

**WHITBREAD (G.C.)
LIMITED**

REPORT & ACCOUNTS

3 March 2001



Registered number 2468741

WHITBREAD (G.C.) LIMITED

DIRECTORS: A C Parker
G R L Windle
R W Parker

SECRETARY: M Buxton - Smith

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

REGISTERED OFFICE: Whitbread House
Park Street West
Luton
LU1 3BG

REGISTERED NUMBER: 2468741

DIRECTORS' REPORT

Accounts

The Directors submit to the shareholders their report and accounts for the year ended 3 March 2001.

Principal activity and review of business development

The principal activity of the company during the year was the operation of nine hotels. These hotels traded under the Marriott brand as part of a franchise agreement with Marriott International.

The trade and assets of the company were transferred to Swallow Hotels Limited on 2 March 2001 and consequently the company ceased to trade.

Results and dividends

The profit for the year after tax amounted to £4,185,573 (1999/2000 - £4,415,609). The directors do not recommend the payment of a dividend.

Supplier payment policy

Since purchases of goods and services are dealt with through the parent undertaking, Whitbread PLC (formerly Whitbread Holdings PLC), the company does not have any trade creditors. It is not, therefore, appropriate to disclose the number of days taken to pay creditors. For invoices paid by Whitbread PLC (formerly Whitbread Holdings PLC), the company adheres to the payment terms which have been agreed with a supplier. Where payment terms have not been specifically agreed, it is the company's policy to settle invoices close to the end of the month following the month of invoicing. Adherence to these terms is dependant upon suppliers sending accurate and adequately detailed invoices to the correct address on a timely basis.

Directors

The Directors of the company during the year and up to the date of this report are listed on page 1.

WHITBREAD (G.C.) LIMITED

Directors' interests

According to the register maintained as required under the Companies Act 1985, the beneficial interests of the directors in shares and options over the ordinary shares in the holding company, Whitbread PLC (formerly Whitbread Holdings PLC) including shares under the Whitbread PLC Share Ownership Scheme are as follows:

Ordinary shares	3 March 2001	4 March 2000
A C Parker	14,009	494
G R L Windle	20,976	17,186
R W Parker	1,237	1,148

Options over ordinary shares

During the year the following movements in options over the ordinary share capital of the holding company, Whitbread PLC (formerly Whitbread Holdings PLC), took place:-

	Options held at 4.3.00	Options granted		Options exercised/ (Options lapsed)		Options held at 3.3.01
		Number	Price (p)	Number	Price (p)	
A C Parker	a 96,200	50,000	542.4	-	-	146,200
	b 3,463	-	-	3,463	498.0	-
	c 28,709	19,738	508.8	(9,063)	-	39,384
G R L Windle	a 42,400	24,000	542.4	7,800	451.2	58,600
	b 1,670	3,268	413.0	(1,080)	-	3,858
R W Parker	a 102,000	24,000	542.4	-	-	126,000
	b 607	1,876	413.0	(607)	-	1,876

(a) the Executive Share Option Scheme

(b) the Savings Related Share Option Scheme

(c) the Long Term Incentive Plan

Details of the performance criteria for the Long Term Incentive Plan are set out in the Whitbread PLC (formerly Whitbread Holdings PLC) annual report and accounts for 2000/01

Donations


During the year the company contributed £566 (1999/00 - £606) for charitable purposes.

Auditors

On 28 June 2001, Ernst & Young, the Company's auditor, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Directors have consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001.

Ernst & Young LLP have expressed their willingness to continue in office as auditors of the company.

By order of the board


 SECRETARY
 DIRECTOR A. PARKER

11 DEC 2001

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN
RELATION TO FINANCIAL STATEMENTS**

The following statement, which should be read in conjunction with the auditors' statement of auditors' responsibilities set out on page 5, is made with a view to distinguishing the respective responsibilities of the directors and of the auditors in relation to the financial statements.

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss for the financial year.

The directors consider that in preparing the financial statements on pages 6 to 11 the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all applicable Accounting Standards have been followed. The financial statements have been prepared on a going concern basis.

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

REPORT OF THE AUDITORS

to the members of Whitbread (G.C.) Limited

We have audited the accounts on pages 6 to 11 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 4, the company's directors are responsible for the preparation of accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 accounts.

