

Registration number: 224163

Whitbread Hotel Company Limited

Annual Report and Financial Statements

for the Year Ended 2 March 2017

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Whitbread Hotel Company Limited

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Whitbread Hotel Company Limited

Company Information

Directors	S Ewins
	S Jones
	B Mistry
Company secretary	D Lowry
	R Fairhurst
Registered number	224163
Registered office	Whitbread Court
	Houghton Hall Business Park
	Porz Avenue
	Dunstable
	Bedfordshire
Auditor	LU5 5XE
	Deloitte LLP
	2 New Street Square
	London
	EC4A 3BZ

Whitbread Hotel Company Limited
Directors' Report for the Year Ended 2 March 2017

The directors present their report and the financial statements for the year ended 2 March 2017.

Principal activity

The principal activity of the Company during the year was that of operating a Premier Inn hotel and a restaurant in Norwich.

Directors' of the company

The directors, who held office during the period, were as follows:

S Ewins (appointed 14 October 2016)

P Flaum (resigned 30 September 2016)

S Jones

B Mistry

Dividends

The directors do not recommend the payment of a dividend for the year (2016: £nil).

Employment of disabled persons

All employee services are provided to the Company by Whitbread Group PLC. For further information on the Company's policy on the employment of disabled persons please refer to the Annual Report and Accounts of Whitbread PLC for the year ended 2 March 2017.

Employee involvement

All employee services are provided to the Company by Whitbread Group PLC. For further information on employee involvement please refer to the Annual Report and Accounts of Whitbread PLC for the year ended 2 March 2017.

Future developments

For further information on likely future developments please see the Strategic Report included in the Annual Report and Accounts of Whitbread PLC (the ultimate parent company) for the year ended 2 March 2017. There were no significant events after the balance sheet date which would require disclosure in these accounts.

Going concern

The financial position of the Company is set out in these financial statements. The Company has considerable financial resources and, as a consequence, the directors believe that the Company is well placed to manage its business risks.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Qualifying third party indemnity provisions

A qualifying indemnity provision (as defined in section 236(1) of the Companies Act 2006) is in force for the benefit of the directors.

Whitbread Hotel Company Limited

Directors' Report for the Year Ended 2 March 2017

Disclosure of information to the auditors

Each of the persons who is a director at the date of approval of this report confirms that:

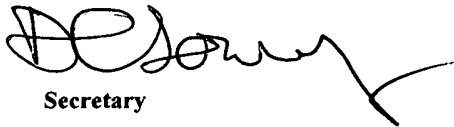
- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given, and should be interpreted, in accordance with the provisions of section 418 of the Companies Act 2006.

Reappointment of auditors

The auditor, Deloitte LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Approved by the Board on 18/09/2017 and signed on its behalf by:



Secretary

D Wemy

Whitbread Hotel Company Limited
Strategic Report for the Year Ended 2 March 2017

The directors present their strategic report for the year ended 2 March 2017.

Fair review of the business

The Company is part of the Whitbread Group which has built some of the UK's most successful hospitality brands including Premier Inn, Costa, Beefeater and Brewers Fayre. Its strategy is to grow leading brands with a clear focus on returns to deliver shareholder value.

The year-on-year decrease in revenue has been driven by the shorter reporting period this year as well as reduced drink sales as a result of the removal of Costa beverages. Whilst food and drinks margins have improved, inflation in other cost areas has further reduced operating profit.

	Units	52 weeks to 2 March 2017	53 weeks to 3 March 2016	Change %
Turnover	£m	4.7	5.0	(5.3)
Operating profit	£m	2.4	2.6	(6.1)

Whitbread Hotel Company Limited

Strategic Report for the Year Ended 2 March 2017

Principal risks and uncertainties

Risk Cyber and data security remains a key risk as it could reduce the effectiveness of systems or result in a loss of data. This in turn could result in loss of income and/or reputational damage

Mitigation A series of IT security controls is in place, including up-to-date antivirus software across the estate, network/system monitoring and regular penetration testing to identify vulnerabilities. A continuous security improvement programme is in place improving security and data controls. Specifically, during the year perimeter protection has been strengthened with improved firewall and denial of service protection and significant systems have moved to new, more secure, data centres.

