

Registration number: 224163

Whitbread Hotel Company Limited

Annual Report and Financial Statements

for the Year Ended 1 March 2018



Whitbread Hotel Company Limited

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Whitbread Hotel Company Limited

Company Information

Directors	S Ewins S Jones
Company secretary	D Lowry
Registered number	224163
Registered office	Whitbread Court Houghton Hall Business Park Porz Avenue Dunstable Bedfordshire LU5 5XE
Statutory auditor	Deloitte LLP 2 New Street Square London United Kingdom

Whitbread Hotel Company Limited
Strategic Report for the Year Ended 1 March 2018

The directors present their strategic report for the year ended 1 March 2018.

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.

Year on year revenue growth has been offset by an increase in fixed costs, predominantly business rates, which increased due to the changes in the rateable value of property which came into effect 1 April 2017.

	Units	52 weeks to 1 March 2018	52 weeks to 2 March 2017	Change %
Turnover	£m	4.9	4.7	3.7
Operating profit	£m	2.3	2.4	(7.6)

Whitbread Hotel Company Limited

Strategic Report for the Year Ended 1 March 2018

Principal risks and uncertainties

Risk Cyber and data security - 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 network security has been enhanced and a framework of industry-recognised security standards is being implemented.

Risk Innovation and brand strength - 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, it 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 monitored as well as net promoter scores.

Risk Change - the Company's ability to execute the significant volume of change.

Mitigation The Company has embarked on an extensive programme of change to replace legacy finance, POS, CRM and HR systems, whilst also delivering an ongoing efficiency programme and upgrading digital capability and customer propositions enabling growth plans over the coming years to be delivered. 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 Executive Committee.

Risk Economic climate - uncertain/volatile political and economic climate results in a decline in GDP, consumer and business spending, a fall in RevPAR and inflation pressure impacting growth plans.

Mitigation There is a rigorous business planning process in place which considers many scenarios with appropriate responses. The Company 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 and good progress is being made with the efficiency programme that aims to deliver substantial savings over five years.

Risk Retention and wage inflation - 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 Executive Committee and the Board, with trends analysed and appropriate actions reviewed and agreed. HR systems are also being upgraded to provide greater insight. Team retention is a key component of the Company's balanced scorecard (WINcard) and Annual Incentive Scheme.

Approved by the Board on 4/9/18 and signed on its behalf by:



Director

S. EVANS

Whitbread Hotel Company Limited

Directors' Report for the Year Ended 1 March 2018

The directors present their report and the financial statements for the year ended 1 March 2018.

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

S Jones

B Mistry (resigned 15 June 2018).

Dividends

The directors do not recommend the payment of a dividend for the year (2017: £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 1 March 2018 which are available from Whitbread Court, Houghton Hall Business Park, Porz Avenue, Dunstable, Bedfordshire.

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 1 March 2018 which are available from Whitbread Court, Houghton Hall Business Park, Porz Avenue, Dunstable, Bedfordshire.

Future developments

For further information on likely future developments please see the Strategic Report included in the Annual Report and Accounts of Whitbread PLC for the year ended 1 March 2018 which are available from Whitbread Court, Houghton Hall Business Park, Porz Avenue, Dunstable, Bedfordshire.

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 1 March 2018

Disclosure of information to the auditors

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

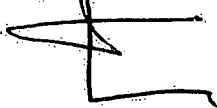
- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that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

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

Approved by the Board on 4.19.18 and signed on its behalf by:



Director

S. EMIN'S

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

Report on the audit of 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 1 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Whitbread Hotel Company Limited (the 'Company'), which comprise:

- the Income Statement;
- the Balance Sheet;
- the Statement of Changes in Equity;
- the related notes 1 to 16 including the Accounting Policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Whitbread Hotel Company Limited

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

Report on other legal and regulatory requirements

Opinion on other matters 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 period 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 our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

Whitbread Hotel Company Limited

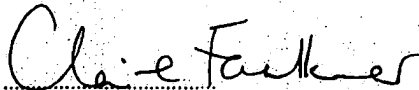
Independent Auditor's Report to the Members of Whitbread Hotel Company Limited

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.



