2009	1,804.7	496.4	2,301.1

14 Property, plant and equipment (continued)

Capital expenditure commitments	2010 £m	2009 £m
Capital expenditure commitments for property, plant and equipment for which no provision has been made	41.9	54.2

In addition to the capital expenditure commitments disclosed above, the Group has also signed agreements with certain third parties to develop new trading outlets within the Hotels & Restaurants strategic business unit. These developments are dependent on the outcome of future events such as the granting of planning permission, and consequently do not represent a binding capital commitment at the year end. The directors consider that developments likely to proceed as planned will result in further capital investment of £111.1m over the next five years (2009: £41.7m).

Capitalised interest

Interest capitalised during the year amounted to £0.5m, using an average rate of 4.4% (2008/9: £3.0m, using an average rate of 5.8%).

Assets held for sale

During the year, certain property assets with a combined net book value of £5.0m (2008/9: £70.0m) were transferred to assets held for sale. These property assets were sold during the year, with the exception of three trading sites with a combined net book value of £2.3m (2008/9: £nil) which continue to be classified as assets held for sale at the year end. An impairment loss of £0.6m (2008/9: £nil) was recognised in the year relating to assets classified as held for sale.

15 Impairment

During the year impairment losses of £11.3m (2008/9: £17.8m) and impairment reversals of £9.8m (2008/9: £1.1m) were recognised.

	2009/10	2008/9
	Property, plant and equipment £m	Property, plant and equipment £m
Impairment losses		
Hotels & Restaurants	10.7	15.3
Costa	0.6	1.2
Unallocated	-	1.3
Impairment reversals		
Hotels & Restaurants	(9.1)	(0.2)
Costa	(0.7)	(0.9)
Total	1.5	16.7

Property, plant and equipment

The Group considers each trading outlet to be a cash generating unit (CGU) and each CGU is reviewed annually for indicators of impairment.

In assessing whether an asset has been impaired, the carrying amount of the CGU is compared to its recoverable amount. The recoverable amount is the higher of its fair value less costs to sell and its value in use. In the absence of any information about the fair value of a CGU, the recoverable amount is deemed to be its value in use.

The Group estimates value in use using a discounted cash flow model, which applies a pre-tax discount rate of 10.0% (2008/9: 10.0%). The future cash flows are based on assumptions from the business plans and cover a five year period. These business plans and forecasts include management's most recent and cautious view of medium term trading prospects. Cash flows beyond this period are extrapolated using a 2.0% growth rate (2008/9: 2.0%).

The events and circumstances that led to the impairment loss of £11.3m are set out below:

Hotels & Restaurants

The impairment at 25 sites in the strategic business unit was driven by a number of factors

- Changes in the local competitive environment in which the hotels are situated
- Impairment of assets held for sale to their recoverable value
- High asset prices in the market at the point of acquisition for acquired sites which also anticipated higher growth rates at that time than are now expected.

Costa

Nine Costa sites with an established trend of poor performance against the required capital investment have been impaired where their expected future cash flows have fallen to such a level that their value in use is below carrying value.

Impairment reversals

Following an improvement in trading performance and an increase in amounts of estimated future cash flows of previously impaired sites, reversals of £9.8m have been recognised.

Notes to the consolidated financial statements

At 4 March 2010

15 Impairment (continued)

Sensitivity to changes in assumptions

The level of impairment is predominantly dependent upon judgements used in arriving at future growth rates and the discount rate applied to cash flow projections. The impact on the impairment charge of applying different assumptions to the growth rates used in the five year business plan and in the pre-tax discount rates would be as follows:

	Hotels & Restaurants £m	Costa £m	Total £m
Impairment if business plan growth rates were reduced by 1%	17.1	1.3	18.4
Impairment if discount rate was increased by 1%	16.7	1.3	18.0

Goodwill

Goodwill acquired through business combinations is allocated to groups of CGUs at strategic business unit level, being the level at which management monitor goodwill.

The recoverable amount is the higher of fair value less costs to sell and value in use. In the absence of a recent market transaction the recoverable amount is determined from value in use calculations. This is calculated using the five year business plans approved by senior management. The key assumptions in these calculations relate to revenue and the increase in rooms. The calculation is most sensitive to revenue assumptions, however senior management believe that the assumptions used are reasonable. Cash flows beyond this period are extrapolated using a 2.0% growth rate (2008/9: 2.0%). The pre-tax discount rate applied to cash flow projections is 10.0% (2008/9: 10.0%).

The resultant impairment review required no impairment of goodwill allocated to the Hotels & Restaurants CGU.

A review of goodwill created during the year concluded that there is insufficient post acquisition trading history to suggest any impairment. Goodwill acquired in 2009/10 as part of the Coffeeheaven International plc acquisition will be assessed for impairment as part of the Costa goodwill impairment review in future years.

16 Investment in joint ventures

Principal joint ventures	Investment held by	Principal activity	Country of incorporation	% equity interest	
				2010	2009
Premier Inn Hotels LLC	PTI Middle East Limited	Hotels	United Arab Emirates	49.0	49.0
Rosworth Investments Limited	Costa International Limited	Coffee shops	Cyprus	50.0	50.0
Hualian Costa (Beijing) Food & Beverage Management Company Limited	Costa Beijing Limited	Coffee shops	China	50.0	50.0

As disclosed in note 10, on 18 February 2010 Premier Inn India Limited acquired the remaining 50.1% of share capital of Premier Inn India Private Limited. Premier Inn India Private Limited was previously accounted for as a joint venture.

The following table provides summarised information of the Group's investment in joint ventures:

Share of joint ventures' balance sheets	2010 £m	2009 £m
Current assets	4.0	4.7
Non-current assets	34.5	28.1
Share of gross assets	38.5	32.8
Current liabilities	(3.1)	(2.1)
Non-current liabilities	(18.7)	(10.0)
Share of gross liabilities	(21.8)	(12.1)
Loans to joint ventures	1.4	2.1
Share of net assets	18.1	22.8

16 Investment in joint ventures (continued)

	2009/10 £m	2008/9 £m
Share of joint ventures' revenue and expenses		
Revenue	4.2	2.5
Cost of sales	(0.8)	(1.0)
Administrative expenses	(6.1)	(3.5)
Finance costs	(0.4)	(0.2)
Loss before tax	(3.1)	(2.2)
Tax	-	0.1
Net loss	(3.1)	(2.1)

At 4 March 2010 the Group's share of the capital commitments of its joint ventures amounted to £16.9m (2009: £12.2m).