Risk IT infrastructure is unable to adequately support business growth objectives. Although improvements have been made in our infrastructure

Mitigation A strong IT leadership team is in place together with Whitbread Group governance structures to help prioritise, coordinate and deliver business plans and the IT investment in an efficient way so as to minimise disruption. Investment in the upgrade of systems infrastructure is being significantly increased, increasing the capacity, resilience and stability of core systems and the digital proposition.

Risk A long-term decline in the customer perception of the Company's brands would impact its ability to grow and achieve appropriate levels of return

Mitigation To ensure the Company maintains and improves the strength of its brands, the Whitbread Group continually completes market research and monitors opinion with focus groups and net guest scores to ensure the right levels of investment and innovation in customer offerings are maintained. The rate and level of investment in the refurbishments of Premier Inn is also being increased to help improve net promoter scores.

Risk The Company's ability to execute the unprecedented volume of change

Mitigation The Whitbread Group has embarked on an extensive programme of change to replace legacy systems and infrastructure, upgrade digital capability and improve customer propositions, enabling Whitbread to deliver its growth plans over the coming years. To help ensure the successful delivery of these change projects, internal project delivery expertise and capability has been significantly enhanced and a robust assurance management framework has been put in place coupled with regular reporting to the Whitbread PLC Executive Committee for all major projects.

Risk Uncertain/volatile economic climate results in GDP decline, fall in RevPAR and inflation impacting growth plans

Mitigation There is a rigorous business planning process in place which considers many scenarios with responses to these. The Whitbread Group also has strong site selection teams with well-established processes in place based on market and economic fundamentals, both at a macro and micro level. These are supported by sensitivity analysis and a robust investment appraisal process to help deliver good levels of return. An efficiency programme has also been embarked on that aims to deliver £150 million of savings across the Whitbread Group over five years.

Risk Failure to maintain staff engagement and retention in a tightening labour market

Mitigation The success of the Company's business would not be possible without the passion and commitment of its teams. Team engagement is fundamental. This is monitored closely through the annual engagement survey 'Your Say', the results of which are reviewed by the Whitbread PLC Executive Committee and the PLC Board, with trends analysed and appropriate actions reviewed and agreed. Team turnover is also a key component of the Company's balanced scorecard (WINcard) and Annual Incentive Scheme.

Risk The risk of a pandemic or terrorism on the safety and security of customers, staff and the consequent impact on trading

Whitbread Hotel Company Limited

Strategic Report for the Year Ended 2 March 2017

Mitigation The safety and security of customers, employees and suppliers is of utmost importance. Failure to prevent or respond to a major safety or security incident could adversely impact operations and financial performance. The Company invests in site level training to help identify hostile reconnaissance activities and to ensure an appropriate response should such events take place. The Whitbread Group executive team also hold regular crisis management exercises to ensure that the business is prepared for such events.

Risk Insufficient leadership capability and succession in place to deliver growth ambitions

Mitigation Talent and succession planning takes place regularly to ensure top talent is identified and succession plans exist for key roles. Talent gaps are addressed through recruitment, training and development to grow management capability. The Company offers key employees appropriate levels of reward and recognition in order to retain them.

Risk The preparation or storage of food and/or supply chain failure results in food poisoning and reputational damage

Mitigation The health and wellbeing of customers is fundamental to the business. The Whitbread Group has stringent food safety and sourcing policies with traceability and testing requirements in place in respect of meat and other products. Independent food safety audits are also completed regularly at all hotels, restaurants and coffee shops and the results are closely monitored. Considerable resources are also invested in employee training in the storage, handling and preparation of food.

Risk Health and safety risk, death or serious injury as a result of Company negligence

Mitigation The safety of guests and employees is of paramount importance. NSF, an independent company, carries out health and safety audits on every site and a programme of fire safety training is in place for employees. Health and safety is a measure on the WINcard and acts as a gateway for incentive payments. Regular health and safety updates are provided to the Whitbread PLC Executive Committee and the PLC Board.

