

Company registration number

04588957

TLLC HOLDINGS2 LIMITED

Report and financial statements

For the year ended 31 December 2016



TLLC HOLDINGS2 LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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TLLC HOLDINGS2 LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Joanna Boydell
Peter Gowers
Paul Harvey

COMPANY SECRETARIES

Joanna Boydell
Katherine Thomas

REGISTERED OFFICE

Sleepy Hollow
Aylesbury Road
Thame
Oxfordshire
OX9 3AT

BANKERS

Barclays PLC
1 Churchill Place
London
E14 5HP

SOLICITORS

Addleshaw Goddard
Milton Gate
60 Chiswell Street
London
EC1Y 4AG

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

TLLC HOLDINGS2 LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

STRATEGIC REPORT

The Directors present their Strategic Report of TLLC Holdings2 Limited "the company" for the year ended 31 December 2016.

BUSINESS REVIEW

The Company is a holding company within the consolidated group of Thame and London Limited (the "Travelodge Group") and as such it is not considered that there are any key performance indicators.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties to which the company is exposed to are as follows:

Interest rate risk: The company charges interest on amounts owed by fellow Group companies. The company borrows at fixed and floating rates. The company manages its interest risk through a periodic review of interest rates. The interest rates are reviewed against the forward interest rates curve.

Approved by the Board of Directors and signed by order of the Board



Joanna Boydell
Company Secretary
4 April 2017

TLLC HOLDINGS2 LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The company is principally engaged as a holding company within the Thame and London Limited consolidated group of companies (the 'Travelodge' Group). The company's principal risks and uncertainties are disclosed within the strategic report.

RESULTS AND DIVIDENDS

The Company made an operating result for the year ended 31 December 2016 of £nil (2015: £nil), and after taking account of exceptional charges, interest receivable and interest payable, a loss for the financial year of £26.6m (2015: loss of £490.3m).

The Directors do not recommend the payment of a dividend (2015: £nil).

FUTURE PROSPECTS

The Directors expect the general level of activity before exceptionals to remain at 2016 levels.

DIRECTORS

The Directors, who served throughout the year and up to the date of signing the financial statements were as follows:

Joanna Boydell
Peter Gowers
Paul Harvey

DIRECTORS INDEMNITY INSURANCE

The Group maintains qualifying third party indemnity insurance in respect of Directors and Officers against any such liabilities as referred to in Section 234 of the Companies Act 2006. This insurance was in force during the financial year and also at the date of approval of the financial statements.

GOING CONCERN

The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate controlling parent company Thame and London Limited. The Directors have received confirmation that Thame and London Limited intends to support the company for at least one year after these financial statements are signed.

STATEMENT OF PROVISION OF INFORMATION TO AUDITORS

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

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each 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 auditors are 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.

During the year the Directors reappointed PricewaterhouseCoopers LLP as auditors of the Company.

Approved by the Board of Directors and signed by order of the Board



Joanna Boydell
Company Secretary
4 April 2017

TLLC HOLDINGS2 LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Strategic Report, Directors' 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 prepared the 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 company and of the profit or loss of the 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 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.

The Directors 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.

On behalf of the Board



Joanna Boydell
Director
4 April 2017

TLLC HOLDINGS2 LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS TLLC HOLDINGS2 LIMITED

Report on the financial statements

Our opinion

In our opinion, TLLC Holdings2 Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss 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.

What we have audited

The financial statements, included within the Report and financial statements (the "Annual Report"), comprise:

- the statement of financial position as at 31 December 2016;
- the statement of income and retained earnings for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions 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 the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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, 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities on page 4, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence; forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



John Ellis (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
4 April 2017

TLLC HOLDINGS2 LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS
For the year ended 31 December 2016

| | | Year ended 31 December 2016 £m | Year ended 31 December 2015 £m |
|-------------------------------------------------------|-------------|---------------------------------------------------|---------------------------------------------------|
| | <i>Note</i> | | |
| OPERATING RESULT BEFORE EXCEPTIONAL ITEMS | 3 | - | - |
| Exceptional items | 4 | - | (480.7) |
| OPERATING RESULT / (LOSS) | | - | (480.7) |
| Interest receivable and similar income | 5 | - | 10.4 |
| Interest payable and similar expenses | 6 | (26.6) | (20.0) |
| LOSS BEFORE TAXATION | | (26.6) | (490.3) |
| Tax on loss | 7 | - | - |
| LOSS FOR THE FINANCIAL YEAR | 11 | (26.6) | (490.3) |
| (Accumulated losses) / retained earnings at 1 January | | (490.3) | - |
| ACCUMULATED LOSSES AT 31 DECEMBER | | (516.9) | (490.3) |

There were no recognised gains or losses for the years other than as shown above. There is no material difference between the loss before taxation and the loss for the current of prior financial years stated above and their historical cost equivalents.