It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company at 3 March 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

11 December

2001

WHITBREAD (G.C.) LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 3 March 2001

	<u>Notes</u>	<u>2000/2001</u>	<u>1999/2000</u>
		<u>£</u>	<u>£</u>
TURNOVER		18,285,113	17,605,238
Cost of sales		<u>(12,534,261)</u>	<u>(12,019,351)</u>
GROSS PROFIT		5,750,852	5,585,887
Administrative expenses		<u>(931,518)</u>	<u>(847,817)</u>
OPERATING PROFIT	1	4,819,334	4,738,070
Interest receivable and similar income		<u>-</u>	<u>1,289</u>
PROFIT BEFORE TAXATION		4,819,334	4,739,359
Taxation	3	<u>(633,761)</u>	<u>(323,750)</u>
RETAINED PROFIT FOR THE YEAR	8	<u>4,185,573</u>	<u>4,415,609</u>

There were no recognised gains or losses other than the profit during the year.

WHITBREAD (G.C.) LIMITED

BALANCE SHEET

3 March 2001

	Notes	<u>2001</u> £	<u>2000</u> £
FIXED ASSETS			
Tangible assets	4	-	30,361,226
CURRENT ASSETS			
Stocks		-	85,919
Debtors	5	21,014,280	1,166,666
Cash at bank and in hand		-	180,119
		21,014,280	1,432,704
CREDITORS - amounts falling due within one year	6	-	(14,965,223)
NET CURRENT LIABILITIES		21,014,280	(13,532,519)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>21,014,280</u>	<u>16,828,707</u>
CAPITAL AND RESERVES			
Called up share capital	7	17,020,301	17,020,301
Share premium account	8	20,279,699	20,279,699
Revaluation reserve	8	-	(24,569,444)
Profit and loss account	8	(16,285,720)	4,098,151
EQUITY SHAREHOLDERS' FUNDS	9	<u>21,014,280</u>	<u>16,828,707</u>

R. W. PARKER R. W. PARKER

Director

11 DEC 2001

ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention as modified by the revaluation of property, and in accordance with applicable Accounting Standards

Tangible fixed assets

Prior to the adoption of FRS15 in the 1999/2000 financial year, properties were regularly revalued on a cyclical basis. Since the adoption of FRS15, the group policy has been not to revalue its properties. Consequently the transitional provisions of FRS15 have been applied and, while previous valuations have been retained, they have not been updated. Details of the last revaluations are given in note 5. Other fixed assets are stated at cost.

Depreciable fixed assets are written off on a straight line basis over their estimated useful lives as follows:

- Freehold land is not depreciated.
- Freehold buildings are depreciated to their estimated residual values over periods up to 50 years.
- Leasehold properties are depreciated to their estimated residual values over the shorter of 50 years, their estimated useful lives and their remaining lease periods.
- Retail furniture, fixtures and equipment are depreciated over 4 to 25 years.
- Motor vehicles are depreciated over 4 to 10 years.

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. Any impairment in the value of the fixed assets below depreciated historical cost is charged to the profit and loss account. Profits and losses on disposal of fixed assets reflect the difference between net selling price and net book value at the date of disposal.

Stocks

Stocks are valued at the lower of cost and net realisable value.

Turnover

Turnover is the value of goods and services sold, within the UK, as part of the company's continuing ordinary activities after deducting sales based taxes.

Leases

Rental payments in respect of operating leases are charged against operating profit on a straight line basis over the period of the lease.

Deferred taxation

Provision is made for deferred taxation, using the liability method, on all timing differences to the extent that it is probable that the liability will crystallise.

Cashflow

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

Comparative amounts

Comparative amounts are restated where necessary to conform to current presentation.

NOTES TO THE ACCOUNTS

1. PROFIT AND LOSS ACCOUNT DETAILS

	2000/2001	1999/2000
	£	£
Profit is stated after charging:		
Depreciation (note 4)	1,333,250	1,075,346
Operating lease rentals - plant and machinery	29,626	23,282
- property	2,523	1,289
	<u>2,523</u>	<u>1,289</u>

2. STAFF COSTS

Other costs of sales, including staff costs, are incurred by the parent undertaking and recharged to the company on an arms length basis. No director received any remuneration from the company during the year.