17 Investment in associate

Principal associate	Investment held by	Principal activity	Country of incorporation	% equity interest	
				2010	2009
Morrison Street Hotel Limited	Whitbread Group PLC	Hotels	Scotland	40.0	40.0

The associate is a private entity which is not listed on any public exchange and therefore there is no published quotation price for the fair value of this investment.

The following table provides summarised information of the Group's investment in the associated undertaking:

Share of associate's balance sheet	2010 £m	2009 £m
Current assets	1.2	1.6
Non-current assets	5.2	4.9
Share of gross assets	6.4	6.5
Current liabilities	(0.6)	(0.7)
Non-current liabilities	(4.6)	(4.5)
Share of gross liabilities	(5.2)	(5.2)
Share of net assets	1.2	1.3

Share of associate's revenue and profit	2009/10 £m	2008/9 £m
Revenue	2.4	2.6
Profit	0.7	1.1

18 Other financial asset

	2010 £m	2009 £m
Opening cost or valuation	0.9	0.9
Disposals	-	-
Closing cost or valuation	0.9	0.9
Non-current	0.9	0.9

The Group's other financial asset relates to an investment in a German hotel held at fair value, with any changes in value taken through the income statement. The investment is in unlisted ordinary shares and has no fixed maturity date or coupon rate and as a result is not directly exposed to interest rate risk.

Fair value is calculated based on the expected cash flows of the underlying net asset base of the investment.

19 Inventories

	2010 £m	2009 £m
Raw materials and consumables (at cost)	1.3	2.2
Finished goods (at cost)	15.7	14.3
Total inventories at lower of cost and net realisable value	17.0	16.5

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At 4 March 2010

20 Trade and other receivables

	2010 £m	2009 £m
Trade receivables	49.7	35.7
Prepayments and accrued income	39.5	27.5
Other receivables	4.7	3.8
	93.9	67.0

Trade and other receivables are non-interest bearing and are generally on 30 day terms.

The provision for impairment of receivables at 4 March 2010 was £3.3m (2009: £3.5m).

The ageing analysis of trade receivables is as follows:

	2010 £m	2009 £m
Neither past due nor impaired	40.4	23.6
Less than 30 days	7.0	9.0
Between 30 and 60 days	1.9	1.4
Greater than 60 days	0.4	1.7
	49.7	35.7

21 Cash and cash equivalents

	2010 £m	2009 £m
Cash at bank and in hand	40.1	23.0
Short-term deposits	6.9	21.5
	47.0	44.5

Short-term deposits are made for varying periods of between one day and one month depending on the immediate cash requirements of the Group. They earn interest at the respective short-term deposit rates. The fair value of cash and cash equivalents is £47.0m (2009: £44.5m).

For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise the following:

	2010 £m	2009 £m
Cash at bank and in hand	40.1	23.0
Short-term deposits	6.9	21.5
Bank overdrafts (note 23)	(5.5)	(1.8)
	41.5	42.7

22 Financial liabilities

	Maturity	Current		Non-current	
		2010 £m	2009 £m	2010 £m	2009 £m
Bank overdrafts	On demand	5.5	1.8	-	-
Short-term borrowings	On demand	25.5	-	-	-
		31.0	1.8	-	-
Secured					
Other loans		-	0.1	-	-
Unsecured					
Other loans	2010 to 2014	0.4	-	0.6	-
Revolving credit facility (£700m)	2012	-	-	528.4	665.7
Revolving credit facility (£455m)	2013	-	-	-	-
Total		31.4	1.9	529.0	665.7

Revolving credit facility (£455m)

The revolving credit facility was entered into on 20 March 2008 and runs until 20 March 2013. Loans have variable interest rates linked to LIBOR. The facility is multi-currency.

22 Financial liabilities (continued)

Revolving credit facility (£700m)

The revolving credit facility was entered into on 9 December 2005 and runs until 8 December 2010. Two one-year extensions have been agreed with Whitbread PLC's banking group such that £700m is available until December 2010, £475m is available until December 2011 and £400m is available until December 2012. Loans have variable interest rates linked to LIBOR. The facility is multi-currency.

Short-term borrowings

Short-term borrowings are typically overnight borrowings, repayable on demand. Interest rates are variable and linked to LIBOR.

An analysis of the interest rate profile and the maturity of the borrowings, together with related interest rate swaps, is as follows:

	Within 1 year £m	1-2 years £m	2-5 years £m	Over 5 years £m	Total £m
Year ended 4 March 2010					
Fixed rate	0.1	0.2	0.4	-	0.7
Floating to fixed interest rate swaps	-	200.0	100.0	100.0	400.0
	0.1	200.2	100.4	100.0	400.7
Floating rate	31.3	-	528.4	-	559.7
Floating to fixed interest rate swaps	-	(200.0)	(100.0)	(100.0)	(400.0)
	31.3	(200.0)	428.4	(100.0)	159.7
Total	31.4	0.2	528.8	-	560.4
Year ended 26 February 2009					
Fixed rate	-	-	-	-	-
Floating to fixed interest rate swaps	10.0	-	300.0	100.0	410.0
	10.0	-	300.0	100.0	410.0
Floating rate	1.9	-	665.7	-	667.6
Floating to fixed interest rate swaps	(10.0)	-	(300.0)	(100.0)	(410.0)
	(8.1)	-	365.7	(100.0)	257.6
Total	1.9	-	665.7	-	667.6

Maturity analysis is grouped by when the debt is contracted to mature rather than by repricing dates, as allowed under IFRS.

The swaps with maturities beyond the life of the current revolving credit facilities (2013) are in place to hedge against the core level of debt the Group will hold.

The carrying amount of the Group's borrowings is denominated in sterling.

At 4 March 2010, the Group had available £626.6m (2009: £489.3m) of undrawn committed borrowing facilities in respect of revolving credit facilities on which all conditions precedent had been met.