All results are derived from continuing operations.

TLLC HOLDINGS2 LIMITED

STATEMENT OF FINANCIAL POSITION
As at 31 December 2016

| | | 31 December 2016 £m | 31 December 2015 £m |
|-------------------------------------------------------|-------------|------------------------------------|------------------------------------|
| | <i>Note</i> | | |
| FIXED ASSETS | | | |
| Investments | 8 | <u>4.9</u> | <u>4.9</u> |
| CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR | 9 | <u>(521.8)</u> | <u>(495.2)</u> |
| NET CURRENT LIABILITIES | | <u>(521.8)</u> | <u>(495.2)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>(516.9)</u> | <u>(490.3)</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 10 | - | - |
| Accumulated losses | 11 | <u>(516.9)</u> | <u>(490.3)</u> |
| TOTAL SHAREHOLDERS' DEFICIT | 12 | <u>(516.9)</u> | <u>(490.3)</u> |

These financial statements were approved by the Board of Directors and signed on their behalf by



Joanna Boydell
Director
4 April 2017

TLLC Holdings2 Limited

Company registration number

04588957

TLLC HOLDINGS2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2016

1 ACCOUNTING POLICIES

TLLC Holdings2 Limited is a private company limited by share capital incorporated and domiciled in the United Kingdom. The address of its registered office is disclosed on page 1. The principal place of business is Sleepy Hollow, Aylesbury Road, Thame OX9 3AT. The Company is a holding company within the Travelodge Group.

Basis of accounting

These financial statements have been prepared in accordance with Financial Reporting Standard 102 (FRS102) with certain exemptions of the reduced disclosure framework applied as detailed below.

These financial statements are prepared under the historical cost convention and in accordance with the Companies Act 2006 applicable to the Company reporting at 31 December 2016.

The preparation of financial statements in conformity with FRS102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Company's accounting policies. There are no areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements.

The principal accounting policies are set out below and have been applied consistently throughout the year.

Exceptional items

The Directors believe that in order to understand the underlying performance of the business, material and non-recurring items should be separately disclosed as exceptional items in the statement of income and retained earnings (note 4).

Group financial statements

The Company is a wholly owned subsidiary of Thame and London Limited. The consolidated financial statements of Thame and London Limited are publicly available. Therefore the Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

Cash flow statement

Under FRS102 (section 1), the Company is exempt from the requirement to prepare a cash flow statement on the grounds that its parent company (Thame and London Limited) includes the Company's cash flows in its own published consolidated financial statements.

Investments

Fixed asset investments are shown at cost less provision for impairment.

Going concern

The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate controlling parent company Thame and London Limited. The Directors have received confirmation that Thame and London Limited intends to support the company for at least one year after these financial statements are signed.

TLLC HOLDINGS2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2016

2 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Information regarding Directors' emoluments is disclosed in the financial statements of Thame and London Limited, the intermediate parent company. Directors of the Company received no remuneration for services provided to this Company in the current or preceding year. There were no employees in the current or preceding year.

3 OPERATING RESULT

The audit fee of £3,000 (2015: £3,000) is borne by a fellow group company.

