

SWALLOW HOTELS (1995) LIMITED

(A wholly owned subsidiary of Whitbread plc which is incorporated in England and Wales)

DIRECTORS : C J STOREY (resigned 22nd February 2000)
T G WALKER (resigned 22nd February 2000)
A C PARKER (appointed 22nd February 2000)
R W PARKER (appointed 22nd February 2000)
G R L WINDLE (appointed 22nd February 2000)

SECRETARY : E A THORPE AND M R BUXTON-SMITH

REGISTERED OFFICE : WHITBREAD HOUSE
PARK STREET WEST
LUTON
LU1 3BG

COMPANY NUMBER : 03082912

DIRECTORS' REPORT

The directors present their report and accounts for the period ended 4th March 2000.

Directors' Interests

According to the register maintained as required by the Companies Act 1985, the beneficial interests of the directors in shares and options over the ordinary shares in the parent undertaking Whitbread PLC including shares under the Whitbread PLC share ownership scheme are as follows:

Ordinary shares 22.2.00 (date of appointment)
& 4.3.00

R W Parker	1,015
A C Parker	455
G R L Windle	18,442



Options

Details of options over the ordinary share capital of the parent undertaking are shown below. There were no movements from the date of the directors appointments to the end of the period.

Options 4.3.00

R W Parker	a.	25,400
	b.	607
A C Parker	a.	96200
	b.	3463
G R L Windle	a.	42400
	b.	1670
a.	Whitbread PLC Executive Share Option Scheme	
b.	Whitbread PLC Sharesave Scheme	

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Activities and business review

The company has not, on its own behalf traded during the financial period nor has it incurred liabilities and consequently has made neither or profit nor loss.

On the 6th January 2000 the immediate parent company Swallow Group plc was acquired by Whitbread plc. The company changed its year end to coincide with Whitbread plc.

Auditors

The auditors PricewaterhouseCoopers are not seeking re-appointment and a resolution to appoint Ernst & Young as auditors to the company will be proposed at the annual general meeting.

BY ORDER OF THE BOARD



SECRETARY

24 May 2000

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BALANCE SHEET AT 4th March 2000

	<u>4/3/2000</u>	<u>30/9/1999</u>
	<u>£</u>	<u>£</u>
CURRENT ASSETS		
Amount due from parent company	<u>2</u>	<u>2</u>
SHARE CAPITAL		
Authorised		
Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Called up, allotted and fully paid		
Ordinary shares of £1 each	<u>2</u>	<u>2</u>

During the period the company has not traded, has not incurred any liabilities and, consequently, has made neither a profit nor a loss. None of the directors received emoluments in respect of their services to the company.

The accounts were approved by the directors on *24 May* 2000 and are signed on their behalf by:-

Director  *A.C. PARKER*

Accounts of the parent company, Whitbread plc, can be obtained from Chiswell Street, London, EC1Y 4SD.

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STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by company law to ensure that accounts are prepared which give a true and fair view of the state of affairs of the company at the end of the financial year. The accounts must be prepared in accordance with applicable accounting standards. In addition, the directors are responsible for selecting suitable accounting policies, applying them consistently and for making judgements and estimates that are reasonable and prudent. The directors are also responsible for ensuring that adequate accounting records are maintained and that systems are in place both to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

AUDITORS' REPORT TO THE MEMBERS OF SWALLOW HOTELS (1995) LTD.

We have audited the financial statements on page 3 which have been prepared under the historical cost convention.

Respective responsibilities of directors and auditors

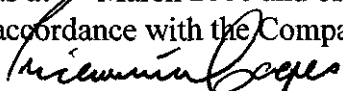
The directors are responsible for preparing the Annual Report. As described above, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and 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 United Kingdom 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 is not disclosed. We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 4th March 2000 and of its result for the period then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers
Chartered Accountants and Registered Auditors

Newcastle upon Tyne
7th June 2000