Notes to the consolidated financial statements

At 4 March 2010

23 Movements in cash and net debt

	26 February 2009 £m	Cash flow £m	Foreign exchange £m	Amortisation of premiums & discounts £m	4 March 2010 £m
Cash at bank and in hand	44.5				47.0
Overdrafts	(1.8)				(5.5)
Cash and cash equivalents	42.7	(1.0)	(0.2)	-	41.5
Short-term bank borrowings	-	(25.5)	-	-	(25.5)
Loan capital under one year	(0.1)				(0.4)
Loan capital over one year	(665.7)				(529.0)
Total loan capital	(665.8)	137.1	-	(0.7)	(529.4)
Net debt	(623.1)	110.6	(0.2)	(0.7)	(513.4)

24 Provisions

	Onerous contracts £m	Reorganisation £m	Other £m	Total £m
At 28 February 2008	26.8	19.4	12.1	58.3
Arising during the year	-	2.8	-	2.8
Unwinding of discount rate	0.8	-	-	0.8
Utilised	(6.3)	(13.9)	-	(20.2)
Released	(0.3)	-	(0.5)	(0.8)
Transferred	3.5	-	(3.5)	-
At 26 February 2009	24.5	8.3	8.1	40.9
Arising during the year	21.7	1.3	0.3	23.3
Unwinding of discount rate	0.9	-	-	0.9
Utilised	(5.2)	(5.5)	(0.1)	(10.8)
Released	-	-	(0.5)	(0.5)
Transferred	2.8	(2.8)	-	-
At 4 March 2010	44.7	1.3	7.8	53.8
Analysed as:				
Current	19.3	1.3	0.8	21.4
Non-current	25.4	-	7.0	32.4
	44.7	1.3	7.8	53.8

Onerous contracts

Onerous contract provisions relate primarily to property reversions and are expected to be used over periods of up to 30 years.

Reorganisation

Reorganisation provisions relate to the overhead review carried out after the disposal of David Lloyd Leisure Limited and TGI Friday's, and to the outsourcing of the Group's logistics operations and the simplification of IT. The remaining provision relates to the final costs of the IT simplification project and will be utilised over the next year.

Other

Other provisions relate to warranties given on the disposal of businesses. These are expected to be used over periods of up to 25 years.

25 Financial risk management objectives and policies

The Group's principal financial instruments, other than derivatives, comprise bank loans, cash and short-term deposits. The Group's financial instrument policies can be found in the accounting policies in note 2. The Board agrees policies for managing the risks summarised below:

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's long-term sterling debt obligations. Interest rate swaps are used to achieve the desired mix of fixed and floating rate debt. The Group's policy is to fix on a long-term basis between 35% and 65% of projected net interest cost over the next 15 years, which is beyond the life of the Group's existing revolving credit facilities. This policy reduces the Group's exposure to the consequences of interest rate fluctuations. Most of the swaps held at the balance sheet date were entered into in January 2007 as part of a long-term fixing strategy. However, following the reduction in debt during the year, at year end £400.0m (71.4%) of Group debt was fixed for an average of 4.0 years (2009: £410.0m, 61.0%, for 4.9 years), using floating rate borrowings and interest rate swaps. The intention is that the fixed rate debt ratio will reduce going forward to come back in line with Group policy. The average rate of interest on this fixed rate debt was 5.6% (2008/9: 5.6%).

In accordance with IFRS 7 the Group has undertaken sensitivity analysis on its financial instruments which are affected by changes in interest rates. This analysis has been prepared on the basis of a constant amount of net debt, a constant ratio of fixed to floating interest rates, and on the basis of the hedging instruments in place at 4 March 2010 and 26 February 2009 respectively. Consequently, the analysis relates to the situation at those dates and is not representative of the years then ended. The following assumptions were made:

- balance sheet sensitivity to interest rates applies only to derivative financial instruments, as the carrying value of debt and deposits does not change as interest rates move;
- gains or losses are recognised in equity or the income statement in line with the accounting policies set out in note 2; and
- cash flow hedges were effective.

Based on the Group's net debt position at the year end a 1% change in interest rates would affect the Group's profit before tax by approximately £1.2m (2008/9: £2.2m), and equity by approximately £13.8m (2009: £19.6m).

Liquidity risk

The Group mitigates liquidity risk by managing cash generated by its operations combined with bank borrowings and long-term debt. In its funding strategy the Group's objective is to maintain a balance between the continuity of funding and flexibility through the use of overdrafts and bank loans. This strategy includes monitoring the maturity of financial liabilities to avoid the risk of a shortage of funds.

Excess cash used in managing liquidity is placed on interest-bearing deposit with maturities fixed at no more than three months. Short-term flexibility is achieved through the use of short-term borrowing on the money markets.

The tables below summarise the maturity profile of the Group's financial liabilities at 4 March 2010 and 26 February 2009 based on contractual undiscounted payments, including interest:

	On demand £m	Less than 3 months £m	3 to 12 months £m	1 to 5 years £m	More than 5 years £m	Total £m
4 March 2010						
Interest-bearing loans and borrowings	31.3	3.0	2.9	539.1	-	576.3
Derivative financial instruments	-	9.4	9.4	34.9	19.6	73.3
Trade and other payables	-	153.9	-	8.2	-	162.1
Accrued financial liabilities	-	-	79.4	-	-	79.4
Provisions in respect of financial liabilities	-	-	19.3	19.1	9.6	48.0
	31.3	166.3	111.0	601.3	29.2	939.1
26 February 2009						
Interest-bearing loans and borrowings	1.9	8.3	8.3	702.3	-	720.8
Derivative financial instruments	-	5.9	5.9	30.9	16.4	59.1
Trade and other payables	-	134.5	-	7.9	-	142.4
Accrued financial liabilities	-	-	73.3	-	-	73.3
Provisions in respect of financial liabilities	-	-	13.3	10.5	6.5	30.3
	1.9	148.7	100.8	751.6	22.9	1,025.9

Notes to the consolidated financial statements

At 4 March 2010

25 Financial risk management objectives and policies (continued)

Credit risk

There are no significant concentrations of credit risk within the Group.

