

PREMIER INN PORTSMOUTH LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 3 MARCH 2011

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PREMIER INN PORTSMOUTH LIMITED

COMPANY INFORMATION

DIRECTORS	PJA Dempsey AD Pellington J Forrest (appointed 22 July 2011)
COMPANY SECRETARY	DC Lowry
REGISTERED NUMBER	4572875
REGISTERED OFFICE	Whitbread Court Houghton Hall Business Park Porz Avenue Dunstable Bedfordshire LU5 5XE
AUDITORS	Ernst & Young LLP Apex Plaza Forbury Road Reading Berkshire RG1 1YE

PREMIER INN PORTSMOUTH LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 3 MARCH 2011**

The directors present their report and the financial statements for the year ended 3 March 2011

PRINCIPAL ACTIVITIES

The principal activity of the Company throughout the year was the operation of a Premier Inn hotel in Portsmouth

DIRECTORS

The directors who served during the year were

PJA Dempsey
PC Flaum (resigned 22 July 2011)
AD Pellington
J Forrest (appointed 22 July 2011)

All fees paid to the directors as remuneration are borne by Whitbread Group PLC and it is not practical to allocate the amount for services in respect of this company

PREMIER INN PORTSMOUTH LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 3 MARCH 2011**

EMPLOYEE INVOLVEMENT

All employee services are provided to the Company under the Management Services Agreement, by Whitbread Group PLC

DISABLED EMPLOYEES

All employee services are provided to the Company under the Management Services Agreement, by Whitbread Group PLC

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

A qualifying indemnity provision (as defined in Section 236 (1) of the Companies Act 2006) is in force for the benefit of the directors

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that

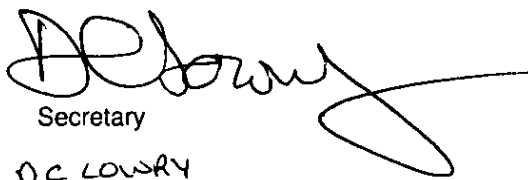
- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information

AUDITORS

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006

This report was approved by the board on 16 SEPTEMBER 2011 and signed on its behalf


Secretary
D C LOWRY

PREMIER INN PORTSMOUTH LIMITED

**STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 3 MARCH 2011**

The directors are responsible for preparing the 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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. They 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 the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

PREMIER INN PORTSMOUTH LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PREMIER INN PORTSMOUTH LIMITED

We have audited the financial statements of Premier Inn Portsmouth Limited for the year ended 3 March 2011, which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Statement of Directors' Responsibilities, 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 3 March 2011 and of its profit 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.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

PREMIER INN PORTSMOUTH LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PREMIER INN PORTSMOUTH LIMITED

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- 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, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' Report

Ernst & Young LLP

Debbie O'Hanlon (Senior statutory auditor)
for and on behalf of
Ernst & Young LLP
Statutory Auditor
Reading

Date *20 September 2011*

PREMIER INN PORTSMOUTH LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 3 MARCH 2011**

	Note	Year ended 3 March 2011 £000	Year ended 4 March 2010 £000
TURNOVER	1,2	2,395	2,211
Cost of sales		(143)	(138)
GROSS PROFIT		2,252	2,073
Distribution costs		(1,808)	(1,915)
OPERATING PROFIT	3	444	158
Interest payable and similar charges	5	(15)	(28)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		429	130
Tax on profit on ordinary activities	6	(86)	93
PROFIT FOR THE FINANCIAL PERIOD		343	223

All amounts relate to continuing operations

There were no recognised gains and losses for 2011 or 2010 other than those included in the Profit and Loss Account

The notes on pages 8 to 15 form part of these financial statements

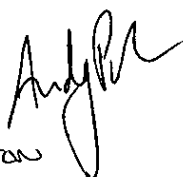
PREMIER INN PORTSMOUTH LIMITED
REGISTERED NUMBER: 4572875

BALANCE SHEET
AS AT 3 MARCH 2011

	Note	3 March 2011 £000	4 March 2010 £000
FIXED ASSETS			
Tangible assets	8	484	555
CURRENT ASSETS			
Debtors	9	40	120
Cash at bank and in hand		334	261
		<u>374</u>	<u>381</u>
CREDITORS , amounts falling due within one year	10	<u>(1,673)</u>	<u>(2,094)</u>
NET CURRENT LIABILITIES		<u>(1,299)</u>	<u>(1,713)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(815)</u>	<u>(1,158)</u>
CAPITAL AND RESERVES			
Called up share capital	11	-	-
Profit and loss account	12	<u>(815)</u>	<u>(1,158)</u>
SHAREHOLDERS' DEFICIT	13	<u>(815)</u>	<u>(1,158)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
16 SEPTEMBER 2011

