

WHITBREAD

Annual Report And Annual General Meeting

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The Company announces that copies of its 2010/11 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.

The Company's Annual General Meeting will be held at The Queen Elizabeth II Conference Centre, Broad Sanctuary, Westminster, London SW1P 3EE on Tuesday 21 June 2011 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 Services Authority which apply in respect of accounting periods commencing after 20 January 2007, 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 3 March 2011 were announced on 28 April 2011.

Enquiries:

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APPENDIX

1. Group risks and uncertainties

The Board, as well as the Whitbread Hotels and Restaurants and Costa management boards, regularly review key risks and the status of mitigation plans. The Audit Committee, on behalf of the Board, reviews this process on an annual basis with the internal and external auditors. This risk analysis is used to plan the operational audit's activity and to highlight new areas for focus.

The risks are categorised into the following areas:

Health, safety and security

With more than ten million customers per month and 35,000 employees it is vital that the Company focuses on their wellbeing and safety. With this as a priority we have a well established Safety and Security team that works with our businesses to implement a rigorous health and safety programme. We commission CMI, an independent company, to carry out audits of all our outlets every year to measure their performance against set critical standards. Health and safety is a hurdle on the WINcard and this influences the level of any bonus received by employees in the year. Regular updates are given to the management boards and the Whitbread PLC Board.

Last year we reported that we had developed plans to cope with a potential swine flu pandemic. Although this threat would now appear to have reduced, these plans remain in place in the event of any new threat of this kind. We are aware of the potential for heightened levels of terrorist threat in 2012 for the Olympic Games and are currently working with security experts to further strengthen our security procedures.

Strategic business risks

All our businesses operate in a highly competitive environment which is significantly influenced by the UK economy. Whitbread performed well through the recession, having taken a number of actions to protect its performance and to provide value for customers. The Company has continued to review significant economic indicators as part of the business plan and budgeting process and to reflect them as appropriate.

In terms of competitive activity, each of the businesses measures its performance against the closest competitors and the market as a whole. Actions to outperform the competition are developed on a strategic and tactical basis with success being monitored regularly. Significant customer research is carried out with the Premier Inn guest feedback form eliciting 700,000 responses in the year. Each of the businesses carries out market research and analysis of consumer trends in the UK

and overseas. This market information is reviewed by the Board and the management boards.

Plans have been developed to combat the more challenging consumer economy at the beginning of 2011/12. Our emphasis is on giving customers value for money, winning market share and keeping tight control of costs.

Financial loss

In a group the size of Whitbread there are a number of areas where there could be a significant financial loss if appropriate controls were not in place. Millions of pounds in cash are collected and transferred between bank accounts. The treasury policy sets the level of authority and segregation of duties which protect against such losses and PwC as operational auditor reviews these controls regularly. The overseas businesses also have clear rules and policies over the operation of bank accounts and the transfer of funds.

Funding

The availability of funds from the Company's banking facilities is important for the day to day running of the businesses as well as its growth. There are regular reviews of the level of funds available to the Group. Such reviews also check that the terms of the loan agreements are being complied with. The Board approves a funding policy by which the level and service of borrowings for the Group is set.

A private placement was concluded in August 2010 as part of the Group's strategy of diversifying its sources of funding and lengthening the Group's debt maturities.

Market expectations

It is important that the market receives regular and accurate information concerning the Company and that the external expectations for the year are accurate.

There are a number of management processes designed to keep track of progress against internal targets and market expectations. Each part of the Group has an agreed budget. Monthly management reports are produced which are reviewed by the management boards and the main Board.

The market is kept informed through quarterly trading updates and the interim and full year financial statements.

Business continuity

It is crucial that we can continue to serve our customers with high quality products every day of the week. Our supply chain for food and drink along with key systems underlying the businesses are critical to that process.

To guard against the risk of failure in any of those suppliers or services we have developed contingency plans including sources of alternative supply and back up of information. Auditing and monitoring of suppliers also protects against this risk. There is a robust audit programme for our suppliers who have to pass exacting food safety and provenance prequalification. Training programmes for our employees endeavour to ensure that the food and drink served is of the appropriate quality.

Counterparty and third party contracts

The Group is party to a number of contracts which are important to the businesses. There is a continued risk that a counterparty fails to be able to fulfil its part of a contract. A current risk is the failure of a tenant of a lease to which a group company was originally a party. This could mean that the Group becomes liable once more to meet the obligations under

the lease. This risk is carried by all companies selling leasehold interests, but is heightened in times of economic downturn.

Credit control checks are carried out on parties to significant contracts along with continued auditing and monitoring of such contracts. Regular reviews are carried out on the potential for privity of contract claims and, when they are received, all efforts are made to lessen the financial liability through negotiation with the landlord or sale of the lease.

Customers/key relationships

None of the Group's businesses are over-reliant on any particular customer or supplier. Key suppliers have been identified and mitigation plans have been put in place for the potential failure of those suppliers. Other key relationships include those with joint venture partners, franchise partners and the operators of restaurants on co-located sites.

Pensions

The Company has obligations in relation to the Whitbread defined benefit pension scheme and any valuation deficit that arises. There is a risk that the deficit will increase and therefore involve the Company in having to make further contributions as part of the funding plan required by the Pensions Regulator. The scheme is now closed to new members and for future service to existing members. The Board receives regular reports from the pension trustee on its asset allocation and is consulted on changes to investment policy. The advisers to the Company work with those of the trustee to mitigate the risk.

International

As Costa operates in 24 overseas territories and Premier Inn is now establishing a presence in the Middle East and India, there is a risk of a loss arising from a lack of controls. To counter this risk, a rigorous approval process and controls environment has been established and is reviewed by the operational audit team. Monthly updates are given to the management boards.

Reputational risk

A strong corporate reputation amongst our stakeholders is vital to the long-term strength and resilience of our brands, our ability to attract and retain talent and investment, and our license to operate in new locations and markets. Effective risk management contributes to a positive reputation. However, we believe that this alone is not enough. It is important to understand and respond to the opportunities and risks presented by corporate responsibility and to engage our investors, our people and our customers on key sustainability issues. For this reason we launched our Good Together programme in 2009. To learn more about this initiative please visit our website at www.whitbread.co.uk.

Corporate governance is taken seriously at Whitbread, with the intention being to operate with integrity and transparency. Secretariat reports to the Board provide updates on legislation and a Code of Ethics is in place for all employees. The Code of Ethics will be replaced in 2011 by a new Global Code of Conduct, partly in order to align the Company's policies with the new UK Bribery Act.

2. Directors' responsibility for the consolidated financial statements/audit report

Responsibility statement

We confirm on behalf of the Board that, to the best of our knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group taken as a whole; and

- the directors' report includes a fair review of the development and performance of the business and the position of the Group taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board

Andrew Harrison
Chief Executive
27 April 2011

Christopher Rogers
Finance Director

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

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