Company registration number 01673907

Marriott Hotels International Limited

Annual report and financial statements

31 December 2018

Marriott Hotels International Limited

Contents

Page

Marriott Hotels International Limited

Officers and professional advisers

Directors

D Murray
B Di Benedetto

Company secretary

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London
WC2H 9DG

Registered office

45 Monmouth Street
4th Floor
London
WC2H 9DG

Bankers

Citibank NA
Citigroup Centre
Canada Square
Canary Wharf
London
E14 5LB

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
10 Bricket Road
St Albans
Herts
AL1 3JX

Marriott Hotels International Limited

Directors' report for the year ended 31 December 2018

The directors present their report and the audited financial statements for the year ended 31 December 2018.

Results and dividends
The company's loss for the financial year was £1,908,657 (2017: profit of £1,168,300). The directors do not recommend the payment of a final dividend (2017: £nil).

Future developments
A review of the business and likely future developments is contained in the strategic report.

Directors
The directors all of whom have served throughout the year and up to the date of signing the financial statements of this report, unless otherwise stated, are shown below:

D Murray
B Di Benedetto

Financial risk management
The company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk are interest rate risk, cash flow risk, currency risk, credit risk, liquidity risk and price risk. Due to the nature of the company's business and the assets and liabilities contained within the company's balance sheet the principal financial risks the directors consider relevant to this company is credit risk.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. For the company this risk is primarily attributable to its trade debtors, although it has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The company manages credit risk through its credit control team who apply strict policies and procedures around all aspects of credit control including the establishment and monitoring of credit terms and the collection of debts.

Employees
The group of subsidiary companies headed by the ultimate parent company Marriott International Inc. has a policy which clearly states that every associate, regardless of position, be treated with respect and in a fair and just manner at all times.

The group of subsidiary companies headed by the ultimate parent company Marriott International Inc. places considerable value on the involvement and engagement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the group and company. A variety of formal and informal methods are utilised to deliver news and information to associates, including meetings of all kinds and electronic communication, to include an intranet system, electronic newsletters, bulletins and weekly updates, online video and audio links, and frequent webinars to share information and updates.

An annual Associate Engagement Survey is conducted, which measures the work environment from the perspective of employees, and offers employees an opportunity to share their opinion on a wide range of matters affecting their current and future interests in a confidential manner. Survey results are used by managers to develop actions plans to address potential work environment issues.

One of Marriott's core values is "Putting People First." Marriott believes in experiencing the success of engaging associates by concentrating on leadership excellence, personal growth by providing challenging and stimulating work and giving all associates excellent career opportunities based on merit, quality of life at work and pride of affiliation with a great company. This encourages the involvement of associates in the company's performance.

Employees (continued)

Marriott is, and always has been, an equal opportunities employer in all aspects of employment. The company is fully committed to providing a good and harmonious working environment that offers equal treatment and equal opportunities for all its associates and where every associate is treated with appropriate respect and dignity. This means that it is the company's policy that there should be no unlawful discrimination, harassment or less favourable treatment or victimisation of any associates, job applicant, customer, provider of services or member of the public, whether in connection with recruitment, placement, training, benefits, terms and conditions, or promotion (or otherwise), either directly or indirectly, or through association or perception, on the grounds of race, caste, nationality, ethnic origin, gender reassignment, marital or family status, disability, trade union membership or activity, sexual orientation, religion or religious beliefs, or age.

Statement of directors' responsibilities in respect of the financial statements

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 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 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.

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.

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 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 company's auditors are aware of that information.

Approved by the board of directors and signed on behalf of the board.

D Murray
Director
5 August 2019

Marriott Hotels International Limited

Strategic report for the year ended 31 December 2018

The directors present their strategic report of the company for the year ended 31 December 2018.

Principal activities
The company's principal activity is operations support, including development and marketing of Marriott branded hotels in Europe.

Business review, future developments and key performance indicators
The goal of the company is to provide operations support to Marriott branded hotels based in Europe. The company is expected to continue these activities for the foreseeable future. Turnover is driven by actual costs incurred which are billed back to related Marriott parties at a contracted mark up.

Due to the nature of the business, the directors consider the key performance indicator to be costs incurred against current year budget and prior year results. Administrative expenses of £76.7m (2017: £56.0m) were 36.8% higher than last year primarily due to increases in staff costs, administrative expenses in media, outside professional fees and travel which the directors consider satisfactory.