Director
AD BELLINGTON



PREMIER INN PORTSMOUTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 3 MARCH 2011

1. ACCOUNTING POLICIES

1.1 Authorisation

The financial statements of Premier Inn Portsmouth Limited for the year ended 3 March 2011 were authorised for issue by the Board of Directors on 16 SEPTEMBER 2011

1.2 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

1.3 Cash flow

The Company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1

1.4 Going concern

The financial position of the Company is set out in these accounts. The Company has considerable financial resources and, as a consequence, the directors believe that the Company is well placed to manage its business risks. As at 3 March 2011, the Company's liabilities exceeded its assets by £815,000. The accounts have been prepared on the going concern basis on the grounds that the parent company has undertaken to provide continuing support for the foreseeable future.

1.5 Management Services Agreement

The Company is party to a Management Services Agreement with Whitbread Group PLC, under which all services are provided to it. The Company is recharged cost of sales, distribution and administration fees which are settled via intercompany.

1.6 Turnover

Turnover comprises revenue recognised by the Company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts.

1.7 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold property	-	over the period of the lease
Fixtures, fitting and equipment	-	over 3 to 10 years

The carrying value of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that their carrying values may not be recoverable.

PREMIER INN PORTSMOUTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 MARCH 2011**

1. ACCOUNTING POLICIES (continued)**1.8 Operating leases**

Rentals under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate

1.9 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse, using rates that have been enacted or substantively enacted at the balance sheet date

Deferred tax assets and liabilities are not discounted

1.10 Pensions

Employees of the Company are entitled to participate in a pension scheme operated by Whitbread PLC. Contributions to the scheme are charged in the profit and loss account as they become payable in accordance with the rules of the scheme. The assets of the scheme are invested and managed independently of the finances of the Company. The Company entered into a Management Services Agreement with Whitbread Group PLC under which services are provided to it. Hence the Company did not have any employees during the year, or any pension fund assets / liabilities as these were transferred to the group company.

2. TURNOVER

The whole of the turnover is attributable to the operation of a Premier Inn hotel in the United Kingdom

PREMIER INN PORTSMOUTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 MARCH 2011**

3 OPERATING PROFIT

The operating profit is stated after charging

	Year ended 3 March 2011 £000	Year ended 4 March 2010 £000
Depreciation of tangible fixed assets - owned by the company	63	60
Employee service costs under the management services agreement	438	437
Operating lease rentals - property	676	702

Audit fees for the year were paid by the parent company, Whitbread PLC. Information about the total audit fees paid by the Group can be found in the Whitbread PLC report and financial statements for the year ended 3 March 2011.

4 STAFF COSTS

The Company has no employees other than the directors, who did not receive any remuneration (2010 - £NIL)

5. INTEREST PAYABLE

	Year ended 3 March 2011 £000	Year ended 4 March 2010 £000
On loans from group undertakings	15	28

PREMIER INN PORTSMOUTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 MARCH 2011**

6. TAXATION

	Year ended 3 March 2011 £000	Year ended 4 March 2010 £000
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	40	-
Adjustments in respect of prior periods	(34)	5
Total current tax	<u>6</u>	<u>5</u>
Deferred tax		
Origination and reversal of timing differences	90	39
Adjustments in respect of prior periods	(10)	(137)
Total deferred tax (see note 7)	<u>80</u>	<u>(98)</u>
Tax on profit on ordinary activities	<u>86</u>	<u>(93)</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2010 - lower than) the standard rate of corporation tax in the UK of 28 00% (2010 - 28 00%) The differences are explained below

	Year ended 3 March 2011 £000	Year ended 4 March 2010 £000
Profit on ordinary activities before tax	<u>429</u>	<u>130</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28 00% (2010 - 28 00%)	120	36
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	1
Capital allowances for year in excess of depreciation	(18)	(13)
Utilisation of tax losses	(70)	(26)
Depreciation not in deferred tax	8	2
Adjustments to tax charge in respect of prior periods	(34)	5
Current tax charge for the year (see note above)	<u>6</u>	<u>5</u>

PREMIER INN PORTSMOUTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 MARCH 2011**

6. TAXATION (continued)**Factors that may affect future tax charges**

In his budget of 22 June 2010, the Chancellor of the Exchequer announced a decrease in the rate of UK corporation tax from 28% to 24%, phased over a period from April 2011 to April 2014. An additional 1% reduction, with effect from April 2011, was announced in the budget of 23 March 2011. Further UK tax changes, subject to enactment, are a reduction from 1 April 2012 in the rate of capital allowances applicable to plant & machinery and to integral features from 20% to 18% and from 10% to 8% respectively.