Claire Faulkner (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London
United Kingdom

Date: 5 September 2018

Whitbread Hotel Company Limited

Income Statement for the Year Ended 1 March 2018

		Year ended 1 March 2018	Year ended 2 March 2017
	Note	£ 000	£ 000
Revenue	4	4,863	4,692
Operating costs		<u>(2,611)</u>	<u>(2,255)</u>
Operating profit	5	<u>2,252</u>	<u>2,437</u>
Finance revenue	6	<u>6,760</u>	<u>6,443</u>
		<u>6,760</u>	<u>6,443</u>
Profit before tax		<u>9,012</u>	<u>8,880</u>
Tax expense	9	<u>(1,740)</u>	<u>(507)</u>
Profit for the year		<u><u>7,272</u></u>	<u><u>8,373</u></u>

There were no recognised gains and losses for 2018 or 2017 other than those included in the Income Statement.

The above results were derived from continuing operations.

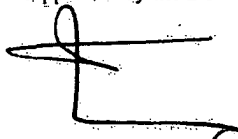
The notes on pages 13 to 29 form an integral part of these financial statements.

Whitbread Hotel Company Limited

(Registration number: 224163)
Balance Sheet as at 1 March 2018

	Note	1 March 2018 £ 000	2 March 2017 £ 000
Assets			
Non-current assets			
Property, plant and equipment	10	20,776	21,125
Investments	11	21,024	21,024
		<u>41,800</u>	<u>42,149</u>
Current assets			
Trade and other receivables	12	165,328	156,462
Cash and cash equivalents		23	33
		<u>165,351</u>	<u>156,495</u>
Total assets		<u>207,151</u>	<u>198,644</u>
Liabilities			
Current liabilities			
Current tax liabilities	9	(1,752)	(507)
Provisions for liabilities	9	(65)	(77)
Total liabilities		<u>(1,817)</u>	<u>(584)</u>
Net assets		<u>205,334</u>	<u>198,060</u>
Equity			
Called up share capital	14	15,006	15,006
Share premium reserve		126,236	126,236
Capital redemption reserve		3,294	3,294
Retained earnings		60,798	53,524
Total equity		<u>205,334</u>	<u>198,060</u>

Approved by the Board on 4/9/18 and signed on its behalf by:



Director

J. EMMIS

The notes on pages 13 to 29 form an integral part of these financial statements.

Whitbread Hotel Company Limited

Statement of Changes in Equity for the Year Ended 1 March 2018

	Share capital £ 000	Share premium £ 000	Capital redemption reserve £ 000	Retained earnings £ 000	Total equity £ 000
At 3 March 2017	15,006	126,236	3,294	53,524	198,060
Profit for the year	-	-	-	7,272	7,272
Total comprehensive income	-	-	-	7,272	7,272
Share based payment transactions	-	-	-	2	2
At 1 March 2018	15,006	126,236	3,294	60,798	205,334

	Share capital £ 000	Share premium £ 000	Capital redemption reserve £ 000	Retained earnings £ 000	Total equity £ 000
At 4 March 2016	15,006	126,236	3,294	45,151	189,687
Profit for the year	-	-	-	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 29 form an integral part of these financial statements.

Whitbread Hotel Company Limited

Notes to the Financial Statements for the Year Ended 1 March 2018

1 General information

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

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 4.

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

The financial statements of Whitbread Hotel Company Limited for the year ended 1 March 2018 were authorised for issue by the Board of Directors on 4/9/18

2 Accounting policies

Summary of significant accounting policies

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 financial statements have been prepared under the historical cost convention, in accordance with applicable accounting standards and are presented in pounds sterling.

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.

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 which is also the registered address.

The financial year represents 52 weeks to 1 March 2018 (prior financial year: 52 weeks to 2 March 2017).