Risk Business interruption as a result of the withdrawal of services/support or reputational damage as result of supplier practices

Mitigation Whitbread has a number of key supplier relationships that help ensure the efficient delivery of its multi-site and support centre operations. The failure or withdrawal of services from one or more of these suppliers may result in some business interruption. To ensure against this, suppliers and business continuity arrangements are continually reviewed. Suppliers' practices are expected to be in line with Whitbread's values and standards. Suppliers are thoroughly vetted before any arrangements are entered into to ensure that they are reputable and then monitored through the Whitbread Group's supplier management arrangements.

Approved by the Board on 18/09/2017 and signed on its behalf by:



Director

S JONES

Whitbread Hotel Company Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Whitbread Hotel Company Limited

Independent Auditor's Report to the members of Whitbread Hotel Company Limited

We have audited the financial statements of Whitbread Hotel Company Limited for the year ended 2 March 2017, which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 2 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

Whitbread Hotel Company Limited

Independent Auditor's Report to the members of Whitbread Hotel Company Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Claire Faulkner (Senior Statutory Auditor)
For and on behalf of Deloitte LLP, Statutory Auditor

2 New Street Square
London
EC4A 3BZ

Date: 21/9/17

Whitbread Hotel Company Limited

Profit and Loss Account for the Year Ended 2 March 2017

	Note	52 weeks to 2 March 2017 £ 000	53 weeks to 3 March 2016 £ 000
Turnover	4	4,692	4,956
Cost of sales		<u>(364)</u>	<u>(460)</u>
Gross profit		4,328	4,496
Operating costs		<u>(1,891)</u>	<u>(1,902)</u>
Operating profit	5	2,437	2,594
Other interest receivable and similar income	6	<u>6,443</u>	<u>7,150</u>
Profit before tax		8,880	9,744
Tax on profit	9	<u>(507)</u>	<u>(3,251)</u>
Profit for the year		<u>8,373</u>	<u>6,493</u>

There were no recognised gains and losses for 2017 or 2016 other than those included in the Profit and Loss Account.

The above results were derived from continuing operations.

The notes on pages 13 to 26 form an integral part of these financial statements.

Whitbread Hotel Company Limited

(Registration number: 224163)
Balance Sheet as at 2 March 2017

	Note	2 March 2017 £ 000	3 March 2016 £ 000
Fixed assets			
Tangible assets	10	21,125	18,675
Investments	11	<u>21,024</u>	<u>21,024</u>
		<u>42,149</u>	<u>39,699</u>
Current assets			
Debtors	12	156,462	153,322
Cash at bank and in hand		<u>33</u>	<u>34</u>
		156,495	153,356
Creditors: Amounts falling due within one year			
Income tax liability	9	<u>(507)</u>	<u>(3,291)</u>
Net current assets		<u>155,988</u>	<u>150,065</u>
Total assets less current liabilities		198,137	189,764
Provisions for liabilities	9	<u>(77)</u>	<u>(77)</u>
Net assets		<u>198,060</u>	<u>189,687</u>
Capital and reserves			
Called up share capital	14	15,006	15,006
Share premium reserve		126,236	126,236
Capital redemption reserve		3,294	3,294
Profit and loss account		<u>53,524</u>	<u>45,151</u>
Shareholders' funds		<u>198,060</u>	<u>189,687</u>

Approved by the Board on 18/09/2017 and signed on its behalf by:

Sam Jones

Director

S JONES

The notes on pages 13 to 26 form an integral part of these financial statements.

Whitbread Hotel Company Limited
Statement of Changes in Equity for the Year Ended 2 March 2017

	Share capital £ 000	Share premium £ 000	Capital redemption reserve £ 000	Retained earnings £ 000	Total £ 000
At 27 February 2015	15,006	126,236	3,294	38,653	183,189
Profit for the period	-	-	-	6,493	6,493
Total comprehensive income	-	-	-	6,493	6,493
Share based payment transactions	-	-	-	5	5
At 3 March 2016	15,006	126,236	3,294	45,151	189,687
At 4 March 2016	15,006	126,236	3,294	45,151	189,687
Profit for the period	-	-	-	8,373	8,373
Total comprehensive income	-	-	-	8,373	8,373
At 2 March 2017	15,006	126,236	3,294	53,524	198,060

The notes on pages 13 to 26 form an integral part of these financial statements.

