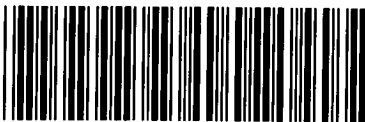


PHH 1 LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 2 DECEMBER
2018

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COMPANIES HOUSE

PHH 1 LIMITED

FOR THE YEAR ENDED 2 DECEMBER 2018

ANNUAL REPORT AND FINANCIAL STATEMENTS

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PHH 1 LIMITED

FOR THE YEAR ENDED 2 DECEMBER 2018

THE STRATEGIC REPORT

The directors present their strategic report, the directors' report and the audited financial statements of the company and the group for the financial year from 3 December 2017 to 2 December 2018.

Principal Activities

The company did not trade during the year. The directors have not recommended a dividend.

Principal risks and uncertainties

The management of the business and the execution of the business strategy are subject to a number of risks. These risks are managed at a group level and the key business risks affecting the Company and Group are set out in the Strategic Report of HWS 4 Limited.

Financial Key Performance Indicators

Given the straightforward nature of the business the Company's directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance, or position of the business.

A handwritten signature in black ink, appearing to read 'A Platt', with a stylized flourish at the end.

Mr A Platt
Director

This report was approved by the board and signed on its behalf on 10 June 2019

PHH 1 LIMITED

FOR THE YEAR ENDED 2 DECEMBER 2018

THE DIRECTORS' REPORT

The directors present their report and the audited financial statements of the company for the financial year from 4 December 2017 to 2 December 2018.

Principal Activities

The Company is an investment holding company. The principal activity of its subsidiary during the financial year was trading as a restaurant operator.

RESULTS AND DIVIDENDS

The company did not trade during the year. The directors have not recommended a dividend.

DIRECTORS

The directors of the group who were in office during the year and up to the date of signing the financial statements were:

Mr N Morrill (resigned 20 April 2018)
Mr T Craddock (resigned 20 April 2018)
Mr J Hofma
Mr H Birts (resigned 20 April 2018)
Ms K Austin (resigned 20 April 2018)
Mr M Spencer (resigned 20 April 2018)
Mr D Fitzjohn (resigned 20 April 2018)
Mr A Walker (resigned 20 April 2018)
Mr A Platt (appointed 20 April 2018)

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

GOING CONCERN

On 20 April 2018, Rutland and the management transferred 100% of their shareholding in PHH 1 Limited to HWS 3 Limited.

The directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis.

DISABLED EMPLOYEES

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

PHH 1 LIMITED

FOR THE YEAR ENDED 2 DECEMBER 2018

THE DIRECTORS' REPORT *(Continued)*

DIRECTORS' INDEMNITIES

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial 52 week period. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). 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 group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

DIRECTORS' CONFIRMATIONS

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the group and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group and company's auditors are aware of that information.

PHH 1 LIMITED

FOR THE YEAR ENDED 2 DECEMBER 2018

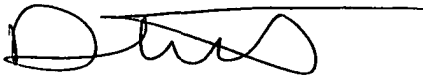
THE DIRECTORS' REPORT *(Continued)*

INDEPENDENT AUDITORS

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Registered office:
Building 1 Imperial Place
Elstree Way
Borehamwood
Hertfordshire
WD6 1JN

The financial statements on pages 8 to 15 were approved by the Board of Directors on 10 June 2019 and signed on behalf of the board by

A handwritten signature in black ink, appearing to be 'A Platt', written over a horizontal line.