The Company's financial statements for the year ended 3 March 2011 reflect only those changes which had been enacted by the balance sheet date, namely the reduction from 28% to 27%, which was enacted in the Finance (No 2) Act 2010, and which applies from April 2011. In accordance with UK accounting standards, the remaining changes will only be reflected in the financial statements ended on or after the date such changes have been "substantively enacted".

The additional 1% reduction in the rate of corporation tax, with effect from April 2011, was enacted on 29 March 2011 by virtue of the Provisional Collection of Taxes Act 1968. If the change had been enacted before the Company's balance sheet date, the effect would have been to reduce the deferred tax liability by £1k.

The effect of the remaining changes, if enacted, will be to reduce the deferred tax liability by a further £4k. The rate change will also impact the amount of the future cash tax payment to be made by the Company.

7. DEFERRED TAX ASSET

	3 March 2011 £000	4 March 2010 £000
At beginning of year	120	22
(Charge for)/released during year	(80)	98
At end of year	40	120

The deferred tax asset is made up as follows

	3 March 2011 £000	4 March 2010 £000
Accelerated capital allowances	40	9
Tax losses carried forward	-	111
	40	120

The company has tax losses which are available for offset against future taxable profits. The company's trading position has improved to the extent that such future profits are now considered more likely than not to arise, and consequently a deferred tax asset has been recognised.

PREMIER INN PORTSMOUTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 MARCH 2011**

8. TANGIBLE FIXED ASSETS

	Leasehold Property £000	Furniture, fittings & equipment £000	Total £000
Cost			
At 5 March 2010	310	554	864
Additions	1	10	11
Assets written off	(19)	(5)	(24)
At 3 March 2011	<u>292</u>	<u>559</u>	<u>851</u>
Depreciation			
At 5 March 2010	29	280	309
Charge for the year	9	54	63
Assets written off	-	(5)	(5)
At 3 March 2011	<u>38</u>	<u>329</u>	<u>367</u>
Net book value			
At 3 March 2011	<u>254</u>	<u>230</u>	<u>484</u>
At 4 March 2010	<u>281</u>	<u>274</u>	<u>555</u>

Capital expenditure commitments for which no provision has been made are £NIL (2010 £NIL)

9. DEBTORS

	3 March 2011 £000	4 March 2010 £000
Deferred tax asset (see note 7)	<u>40</u>	<u>120</u>

10. CREDITORS.
Amounts falling due within one year

	3 March 2011 £000	4 March 2010 £000
Amounts owed to group undertakings	1,667	2,089
Corporation tax	6	5
	<u>1,673</u>	<u>2,094</u>

PREMIER INN PORTSMOUTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 MARCH 2011**

11. SHARE CAPITAL

	3 March 2011 £	4 March 2010 £
Allotted, called up and fully paid		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

12. RESERVES

	Profit and loss account £000
At 5 March 2010	(1,158)
Profit for the year	<u>343</u>
At 3 March 2011	<u>(815)</u>

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	3 March 2011 £000	4 March 2010 £000
Opening shareholders' deficit	(1,158)	(1,381)
Profit for the year	<u>343</u>	<u>223</u>
Closing shareholders' deficit	<u>(815)</u>	<u>(1,158)</u>

14. OPERATING LEASE COMMITMENTS

At 3 March 2011 the Company had annual commitments under non-cancellable operating leases as follows

	3 March 2011 £000	4 March 2010 £000
Expiry date		
After more than 5 years	<u>584</u>	<u>611</u>

15. RELATED PARTY TRANSACTIONS

The company is a wholly-owned subsidiary of Whitbread PLC, the ultimate controlling entity of the group, and has taken advantage of the exemption given in Financial Reporting Standard No 8 not to disclose transactions with other group companies

PREMIER INN PORTSMOUTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 3 MARCH 2011**

16. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is Elm Hotel Holdings Ltd. The ultimate parent undertaking is Whitbread PLC.

The parent undertaking of the smallest group of undertakings for which group accounts are drawn up and of which the company is a member is Whitbread Group PLC, registered in England and Wales. Copies of their accounts can be obtained from Whitbread Court, Houghton Hall Business Park, Porz Avenue, Dunstable, Bedfordshire LU5 5XE.