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Whitbread PLC
07 May 2015

Whitbread PLC

Annual Report and Annual General Meeting

7 May 2015

The Company announces that copies of its 2014/15 Annual Report and Accounts, Notice of Annual General Meeting and Form of Proxy, together with letters from the Chairman relating to such documents, have been submitted to the UK Listing Authority National Storage Mechanism and will shortly be available for inspection at www.Hemscott.com/nsm.do. We have also submitted the 2012/13 and 2013/14 accounts for Whitbread Group PLC, Costa Limited and Premier Inn Hotels Limited.

The Company's Annual General Meeting will be held at Church House Conference Centre, Dean's Yard, Westminster, London SW1P 3NZ on Tuesday 16 June 2015 at 2.00 pm.

The above documents can also be downloaded from the Company's website at www.whitbread.co.uk.

In accordance with the requirements of Rule 4.1 and Rule 6.3.5 of the Disclosure Rules and Transparency Rules of the UK Financial Conduct Authority, the Appendix to this announcement contains a description of the principal risks and uncertainties affecting the Group and a responsibility statement.

The Company's Preliminary Results for the financial year to 26 February 2015 were announced on 28 April 2015.

Enquiries:

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APPENDIX

1. Risk Management

Understanding and responding to risks in our operations means we can make informed decisions that enhance our capacity to build value.

Risk arises from the operations of, and strategic decisions taken by, every business. It is not something that can be avoided but should be harnessed in pursuit of business objectives.

We have continued to invest in our risk management capability with the appointment of a Director of Internal Audit, leading the implementation of a new risk management strategy and policy, which will enhance the identification, reporting, monitoring and management of risks at all levels within the organisation.

The Board has ultimate responsibility for risk management throughout the Group and determines the nature and extent of the risks Whitbread is willing to take to achieve its objectives. Risk is managed proactively by the business unit management boards and the Executive Committee. Certain responsibilities, such as overseeing the systems of risk management and internal control, have been delegated to the Audit Committee, which completes an annual review of the effectiveness of these processes.

Both the Whitbread Hotels & Restaurants and the Costa businesses complete an annual review of their risks to the achievement of their strategic goals, whilst also taking into account the key operational risks, which are updated quarterly. A top-down risk assessment is also completed to capture the Board's views on the principal risks facing Whitbread. Actions required to manage these risks are monitored and reviewed on a regular basis.

The principal risks identified, together with a summary of key mitigations and their status are summarised below.

Principal risks

Risk	Key mitigations	Status

Engagement and retention Failure to maintain staff engagement and retention in tightening labour market.	The success of our businesses would not be possible without the passion and commitment of our teams. Team engagement is fundamental. We monitor this closely through our annual engagement survey 'Your Say', the results of which are reviewed by the Executive Committee and the Board, with trends analysed and appropriate actions agreed. Team turnover is also a key component of our WINcard and Annual Incentive Scheme. Talent and succession planning takes place regularly to ensure top talent is identified and succession plans exist for key roles. Talent gaps are addressed through recruitment, training and development to grow our management capability. The Group offers key employees appropriate levels of reward and recognition in order to retain them.	Regularly reviewed at senior management and PLC Board level.
Health and safety Health and safety risk: death or serious injury as a result of Company negligence.	The safety of our guests and employees is of paramount importance. NSF, an independent company, carries out health and safety audits on every site and we have a programme of fire safety training for our employees. In the last 12 months we have reviewed the fire safety of all hotels and completed the resulting improvements programme. Health and safety is a measure on the WINcard and acts as a hurdle for incentive payments. Regular health and safety updates are provided to the Executive Committee, management boards and to the Board.	Increasing activity in the international businesses.
Innovation and brand strength A long-term decline in the customer perception of our brands would impact our ability to grow and achieve appropriate levels of return.	To ensure we maintain and improve the strength of our brands we continually complete market research and monitor opinion with focus groups and net guest scores to ensure we maintain the right levels of investment and innovation in our customer offerings.	Priority at senior management level.
Competitive supply Increased competitive supply reduces returns.	Actions to outperform the competition are developed on a strategic and tactical basis. Significant customer research is carried out with the insight received used to develop action plans and stimulate innovation. Consumer trends both in the UK and overseas are analysed and competitor activity is monitored.	Priority at senior management level.
Cyber and data security Inadequate systems and data security reduces the effectiveness of our systems or results in a loss of data. This in turn could result in loss of income and/or reputational damage.	We have a series of IT security controls in place including network and system monitoring and regular penetration testing to identify network and system vulnerabilities. We have also significantly invested in new skills and capability with the appointment of a Chief Data Officer and Director of System Architecture to lead our information assurance strategy. A security improvement programme has been established to address immediate concerns and develop a roadmap to ensure data breach controls, procedures and accountabilities are embedded across Whitbread.	Increased awareness of potential attacks on customer-facing systems with regular senior management review.
Failure of Premier Inn reservation system System failure results in business interruption, process failure and financial loss.	We are currently upgrading the infrastructure and increasing the capacity, resilience and stability of the hotel booking reservation system. The project is being overseen by a steering committee, resourced with experienced personnel and supported with independent third party assurance.	Significant investment agreed by PLC Board.