Whitbread Hotel Company Limited

Notes to the Financial Statements for the Year Ended 2 March 2017

1 General information

The Company is a private company limited by share capital incorporated and domiciled in England and Wales under the Companies Act 2006.

The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Directors' report on page 2.

The financial statements are presented in pounds sterling which is the functional currency and all values are rounded to the nearest thousand.

The financial statements of Whitbread Hotel Company Limited for the year ended 2 March 2017 were authorised for issue by the Board of Directors on 18/9/2017

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' as issued by the Financial Reporting Council (FRC). The financial statements have therefore been prepared in accordance with FRS 101.

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

The financial year represents 52 weeks to 2 March 2017 (prior financial year: 53 weeks to 3 March 2016).

These financial statements are separate financial statements. The Company is exempt from the preparation of consolidated financial statements, because it is included in the group accounts of Whitbread Group PLC. The group accounts of Whitbread Group PLC are available to the public and can be obtained at Whitbread Court, Houghton Hall Business Park, Porz Avenue, Dunstable, Bedfordshire LU5 5XE.

The Company has adopted the following standards and interpretations which have been assessed as having no financial impact or disclosure requirements at this time:

- The IASB's annual improvement process, 2012-2014;
- IAS 1 Disclosure Initiative - Amendments to IAS 1;
- IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation - Amendments to IAS 16 and IAS 38;
- IAS 16 and IAS 41 Bearer Plants - Amendments to IAS 16 and IAS 41;
- IAS 27 Equity Method in Separate Financial Statements - Amendments to IAS 27;
- IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception - Amendments to IFRS 10, IFRS 12 and IAS 28; and
- IFRS 11 Accounting for Acquisitions of Interests in Joint Operations - Amendments to IFRS 11.

Whitbread Hotel Company Limited

Notes to the Financial Statements for the Year Ended 2 March 2017

Summary of disclosure exemptions

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, non-current assets held for sale, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions.

Where required, equivalent disclosures are given in the consolidated financial statements of the Group.

Going concern

The financial statements have been prepared on a going concern basis. The financial position of the Company is set out in these financial statements. The Company has considerable financial resources and, as a consequence, the directors believe that the Company is well placed to manage its business risks.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the Company's activities. Revenue is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the Company.

The Company recognises revenue when:

- the significant risks and rewards of the goods or services provided have transferred to the buyer;
- the amount of revenue can be reliably measured;
- it is probable that future economic benefits will flow to the entity; and
- specific criteria have been met for each of the Company activities.

Revenue from room sales and other guest services is recognised when rooms are occupied and as services are provided.

Interest receivable

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

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Whitbread Hotel Company Limited

Notes to the Financial Statements for the Year Ended 2 March 2017

Tangible fixed assets

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class

Land & buildings

Furniture, fittings & equipment

Depreciation method and rate

Over the shorter of 50 years and the remaining useful life. Freehold land is not depreciated.

over periods of three to 30 years

Investments

Investments held as fixed assets are stated at cost less provision for any impairment. The carrying value of investments are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Cost is the fair value of the consideration given, including acquisition charges associated with the investment.

Cash at bank and in hand

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Management services agreement

The Company is party to a Management Services Agreement with Whitbread Group PLC, under which some services are provided to it, the costs of which are settled via intercompany.

Whitbread Hotel Company Limited

Notes to the Financial Statements for the Year Ended 2 March 2017

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans contributions are paid publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

Financial assets

Classification

Financial assets are classified into the following specified category: 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Recognition and measurement

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Financial liabilities

Classification

Financial liabilities are classified as 'other financial liabilities'.

Recognition and measurement

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

3 Critical accounting judgements and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. The Directors have considered whether there are any such sources of estimation or critical accounting judgements in forming the financial statements and do not determine there to be any for the purposes of disclosure.