The Group is exposed to a small amount of credit risk that is primarily attributable to its trade and other receivables. This is minimised by dealing with counterparties with high credit ratings. The amounts included in the balance sheet are net of allowances for doubtful debts, which have been estimated by management based on prior experience and known factors at the balance sheet date which may indicate that a provision is required. The Group's maximum exposure on its trade and other receivables is the carrying amount as disclosed in note 20.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, the Group's exposure arises from default of the counterparty, with a maximum exposure equal to the carrying value of these instruments. The Group seeks to minimise the risk of default in relation to cash and cash equivalents by spreading investments across a number of counterparties.

In the event that any of the Group's banks get into financial difficulties the Group is exposed to the risk of withdrawal of currently undrawn committed facilities. This risk is mitigated by the Group having a range of counterparties to its facilities and by maintaining headroom.

Foreign currency risk

Foreign exchange exposure is currently not significant to the Group. Sensitivity analysis has therefore not been carried out.

Overseas investments are generally start-up businesses undertaken through joint venture arrangements. The Group monitors the growth and risks associated with its overseas operations and will undertake hedging activities as and when they are required.

Capital management

The Group's primary objectives in regard to capital management are to ensure that it continues to operate as a going concern and has sufficient funds, depending on the economic environment, at its disposal to grow the business for the benefit of shareholders.

The Group seeks to maintain a ratio of debt to equity that balances risks and returns and also complies with lending covenants. It aims to maintain sufficient funds for working capital, further investment in order to meet growth targets and to ensure that access is available to the capital markets. The Group has adopted a framework to keep leverage on a pensions lease adjusted basis at 3.5 times or below.

All of these matters are considered at regular intervals and form part of the business planning and budgeting processes. In addition, the Board regularly reviews the Group's dividend policy and funding strategy.

26 Financial instruments

Fair values

Set out below is a comparison by category of carrying amounts and fair values of the Group's financial instruments.

The fair value of loan capital and derivative instruments is calculated by discounting all future cash flows by the market yield curve at the balance sheet date.

	Carrying values		Fair values	
	2010 £m	2009 £m	2010 £m	2009 £m
Financial assets				
Cash and cash equivalents	47.0	44.5	47.0	44.5
Other financial asset	0.9	0.9	0.9	0.9
Financial liabilities				
Bank overdrafts and short-term borrowings	31.0	1.8	31.0	1.8
Interest-bearing loans and borrowings	529.4	665.8	529.4	665.8
Derivative financial instruments – non-current	17.2	27.6	17.2	27.6
Derivative financial instruments – current	18.9	11.8	18.9	11.8

Hierarchical classification of financial assets and liabilities measured at fair value

IFRS 7 requires that the classification of financial instruments at fair value be determined by reference to the source of inputs used to derive the fair value. The classification uses the following three-level hierarchy:

Level 1

Quoted prices (unadjusted) in active markets for identical assets or liabilities.

26 Financial instruments (continued)

Level 2

Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3

Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

4 March 2010	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial Assets				
Other financial asset	-	-	0.9	0.9
Financial Liabilities				
Derivative financial instruments	-	36.1	-	36.1

During the year ended 4 March 2010 there were no transfers between levels 1, 2 or 3 fair value measurements.

Derivative financial instruments

Hedges

Cash flow hedges

At 4 March 2010 the Group had interest rate swaps in place to swap a notional amount of £400.0m (2009: £410.0m) whereby it receives a variable interest rate based on LIBOR on the notional amount and pays fixed rates of between 5.145% and 5.695% (2009: 5.145% and 5.745%). The swaps are being used to hedge the exposure to changes in future cash flows from variable rate debt.

Cash flow hedges are expected to impact on the income statement in line with the liquidity risk table shown in note 25.

The swaps with maturities beyond the life of the current revolving credit facilities (2013) are in place to hedge against the core level of debt the Group will hold.

The cash flow hedges were assessed to be highly effective at 4 March 2010 and a net unrealised gain of £3.0m (2008/9: net unrealised loss of £29.6m) has been recorded in other comprehensive income. During the year, a loss of £15.9m (2008/9: £0.3m) was recycled from equity to the income statement in respect of hedged items affecting the net finance charge for the year.

27 Trade and other payables

	2010 £m	2009 £m
Trade payables	124.8	106.6
Other taxes and social security	49.9	34.7
Accruals and deferred income	81.0	74.4
Other payables	38.8	35.8
	294.5	251.5
Analysed as:		
Current	286.3	243.6
Non-current	8.2	7.9
	294.5	251.5

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28 Share capital

Ordinary share capital

Authorised	2010 million	2009 million
Ordinary shares of 76.80p each (2009: 76.80p each)	410.2	410.2
Allotted, called up and fully paid ordinary shares of 76.80p each (2009: 76.80p each)	million	£m
At 28 February 2008	193.8	148.8
Issued	0.3	0.3
Cancelled	(5.0)	(3.8)
At 26 February 2009	189.1	145.3
Issued	0.5	0.4
Issued in lieu of dividends:		
2008/9 final	0.7	0.5
2009/10 interim	0.3	0.2
At 4 March 2010	190.6	146.4

At the 2007 Annual General Meeting, the Company was authorised to purchase up to 19.7m of its own shares on the open market. This authorisation was extended at a General Meeting on 27 November 2007 by a further 17.8m shares.

During the year no ordinary shares were acquired (2008/9: 1.6m at a cost of £20.0m). No shares were cancelled in the year (2008/9: five million). The remainder are being held in the treasury reserve (note 29).

During the year to 4 March 2010 options over 0.2m ordinary shares, fully paid, were exercised by employees under the terms of various share option schemes (2008/9: 0.3m).

On 5 May 2009 the Company announced a scrip alternative to the cash final dividend of 26.90 pence per share, resulting in the issue of 674,971 ordinary shares. A scrip alternative was also announced for the 2009/10 9.65 pence per share interim dividend. Ordinary shares issued in respect of the interim dividend totalled 298,754. The issue of shares in lieu of cash dividends is treated as a bonus issue, with the nominal value of the shares being charged against the share premium account.

The total number of shares in issue at the year end used in the calculation of the basic weighted average number of ordinary shares was 190.6m, less 14.7m treasury shares held by Whitbread PLC and 0.5m held by the ESOT (2009: 189.1m, less 14.7m treasury shares held by Whitbread PLC and 0.8m held by the ESOT).