4 EXCEPTIONAL ITEMS

| | Year ended 31 December 2016 £m | Year ended 31 December 2015 £m |
|-----------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------|
| Adjustments on intercompany balances on dissolution of subsidiary companies | - | 480.7 |
| Exceptional charge | - | 480.7 |

5 INTEREST RECEIVABLE AND SIMILAR INCOME

| | Year ended 31 December 2016 £m | Year ended 31 December 2015 £m |
|----------------------------------------------------|-----------------------------------------|-----------------------------------------|
| Interest receivable from Group undertakings | - | 10.4 |

6 INTEREST PAYABLE AND SIMILAR EXPENSES

| | Year ended 31 December 2016 £m | Year ended 31 December 2015 £m |
|-----------------------------------------------|-----------------------------------------|-----------------------------------------|
| Interest payable to Group undertakings | 26.6 | 20.0 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2016

7 TAX ON LOSS

| | Year ended 31 December 2016 £m | Year ended 31 December 2015 £m |
|-----------------------------------------|-----------------------------------------|-----------------------------------------|
| Current tax: | | |
| UK corporation tax on loss for the year | - | - |
| Tax on loss | - | - |

The differences between the total current tax shown and the amount calculated by applying the standard rate of tax for the year of 20.00% (2015: 20.25%) to the loss before tax are as follows:

| | Year ended 31 December 2016 £m | Year ended 31 December 2015 £m |
|-------------------------------------------------------------|-----------------------------------------|-----------------------------------------|
| Loss before taxation | (26.6) | (490.3) |
| Tax credit at 20.00% (2015: 20.25%) | (5.3) | (99.3) |
| Effects of: | | |
| Expenses not deductible for tax purposes | - | 97.3 |
| Losses surrendered to Group companies for nil consideration | 5.3 | 2.0 |
| Total tax credit for the year | - | - |

No provision for UK corporation tax has been made for the year ended 31 December 2016 (2015: £nil). It is anticipated that the availability of group tax losses will reduce future tax charges. There is no unprovided deferred tax (2015: £nil).

The main rate of UK corporation tax remained the same, at 20%, throughout 2016. Further changes are expected to the main rate of UK corporation tax – on 1 April 2017 there will be a reduction to 19%, with a further reduction to 17% from 1 April 2020.

TLLC HOLDINGS2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2016

8 INVESTMENTS

| | Ordinary Shares in subsidiaries £m |
|-----------------------------------------------|---------------------------------------------------|
| Cost and net book value | |
| At 1 January 2016 and 31 December 2016 | 4.9 |

Investments held as fixed assets constitute shares in a subsidiary undertaking.

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

| Subsidiary undertaking | Registered address | Business description | Country of incorporation | % of equity held |
|-------------------------------|----------------------------------------------|-----------------------------|---------------------------------|-------------------------|
| Travelodge Hoteles Espana SL* | Calle Santa Leonor, 34, 28037, Madrid, Spain | Trading company | Spain | 100 |

*Denotes direct investment

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 31 December 2016 £m | 31 December 2015 £m |
|-------------------------------------------|------------------------------------|------------------------------------|
| Amounts owed to Group undertakings | (521.8) | (495.2) |

Amounts owed to Group undertakings are unsecured, repayable on demand and bear interest between 0% and 10% (2015: 0% and 8%).

TLLC HOLDINGS2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2016

10 CALLED UP SHARE CAPITAL

| | 2016 and 2015 Number of shares | 2016 and 2015 £ |
|---------------------------------------------|--------------------------------------|--------------------|
| Authorised, allotted and fully paid: | | |
| Ordinary shares of £1 each | 100 | 100 |

11 ACCUMULATED LOSSES

| | 31 December 2016 £m | 31 December 2015 £m |
|-----------------------------|---------------------------|---------------------------|
| At 1 January | (490.3) | - |
| Loss for the financial year | (26.6) | (490.3) |
| At 31 December | (516.9) | (490.3) |

12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 31 December 2016 £m | 31 December 2015 £m |
|--------------------------------------|---------------------------|---------------------------|
| Opening shareholders' deficit | (490.3) | - |
| Loss for the financial year | (26.6) | (490.3) |
| Closing shareholders' deficit | (516.9) | (490.3) |

13 RELATED PARTY TRANSACTIONS AND ULTIMATE CONTROLLING PARTY

The immediate parent company is Full Moon Holdco 7 Limited.

The company has taken advantage of the exemption in FRS102 (section 33) 'Related party disclosure' not to disclose transactions with other members of the Group.

The Directors regard Anchor Holdings SCA as the ultimate controlling party and regard Thame and London Limited as the controlling party of the largest Group of which the company is a member and of which is the only company within the group where consolidated financial statements are drawn up. Copies of these Group financial statements are available from Sleepy Hollow, Aylesbury Road, Thame, Oxon, OX9 3AT.