Whitbread Hotel Company Limited

Notes to the Financial Statements for the Year Ended 2 March 2017

4 Turnover

The analysis of the Company's turnover for the period from continuing operations is as follows:

	Year ended 2 March 2017 £ 000	Year ended 3 March 2016 £ 000
Sale of goods	1,317	1,550
Rendering of services	3,375	3,406
	<u>4,692</u>	<u>4,956</u>

The whole of the turnover is attributable to the operation of a Premier Inn hotel and a restaurant in the United Kingdom.

5 Profit for the year

Arrived at after charging/(crediting)

	Year ended 2 March 2017 £ 000	Year ended 3 March 2016 £ 000
Depreciation expense	378	360
Cost of inventories recognised as an expense	315	396
Operating lease expense - property	78	78
Sub-lease income	<u>(227)</u>	<u>(239)</u>

6 Other interest receivable and similar income

	Year ended 2 March 2017 £ 000	Year ended 3 March 2016 £ 000
Interest receivable from group companies	<u>6,443</u>	<u>7,150</u>

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	Year ended 2 March 2017 £ 000	Year ended 3 March 2016 £ 000
Wages and salaries	858	903
Social security costs	45	47
Pension costs, defined contribution scheme	<u>8</u>	<u>9</u>
	<u>911</u>	<u>959</u>

Whitbread Hotel Company Limited

Notes to the Financial Statements for the Year Ended 2 March 2017

The average number of persons employed by the company (including directors) during the period was as follows:

	Year ended 2 March 2017	Year ended 3 March 2016
	No.	No.
Number of employees	<u>62</u>	<u>65</u>

Included within the average number of employees and the staff costs detailed above, are employees under an employment contract with Whitbread Group PLC or Whitbread Hotel Company Limited and who provided services to Whitbread Hotel Company Limited during the year.

During the year, no directors received any emoluments (2016: £NIL). All fees paid to directors as remuneration are borne by the parent company Whitbread Group PLC and it is not practical to allocate the amount for services in respect of this Company.

8 Auditor's remuneration

Audit fees for the year of £1,000 (2016: £1,000) were paid by the parent Company, Whitbread Group PLC. Information about the total audit fees paid by the Group can be found in the Whitbread PLC Annual Report and Accounts for the year ended 2 March 2017.

9 Taxation

Tax charged/(credited) in the income statement

	Year ended 2 March 2017 £ 000	(As restated) Year ended 3 March 2016 £ 000
Current taxation		
UK corporation tax	507	3,288
UK corporation tax adjustment to prior periods	<u>-</u>	<u>4</u>
	<u>507</u>	<u>3,292</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	9	(7)
Arising from changes in tax rates and laws	(5)	(8)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	<u>(4)</u>	<u>(26)</u>
Total deferred taxation	<u>-</u>	<u>(41)</u>
Tax expense in the income statement	<u><u>507</u></u>	<u><u>3,251</u></u>

Whitbread Hotel Company Limited

Notes to the Financial Statements for the Year Ended 2 March 2017

The tax on profit before tax for the period is lower than the standard rate of corporation tax in the UK (2016 - higher than the standard rate of corporation tax in the UK) of 20% (2016 - 20.08%).

The differences are reconciled below:

	Year ended 2 March 2017 £ 000	Year ended 3 March 2016 £ 000
Profit before tax	<u>8,880</u>	<u>9,744</u>
Corporation tax at standard rate of 20% (2016 - 20.08%)	1,776	1,957
Increase (decrease) in current tax from adjustment for prior periods	-	4
Decrease (increase) from effect of revenues exempt from taxation	(1,289)	-
Increase (decrease) from effect of expenses not deductible in determining taxable profit (tax loss)	30	1,324
Deferred tax expense (credit) from unrecognised temporary difference from a prior period	(4)	(26)
Deferred tax expense (credit) relating to changes in tax rates or laws	(5)	(8)
Other tax effects for reconciliation between accounting profit and tax expense (income)	<u>(1)</u>	<u>-</u>
Total tax charge	<u>507</u>	<u>3,251</u>

Factors that may affect future tax charges:

The Finance (No 2) Act 2015 reduced the main rate of UK corporation tax to 19% from 1 April 2017 and to 18% from 1 April 2020. The effect of these rates was included in the financial statements in 2015/16. The Finance Act 2016 further reduced the main rate of corporation tax to 17% with effect from 1 April 2020. The effect of the new rate is a reduction of the deferred tax liability by a net £5,000. The rate changes will also impact the amount of future cash tax payments to be made by the Company.