	2018 £m	2017 £m
Turnover	79.6	58.2
Administrative expenses	76.7	56.0
Operating profit	2.9	2.1

The company's capital expenditure relates to leasehold improvements, computer equipment and office furniture. A major capital expenditure is planned for 2019 due to office renovation.

The directors are satisfied with the performance of the company during the year as revenue has increased. Profit before tax has increased due to a rise in turnover.

The directors do not anticipate any significant changes to the company's business in the near future.

Principal risks and uncertainties
The board is responsible for the company's system of internal control and risk management and for reviewing its effectiveness. In order to discharge that responsibility, the board has established procedures to identify and manage these risks. Operational risks which could materially affect the company are the risk of economic recession and events that adversely impact travel.

The United Kingdom formally announced it will leave the European union on March 2017, and whilst the terms are still being negotiated and the UK hasn't formally left the EU, this has created uncertainty over the future economic stability of the UK.

Whilst it is difficult to predict the impact Brexit will have on the hospitality industry, to which Marriott in the UK will be subjected to, management continues to monitor the situation closely. Marriott UK has established an internal working group of senior multi-discipline leaders who are concentrating on three key areas: employment of our associates in the UK, the supply chain in to the UK and the impact to both inbound and outbound guests to and from the UK.

Additionally, the principal activities and risks of the ultimate parent, Marriott International Inc., are disclosed in the ultimate parent's annual financial statements, which do not form part of this report.

Approved and signed on behalf of the board by:

D Murray
Director
5 August 2019

Independent auditors' report to the members of Marriott Hotels International Limited

Report on the audit of the financial statements

Opinion

In our opinion, Marriott Hotels International Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- 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 31 December 2018; the profit and loss account, the statement of comprehensive income, 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.

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.

Independent auditors' report to the members of Marriott Hotels International Limited (continued)

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 31 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 in respect of the financial statements 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.

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.

Tim Broadway

Tim Broadway (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans
5 August 2019

Marriott Hotels International Limited

Profit and loss account and statement of comprehensive income for the year ended 31 December 2018

Profit and loss account

	Note	2018 £	2017 £
Turnover	5	79,580,186	58,175,461
Administrative expenses		(76,664,105)	(56,045,360)
Operating profit	6	2,916,081	2,130,101
Interest payable and similar expenses	7	(233,988)	-
Profit before taxation		2,682,093	2,130,101
Tax on profit	8	(4,590,750)	(961,801)
(Loss)/profit for the financial year		**(1,908,657)**	**1,168,300**

The company's results all relate to continuing operations.

Statement of comprehensive income

	2018 £	2017 £
(Loss)/profit for the financial year	(1,908,657)	1,168,300
Other comprehensive income	-	-
Total comprehensive income for the year	**(1,908,657)**	**1,168,300**

Marriott Hotels International Limited

Balance sheet as at 31 December 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	9	282,725	668,311
Current assets			
Debtors			
- amounts falling due within one year	10	34,721,800	11,247,592
- amounts falling due after more than one year	11	748,653	901,558
Cash at bank and in hand		9,751,607	25,308,868
		45,222,060	37,458,018
Creditors: amounts falling due within one year	12	(27,246,598)	(17,959,485)
Net current assets		17,975,462	19,498,533
Total assets less current liabilities		18,258,187	20,166,844
Net assets		**18,258,187**	**20,166,844**
Capital and reserves			
Called up share capital	13	10,000	10,000
Profit and loss account		18,248,187	20,156,844
Total equity		**18,258,187**	**20,166,844**

The notes on pages 10 to 20 are an integral part of these financial statements.

These financial statements on pages 7 to 20 were approved by the board of directors on 5 August 2019 and signed on its behalf by:

D Murray
Director
Marriott Hotels International Limited
Company Registration Number: 01673907
5 August 2019

Marriott Hotels International Limited

Statement of changes in equity for the year ended 31 December 2018

	Called up share capital	Profit and loss account	Total equity
	£	£	£
As at 1 January 2017	10,000	18,988,544	18,998,544
Profit and total comprehensive income for the financial year	-	1,168,300	1,168,300
Capital contribution from parent	-	(3,327,080)	(3,327,080)
Recharge of share based payment scheme by parent	-	3,327,080	3,327,080
As at 31 December 2017	10,000	20,156,844	20,166,844
As at 1 January 2018	10,000	20,156,844	20,166,844
Loss and total comprehensive loss for the financial year	-	(1,908,657)	(1,908,657)
Capital contribution from parent	-	(3,898,578)	(3,898,578)
Recharge of share based payment scheme by parent	-	3,898,578	3,898,578
As at 31 December 2018	10,000	18,248,187	18,258,187

Marriott Hotels International Limited

Notes to the financial statements for the year ended 31 December 2018

1. General information

The principle activity of Marriott Hotels International Limited ("the company") is operations support, including development and marketing of Marriott branded hotels in the UK, Ireland and Continental Europe.