Preference share capital

Authorised	B Shares		C Shares	
	2010 million	2009 million	2010 million	2009 million
Shares of 1p each (2009: 1p each)	265.0	265.0	224.0	224.0
Allotted, called up and fully paid shares of 1p each (2009: 1p each)	million	£m	million	£m
At 28 February 2008	2.0	-	4.6	-
Repurchased and cancelled	-	-	(2.7)	-
At 26 February 2009	2.0	-	1.9	-
Repurchased and cancelled	-	-	-	-
At 4 March 2010	2.0	-	1.9	-

Deferred shares

Authorised	B Shares		C Shares	
	2010 million	2009 million	2010 million	2009 million
Deferred shares*	170.6	170.6	123.0	123.0
Allotted, called up and fully paid shares of 1p each	million	£m	million	£m
At 28 February 2008, 26 February 2009 and 4 March 2010	-	-	-	-

* Under the terms of the share issues, deferred shares have a total nominal value of 1 pence.

28 Share capital (continued)

B shareholders are entitled to an annual non-cumulative preference dividend paid in arrears on or around 2 July each year on a notional amount of 155 pence per share.

C shareholders are entitled to an annual non-cumulative preference dividend paid in arrears on or around 14 January each year on a value of 159 pence per share.

Other than shares issued in the normal course of business as part of the share-based payments schemes and those issued in respect of scrip dividends, there have been no transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

29 Reserves

Share premium

The share premium reserve is the premium paid on the Company's 76.80p ordinary shares. The issue of shares in lieu of cash dividends is treated as a bonus issue, with the nominal value of the shares being charged against the share premium account. During the year, shares with a nominal value of £0.7m were issued in lieu of the 2008/9 final and 2009/10 interim cash dividends (2008/9: £nil).

Capital redemption reserve

A capital redemption reserve was created on the cancellation of the Group's B and C preference shares (note 28) and also includes the nominal value of cancelled ordinary shares.

Retained earnings

In accordance with IFRS practice, retained earnings include revaluation reserves which are not distributable under UK law.

Currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries and other foreign currency investments.

Merger reserve

The merger reserve arose as a consequence of the merger in 2000/1 of Whitbread Group PLC and Whitbread PLC.

Hedging reserve

This reserve records movements for effective cash flow hedges measured at fair value.

Treasury reserve

This reserve relates to shares held by an independently managed employee share ownership trust (ESOT) and treasury shares held by Whitbread PLC. The shares held by the ESOT were purchased in order to satisfy outstanding employee share options and potential awards under the Long-Term Incentive Plan (LTIP) and other incentive schemes.

The movements in treasury shares during the year is set out in the table below:

	Treasury shares held by Whitbread PLC		ESOT shares held	
	million	£m	million	£m
At 28 February 2008	18.1	269.9	0.8	11.1
Acquired during the year	1.6	20.0	0.1	1.2
Exercised during the year	-	-	(0.1)	(2.0)
Cancelled during the year	(5.0)	(73.9)	-	-
At 26 February 2009	14.7	216.0	0.8	10.3
Exercised during the year	-	-	(0.3)	(4.3)
At 4 March 2010	14.7	216.0	0.5	6.0

The treasury shares reduce the amount of reserves available for distribution to shareholders by £222.0m (2009: £226.3m).

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30 Commitments and contingencies

Operating lease commitments

The Group leases various buildings which are used within the Hotels & Restaurants and Costa businesses. The leases are non-cancellable operating leases with varying terms, escalation clauses and renewal rights. The Group also leases various plant and equipment under non-cancellable operating lease agreements.

Contingent rents are the portion of the lease payment that is not fixed in amount but based upon the future amount of a factor that changes other than with the passage of time (e.g. percentage of future sales, amount of future use, future price indices, future market rates of interest).

Future minimum rentals payable under non-cancellable operating leases are as follows:

	2010 £m	2009 £m
Due within one year	93.0	74.6
Due after one year but not more than five years	312.2	248.3
Due after five years but not more than ten years	266.9	206.9
Due after ten years	957.1	791.2
	1,629.2	1,321.0

Future minimum rentals payable under non-cancellable operating leases disclosed above includes £84.3m in relation to privity contracts. Future lease costs in respect of these privity contracts are included within the onerous contracts provision (note 24). Onerous contracts are under constant review and every effort is taken to reduce this obligation.

The weighted average lease life of future minimum rentals payable under non-cancellable operating leases is 17.3 years (2009: 18.6 years).

Group companies have sub-let space in certain properties. The future minimum sublease payments expected to be received under non-cancellable sublease agreements as at 4 March 2010 are £21.8m (2009: £25.1m).

Contingent liabilities

There were no material contingent liabilities at 4 March 2010.

31 Share-based payment plans

Long-Term Incentive Plan (LTIP)

The LTIP awards shares to directors and senior executives of the Group. Vesting of shares under the scheme will depend on continued employment and meeting total shareholder return (TSR) and earnings per share (EPS) performance targets over a three year period. Details of the performance targets for the LTIP awards can be seen in the Remuneration report on pages 47 to 56.

The awards are settled in equity once exercised.

Movements in the number of share awards are as follows:

	2010 Awards	2009 Awards
Outstanding at the beginning of the year	359,254	266,413
Granted during the year	356,380	163,236
Exercised during the year	(71,088)	(53,348)
Expired during the year	(14,324)	(17,047)
Outstanding at the end of the year	630,222	359,254
Exercisable at the end of the year	-	-

31 Share-based payment plans (continued)

Deferred equity awards

Awards are made under the Whitbread Leadership Group Incentive Scheme implemented during 2004/5.

The awards are not subject to performance conditions and will vest in full on the release date subject to continued employment at that date. If the director ceases to be an employee of Whitbread prior to the release date, normally three years after the award, by reason of redundancy, retirement, death, injury, ill health, disability or some other reason considered to be appropriate by the Remuneration Committee the awards will be released in full. If employment ceases for any other reason the proportion of awards which vests depends upon the year in which the award was made and the date that employment ceased. If employment ceases in the first year after an award is made none of the award vests, between the first and second anniversary 25% vests and between the second and third anniversary 50% vests.