The corporation tax balance is a liability of £507,000 (2016: liability of £3,291,000).

Whitbread Hotel Company Limited

Notes to the Financial Statements for the Year Ended 2 March 2017

Deferred tax

Deferred tax assets and liabilities

Deferred tax movement during the period:

	At 4 March 2016 £ 000	Recognised in income £ 000	At 2 March 2017 £ 000
Accelerated tax depreciation	(77)	(7)	(84)
Other items	-	7	7
Net tax assets/(liabilities)	<u>(77)</u>	<u></u>	<u>(77)</u>

Deferred tax movement during the prior period:

	At 27 February 2015 £ 000	Recognised in income £ 000	Transition adjustments £ 000	At 3 March 2016 £ 000
Accelerated tax depreciation	(93)	16	-	(77)
Other items	-	25	(25)	-
Net tax assets/(liabilities)	<u>(93)</u>	<u>41</u>	<u>(25)</u>	<u>(77)</u>

Whitbread Hotel Company Limited

Notes to the Financial Statements for the Year Ended 2 March 2017

10 Tangible assets

	Land and buildings £ 000	Furniture, fittings and equipment £ 000	Total £ 000
Cost			
At 4 March 2016	17,238	4,155	21,393
Additions	1,987	805	2,792
Transfers	-	36	36
Assets written off	-	(237)	(237)
At 2 March 2017	<u>19,225</u>	<u>4,759</u>	<u>23,984</u>
Depreciation			
At 4 March 2016	751	1,967	2,718
Charge for the period	63	315	378
Assets written off	-	(237)	(237)
At 2 March 2017	<u>814</u>	<u>2,045</u>	<u>2,859</u>
Carrying amount			
At 2 March 2017	<u>18,411</u>	<u>2,714</u>	<u>21,125</u>
At 3 March 2016	<u>16,487</u>	<u>2,188</u>	<u>18,675</u>

Included above are assets under construction of £39,000 (2016: £140,000).

Capital expenditure commitments for property, plant and equipment for which no provision has been made amount to £24,000 (2016: £24,000).

The net book value of land and buildings can all be attributed to long-leasehold properties.

11 Investments

	Investment in subsidiary companies £ 000
Subsidiaries	
Cost	
At 4 March 2016	<u>21,024</u>
At 2 March 2017	<u>21,024</u>
Carrying amount	
At 2 March 2017	<u>21,024</u>
At 3 March 2016	<u>21,024</u>

Whitbread Hotel Company Limited

Notes to the Financial Statements for the Year Ended 2 March 2017

Details of the Company's subsidiaries, which are directly held, as at 2 March 2017 are as follows:

Name of subsidiary	Principal activity	Country of incorporation and registered office	Proportion of ownership interest and voting rights held	
			2017	2016
St Andrews Homes Limited	Management of claims in relation to property contracts	England Whitbread Court, Houghton Hall Business Park, Porz Avenue Dunstable, Bedfordshire, LU5 5XE	100%	100%
Whitbread (G.C) Limited	Dormant	England Whitbread Court, Houghton Hall Business Park, Porz Avenue Dunstable, Bedfordshire, LU5 5XE	100%	100%

12 Debtors

	2 March 2017 £ 000	3 March 2016 £ 000
Amounts owed by group undertakings	<u>156,462</u>	<u>153,322</u>

Amounts receivable from related parties are repayable on demand and carry an average quarterly interest rate based upon the group funding.

13 Operating lease arrangements

Operating leases

The Company leases various buildings which are used within the business. The leases are non-cancellable operating leases with varying terms, escalation clauses and renewal rights. The Company 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 or future market rates of interest).