The company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is 45 Monmouth Street, 4th Floor,London, WC2H 9DG.

2. Statement of compliance

The individual financial statements of Marriott Hotels International Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standards 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Summary of significant accounting policies

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 financial statements are prepared on the going concern basis under the historical cost convention.

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 areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

Exemptions for qualifying entities under FRS 102

FRS102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of and no objection to, the use of exemptions by the Company's shareholders. The Company has taken advantage of the following exemptions:

(i) From preparing a statement of cash flows required under FRS102 paragraph 3.17(d), on the basis that it is a qualifying entity and its ultimate parent company, Marriott International Inc., includes the company's cash flows in its own consolidated financial statements;

(ii) From disclosing key management personnel compensation, required under FRS102 paragraph 33.7, on the basis that it is a qualifying entity and its ultimate parent company, Marriott International Inc., includes this information in its consolidated financial statements;

(iii) From the financial instrument disclosures required under FRS102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29 as the information, to the extent required, is provided in the Marriott International Inc. consolidated financial statements;

(iv) From disclosing related party transactions, required under FRS102 paragraph 33.9, on the basis that Marriott International Inc. has control, joint control or significant influence over both the Company and the related entities.

(v) From disclosing share based payment arrangements, required under FRS 102 paragraphs 26.18(b), 26.19 to 26.21 and 26.23, concerning its own equity instruments, on the basis that it is a qualifying entity and its ultimate parent company, Marriott International Inc., includes the company's share based payment arrangements in its own consolidated financial statements.

3. Summary of significant accounting policies (continued)

Foreign currency

The company's functional and presentation currency is the pound sterling.

Foreign currency transactions are translated into the functional currency using the rate of exchange at the date of the transaction.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction. All exchange differences are included in the profit and loss account.

Revenue recognition

Sale of services

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for services rendered, net of discounts and rebates allowed by the company and value added taxes. The company recognises revenue when (a) the amount of revenue can be measured reliably; (b) it is probable that the future economic benefits will flow to the entity, and (c) when the specific criteria relating to each of the company's sales channels has been met as described below.

Revenue from the key products and services provided by the company is recognised as follows:

i) Support services

Revenue is derived from the provision of support, including development and marketing for Marriott branded hotels in Europe. All revenue is derived from Marriott International Inc. and affiliated companies and is recognised once the performance of the service has been concluded.

Revenue is recognised in the accounting period in which the performance of the service has been provided to the customer.

Employee benefits

The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the service is received.

Defined contribution pension plan

The company participates in a defined contribution pension scheme.

The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account in respect of pension costs is the fixed contributions payable in the year. Once the contributions have been paid, the company has no further payment obligation. Amounts due but not paid are shown as accruals in the balance sheet.

Annual bonus plan

The company operates an annual bonus plan for employees. An expense is recognised in the profit and loss account when the company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

Share based payments

Equity settled arrangements are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value is expensed on a straight line basis over the vesting period. The amount recognised as an expense is adjusted to reflect the actual number of shares or options that will vest. The company has no cash-settled arrangements. The fair value of options granted is measured using the Black Scholes valuation model.

3. Summary of significant accounting policies (continued)

Taxation

Taxation expense for the year comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit/(loss) for the current year or for prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

Management periodically re-evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax arises from timing differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date subject to certain exceptions. Unrelieved tax losses and other deferred tax assets are recognised only to the extent it is probable that they will be recovered against the reversal of deferred tax liabilities or future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by balance sheet date and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation and any accumulated impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided on all tangible fixed assets, except for assets under construction, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold improvements	Period of lease
Fixtures, fittings and equipment	3 - 10 years

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit and loss account.

3. **Summary of significant accounting policies (continued)**

Leased assets

At inception, the Company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Operating leased assets

Leasing agreements which do not transfer to the company substantially all the risks of ownership of an asset are classified as operating leases. Costs in respect of operating leases are charged to the profit and loss account on a straight-line basis over the lease term, even if the payments are not made on such a basis.

Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of future cash flows before interest and tax obtainable as a result of the asset's continued use. These cash flows are discounted using a pre-tax rate that represents the current market risk-free rate and the risks inherent in the asset.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Financial instruments

The company has adopted Section 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other receivables, and cash and bank balances 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 the 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 and loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit and loss.