Movements in the number of share awards are as follows:

	2010 Awards	2009 Awards
Outstanding at the beginning of the year	385,729	227,834
Granted during the year	249,371	235,765
Exercised during the year	(172,047)	(77,797)
Expired during the year	(11,687)	(73)
Outstanding at the end of the year	451,366	385,729
Exercisable at the end of the year	-	-

Executive Share Option Scheme (ESOS)

Annual grants of share options have been discontinued, however options may be granted in exceptional circumstances, for example, on a senior recruitment or following an acquisition of a business. No changes will be made to options already granted.

An earnings per share based performance condition will apply to any such options, and to the extent that the performance is not satisfied after three years, the option shall lapse as there is no opportunity to retest performance. This was the case for the options granted in 2004, for which the performance target requires earnings per share growth of RPI plus 12% over the three year performance period. For options granted in 2005 the performance target requires earnings per share growth of RPI plus 4% per annum over the three consecutive financial years, these have now been met. For options granted between June 2000 and June 2003 the performance conditions required the Company's adjusted earnings per share to exceed RPI plus 4% per annum measured over any three consecutive years out of the 10 year performance period starting from June 2000 and ending June 2013 depending on when the options were granted.

Movements in the number of share options and the related weighted average exercise price (WAEP) are as follows:

	2010		2009	
	Options	WAEP (£ per share)	Options	WAEP (£ per share)
Outstanding at the beginning of the year	584,616	7.06	631,516	7.11
Exercised during the year	(561,349)	6.92	(46,900)	7.69
Expired during the year	(21,500)	11.01	-	-
Outstanding at the end of the year	1,767	5.39	584,616	7.06
Exercisable at the end of the year	1,767	5.39	584,616	7.06

The weighted average contractual life for the share options outstanding as at 4 March 2010 is between one and two years and they are exercisable at a price of £5.39 (2009: prices between £5.39 and £11.01).

The weighted average share price at the date of exercise for ESOS options exercised during the year was £12.99.

Notes to the consolidated financial statements

At 4 March 2010

31 Share-based payment plans (continued)

Employee share scheme

The employee share save scheme is open to employees with the required minimum period of service and provides for a purchase price equal to the market price on the date of grant, less a 20% discount. The shares can be purchased over the six month period following the third or fifth anniversary of the commencement date, depending on the length chosen by the employee.

Movements in the number of share options and the related WAEP are as follows:

	2010		2009	
	Options	WAEP (£ per share)	Options	WAEP (£ per share)
Outstanding at the beginning of the year	1,478,954	8.40	1,246,337	9.71
Granted during the year	379,528	10.08	958,965	7.28
Exercised during the year	(171,364)	8.58	(349,048)	6.86
Expired during the year	(346,976)	8.85	(377,300)	11.53
Outstanding at the end of the year	1,340,142	8.76	1,478,954	8.40
Exercisable at the end of the year	22,931	10.15	56,388	7.19

The weighted average contractual life for the share options outstanding as at 4 March 2010 is between two and three years and are exercisable at prices between £6.53 and £14.17 (2009: £6.11 and £14.17). The fair value of share options granted is estimated as at the date of grant using a stochastic model, taking into account the terms and conditions upon which the options were granted.

The weighted average share price at the date of exercise for employee share scheme options exercised during the year was £12.93.

Total charged to the income statement

	Year to 4 March 2010 £m	Year to 26 February 2009 £m
Long-Term Incentive Plan and uplift awards	1.9	1.4
Deferred equity	2.3	2.3
Employee share scheme	1.7	2.3
	5.9	6.0

The following table lists the inputs to the model used for the years ended 4 March 2010 and 26 February 2009:

	Grant date	Number of shares granted	Fair value	Fair value £	Exercise price p	Price at grant date p	Expected term (years)	Expected dividend yield	Expected volatility	Risk-free rate	Vesting conditions
LTIP awards	28.04.2009	178,190	52.4%	843,145	-	903.0	3	4.05%	39%	1.95%	Market ^{1,3}
	28.04.2009	178,190	88.6%	1,425,623	-	903.0	3	4.05%	n/a	n/a	Non-market ^{2,3}
	28.04.2008	81,618	46.3%	464,100	-	1,227.0	3	2.93%	27%	4.50%	Market ¹
	28.04.2008	81,618	91.6%	917,200	-	1,227.0	3	2.93%	n/a	n/a	Non-market ²
Deferred equity awards	28.04.2009	249,371	88.6%	1,995,113	-	903.0	3	4.05%	n/a	n/a	Non-market ³
	28.04.2008	235,765	91.6%	2,649,400	-	1,227.0	3	2.93%	n/a	n/a	Non-market ³
SAYE - 3 years	01.12.2009	293,478	33.7%	1,286,300	1,008.0	1,299.0	3.25	2.81%	40%	1.91%	Non-market ³
	02.12.2008	735,703	22.2%	1,278,000	728.0	782.5	3.25	4.67%	36%	2.38%	Non-market ³
SAYE - 5 years	01.12.2009	86,050	34.2%	382,300	1,008.0	1,299.0	5.25	2.81%	34%	2.63%	Non-market ³
	02.12.2008	223,262	21.0%	366,900	728.0	782.5	5.25	4.67%	30%	2.90%	Non-market ³

1. Total shareholder return (TSR)
2. Earnings per share
3. Employment service

31 Share-based payment plans (continued)

Expected volatility reflects the assumption that historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

The risk-free rate is the rate of interest obtainable from government securities over the expected life of the equity incentive.

The expected dividend yield is calculated on the basis of publicly available information at the time of the grant date which, in most cases, is the historic dividend yield.

No other features relating to the granting of options were incorporated into the measurement of fair value.

At 4 March 2010 there were outstanding options for employees to purchase up to 1.3m (2009: 2.1m) ordinary shares of 76.80 pence each between 2010 and 2015 at prices between £5.39 and £14.17 per share (2009: between 2009 and 2015 at prices between £5.39 and £14.17 per share).

Employee Share Ownership Trust (ESOT)

The Company funds an ESOT to enable it to acquire and hold shares for the LTIP and executive share option schemes. The ESOT held 0.5m shares at 4 March 2010 (2009: 0.8m). All dividends on the shares in the ESOT are waived by the Trustee.

