

PIZZA HUT (UK) LIMITED

Directors' Report and Financial Statements

3 December 2000

Company Registration Number 1072921



PIZZA HUT (UK) LIMITED DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the 53 weeks ended 3 December 2000.

REVIEW OF BUSINESS

The principal activity during the period was trading as a restaurant and delivery operator. During the period 13 new units were opened and 14 were closed, resulting in a total estate of 411.

FUTURE DEVELOPMENTS

The group will continue its expansion plan in 2001 throughout the United Kingdom.

RESULTS AND DIVIDENDS

The group trading profit on ordinary activities for the period, after taxation, amounted to £8,614,000 (1999 - £6,388,000), which has been taken to reserves.

The directors do not recommend the payment of a dividend.

SUPPLIER PAYMENT POLICY

The group adheres to the payment terms which have been agreed with a supplier. Where payment terms have not been specifically agreed, it is the group's policy to settle invoices within 30 days of receipt. Adherence to these terms is dependent upon suppliers sending accurate and adequately detailed invoices to the correct address on a timely basis. The number of days' purchases outstanding for payment by the company at the year-end was 34.5.

FIXED ASSETS

In the opinion of the directors, the market value of Land and Buildings held by the company is not materially different to the carrying value.

PIZZA HUT (UK) LIMITED
DIRECTORS' REPORT

DIRECTORS

The directors of the company during the period ended 3 December 2000 and since the period end are listed below.

W M F C Shannon	(Appointed Chairman 10 July 2000)
R B Simpson	(Resigned 10 July 2000)
P A Bassi	
D Deno	(Resigned 13 March 2000)
W C Cobb	(Resigned 13 March 2000)
C S Riley	(Resigned 13 March 2000)
S J R Philpott	(Resigned 10 July 2000)
N D Wright	(Appointed 13 March 2000)
R T Carucci	(Appointed 13 March 2000)
I S Cho	(Appointed 13 March 2000)
M Tye	(Appointed 10 July 2000)

DIRECTORS' INTERESTS

No director had any interest in the share capital of the company or any loans with the company.

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the period the group made various charitable contributions totalling £18,485 (1999 - £17,710). The group made no political contributions during the period (1999 - nil).

EMPLOYEES

The policy of providing team members with information has continued during the period by means of leaflets, through which they are encouraged to give their views and suggestions relating to the performance of the company. In addition, all team members views are canvassed via annual employee satisfaction surveys.

Frequent meetings and focus groups between management and team members are held at which such views and suggestions may be considered. More formally team members are represented at the European Employee Forum.

The company gives every consideration for applications for employment from disabled persons where the requirements of the job may be adequately covered by a disabled person.

With regards to those employees who become disabled during the period, the company will continue to examine ways and means of providing continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and group and of the profit or loss for that period. In preparing those financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent fraud and other irregularities.

PIZZA HUT (UK) LIMITED

DIRECTORS' REPORT

AUDITORS

The company has passed elective resolutions whereby the company has dispensed with the requirements to hold an annual general meeting in each year, to lay the accounts in general meeting and to reappoint the auditors on an annual basis. Accordingly the auditors shall be deemed to be reappointed in accordance with the provisions of Section 385A of the Companies Act 1985.

By order of the board

Registered Office:
One, Imperial Place
Elstree Way
Borehamwood
Hertfordshire
WD6 1JN

M V Jones
Secretary

4 June 2001

A handwritten signature in black ink, appearing to be 'M V Jones', written over a horizontal line.

