

## Further changes in 2005/06

### 1. Assets held for sale

At 3 March 2005 both Marriott and Whitbread Restaurants Holdings GmbH were classified as held for sale. This amounted to £992.3m on the balance sheet. As the Marriott disposal was announced shortly after the Group's year-end the assets were classified as held for sale at the year-end date and so no depreciation was added back during the year.

During the first half of 2005/2006 the Marriott business was sold into a joint venture with Marriott International and the German restaurants business was sold to a third party. Depreciation would have been charged during the period to sale under UK GAAP that is not charged under IFRS. This reduces the administration and distribution costs that would have been reported under UK GAAP.

The sale of the German business, as a foreign currency operation, will result in the foreign currency translation amounts reported directly in equity being recycled through the profit and loss account during the first half of 2005/2006.

### 2. Share based payments

Under IFRS 1 'First time adoption of International Financial Reporting Standards' the Group has applied IFRS 2 to equity settlements that were granted after 7 November 2002 but not vested at 1 January 2005.

This will result in a rise in the year on year charge as new awards are added that are not matched by prior awards falling away on maturity. The Group has a mixture of three-year and five-year awards, the effect of the transition period is expected to last until March 2008