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

- Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses;
- Amendment to IAS 7 Disclosure Initiative; and
- Amendments to IFRS 12 Disclosure of Interests in Other Entities included in the Annual Improvements to IFRS Standards 2014-2016 Cycle.

Whitbread Hotel Company Limited

Notes to the Financial Statements for the Year Ended 1 March 2018

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 Whitbread PLC.

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 is measured at the fair value of the consideration receivable from the sale of goods and services to third parties after deducting discounts, allowances for customer loyalty and other promotional activities. Revenue includes duties which the Company pays as principal, but excludes amounts collected on behalf of other parties, such as value added tax.

Revenue is recognised when the significant risks and rewards of the goods or services provided have transferred to the buyer, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company.

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

Finance revenue

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

Tax

The income tax charge represents both the income tax payable, based on profit for the year and deferred income tax.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are charged or credited directly to equity. Otherwise, income tax is recognised in the income statement.

Whitbread Hotel Company Limited

Notes to the Financial Statements for the Year Ended 1 March 2018

Deferred income tax is recognised in full, using the liability method, in respect of temporary differences between the tax base of the Company's assets and liabilities and their carrying amounts that have originated but have not been reversed by the balance sheet date. No deferred tax is recognised if the temporary difference arises from goodwill, or the initial recognition of an asset or liability, in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. Deferred income tax is recognised in respect of taxable temporary differences associated with investments in associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all, or part of, the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Gross interest costs incurred on the financing of qualifying assets are capitalised until the time that the assets are available for use.

The carrying values of property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that their carrying values may not be recoverable. Any impairment in the values of property, plant and equipment is charged to the income statement.

Profits and losses on disposal of property, plant and equipment reflect the difference between net selling price and carrying amount at the date of disposal and are recognised in the income.

Payments made on entering into, or acquiring, leaseholds that are accounted for as operating leases are amortised on a straight-line basis over the lease term.

Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as shown below. The residual values are reviewed annually.

Asset class

Land & buildings

Plant & equipment

Depreciation method and rate

Freehold land is not depreciated. Freehold and long leasehold buildings are depreciated to their estimated residual values over periods up to 50 years.

Over 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.

Whitbread Hotel Company Limited

Notes to the Financial Statements for the Year Ended 1 March 2018

Cash and cash equivalents

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.

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.

Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rental payments in respect of operating leases are charged against operating profit on a straight-line basis over the period of the lease. Lease incentives are recognised as a reduction of rental costs over the lease term.

Whitbread Hotel Company Limited

Notes to the Financial Statements for the Year Ended 1 March 2018

Impairment of non-financial assets

The Company assesses assets or groups of assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Individual assets are grouped, for impairment assessment purposes, at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets (cash generating units or CGUs). If such indication of impairment exists, or when annual impairment testing for an asset group is required, the Company makes an estimate of the recoverable amount.

The recoverable amount of an asset or CGU is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined with reference to the CGU to which the asset belongs. Impairment losses are recognised in the consolidated income statement within operating costs.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the CGU's recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimated future cashflows used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such a reversal is recognised in the income statement. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's carrying amount, less any residual value, on a straight-line basis over its remaining useful life.

For the purposes of impairment testing, all centrally held assets are allocated in line with IAS 36 to CGUs based on management's view of the consumption of the asset. Any resulting impairment is recorded against the centrally held asset.

In the absence of a comparable recent market transaction that demonstrates that the fair value, less the costs of disposal, of intangible assets exceeds their carrying amount, the recoverable amount is determined from value in use calculations. An impairment is then made to reduce the carrying amount to the recoverable amount.

For the purposes of the impairment review of property, plant and equipment, the Company considers each trading outlet to be a separate CGU. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Consideration is also given, where appropriate, to the market value of the asset either from independent sources or, in conjunction with, an accepted industry valuation methodology.

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.

Whitbread Hotel Company Limited

Notes to the Financial Statements for the Year Ended 1 March 2018

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.