**REPORT OF THE AUDITORS, KPMG,
TO THE MEMBERS OF PIZZA HUT (UK) LIMITED**

We have audited the financial statements on pages 5 to 20.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the group is not disclosed.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

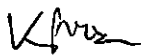
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurances that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 3 December 2000 and of the profit of the group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

4 June 2001

KPMG



Chartered Accountants
Registered Auditors
8 Salisbury Square
London
EC4Y 8BB

PIZZA HUT (UK) LIMITED

**GROUP PROFIT AND LOSS ACCOUNT
FOR THE 53 WEEKS ENDED 3 DECEMBER 2000**

		2000		1999	
	Notes	£'000	£'000	£'000	£'000
Turnover	2	277,880		250,982	
Other operating income:					
Rental income		1,660		1,744	
Franchise income		104		271	
			279,644		252,997
Raw materials and consumables		64,000		59,644	
Other external charges		95,574		84,210	
			(159,574)		(143,854)
			120,070		109,143
Staff costs	5	90,466		83,452	
Depreciation and other amounts written Off tangible and intangible fixed assets		13,365		12,963	
			(103,831)		(96,415)
OPERATING PROFIT	3		16,239		12,728
Exceptional Items	6		131		(216)
Interest receivable		306		71	
Interest payable and similar charges	7	(2,211)		(2,257)	
			(1,905)		(2,186)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			14,465		10,326
Tax charge on profit on ordinary activities	8		(5,851)		(3,938)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	18		8,614		6,388

The Group and the Company have no recognised gains or losses other than the profit for the period. All turnover and operating profit arises from continuing operations.

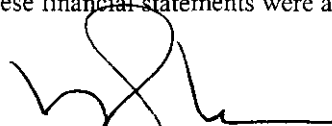
The notes on pages 9 to 20 form part of these financial statements.

PIZZA HUT (UK) LIMITED

GROUP BALANCE SHEET AS AT 3 DECEMBER 2000

	Notes	2000 £'000	£'000	1999 £'000	£'000
FIXED ASSETS					
Intangible assets	9	1,582		1,679	
Tangible assets	10	<u>93,345</u>		<u>95,228</u>	
			94,927		96,907
CURRENT ASSETS					
Stocks	12	1,342		1,226	
Debtors	13	5,706		5,963	
Cash at bank and in hand		<u>5,470</u>		<u>150</u>	
		12,518		7,339	
CREDITORS					
Amounts falling due within one year	14	<u>(40,083)</u>		<u>(39,498)</u>	
NET CURRENT LIABILITIES			<u>(27,565)</u>		<u>(32,159)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			67,362		64,748
CREDITORS					
Amounts falling due after more than one year:					
Debenture loans	15		(24,219)		(30,219)
NET ASSETS			<u>43,143</u>		<u>34,529</u>
CAPITAL AND RESERVES					
Called up share capital	17		805		805
Profit and loss account	18		<u>42,338</u>		<u>33,724</u>
SHAREHOLDERS' FUNDS					
Equity	18	43,138		34,524	
Non Equity		<u>5</u>		<u>5</u>	
			<u>43,143</u>		<u>34,529</u>

These financial statements were approved by the board of directors on 4 June 2001 and were signed on its behalf by:



WMFC Shannon

Chairman

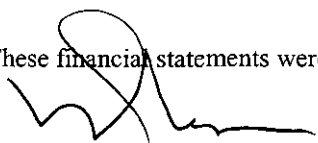
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PIZZA HUT (UK) LIMITED

COMPANY BALANCE SHEET AS AT 3 DECEMBER 2000

	Notes	2000 £'000	1999 £'000
FIXED ASSETS			
Intangible assets	9	1,416	1,485
Tangible assets	10	93,345	95,228
Shares in subsidiary undertakings	11	<u>4,457</u>	<u>4,457</u>
		99,218	101,170
CURRENT ASSETS			
Stocks	12	1,342	1,226
Debtors	13	5,706	5,963
Cash at bank and in hand		<u>5,470</u>	<u>150</u>
		12,518	7,339
CREDITORS			
Amounts falling due within one year	14	<u>(54,620)</u>	<u>(54,034)</u>
NET CURRENT LIABILITIES		<u>(42,102)</u>	<u>(46,695)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		57,116	54,475
CREDITORS			
Amounts falling due after more than one year:			
Debenture loans	15	(24,219)	(30,219)
NET ASSETS		<u>32,897</u>	<u>24,256</u>
CAPITAL AND RESERVES			
Called up share capital	17	805	805
Profit and loss account	18	32,092	23,451
SHAREHOLDERS' FUNDS (includes non-equity interests)	18	<u>32,897</u>	<u>24,256</u>

These financial statements were approved by the board of directors on 4 June 2001 and were signed on its behalf by:



WMFC Shannon

Chairman

The notes on pages 9 to 20 form part of these financial statements.