Financial assets are derecognised when (a) the contractual right 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) control of the asset has been transferred to another party who has the practical ability unilaterally to sell the asset to an unrelated third party without imposing additional restrictions.

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables and loans from fellow group companies, 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 the market rate of interest.

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

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.

Loans to fellow group undertakings are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Financial liabilities are derecognised when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled or expires.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

Related party transactions

The company discloses transactions with related parties not wholly owned by the Group. It does not disclose transactions with wholly owned Group companies.

4. Critical accounting judgements and estimate uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the company's accounting principles

There are no areas within the financial statements where management has been required to apply critical judgements.

(b) Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended where necessary to reflect current estimates. See note 9 for the carrying amount of the leasehold improvements and fixtures and fittings, and note 3 for the useful economic lives of each class of assets.

Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the ageing profile of debtors and historical experience. See note 10 for the net carrying amount of the debtors.

5. Turnover

Turnover comprises:

	2018	2017
	£	£
Support services	79,580,186	58,175,461

All turnover relates to operations performed in the European Union.

6. Operating profit

	2018	2017
	£	£
Operating profit is stated after charging		
Operating lease charges	1,463,515	1,475,023
Depreciation of tangible assets - owned (note 9)	588,797	696,706
(Gain)/Loss on disposal of tangible fixed assets	(1,751)	15
Foreign exchange gain	(42,458)	(117,138)
Auditors' remuneration:		
- Audit fees	31,884	31,884
- Other services related to taxation	14,750	14,320

7. Interest payable and similar expense

	2018	2017
	£	£
Other interest payable	233,988	-

8. Tax on profit

The tax charge for the year comprises:

	2018	2017
	£	£
Current tax:		
UK corporation tax on profits for the year	-	1,084,035
Foreign witholding tax suffered	1,308	1,777
Adjustments in respect of prior years	4,436,537	16,130
Total current tax	4,437,845	1,101,942
Deferred tax:		
Origination and reversal of timing differences	176,230	(153,551)
Adjustments in respect of prior periods	(4,773)	(4,513)
Change in tax rates	(18,552)	17,923
Total deferred tax	152,905	(140,141)
Tax on profit	4,590,750	961,801

8. Tax on profit/(loss) (continued)

Reconciliation of tax charge

Tax assessed for the year is higher (2017: higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2018 of 19.00% (2017: 19.25%). The differences are explained below.

	2018	2017
	£	£
Profit before taxation	2,682,093	2,130,101
Profit multiplied by the standard rate of tax in the UK at 19.00% (2017: 19.25%)	509,598	409,970
Effects of:		
Expenses not deductible for tax purposes	281,013	57,377
Overseas tax	1,059	-
Changes in tax rate	(18,552)	17,923
Group relief surrendered	306,369	-
Adjustments in respect of prior years	4,431,764	11,617
Share option timing differences	(920,501)	476,208
Income not taxable for tax purposes	-	(13,071)
Foreign witholding tax suffered	-	1,777
Total tax charge	4,590,750	961,801

The deferred tax asset comprises:	2018	2017
	£	£
Accelerated capital allowances	211,571	171,384
Other timing differences	537,082	730,174
Deferred tax asset	748,653	901,558

The company has an unrecognised deferred tax asset as at 31 December 2018 of £nil (2017: £nil).

	2018	2017
	£	£
Asset at 1 January	901,558	761,418
(Charged)/Credited to profit and loss account	(157,678)	135,628
Adjustments in respect of previous years	4,773	4,512
Asset at 31 December	748,653	901,558

Tax rate changes

In March 2016, the UK corporate tax rate for the financial year commencing on 1 April 2020 was set at 17%. Deferred tax balances at 31 December 2018 were measured at 17% (2017: 17%).

9. Tangible assets

	Asset under construction £	Leasehold Improvements £	Fixtures, fittings and equipment £	Total £
Cost				
At 1 January 2018	28,259	2,374,824	1,932,266	4,335,349
Additions	201,460	-	-	201,460
Disposals	-	-	(7,085)	(7,085)
Transfers	(144,059)	2,185	141,874	-
At 31 December 2018	85,660	2,377,009	2,067,055	4,529,724
Accumulated depreciation				
At 1 January 2018	-	2,218,366	1,448,672	3,667,038
Charge for the year	-	156,621	432,176	588,797
Disposals	-	-	(8,836)	(8,836)
At 31 December 2018	-	2,374,987	1,872,012	4,246,999
Net Book Value				
At 31 December 2018	**85,660**	**2,022**	**195,043**	**282,725**
At 31 December 2017	28,259	156,458	483,594	668,311

10. Debtors: amounts falling due after more than one year

	2018 £	2017 £
Trade debtors	982,727	102,497
Amounts owed by group undertakings	30,024,667	6,977,642
Corporation tax	-	869,912
Other debtors	3,361,585	2,596,118
Prepayments and accrued income	352,821	701,423
	34,721,800	11,247,592

Amounts owed by group undertakings are unsecured, interest free and are repayable on demand.