Financial assets

Classification

The recognition of financial assets and liabilities occurs when the Company becomes party to the contractual provisions of the instrument. The derecognition of financial assets takes place when the Company no longer has the right to cash flows, the risks and rewards of ownership, or control of the asset. The derecognition of financial liabilities occurs when the obligation under the liability is discharged, cancelled or expires.

Some assets held by the Company are classified as financial assets at fair value through profit or loss. On initial recognition these assets are recognised at fair value. Subsequent measurement is also at fair value, with changes recognised through finance revenue or costs in the income statement.

Recognition and measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, do not qualify as trading assets and have not been designated as either fair value through profit and loss or available-for-sale. Such assets are carried at amortised cost using the effective interest method if the time value of money is significant. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Trade receivables are recognised and carried at original invoice amount less any uncollectable amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

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 Key accounting judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported as assets and liabilities at the balance sheet date and the amounts reported as revenues and expenses during the year. However, the nature of estimation means that the actual outcomes could differ from those estimates. In the process of applying the Group's accounting policies, the Directors have considered whether there are any such sources of estimation or critical accounting judgements in forming the financial statements and do not consider there to be any for the purposes of disclosure.

Whitbread Hotel Company Limited

Notes to the Financial Statements for the Year Ended 1 March 2018

4 Turnover

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

	Year ended 1 March 2018	Year ended 2 March 2017
	£ 000	£ 000
Sale of goods	1,279	1,317
Rendering of services	3,584	3,375
	<u>4,863</u>	<u>4,692</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 1 March 2018	Year ended 2 March 2017
	£ 000	£ 000
Depreciation expense	411	378
Cost of inventories recognised as an expense	310	315
Operating lease expense - property	66	78
Sub-lease income	<u>(76)</u>	<u>(227)</u>

6 Finance revenue

	Year ended 1 March 2018	Year ended 2 March 2017
	£ 000	£ 000
Interest received from group undertakings	<u>6,760</u>	<u>6,443</u>

Whitbread Hotel Company Limited

Notes to the Financial Statements for the Year Ended 1 March 2018

7 Staff costs

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

	Year ended 1 March 2018	Year ended 2 March 2017
	£ 000	£ 000
Wages and salaries	882	858
Social security costs	35	45
Pension costs, defined contribution scheme	8	8
	<u>925</u>	<u>911</u>

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

	Year ended 1 March 2018	Year ended 2 March 2017
	No.	No.
Number of employees	<u>-</u>	<u>62</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 (2017: £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 (2017: £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 1 March 2018.

Whitbread Hotel Company Limited

Notes to the Financial Statements for the Year Ended 1 March 2018

9 Taxation

Tax charged in the income statement

	Year ended 1 March 2018 £ 000	Year ended 2 March 2017 £ 000
Current taxation		
UK corporation tax	1,753	507
Deferred taxation		
Arising from origination and reversal of temporary differences	(14)	9
Arising from changes in tax rates and laws	1	(5)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	-	(4)
Total deferred taxation	(13)	-
Tax expense in the income statement	<u>1,740</u>	<u>507</u>

The tax on profit before tax for the period is higher than the standard rate of corporation tax in the UK (2017: lower than the standard rate of corporation tax in the UK) of 19.08% (2017: 20%).

The differences are reconciled below:

	2018 £ 000	2017 £ 000
Profit before tax	<u>9,012</u>	<u>8,880</u>
Corporation tax at standard rate	1,720	1,776
Decrease from effect of revenues exempt from taxation	-	(1,289)
Increase from effect of expenses not deductible in determining taxable profit	20	30
Deferred tax credit from unrecognised temporary difference from a prior period	-	(4)
Deferred tax credit relating to changes in tax rates or laws	-	(5)
Other tax effects for reconciliation between accounting profit and tax expense	-	(1)
Total tax charge	<u>1,740</u>	<u>507</u>

Factors that may affect future tax charges:

The Finance Act 2016 reduced the main rate of UK corporation tax to 17% from 1 April 2020. The effect of the new rate was included in the financial statements in 2016/17. The rate change will also impact the amount of future cash tax payments to be made by the Company.

