

Registration number: 05386807

Whitbread Guarantee Company Two Limited

Annual Report and Financial Statements

for the Year Ended 2 March 2017



Whitbread Guarantee Company Two Limited

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Whitbread Guarantee Company Two Limited

Company Information

| | |
|--------------------------|---|
| Directors | D Lowry Whitbread Directors 1 Limited Whitbread Directors 2 Limited |
| Company secretary | Whitbread Secretaries Limited |
| Registered number | 05386807 |
| Registered office | Whitbread Court Houghton Hall Business Park Porz Avenue Dunstable Bedfordshire LU5 5XE |
| Auditor | Deloitte LLP 2 New Street Square London EC4A 3BZ |

Whitbread Guarantee Company Two 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 primary purpose of the Company is to act as a holding company.

Directors of the Company

The directors who held office during the year were as follows:

D Lowry

Whitbread Directors 1 Limited

Whitbread Directors 2 Limited

Future developments and subsequent events

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.

Disclosure of information to the auditor

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.

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

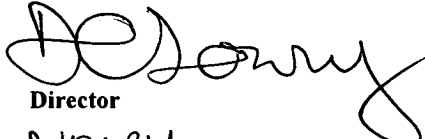
Reappointment of auditor

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

Small companies provision statement

The Company has taken advantage of the exemption from preparing a Strategic Report, and disclosures in the Directors' Report, applying to small companies in accordance with the provisions of section 414c of the Companies Act 2006.

Approved by the Board on 6/9/2017 and signed on its behalf by:


Director
P Honey

Whitbread Guarantee Company Two 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;
- 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 Guarantee Company Two Limited

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

We have audited the financial statements of Whitbread Guarantee Company Two 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 12. 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has 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 Directors' Report.

Whitbread Guarantee Company Two Limited

Independent Auditor's Report to the members of Whitbread Guarantee Company Two 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; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Directors' Report.



Claire Faulkner (Senior Statutory Auditor)

For and on behalf of Deloitte LLP, Statutory Auditor

2 New Street Square
London
EC4A 3BZ

Date:

7 September 2017

Whitbread Guarantee Company Two 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 | | - | - |
| Other gains | 4 | 29,168 | - |
| Operating profit | | 29,168 | - |
| Profit before tax | | 29,168 | - |
| Profit for the year | | 29,168 | - |

There is no other comprehensive income for 2017 or 2016 other than that included in the Profit and Loss Account.

The above results were derived from continuing operations.

The notes on pages 10 to 16 form an integral part of these financial statements.

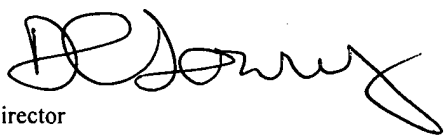
Whitbread Guarantee Company Two Limited

(Registration number: 05386807)

Balance Sheet as at 2 March 2017

| | Note | 2 March 2017 £ 000 | 3 March 2016 £ 000 |
|-----------------------------|------|--------------------------|--------------------------|
| Fixed assets | | | |
| Investments | 8 | <u>88,032</u> | <u>58,864</u> |
| Net assets | | <u>88,032</u> | <u>58,864</u> |
| Capital and reserves | | | |
| Profit and loss account | | <u>88,032</u> | <u>58,864</u> |
| Members' funds | | <u>88,032</u> | <u>58,864</u> |

Approved by the Board on 6/9/2017 and signed on its behalf by:



Director

D WHEAT

The notes on pages 10 to 16 form an integral part of these financial statements.