Mr A Platt
Director

PHH 1 LIMITED

FOR THE YEAR ENDED 2 DECEMBER 2018

Independent auditors' report to the members of PHH 1 Limited

Report on the audit of the financial statements

Opinion

In our opinion, PHH 1 Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 2 December 2018;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 2 December 2018; the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- 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 the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

PHH 1 LIMITED

FOR THE YEAR ENDED 2 DECEMBER 2018

Independent auditors' report to the members of PHH 1 Limited (continued)

Reporting on other information (continued)

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

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 year ended 2 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PHH 1 LIMITED

FOR THE YEAR ENDED 2 DECEMBER 2018

Independent auditors' report to the members of PHH 1 Limited (continued)

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Matthew Mullins (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans

12 June 2019

PHH 1 LIMITED


COMPANY BALANCE SHEET

AS AT 2 DECEMBER 2018

	Note	2018 £000	2017 £000
FIXED ASSETS			
Investments	6	745	745
CURRENT ASSETS			
Debtors	7	6	5
CURRENT LIABILITIES			
Creditors	9	(1)	-
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>750</u>	<u>750</u>
NET ASSETS		<u>750</u>	<u>750</u>
CAPITAL AND RESERVES			
Called-up equity share capital	10	8	8
Share Premium	10	742	742
TOTAL SHAREHOLDERS' FUNDS		<u>750</u>	<u>750</u>

The notes on pages 10 to 15 form part of these financial statements

These financial statements were approved by the directors and authorised for issue on 10 June 2019 and are signed on their behalf by:



.....
Mr A Platt

Company Registration Number: 08278614

PHH 1 LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 2 DECEMBER 2018

	Called-up share capital	Share Premium Account	Total Shareholders' Funds
	£000	£000	£000
Balance as at 5 December 2016	8	742	750
Result for the financial year	-	-	-
Total Comprehensive income for the year	-	-	-
Balance as at 3 December 2017	8	742	750
Balance as at 4 December 2017	8	742	750
Result for the financial year	-	-	-
Total Comprehensive income for the year	-	-	-
Balance as at 2 December 2018	8	742	750

PHH 1 LIMITED

FOR THE YEAR ENDED 2 DECEMBER 2018

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is Building 1, Imperial Place, Elstree Way, Borehamwood, WD6 1JN.

2. STATEMENT OF COMPLIANCE

The group and individual financial statements of PHH 1 Limited have been prepared in compliance with United Kingdom accounting standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principle policies applied in the preparation of these company 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 on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable UK accounting standards and the policies have been applied consistently between years.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

The company has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual profit and loss account.

Going concern

On 20 April 2018, Rutland and the management transferred 100% of their shareholding in PHH 1 Limited to HWS 3 Limited.

The directors have a reasonable expectation that the company will continue to meet its obligation for a period of at least 12 months from the date of signing the financial statements. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Exemption for entities under FRS 102

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 33 Key management personnel completion paragraph 33.7

This information is included in the consolidated financial statements of HWS 4 Limited as at 2 December 2018 and these financial statements may be obtained from Building 1, Imperial Place, Elstree Way, Borehamwood, WD6 1JN.

PHH 1 LIMITED

FOR THE YEAR ENDED 2 DECEMBER 2018

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Consolidated Financial statements

Up until 19th April 2018, the companies' group accounts were presented within these Financial Statements, from 20th April 2018 the consolidated accounts are presented in the Financial Statements of HWS 4 Limited.

The Company is a wholly-owned subsidiary of HWS 4 Limited. It is included in the consolidated financial statements of HWS 4 Limited which are available to the public through companies House. Therefore the company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

Going concern

On 20 April 2018, Rutland and the management transferred 100% of their shareholding in PHH 1 Limited to HWS 2 Limited. As part of the transfer of ownership the loan notes of £21.5m and accumulated interest of £0.6m were settled.

The directors have a reasonable expectation that the company will continue to meet its obligation for a period of at least 12 months from the date of signing the financial statements. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Foreign currency

The Company's functional and presentation currency is pound sterling.

Financial instruments

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

PHH 1 LIMITED

FOR THE YEAR ENDED 2 DECEMBER 2018

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(Continued)*

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow Group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Investment

Investments in subsidiary undertakings, associates and joint ventures are stated at cost less amounts written off for impairment.