32 Retirement benefits

Defined contribution schemes

The Group operated a defined contribution Pension Scheme which closed to new members on 31 December 2001. Members of the scheme are contracted out of the State Second Pension. A replacement, contracted-in, defined contribution arrangement was established as a section of the Whitbread Group Pension Fund with effect from 1 April 2002. Contributions by both employees and Group companies are held in externally invested trustee-administered funds.

The Group contributes a specified percentage of earnings for members of the above defined contribution schemes, and thereafter has no further obligations in relation to the schemes. The total cost charged to income in relation to defined contribution schemes in the year was £2.0m (2008/9: £2.0m).

At the year end, 1,641 employees (2009: 782) were active members of the schemes, which also had 6,769 deferred members (2009: 6,747).

Defined benefit schemes

The defined benefit (final salary) section of the principal Group Pension Scheme, the Whitbread Group Pension Fund, was closed to new members on 31 December 2001 and to future accrual on 31 December 2009. The scheme is funded, and contributions by both employees and Group companies are held in externally invested trustee administered funds. Members of the scheme are contracted out of the State Second Pension.

At the year end the scheme had no active members (2009: 885), 26,744 deferred pensioners (2009: 27,584) and 15,998 pensions in payment (2009: 15,645).

A scheme specific actuarial valuation for the purpose of determining the level of cash contributions to be paid into the Whitbread Group Pension Fund was undertaken as at 31 March 2008. A deficit recovery plan and some protection whilst the scheme remains in deficit have been agreed with the Trustee. The Group will make the following payments to the Fund: £55m in each of August 2011, August 2012 and August 2013; £65m in each of August 2014 and August 2015; £70m in August 2016; £80m in each of August 2017 and August 2018. For the period of the deficit, the Group has agreed to give undertakings to the Trustee similar to some of the covenants provided in respect of its banking agreements, up to the value of any outstanding recovery plan payments or the remaining deficit, if lower. Until the next valuation the Trustee has also been given a promise of participation in increases in ordinary dividends where these exceed RPI and the right to consultation before any special distribution can be made.

In addition to the scheduled deficit contribution payments described above, the Pension Scheme will receive a share of the income, profits and a variable capital payment from its investment in Moorgate Scottish Limited Partnership, which was established by the Group during the year (the share in profits will be accounted for by the Group as contributions when paid). The partnership interests in Moorgate SLP are held by the Group, the general partner, and by the Pension Scheme following a £102m investment made by the Pension Scheme Trustee during the year.

Notes to the consolidated financial statements

At 4 March 2010

32 Retirement benefits (continued)

Defined benefit schemes (continued)

Moorgate SLP holds an investment in a further partnership, Farringdon Scottish Partnership, which was also established by the Group during the year. Property assets with a market value of £221m have been transferred from other Group companies to Farringdon SP and leased back to Whitbread Group PLC and Premier Inn Hotels Limited. The Group retains control over these properties, including the flexibility to substitute alternative properties. However, the Trustee has first charge over the property portfolio and certain other assets with an aggregate value of £228m. The Group retains control over both partnerships, and as such they are fully consolidated in these Group financial statements.

The Pension Scheme is a partner in Moorgate SLP and, as such, is entitled to an annual share of the profits of the partnership over the next 15 years. At the end of this period, the partnership capital allocated to the Pension Scheme partner will be changed, depending on the funding position of the Scheme at that time, to a value up to £110m. At that point, the Group may be required to transfer this amount in cash to the Scheme.

Under IAS 19 the investment held by the Pension Scheme in Moorgate SLP, a consolidated entity, does not represent a plan asset for the purposes of the Group's consolidated financial statements. Accordingly the pension deficit position in these Group financial statements does not reflect the £102m investment in Moorgate SLP held by the Pension Scheme.

The total service cost contributions to the Whitbread Group Pension Fund in 2010/11 are expected to be £nil.

The IAS 19 pension cost relating to the defined benefit section of the Whitbread Group Pension Fund is assessed in accordance with actuarial advice from Lane Clark & Peacock and Hewitts, using the projected unit credit method. As the scheme is now closed to future accrual, there will be no service cost in the future.

The principal assumptions used by the independent qualified actuaries in updating the most recent valuation carried out as at 31 March 2008 of the UK schemes to 4 March 2010 for IAS 19 purposes were:

	At 4 March 2010	At 26 February 2009
Rate of increase in salaries	n/a ¹	4.10%
Pre April 2006 rate of increase in pensions in payment and deferred pensions	3.30%	3.00%
Post April 2006 rate of increase in pensions in payment and deferred pensions	2.20%	2.10%
Discount rate	5.60%	6.60%
Inflation assumption	3.50%	3.10%

1. The Whitbread Group Pension Fund was closed to future accrual on 31 December 2009. From this point active members' benefits only increase in line with inflation.

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The assumptions are that a member currently aged 65 will live on average for a further 20.6 years (2009: 20.4) if they are male and for a further 23.1 years (2009: 23.0) if they are female. For a member who retires in 2030 at age 65, the assumptions are that they will live on average for a further 22.5 years (2009: 22.4) after retirement if they are male and for a further 24.9 years (2009: 24.8) after retirement if they are female.

The Group employs a building block approach in determining the long-term rate of return on pension plan assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed long-term rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each actual asset allocation for the Fund at 4 March 2010 (rounded to the nearest 0.1% per annum).

32 Retirement benefits (continued)

Defined benefit schemes (continued)

The main valuation assumptions were that the return on investments would be 3.3% (2009: 3.6%) per annum above inflation.

The amounts recognised in the income statement in respect of defined benefit schemes are as follows:

	2009/10 £m	2008/9 £m
Current service cost	4.5	4.5
Curtailments	(4.0)	-
Recognised in arriving at operating profit	0.5	4.5
Expected return on scheme assets	(70.5)	(90.5)
Interest cost on scheme liabilities	86.0	85.0
Other finance (revenue)/cost (note 8)	15.5	(5.5)

The amounts taken to the consolidated statement of comprehensive income are as follows:

	2009/10 £m	2008/9 £m
Actual return on scheme assets	243.8	(247.5)
Less: expected return on scheme assets	(70.5)	(90.5)
Other actuarial gains and losses	(369.0)	82.5
	(195.7)	(255.5)

The current service cost has been included in administrative expenses. Actuarial gains and losses have been recognised in the consolidated statement of comprehensive income.