Whitbread Guarantee Company Two Limited

Statement of Changes in Equity for the Year Ended 2 March 2017

| | Retained earnings £ 000 | Total £ 000 |
|----------------------------|--|------------------------|
| At 27 February 2015 | <u>58,864</u> | <u>58,864</u> |
| At 3 March 2016 | <u>58,864</u> | <u>58,864</u> |
| | Retained earnings £ 000 | Total £ 000 |
| At 4 March 2016 | <u>58,864</u> | <u>58,864</u> |
| Profit for the year | <u>29,168</u> | <u>29,168</u> |
| Total comprehensive income | <u>29,168</u> | <u>29,168</u> |
| At 2 March 2017 | <u>88,032</u> | <u>88,032</u> |

The notes on pages 10 to 16 form an integral part of these financial statements.

Whitbread Guarantee Company Two Limited

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

1 General information

The Company is a private company limited by guarantee 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 and all values are rounded to the nearest thousand.

The financial statements of Whitbread Guarantee Company Two Limited for the year ended 2 March 2017 were authorised for issue by the Board of Directors on 6/9/2017

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). Accordingly, in the year ended 2 March 2017, the Company has undergone transition from reporting under UK GAAP to FRS 101 'Reduced Disclosure Framework'. The financial statements have therefore been prepared in accordance with FRS 101. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening FRS 101 Statement of financial position at 28 February 2015 for the purposes of the transition to FRS 101. This transition is not considered to have had a material effect on the financial statements. Further details can be found in Note 12.

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 Guarantee Company Two 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.

Investments

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in associates are initially recognised at cost, being the fair value of the consideration given, including acquisition charges associated with the investment.

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.

4 Other gains

The analysis of the Company's other gains and losses for the period is as follows:

| | Year ended 2 March 2017 £ 000 | Year ended 3 March 2016 £ 000 |
|------------------------------------|-------------------------------------|-------------------------------------|
| Gain from disposals of investments | 29,168 | - |

5 Staff costs

The Company has no employees other than the directors (2016: NIL), who did not receive any remuneration (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.

6 Auditor's remuneration

Audit fees for the year of £1,000 (2016: £NIL) 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.

Whitbread Guarantee Company Two Limited

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

7 Taxation

There was no tax charge for the year (2016: £NIL).

The tax on profit before tax for the year is lower 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 | 29,168 | - |
| Corporation tax at standard rate of 20% (2016 - 20.08%) | 5,834 | - |
| Decrease/(increase) from effect of revenues exempt from taxation | (5,834) | - |
| Total tax charge/(credit) | - | - |

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 Finance Act 2016 further reduced the main rate of corporation tax to 17% with effect from 1 April 2020. The rate changes will impact the amount of future cash tax payments to be made by the Company.

The corporation tax balance is a liability of £NIL (2016: liability of £NIL).

8 Investments

| | Investment in associate £ 000 |
|--------------------------|-------------------------------------|
| Cost or valuation | |
| At 4 March 2016 | 58,864 |
| Additions | 88,032 |
| Disposals | (58,864) |
| At 2 March 2017 | 88,032 |
| Carrying amount | |
| At 2 March 2017 | 88,032 |

Whitbread Guarantee Company Two Limited

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

Details of the associate as at 2 March 2017 is as follows:

| Name of associate | Principal activity | Registered office and country of incorporation | Proportion of ownership interest and voting rights held | |
|-------------------------------------|---------------------------|--|--|-------------|
| | | | 2017 | 2016 |
| Whitbread (Condor) Holdings Limited | Holding company | Whitbread Court, Houghton Hall Office Park, Porz Avenue, Dunstable, Bedfordshire, LU5 5XE. United Kingdom | 17.7% | 0% |

During the year, as part of a Group restructure, the Company disposed of its associate investment in Condor Overseas Holdings Two Limited and acquired an 18% interest in Whitbread (Condor) Holdings Limited.

9 Company status

The Company is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £100 towards the assets of the Company in the event of liquidation.