Pension costs and other post-retirement benefits

The Company operates a number of defined contribution pension schemes. A defined contribution plan is a pension plan under which the company pays a fixed contribution into a separate entity. Once the contributions have been paid the company has no further payment obligation. The contributions are recognised as an expense they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities, income and expenses. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form a basis for making the judgments about carrying value of assets and liabilities that are not readily apparent from other sources.

PHH 1 LIMITED

FOR THE YEAR ENDED 2 DECEMBER 2018

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS *(continued)*

The directors have reviewed the estimates and assumptions used in the preparation of the financial statements. The directors do not believe that there is a significant risk which would lead to material adjustments to the carrying value of any assets and liabilities in the next financial year due to the changes on the estimates or assumptions.

5. OPERATING PROFIT

The following costs have been borne by the company's subsidiary Pizza Hut (U.K.) Limited:

	2018 £	2017 £
Auditors' remuneration – audit of the financial statements	6,500	6,500
Auditors' remuneration – other fees: - Taxation services	2,000	2,000

6. INVESTMENTS

	£
Cost and Net book Value	
Equity	1
Loan	745,000
At 03 December 2017 & 02 December 2018	<u>745,001</u>

The directors believe that the carrying value of the investments is supported by their underlying net assets.

The company owns 100% of the issued share capital of the companies listed below

Name of Company	Holding	Nature of Business	Addresses
Pizza Hut (UK) Limited	Ordinary Shares	Restaurant	One Imperial Place, Elstree Way, Borehamwood, WD6 1JN
PHH2 Limited *	Ordinary Shares	Holding Company	One Imperial Place, Elstree Way, Borehamwood, WD6 1JN
PHR (Northern Europe) Limited	Ordinary Shares	Dormant Company	One Imperial Place, Elstree Way, Borehamwood, WD6 1JN

*Direct holding of PHH 1 Limited

PHH 1 LIMITED

FOR THE YEAR ENDED 2 DECEMBER 2018

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

7. DEBTORS

	2018 £000	2017 £000
Other debtors	6	-
Amounts owed by group undertakings	-	5
	<u>6</u>	<u>5</u>

8. CREDITORS: Amounts falling due within one year

	2018 £000	2017 £000
Amounts owed to group undertakings	(1)	-
	<u>(1)</u>	<u>-</u>

9. RELATED PARTY DISCLOSURES

Until 19 April 2018, the Ultimate controlling party was deemed to be Rutland Partners LLP through its majority shareholding in PHH 1 Limited. From 20 April 2018 the ultimate controlling party is deemed to be the management through their majority shareholding in HWS 3 Limited.

The company has taken advantage of the exemption provided by section 33 of FRS 102 from disclosing related party transactions with other companies within the HWS 3 Limited Group on the basis that it is a wholly owned subsidiary and its ultimate parent publishes consolidated financial statements.

10. CALLED UP SHARE CAPITAL

Allotted, called up and fully paid:

	2018		2017	
	No	£000	No	£000
Ordinary shares of 1p each	<u>761,845</u>	<u>8</u>	<u>761,845</u>	<u>8</u>
		£000		£000
Share premium account		<u>742</u>		<u>742</u>

PHH 1 LIMITED

FOR THE YEAR ENDED 2 DECEMBER 2018

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

11. ULTIMATE CONTROLLING PARTY

Until 19 April 2018, the Ultimate parent company was PHH 1 Limited, a company incorporated in England and Wales. On 20 April 2018, Rutland and the management transferred 100% of their shareholding in PHH 1 Limited to HWS 3 Limited. Starting from this date, the Company become wholly-owned subsidiary of HWS 4 Limited, a company incorporate in England and Wales.

The address of the immediate and ultimate parent companies where the financial statements can be obtained from is Building 1 Imperial Place, Elstree Way, Borehamwood, Hertfordshire, WD6 1JN.

Until 19 April 2018, the Ultimate controlling party was deemed to be Rutland Partners LLP through its majority shareholding in PHH 1 Limited. From 20 April 2018 the ultimate controlling party is deemed to be the management through their majority shareholding in HWS 4 Limited.