PIZZA HUT (UK) LIMITED

**GROUP STATEMENT OF CASH FLOWS
FOR THE 53 WEEKS ENDED 3 DECEMBER 2000**

	Notes	2000 £'000	1999 £'000
Net cash inflow from operating activities	19	36,225	27,743
Returns on investments and servicing of finance:			
Interest received		306	71
Interest paid		<u>(2,211)</u>	<u>(2,257)</u>
Net cash outflow from returns on investments and servicing of finance		(1,905)	(2,186)
Taxation:			
Corporation tax paid		(5,364)	(5,712)
Capital expenditure:			
Payments to acquire intangible fixed assets		(130)	(192)
Payments to acquire tangible fixed assets		(13,714)	(25,319)
Receipts from sales of tangible fixed assets		<u>1,411</u>	<u>434</u>
Net cash outflow from capital expenditure		<u>(12,433)</u>	<u>(25,077)</u>
Net cash outflow/(inflow) before financing		16,523	(5,232)
Financing:			
Decrease in loans from parent companies		<u>(6,000)</u>	<u>-</u>
Net cash outflow from financing		<u>(6,000)</u>	<u>-</u>
Increase/(decrease) in cash		<u>10,523</u>	<u>(5,232)</u>
Reconciliation of net cash flow to movements in net debt			
Increase/(decrease) in cash in the period		10,523	(5,232)
Cash outflow from debt financing		6,000	-
Change in net debt resulting from cashflows		<u>16,523</u>	<u>(5,232)</u>
Net debt at 28 November 1999		(35,272)	(30,040)
Net debt at 3 December 2000	20	<u>(18,749)</u>	<u>(35,272)</u>

Some of the notes on page 19 form part of this cashflow statement.

PIZZA HUT (UK) LIMITED

NOTES

(forming part of the financial statements)

1. ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

(b) Basis of consolidation

The group financial statements comprise the accounts of Pizza Hut (UK) Limited and its subsidiaries.

No profit and loss account is presented for Pizza Hut (UK) Limited as provided by section 230 of the Companies Act 1985.

(c) Goodwill

On the acquisition of a business or subsidiary the assets and liabilities acquired are included in the balance sheet at their estimated fair values. Goodwill arising on acquisition is being written off evenly over 20 years being the directors' estimate of its useful economic life.

(d) Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life as follows:

Freehold buildings	-	40 years
Leasehold land and buildings, including lease acquisition premiums	-	effective life of the lease
Fixtures, fittings, tools and equipment	-	18 months to 10 years
Motor vehicles	-	3 years

(e) Stocks

Stocks are stated at the lower of cost and net realisable value on a first in, first out basis.

(f) Deferred taxation

Deferred taxation is provided on the liability method on all timing differences where it is considered probable that a liability will crystallise.

(g) Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

PIZZA HUT (UK) LIMITED

NOTES (continued)

1. ACCOUNTING POLICIES (continued)

(h) Operating rights

Operating rights, representing initial franchise fees for new restaurants, are amortised over a fixed period of 20 years.

(i) Restaurants in course of construction

Capital costs are included in tangible fixed assets, and depreciated from the date of opening. Revenue costs are expensed as incurred.

(j) Marketing costs

All marketing costs are written off as incurred, with the exception of advance media payments which are written off when the commercials are aired.

(k) Leasing and hire purchase commitments

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

(l) Pension scheme

The group operates a funded defined benefit pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund.