The amounts recognised in the balance sheet are as follows:

	2010 £m	2009 £m
Present value of defined benefit obligations	(1,715.0)	(1,340.0)
Fair value of scheme assets	1,281.0	1,107.0
Liability recognised in the balance sheet	(434.0)	(233.0)

During the year the accounting deficit increased from £233.0m at 26 February 2009 to £434.0m at 4 March 2010. The main contributors to the increase were the change to the rate of interest used to discount the liabilities from 6.6% to 5.6% and the change to the rate of assumed inflation underlying the liabilities from 3.05% to 3.50%. Both of these were offset by the actual return on assets over the year being higher than that needed to keep pace with the interest on liabilities.

Changes in the present value of the defined benefit obligation are as follows:

	2010 £m	2009 £m
Opening defined benefit obligation	1,340.0	1,405.0
Current service cost	4.5	4.5
Net interest cost	86.0	85.0
Actuarial losses/(gains) on scheme liabilities	369.0	(82.5)
Contributions from scheme members	0.5	0.5
Benefits paid	(75.0)	(72.5)
Curtailments	(4.0)	-
Benefits settled by the Company in relation to an unfunded pension scheme	(6.0)	-
Closing defined benefit obligation	1,715.0	1,340.0

Notes to the consolidated financial statements

At 4 March 2010

32 Retirement benefits (continued)

Defined benefit schemes (continued)

Changes in the fair value of the scheme assets are as follows:

	2010 £m	2009 £m
Opening fair value of scheme assets	1,107.0	1,372.0
Expected return on scheme assets	70.5	90.5
Actuarial gains/(losses) on scheme assets	173.3	(338.0)
Contributions from scheme members	0.5	0.5
Contributions from employer	4.7	4.5
Additional contributions from employer	-	50.0
Benefits paid	(75.0)	(72.5)
Closing fair value of scheme assets	1,281.0	1,107.0

The analysis of the scheme assets and the expected rate of return at the balance sheet date were as follows:

	Expected return		Fair value of assets	
	2010 %	2009 %	2010 £m	2009 £m
Equities	8.2	8.1	673.5	577.0
Government bonds	4.5	4.4	163.9	132.0
Corporate bonds	5.4	5.6	332.9	307.0
Property	7.0	6.9	35.9	29.0
Cash	4.5	4.4	74.8	62.0
			1,281.0	1,107.0

History of experience gains and losses:

	2010 £m	2009 £m	2008 £m	2007 £m	2006 £m
Present value of defined benefit obligations	(1,715.0)	(1,340.0)	(1,405.0)	(1,562.0)	(1,576.0)
Fair value of scheme assets	1,281.0	1,107.0	1,372.0	1,366.0	1,238.0
Liability recognised in the balance sheet	(434.0)	(233.0)	(33.0)	(196.0)	(338.0)
Experience adjustments on scheme liabilities (£m)	(3.0)	(7.5)	(7.5)	(6.0)	(17.5)
Percentage of scheme liabilities (%)	0.17%	0.60%	0.50%	0.40%	1.10%
Experience adjustments on scheme assets (£m)	173.0	(338.0)	(66.5)	9.5	105.5
Percentage of scheme assets (%)	13.51%	(30.50%)	(4.80%)	0.70%	8.50%

The cumulative amount of actuarial gains and losses recognised since 4 March 2004 in the Group statement of comprehensive income is £(385.6)m (2009: £(189.9)m).

The assumptions in relation to discount rate and mortality have a significant effect on the measurement of scheme liabilities. The following table shows the sensitivity of the valuation to changes in these assumptions:

	(Increase)/decrease in liability £m
0.25% increase to discount rate	70.0
Additional one year increase to life expectancy	(50.0)

33 Related party disclosure

The Group's principal subsidiaries are listed in the following table:

Principal subsidiaries	Principal activity	Country of incorporation	% equity interest and votes held	
			2010	2009
Whitbread Group PLC	Restaurants and hotels	England	100.0	100.0
Premier Inn Hotels Limited	Hotels	England	100.0	100.0
Whitbread Restaurants Limited	Restaurants	England	100.0	100.0
Premier Inn Limited	Hotels	England	100.0	100.0
Costa Limited	Operators of coffee shops and roasters and wholesalers of coffee beans	England	100.0	100.0
Yueda Costa (Shanghai) Food & Beverage Management Company Limited	Operators of coffee shops	China	51.0	51.0
Coffeeheaven International plc	Operators of coffee shops	England	100.0	-

Shares in Whitbread Group PLC are held directly by Whitbread PLC. Shares in the other subsidiaries are held by Whitbread Group PLC. All principal subsidiary undertakings have the same year end as Whitbread PLC, with the exception of Yueda Costa (Shanghai) Food & Beverage Management Company Limited which has a year end of 31 December as required by Chinese legislation and the recently acquired Coffeeheaven International plc whose year end will be aligned with that of the Group. All the above companies have been included in the Group consolidation. The companies listed above are those which materially affect the amount of profit and the assets of the Group.

Related party	Sales to related party £m	Amounts owed by related party £m	Amounts owed to related party £m
Joint ventures			
2009/10	0.7	0.5	-
2008/9	1.3	2.5	-
Associate			
2009/10	2.5	0.5	2.5
2008/9	-	-	-

Compensation of key management personnel (including directors):

	2009/10 £m	2008/9 £m
Short-term employee benefits	5.1	4.6
Post employment benefits	5.4	0.2
Share-based payments	7.4	3.8
	17.9	8.6

Associate

For details of the Group's investment in associate see note 17.

Joint ventures

For details of the Group's investment in joint ventures see note 16.

Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made at normal market prices. Outstanding balances at year end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables. For the year ended 4 March 2010, the Group has not raised any provision for doubtful debts relating to amounts owed by related parties (2009: £nil). An assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Transactions with other related parties

Details of transactions with directors are detailed in the Remuneration report on pages 47 to 56.

34 Events after the balance sheet date

A final dividend of 28.35p per share (2009: 26.90p) amounting to a dividend of £49.7m (2009: £46.7m) was recommended by the directors at their meeting on 28 April 2010. A scrip alternative will be offered. These financial statements do not reflect this dividend payable.



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