3. TAXATION

	2000/2001	1999/2000
Current taxation on profits for the year		
U.K. Corporation Tax at 30% (1999/2000 - 30.08%)	633,761	323,750
Adjustments to earlier periods		
Corporation Tax	-	-
	<u>633,761</u>	<u>323,750</u>

The charge for U.K. Corporation Tax has been relieved by £831,700 (1999/00 - £1,046,366) in respect of accelerated capital allowances.

The potential amount of deferred taxation not provided in these accounts is £3,731,455 (1999/00 - £13,066,708) in respect of accelerated capital allowances. No provision has been made for any chargeable gains which might arise in the event of property being sold at its revalued amount, as in the ordinary course of business the property will be retained indefinitely.

4. TANGIBLE FIXED ASSETS

	Retail		
	Land & buildings	Furniture, fixtures & equipment	Total
	£	£	£
Gross amounts 4 March 2000	21,529,881	13,976,950	35,506,831
Additions	419,687	2,205,155	2,624,842
Transferred to Swallow Hotels Limited	(21,949,568)	(16,182,105)	(38,131,673)
Gross amounts 3 March 2001	-	-	-
Depreciation 4 March 2000	(60,749)	(5,084,856)	(5,145,605)
Depreciation for the year	(61,990)	(1,271,260)	(1,333,250)
Transferred to Swallow Hotels Limited	122,739	6,356,116	6,478,855
Depreciation 3 March 2001	-	-	-
Net book amounts 3 March 2001	-	-	-
Net book amounts 4 March 2000	21,469,132	8,892,094	30,361,226

NOTES TO THE ACCOUNTS

5. DEBTORS

	2001 £	2000 £
Trade debtors	-	1,013,750
Amounts due from Whitbread group undertakings	21,014,280	-
Other debtors	-	15,063
Prepayments and accrued income	-	137,853
	<u>21,014,280</u>	<u>1,166,666</u>

6. CREDITORS- amounts falling due within one year

	2001 £	2000 £
Bank overdrafts	-	-
Amounts due to group and parent undertakings	-	14,124,628
Corporation Tax	-	323,750
Other taxes and social security	-	-
Other creditors	-	189,939
Accruals and deferred income	-	326,906
	<u>-</u>	<u>14,965,223</u>

Amounts due to group and parent undertakings have no fixed repayment date.

7. SHARE CAPITAL

	Authorised		Allotted, called up and fully paid	
	2001 £	2000 £	2001 £	2000 £
Ordinary shares of £1 each	<u>17,025,000</u>	<u>17,025,000</u>	<u>17,020,301</u>	<u>17,020,301</u>

8. RESERVES

	Share premium reserve £	Revaluation reserve £	Profit & loss account £	Total £
4 March 2000	20,279,699	(24,569,444)	4,098,151	(191,594)
Revaluation reserves transferred to Profit and loss account	-	24,569,444	(24,569,444)	-
Profit retained	-	-	4,185,573	4,185,573
3 March 2001	<u>20,279,699</u>	<u>-</u>	<u>(16,285,720)</u>	<u>3,993,979</u>

9. MOVEMENT IN SHAREHOLDERS' FUNDS

	2001 £	2000 £
Shareholders' funds at 4 March 2000	16,828,707	12,413,098
Profit earned for ordinary shareholders	4,185,573	4,415,609
Shareholders' funds at 3 March 2001	<u>21,014,280</u>	<u>16,828,707</u>

NOTES TO THE ACCOUNTS

10. LEASE COMMITMENTS

	2001		2000	
	Property	Plant and machinery	Property	Plant and machinery
Annual payments under operating leases which expire:				
Under one year	-	8,514	-	6,772
Within two to five years	-	19,464	-	12,851
Over five years	2,523	2,007	1,289	4,509
	<u>2,523</u>	<u>29,985</u>	<u>1,289</u>	<u>24,132</u>

11. RELATED PARTIES

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

12. PARENT UNDERTAKING

The parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the company is a member is Whitbread PLC (formerly Whitbread Holdings PLC) , registered in England and Wales. Copies of their accounts can be obtained from CityPoint, One Ropemaker Street, London EC2Y 9HX.