Whitbread Guarantee Company Two Limited

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

10 Related party transactions

As well as the associated undertaking listed in note 8, the Company had the following related undertakings which are indirectly owned:

| Name of related undertaking | Country of incorporation and principal place of business | Class of shares held | % of class of shares held by the Company | % of class of shares held by the group | % of nominal value |
|---|---|-----------------------------|---|---|---------------------------|
| Broughton ParkHotel Limited | United Kingdom | Ordinary £1.00 | 0 | 100 | 100 |
| Country Club Hotels Limited | United Kingdom | Ordinary £1.00 | 0 | 100 | 100 |
| Cymric Hotel Company Limited | United Kingdom | Ordinary £1.00 | 0 | 100 | 100 |
| Cymric Hotel Partnership | United Kingdom | n/a | n/a | n/a | n/a |
| J Burton (Warwick) Limited | United Kingdom | Ordinary £1.00 | 0 | 100 | 100 |
| Priory Leisure Limited | United Kingdom | Ordinary £1.00 | 0 | 100 | 100 |
| Scorechance 1 Limited | United Kingdom | Ordinary £1.00 | 0 | 100 | 100 |
| Scorechance 8 Limited | United Kingdom | Ordinary £1.00 | 0 | 100 | 100 |
| Scorechance 12 Limited | United Kingdom | Ordinary £1.00 | 0 | 100 | 100 |
| Scorechance 17 Limited | United Kingdom | Ordinary £1.00 | 0 | 100 | 100 |
| Scorechance 25 Limited | United Kingdom | Ordinary £1.00 | 0 | 100 | 100 |
| Silk Street Hotels Limited | United Kingdom | Deferred £1.00 | 0 | 100 | 99.9 |
| | | Ordinary USD0.01 | 0 | 100 | 0.1 |
| Silk Street Hotel Liverpool Limited | United Kingdom | Ordinary £1.00 | 0 | 100 | 100 |
| Swift Hotels Limited | United Kingdom | Preference £5.00 | 0 | 100 | 0.1 |
| | | Ordinary £1.00 | 0 | 100 | 99.9 |
| Swingbridge Limited | United Kingdom | Ordinary £1.00 | 0 | 100 | 100 |
| The Four Seasons Hotel Investments Management Limited | United Kingdom | Ordinary £1.00 | 0 | 100 | 100 |

Whitbread Guarantee Company Two Limited

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

| Name of related undertaking | Country of incorporation and principal place of business | Class of shares held | % of class of shares held by the Company | % of class of shares held by the group | % of nominal value |
|---------------------------------------|--|------------------------------------|--|--|--------------------|
| Wentworth Guarantee Company Limited | United Kingdom | n/a | n/a | n/a | n/a |
| Whitbread Company Two Limited | United Kingdom | Ordinary £1.00 | 0 | 100 | 100 |
| Whitbread Golf Club Limited | United Kingdom | Ordinary £1.00 | 0 | 100 | 100 |
| Whitbread Golf & Country Club Limited | United Kingdom | A Ordinary £1.00 | 0 | 100 | 55 |
| | | 5% Non-Cumulative Preference £1.00 | 0 | 100 | 45 |
| Whitbread Hotel Bournemouth Limited | United Kingdom | Ordinary £0.05 | 0 | 100 | 100 |

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

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.

11 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 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 Whitbread Court, Houghton Hall Business Park, Porz Avenue, Dunstable, Bedfordshire LU5 5XE.

Whitbread Guarantee Company Two Limited

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

12 Transition to FRS 101

This is the first year that the Company has presented its financial statements under FRS 101 (Financial Reporting Standard 101) issued by the Financial Reporting Council. The last financial statements under UK GAAP were for the year ended 3 March 2016 and the date of transition to FRS 101 was therefore 27 February 2015. There are no adjustments resulting from the transition from previous GAAP to FRS 101 which affect the financial position or financial performance of the Company.

There is no change to the amounts reported under previous UK GAAP for the year ended 3 March 2016 and those reportable under FRS101 for the same period. Accordingly the financial position of the company was not affected and no reconciliation of movements in Equity and the Statement of Comprehensive Income as a result of the transition are required.