The assumptions that have the most significant effect on the results of the valuation are those relating to investments yields net of salary and pension increases. It has been assumed that the net investment yields prior to retirement would be 2.5% per annum. For the period after retirement the net yield is assumed to be 6% per annum (3.25% per annum for post 6 April 1997 benefits).

The market value of the fund assets at the valuation date (31 March 1998) was £5,544,000, which represented a funding level of 105%.

An accrual of £295,481 is included in creditors, representing the deficit of the amount funded over the pension costs.

(m) Rent Free Periods

Where a rent free period is granted to the company, the accounting policy adopted is to charge the profit and loss account with a constant periodic rental over the period to the date of the next rent review.

2. TURNOVER

Turnover represents the amount of sales in the United Kingdom, stated net of value added tax. The company operates in only one geographical area and business and therefore a segmental report has not been prepared.

PIZZA HUT (UK) LIMITED

NOTES (continued)

3. OPERATING PROFIT

	2000 £'000	1999 £'000
This is stated after charging/(crediting):		
Auditors' remuneration for audit work	42	39
Auditors' remuneration for non audit work	670	53
Rental on operating leases – land and buildings	23,869	21,402
Exchange differences	85	62
Depreciation of fixed assets	13,200	12,803
Amortisation of fixed assets	165	160

The profit dealt with in the accounts of the holding company amounted to £8,641,000 (1999 – £6,413,000).

All audit fees are dealt with in the accounts of the holding company.

4. DIRECTORS' EMOLUMENTS

There were no directors' emoluments in either 2000 or 1999.

5. STAFF COSTS

	2000 £'000	1999 £'000
Wages and salaries	84,847	77,895
Social security costs	4,805	4,833
Other pension costs	814	724
	<u>90,466</u>	<u>83,452</u>

The average weekly number of employees during the period was made up as follows:

	Number of employees	
	2000 No.	1999 No.
Office and management	1,461	1,625
Restaurants	11,196	10,831
	<u>12,657</u>	<u>12,456</u>

PIZZA HUT (UK) LIMITED**NOTES (continued)****6. EXCEPTIONAL ITEMS**

	2000	1999
	£'000	£'000
Profit/(loss) on disposal of fixed assets	<u>131</u>	<u>(216)</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2000	1999
	£'000	£'000
Bank overdraft	97	322
Debenture loans	2,114	1,935
	<u>2,211</u>	<u>2,257</u>

Debenture loans are due to the Joint Venture parents of the company. The loans are repayable one year and one day after a demand is made.

8. TAXATION

	2000	1999
	£'000	£'000
Tax charge/(credit)		
UK Corporation tax at 30% (1999 – 30.33%)	5,802	3,978
Adjustments in respect of prior years	49	(40)
	<u>5,851</u>	<u>3,938</u>

PIZZA HUT (UK) LIMITED**NOTES (continued)****9. INTANGIBLE FIXED ASSETS****GROUP & COMPANY**

	Goodwill £'000	Operating Rights £'000	Total £'000
Cost			
At 28 November 1999	555	2,935	3,490
Additions	-	130	130
Disposals	-	(95)	(95)
At 3 December 2000	<u>555</u>	<u>2,970</u>	<u>3,525</u>
Amortisation			
At 28 November 1999	361	1,450	1,811
Charge for the period	28	137	165
Disposals	-	(33)	(33)
At 3 December 2000	<u>389</u>	<u>1,554</u>	<u>1,943</u>
Net book value			
At 3 December 2000	166	1,416	1,582
At 28 November 1999	<u>194</u>	<u>1,485</u>	<u>1,679</u>

All operating rights are attributable to the company. The above goodwill is not attributable to the company.