IT infrastructure Ability to grow is hindered by focus, resources and time required to upgrade IT infrastructure.	A strong IT leadership team is in place together with Group governance structures to help prioritise, coordinate and deliver our business plans and the IT investment in an efficient way so as to minimise disruption.	Significant investment agreed by PLC Board.
Property inflation growing faster than our ability to increase RevPAR Increase in property prices, relative to RevPAR growth, makes it harder to find hotel locations that provide good levels of return for Premier Inn and achieve our milestones.	We have strong site selection teams with well established and robust processes in place based on market and economic fundamentals, both at a macro and micro level. These are supported by a robust investment appraisal process to ensure we achieve good levels of return. We have also launched our compact hotel format, 'hub by Premier Inn', focused on achieving good returns in high property cost locations.	Investment criteria reviewed during the year.
Funding The availability and cost of debt finance can influence the Group's opportunities to develop its business. The Group's ability to access funds for its businesses in the longer term may be affected during periods of tight credit conditions or the absence of funds at reasonable cost.	The Group diversifies funding sources, where appropriate, with a combination of revolving credit facilities, US private placements and leases, whilst maintaining strong relationships with banks and institutions. To ensure Whitbread has appropriate access to funds, it aims to maintain its financial position and capital structure consistent with retaining its investment grade status. To this end we work within a financial framework of net debt to EBITDAR (pension and lease adjusted) of less than 3.5 times, which is monitored regularly and reported to the Board.	Agreed at PLC Board level.
Pensions Change in investment policy, or assumptions, leads to increased contributions or re rating of the credit position.	The Company's defined benefit pension scheme is closed to new members and, for future service, to existing members. The Pension Investment Committee and its advisers, as well as the internal pensions team, have significant expertise in the area and provide good quality oversight. The investment strategy has been designed to reduce volatility and risk and hedging opportunities are utilised as appropriate. The Finance Director attends Pension Investment Committee meetings.	Triennial valuation and recovery plan agreed.
Food safety and hygiene The preparation or storage of food and/or supply chain failure results in food poisoning and reputational damage.	The health and wellbeing of our customers is fundamental to our business. We have stringent food safety and sourcing policies with traceability and testing requirements in place in respect of meat and other products. Independent food safety audits are also completed regularly at our hotels, restaurants and coffee shops and the results are closely monitored. We also invest considerable resources in employee training in the storage, handling and preparation of food.	Increasing activity in the international businesses.

2. Directors' responsibility for the consolidated financial statements

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and Accounts in accordance with applicable UK laws and regulations. UK company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and applicable UK law. Further, they have elected to prepare the Company financial statements in accordance with United Kingdom Accepted Accounting Practice (UK GAAP) and applicable UK 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 for that period.

In preparing the Group financial statements, the directors are required to:

• select suitable accounting policies in accordance with IAS 8 Accounting Policies, changes in accounting estimates and errors, and then apply them consistently;

• present information, including accounting policies, in a manner which presents relevant, reliable, comparable and understandable information;

• provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance;

• state that the Group financial statements comply with IFRS, subject to any material departures disclosed and explained in the financial statements;

• make judgements and estimates that are reasonable and prudent; and

• prepare the consolidated financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in its business.

In preparing the Company financial statements, the directors are required to:

• select suitable accounting policies and apply them consistently;

• make judgements and estimates that are reasonable and prudent;

• state whether applicableUK accounting standards have 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 disclose, with reasonable accuracy at any time, the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006 and, with regard to the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for the system of internal control for safeguarding the assets of the Group and the Company and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

The directors are responsible for preparing the strategic report (including the corporate governance report), the directors' remuneration report and the directors' report in accordance with The Companies Act 2006 and applicable regulations, including the Listing Rules and Transparency Rules.

A copy of the financial statements of the Group is posted on the Group's website. The directors are responsible for the maintenance and integrity of the Annual Report included on the website. Information published on the Group's website is accessible in many countries with different legal requirements. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the directors, the names and functions of whom are set out on pages 50 and 51 of the Annual Report and Accounts, confirms that, to the best of their knowledge, they have complied with the above requirements in preparing the financial statements in accordance with applicable accounting standards and that the financial statements give a true and fair view of the assets, liabilities, financial position and result of the Group. In addition, each of the directors confirms that the strategic report includes a fair review of the development and performance of the business and the position of the Group and together with a description of the principal risks and uncertainties that it faces.

The directors are responsible for preparing the Annual Report in accordance with applicable law and regulations. Having taken advice from the Audit Committee, the Board considers the Annual Report and Accounts, taken as a whole, to be fair, balanced and understandable and that it provides the information necessary for the shareholders to assess the Group's and Company's performance, Business Model and strategy.

Signed on behalf of the Board

Andy Harrison — Chief Executive
Nicholas Cadbury — Finance Director

27 April 2015

This information is provided by RNS
The company news service from the London Stock Exchange

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