11. Debtors: amounts falling due after more than one year

	2018 £	2017 £
Deferred tax asset (note 8)	748,653	901,558

The net deferred tax asset expected to reverse in 2019 is £nil. This relates to the excess of the depreciation charge over capital allowances, and deductions for pension contributions charged over contributions paid.

12. Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	3,339,123	-
Amounts owed to group undertakings	605,831	4,533,922
Other creditors	374,451	2,824,496
Accruals and deferred income	18,502,488	10,601,067
Corporation tax	4,424,705	-
	27,246,598	17,959,485

The amounts due to group undertakings are unsecured, interest free and are repayable on demand.

13. Called up share capital

	2018 £	2017 £
Authorised, allotted and fully paid:		
10,000 Ordinary shares of £1 each		
(2017: 10,000 Ordinary shares of £1 each)	10,000	10,000

14. Capital and other commitments

At the report end date the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018 £	2017 £
Operating leases which expire:		
Not later than one year	1,445,539	1,404,164
Later than one year and not later than five years	5,578,455	3,108
Later than five years	15,335,867	-
	22,359,861	1,407,272

£219,646 (2017: £202,735) of the property lease rentals are recharged to other group companies who share the office space with the company.

15. Employees and directors

Employees

The average monthly number of employees (including executive directors) was:

By activity	2018 Number	2017 Number
Sales	106	79
Administration	205	163
	311	242

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	32,880,423	24,715,657
Social security costs	3,647,754	2,846,028
Other pension costs	755,022	556,964
Share based payment costs (note 16)	3,898,578	3,327,080
	41,181,777	31,445,729

Directors

The remuneration of the directors was as follows:

	2018 £	2017 £
Aggregate emoluments	401,529	398,121
Aggregate value of contributions paid to pension scheme	20,215	15,199
	421,744	413,320
Highest paid director	218,987	219,947

Retirement benefits are accruing to two directors (2017: two) under a money purchase pension scheme. Restricted stock units in the ultimate parent undertaking were granted to two directors (2017: two). No directors exercised options in shares in the parent undertaking during the year.

16. Share based payments

Under its 2002 Comprehensive Stock and Cash Incentive Plan, the ultimate parent company, Marriott International Inc.. ("MII"), awards to the employees: (1) stock options to purchase its Class A Common Stock ("Stock Option Program"); and (2) restricted stock units of its Class A Common Stock ("RSUs"). MII grants awards at exercise prices or strike prices that are equal to the market price of its Class A Common Stock on the date of grant.

Restricted Stock Units (RSUs)

MII issues RSUs under the Comprehensive Plan to certain officers and key employees and those units vest generally over four years in annual instalments commencing one year after the date of grant. We recognize compensation expense for the restricted stock units over the service period equal to the fair market value of the stock units on the date of issuance, adjusted for dividends and assumed forfeitures. Upon vesting, RSUs convert to shares and are distributed by MII from treasury shares.

Stock Options

Employee stock options may be granted by MII to officers and key employees at exercise prices or strike prices equal to the market price of its Class A Common Stock on the date of grant. Non-qualified options generally expire 10 years after the date of grant, except those issued from 1990 through 2000, which expire 15 years after the date of the grant. Most stock options under the Stock Option Program are exercisable in cumulative instalments of one quarter at the end of each of the first four years following the date of grant. Upon the exercise of stock options, MII issues shares from treasury shares.

17. Related party transactions

There are no transactions with related parties not wholly owned by the group headed by Marriott International Inc.

The company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned by the group headed by Marriott International Inc.

18. Controlling parties

The immediate parent undertaking is Marriott UK Group Company Limited, which is incorporated in England and Wales.

The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Marriott International Inc. Copies of the consolidated financial statements of Marriott International Inc. are available to the public and may be obtained from Marriott International Inc., 10400 Fernwood Road, Bethesda, MD 20817, USA.