The weighted average lease life of future minimum rentals payable under non-cancellable operating leases is 219.1 years (2016: 220.1 years).

The total future value of minimum lease payments is as follows:

	2017 £ 000	2016 £ 000
Within one year	75	74
In two to five years	298	297
In over five years	<u>15,950</u>	<u>15,989</u>
	<u>16,323</u>	<u>16,360</u>

Whitbread Hotel Company Limited

Notes to the Financial Statements for the Year Ended 2 March 2017

The amount of non-cancellable operating lease payments recognised as an expense during the period was £78,000 (2016 - £78,000).

The amount of contingent operating lease payments recognised as an expense during the period is £Nil (2016 - £3,000).

Sublease arrangements

The Company has sublet space in certain properties.

Total future minimum sublease income under non-cancellable operating leases expected to be received is £78,000 (2016 - £292,000).

The amount of income recognised in the period from non-cancellable operating subleases was £227,000 (2016 - £239,000).

14 Share capital

Allotted, called up and fully paid shares

		2 March 2017 £ 000		3 March 2016 £ 000
	No. 000		No. 000	
Ordinary of £0.10 each	<u>150,057</u>	<u>15,006</u>	<u>150,057</u>	<u>15,006</u>

The shares carry full voting, dividend and capital distribution rights.

15 Related party transactions

As well as the subsidiary undertakings listed in note 11, the Company had the following related undertakings which are indirectly owned:

Name of related undertaking	Place of Incorporation	Class of shares held	% of class of shared held by the Company	% of class of shared held by the group	% of nominal value
Advisebegin Limited	United Kingdom	Ordinary £1.00	100	0	100
Alastair Campbell & Company Limited	United Kingdom	Ordinary £1.00	100	0	100
Autumn Days Limited	United Kingdom	Ordinary £1.00	100	0	100
Belstead Brook Manor Limited	United Kingdom	Ordinary £1.00	0	100	100
Churchgate Manor Hotel Limited	United Kingdom	Ordinary £1.00	0	100	100
Finite Hotel Systems Limited	United Kingdom	A Ordinary £1.00	100	0	50
		B Ordinary £1.00	100	0	50
Forest of Arden Golf & Country Club Limited	United Kingdom	Ordinary £1.00	100	0	100

Whitbread Hotel Company Limited

Notes to the Financial Statements for the Year Ended 2 March 2017

Name of related undertaking	Place of Incorporation	Class of shares held	% of class of shares held by the Company	% of class of shares held by the group	% of nominal value
Gable Care Limited	United Kingdom	Ordinary £1.00	100	0	100
James Bell & Company Limited	United Kingdom	Deferred ordinary £0.25	100	0	96.154
		Ordinary £0.01	100	0	3.846
Kingsmills Hotel Company Limited	United Kingdom	Ordinary £1.00	100	0	100
Lambtons Ale Limited	United Kingdom	Ordinary £1.00	100	0	100
Leisure and Retail Resources Limited	United Kingdom	Ordinary £1.00	99.6	0	99.6
London International Hotel Limited	United Kingdom	Ordinary £1.00	100	0	100
Lorimer & Clark Limited	United Kingdom	Ordinary £1.00	100	0	100
Meon Valley Golf & Country Club Limited	United Kingdom	Ordinary £1.00	100	0	100
Morris's Wine Stores Limited	United Kingdom	Ordinary £1.00	99.9	0	5.405
		5.6% Non-cumulative preference £1.00	100	0	94.595
Norseman Lager Limited	United Kingdom	Ordinary £1.00	100	0	100
Percheron Properties Limited	United Kingdom	Ordinary £1.00	100	0	100
Respotel Limited	United Kingdom	Ordinary £2.00	100	0	100
S.H. Ward & Company Limited	United Kingdom	Ordinary £1.00	100	0	100
Small & Co. Limited	United Kingdom	Ordinary £1.00	100	0	100
Small & Co (Engineering) Limited	United Kingdom	Ordinary £1.00	0	100	99.28
		7% Cumulative preference £1.00	0	100	0.72
Spring Soft Drinks Limited	United Kingdom	Ordinary £1.00	100	0	100
Sprowston Manor Hotel Limited	United Kingdom	Ordinary £1.00	0	100	100
Square October 1 Limited	United Kingdom	Ordinary £1.00	100	0	100
Square October 2 Limited	United Kingdom	Ordinary £1.00	100	0	100
Square October 3 Limited	United Kingdom	Ordinary £1.00	100	0	100