The corporation tax balance is a liability of £1,752,000 (2017: £507,000).

Whitbread Hotel Company Limited

Notes to the Financial Statements for the Year Ended 1 March 2018

Deferred tax

Deferred tax liability

Deferred tax movement during the period:

	At 3 March 2017 £ 000	Recognised in income £ 000	At 1 March 2018 £ 000
Accelerated tax depreciation	(84)	4	(80)
Other items	7	8	15
Net tax assets/(liabilities)	<u>(77)</u>	<u>12</u>	<u>(65)</u>

Deferred tax movement during the prior 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>

Whitbread Hotel Company Limited

Notes to the Financial Statements for the Year Ended 1 March 2018

10 Property, plant and equipment

	Land and buildings £ 000	Plant and equipment £ 000	Total £ 000
Cost			
At 3 March 2017	19,225	4,759	23,984
Additions	7	55	62
Assets written off	-	(248)	(248)
At 1 March 2018	<u>19,232</u>	<u>4,566</u>	<u>23,798</u>
Depreciation			
At 3 March 2017	814	2,045	2,859
Charge for the period	46	365	411
Assets written off	-	(248)	(248)
At 1 March 2018	<u>860</u>	<u>2,162</u>	<u>3,022</u>
Carrying amount			
At 1 March 2018	<u>18,372</u>	<u>2,404</u>	<u>20,776</u>
At 2 March 2017	<u>18,411</u>	<u>2,714</u>	<u>21,125</u>

Included above are assets under construction of £57,000 (2017: £39,000).

Capital expenditure commitments for property, plant and equipment for which no provision has been made amount to £17,000 (2017: £24,000).

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

Whitbread Hotel Company Limited

Notes to the Financial Statements for the Year Ended 1 March 2018

11 Investments

	Investment in subsidiary companies £ 000
Subsidiaries	
Cost	
At 3 March 2017	21,024
At 1 March 2018	21,024
Carrying amount	
At 1 March 2018	21,024
At 2 March 2017	21,024

Details of the Company's subsidiaries, which are directly held, as at 1 March 2018 are as follows:

Name of subsidiary	Principal activity	Country of incorporation and registered office	Proportion of ownership interest and voting rights held	
			2018	2017
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 Trade and other receivables

	1 March 2018 £ 000	2 March 2017 £ 000
Amounts owed by group undertakings	165,328	156,462

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

Whitbread Hotel Company Limited

Notes to the Financial Statements for the Year Ended 1 March 2018

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 218.1 years (2017: 219.1 years).

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

	1 March 2018 £ 000	2 March 2017 £ 000
Within one year	73	75
In two to five years	294	298
In over five years	15,667	15,950
	<u>16,034</u>	<u>16,323</u>

The amount of non-cancellable operating lease payments recognised as an expense during the period was £66,000 (2017: £78,000).

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 £Nil (2017: £78,000).

The amount of income recognised in the period from non-cancellable operating subleases was £76,000 (2017: £227,000).

14 Share capital

	1 March 2018 £	2 March 2017 £
Allotted, called up and fully paid		
150,057,127 Ordinary shares of £0.10 each	<u>15,005,713</u>	<u>15,005,713</u>

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

Whitbread Hotel Company Limited

Notes to the Financial Statements for the Year Ended 1 March 2018

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 shares held by the Company	% of class of shares 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
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

Whitbread Hotel Company Limited

Notes to the Financial Statements for the Year Ended 1 March 2018

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
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
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

Whitbread Hotel Company Limited

Notes to the Financial Statements for the Year Ended 1 March 2018

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
		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
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.

Whitbread Hotel Company Limited

Notes to the Financial Statements for the Year Ended 1 March 2018

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.