PIZZA HUT (UK) LIMITED**NOTES (continued)****10. TANGIBLE FIXED ASSETS****GROUP & COMPANY**

	Land and Buildings £'000	Fixtures, Fittings, Tools and Equipment £'000	Motor Vehicles £'000	Assets In course of Construction £'000	Total £'000
Cost					
At 28 November 1999	106,560	63,346	214	2,609	172,729
Additions	5,485	3,389	0	5,031	13,905
Disposals	(3,724)	(5,190)	0	0	(8,914)
Transfer of assets	1,800	2,434	0	(4,234)	0
At 3 December 2000	<u>110,121</u>	<u>63,979</u>	<u>214</u>	<u>3,406</u>	<u>177,720</u>
Depreciation					
At 28 November 1999	34,036	43,273	192	0	77,501
Provided during the period	6,101	7,086	13	0	13,200
Disposals	(1,980)	(4,346)	0	0	(6,326)
At 3 December 2000	<u>38,157</u>	<u>46,013</u>	<u>205</u>	<u>0</u>	<u>84,375</u>
Net book value					
At 3 December 2000	71,964	17,966	9	3,406	93,345
At 28 November 1999	<u>72,524</u>	<u>20,073</u>	<u>22</u>	<u>2,609</u>	<u>95,228</u>

PIZZA HUT (UK) LIMITED

NOTES (continued)

10. TANGIBLE FIXED ASSETS (continued)

	2000 Group & Company £'000	1999 Group & Company £'000
Land and buildings		
The net book value of land and buildings can be analysed as follows:		
Freehold	2,623	2,825
Long leasehold	788	839
Short leasehold	68,553	68,860
	<u>71,964</u>	<u>72,524</u>

The gross amount of non-depreciable assets which are included in Land and Buildings is: £1.4m (1999 £1.4m).

11. SHARES IN SUBSIDIARY UNDERTAKINGS

	2000 Company £'000	1999 Company £'000
Cost	<u>4,457</u>	<u>4,457</u>

The group holds more than 10% of the equity of the following companies:

<u>Name of Company</u>	<u>Holding</u>	<u>Proportion Held</u>	<u>Nature of Business</u>
DH Gorman (Leicester) Limited	Ordinary shares	100%	Dormant Company
West End Restaurants (Holdings) Limited	Ordinary shares	100%	Holding Company
West End Restaurants (Investments) Limited	Ordinary shares	100%	Holding Company
West End Restaurants Limited	Ordinary shares	100%	Dormant Company
Pizza Hut (UK) Pension Trust Limited	Ordinary shares	100%	Dormant Company
Pizza Hut Services Limited	Ordinary shares	100%	Service Company

All the above subsidiary undertakings are incorporated in Great Britain and registered in England and Wales.

PIZZA HUT (UK) LIMITED**NOTES (continued)****12. STOCKS****GROUP & COMPANY**

	2000	1999
	£'000	£'000
Ingredients	1,246	1,064
Merchandising	59	112
Bike stock	37	50
	<u>1,342</u>	<u>1,226</u>

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

13. DEBTORS**GROUP & COMPANY**

	2000	1999
	£'000	£'000
Trade debtors	2,696	2,443
Other debtors	177	237
Prepayments and accrued income	2,833	3,283
	<u>5,706</u>	<u>5,963</u>

All debtors fall due within one year.

14. CREDITORS – amounts falling due within one year

	GROUP	COMPANY	GROUP	COMPANY
	2000	2000	1999	1999
	£'000	£'000	£'000	£'000
Bank overdraft	-	-	5,203	5,203
Trade creditors	21,530	21,530	20,827	20,827
Amounts owed to parent undertakings	1,024	1,024	388	388
Amounts owed to Subsidiary undertakings	-	15,206	-	14,814
Taxation and Social Security	7,284	7,212	5,231	5,231
Other creditors	1,614	1,614	1,444	1,444
Accruals	5,762	5,166	4,023	3,747
Corporation tax	2,869	2,868	2,382	2,380
	<u>40,083</u>	<u>54,620</u>	<u>39,498</u>	<u>54,034</u>

PIZZA HUT (UK) LIMITED

NOTES (continued)

15. DEBENTURE LOANS

The debenture loans, payable to the Joint Venture parents, are secured by a floating charge over the company's property. The loans are repayable one year and a day after a demand is made. At the year end no notice had been received. Interest is charged on the loans at Base Rate + 1%.