Whitbread Hotel Company Limited

Notes to the Financial Statements for the Year Ended 2 March 2017

Name of related undertaking	Place of Incorporation	Class of shares held	% of class of shares held by the Company	% of class of shares held by the group	% of nominal value
St Andrews Homes (1995) Limited	United Kingdom	Ordinary £1.00	0	100	100
St Martins Care Homes Investments Limited	United Kingdom	Ordinary £1.00	0	100	100
Summerfields Care Limited	United Kingdom	Ordinary £1.00	100	0	100
Swift (Lurchrise) Limited	United Kingdom	Ordinary £1.00	100	0	100
Swift Hotels (1995) Limited	United Kingdom	Ordinary £1.00	100	0	100
Swift Hotels (Management) Limited	United Kingdom	Ordinary £1.00	100	0	100
Swift Inns and Restaurants Limited	United Kingdom	Ordinary £1.00	100	0	100
Swift Profit Sharing Scheme Trustees Limited	United Kingdom	Ordinary £1.00	50	50	100
Swift Quest Limited	United Kingdom	Ordinary £1.00	100	0	100
Tewkesbury Park Golf and Country Club Limited	United Kingdom	Ordinary £1.00	100	0	100
The Four Seasons Hotel Investments Limited	United Kingdom	8% Cumulative preference A £1.00	0	100	33.019
		8% Cumulative preference B £1.00	0	100	28.067
		Ordinary £1.00	0	100	30.158
		Preferred ordinary £1.00	0	100	8.756
The Four Seasons Hotel Limited	United Kingdom	Ordinary £1.00	100	0	100
Whitbread (G.C.) Limited	United Kingdom	Ordinary £1.00	100	0	100
Whitbread Sunderland (1995) Limited	United Kingdom	Ordinary £1.00	100	0	100
Whitbread Sunderland Limited	United Kingdom	Ordinary £5.00	100	0	100
		Preference £5.00	100	0	100
Whitbread Sunderland 2 Limited	United Kingdom	Ordinary £1.00	100	0	100
		5.6% Non-cumulative preference £1.00	100	0	100

Whitbread Hotel Company Limited

Notes to the Financial Statements for the Year Ended 2 March 2017

Name of related undertaking	Place of Incorporation	Class of shares held	% of class of shares held by the Company	% of class of shares held by the group	% of nominal value
W. M. Darley, Limited	United Kingdom	Ordinary £1.00	99.998	0	49.751
		Preference £1.00	100	0	49.751
		Preferred ordinary £0.01	100	0	0.498
W. R. Wines Limited	United Kingdom	Deferred £1.00	100	0	99.01
		Ordinary £0.01	100	0	0.99

The Company is a wholly-owned subsidiary of Whitbread PLC, the ultimate controlling entity, and has taken advantage of the exemption given in Financial Reporting Standard 101(8(k)) not to disclose transactions with other group companies.

The registered office of the above companies is Whitbread Court, Houghton Hall Business Park, Porz Avenue Dunstable, Bedfordshire, LU5 5XE.

16 Parent and ultimate parent undertaking

The immediate parent undertaking is Whitbread Group PLC. The ultimate parent undertaking is Whitbread PLC.

The parent undertaking of the smallest group of undertakings for which group accounts are drawn up and of which the Company is a member is Whitbread Group PLC, registered in England and Wales. Copies of their accounts can be obtained from the registered office at Whitbread Court, Houghton Hall Business Park, Porz Avenue, Dunstable, Bedfordshire LU5 5XE.

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, registered in England and Wales. Copies of their accounts can be obtained from the registered office at Whitbread Court, Houghton Hall Business Park, Porz Avenue, Dunstable, Bedfordshire LU5 5XE.