16. DEFERRED TAXATION

No provision for deferred taxation has been made in the accounts of the group or the company. The amounts not provided are as follows:

GROUP & COMPANY

	Not Provided	
	2000	1999
	£'000	£'000
Capital allowances in advance of depreciation	5,537	5,495
Other differences in recognising revenue and expense items in other periods for taxation purposes	(121)	(121)
	<u>5,416</u>	<u>5,374</u>

PIZZA HUT (UK) LIMITED

NOTES (continued)

17. CALLED UP SHARE CAPITAL

	2000 £'000	1999 £'000
Authorised, allotted, called up and fully paid:		
Equity: Ordinary shares of £1 each	800	800
Non Equity: 3% non-cumulative preference shares of £1 each	5	5
	<u>805</u>	<u>805</u>

18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

GROUP

	Share Capital £'000	Reserves £'000	Shareholders' Funds £'000
At 29 November 1998	805	27,336	28,141
Profit for the period	-	6,388	6,388
At 28 November 1999	<u>805</u>	<u>33,724</u>	<u>34,529</u>
Profit for the period	-	8,614	8,614
At 3 December 2000	<u>805</u>	<u>42,338</u>	<u>43,143</u>

COMPANY

	Share Capital £'000	Reserves £'000	Shareholders' Funds £'000
At 29 November 1998	805	17,038	17,843
Profit for the period	-	6,413	6,413
At 28 November 1999	<u>805</u>	<u>23,451</u>	<u>24,256</u>
Profit for the period	-	8,641	8,641
At 3 December 2000	<u>805</u>	<u>32,092</u>	<u>32,897</u>

PIZZA HUT (UK) LIMITED

NOTES (continued)

19. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2000	1999
	£'000	£'000
Operating profit	16,239	12,728
Depreciation and other amounts written off tangible and intangible fixed assets	13,365	12,963
Exchange differences	85	62
Loss on sale of fixed assets	1,779	1,167
(Increase)/decrease in stocks	(116)	96
Decrease/(increase) in debtors	257	(1,165)
Increase in creditors	4,616	1,892
Net cash inflow from operating activities	<u>36,225</u>	<u>27,743</u>

20. ANALYSIS OF NET DEBT

	2000	Cashflow	1999
	£'000	£'000	£'000
Cash at bank and in hand	5,470	5,320	150
Bank overdraft	0	5,203	(5,203)
Debt due after 1 year	(24,219)	6,000	(30,219)
Total	<u>(18,749)</u>	<u>16,523</u>	<u>(35,272)</u>

21. COMMITMENTS

GROUP & COMPANY

At 3 December 2000 the annual commitments under non-cancellable operating leases were as follows:

	2000	1999
	Land and Buildings	Land and Buildings
	£'000	£'000
Operating leases which expire:		
Within one year	604	757
In second to fifth years inclusive	1,623	1,501
Over five years	21,568	19,837
	<u>23,795</u>	<u>22,095</u>

PIZZA HUT (UK) LIMITED

NOTES (continued)

22. OTHER RELATED PARTY TRANSACTIONS

During the year the group entered into the following transactions, in the ordinary course of business, with other related parties:

	2000	1999
	£'000	£'000
Food and Beverage Purchases		
Whitbread PLC	18,552	17,993
TRICON Global Restaurants Inc	38,307	40,085
Recharges for services (including salary recharges)		
TRICON Global Restaurants Inc	550	590
Whitbread PLC	828	799

23. JOINT VENTURE PARENT COMPANIES

Pizza Hut (UK) Limited is ultimately owned equally by Whitbread Plc (registered in England and Wales) and TRICON Global Restaurants Inc. (incorporated in USA).