

Registered number: 5137608

PREMIER INN HOTELS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 27 FEBRUARY 2014

PREMIER INN HOTELS LIMITED

COMPANY INFORMATION

DIRECTORS	PJA Dempsey B Mistry (appointed 25 March 2013) JJ Forrest
COMPANY SECRETARY	DC Lowry RW Fairhurst
REGISTERED NUMBER	5137608
REGISTERED OFFICE	Whitbread Court Houghton Hall Business Park Porz Avenue Dunstable Bedfordshire LU5 5XE
INDEPENDENT AUDITOR	Ernst & Young LLP 1 Colmore Square Birmingham West Midlands B4 6HQ

PREMIER INN HOTELS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 27 FEBRUARY 2014

The directors present their report and the financial statements for the year ended 27 February 2014.

PRINCIPAL ACTIVITIES

The Company operates Premier Inn hotels.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £58,904,000 (2013 - £32,635,000).

No dividend was proposed in the current year (2013 - £nil).

DIRECTORS

The directors who served during the year were:

B Mistry (appointed 25 March 2013)
PJA Dempsey
JJ Forrest
AD Pellington (resigned 25 March 2013)

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.

FUTURE DEVELOPMENTS

For further information on future likely developments please see the Strategic Report included in the Annual Report and Accounts of Whitbread PLC (the ultimate parent company) for the year ended 27 February 2014.

EMPLOYEE INVOLVEMENT

All employee services are provided to the Company by Whitbread Group PLC. For further information on employee involvement please refer to the Annual Report and Accounts of Whitbread PLC for the year ended 27 February 2014.

DISABLED EMPLOYEES

All employee services are provided to the Company by Whitbread Group PLC. For further information on the Company's policy on the employment of disabled persons please refer to the Annual Report and Accounts of Whitbread PLC for the year ended 27 February 2014.

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.

PREMIER INN HOTELS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 27 FEBRUARY 2014**

DISCLOSURE OF INFORMATION TO AUDITOR

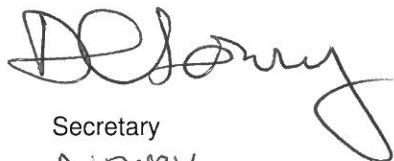
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditor is 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 relevant audit information and to establish that the Company's auditor is aware of that information.

AUDITOR

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

This report was approved by the board on 12 SEPTEMBER 2014 and signed on its behalf.



Secretary
D. USNEY

PREMIER INN HOTELS LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 27 FEBRUARY 2014**

The directors are responsible for preparing the Strategic Report, 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 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 accounting 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.

PREMIER INN HOTELS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 27 FEBRUARY 2014

INTRODUCTION

The Company is part of the Whitbread Group which has built some of the UK's most successful hospitality brands including Premier Inn, Costa, Beefeater and Brewers Fayre. Its strategy is to grow leading brands with a clear focus on returns to deliver substantial shareholder value.

BUSINESS REVIEW

For full details of the hotels and restaurants business, please refer to the Hotels & Restaurants section of the Strategic Report within the Annual Report and Accounts of Whitbread PLC (the ultimate parent company) for the year ended 27 February 2014.

PRINCIPAL RISKS AND UNCERTAINTIES

Risk There is a death or serious injury as a result of Company negligence

Mitigation Mitigation of this risk comes from the expertise of members of the safety and security team. In addition to this there is an external risk engineering programme and extensive health and safety policies and training. NSF, an independent company, carries out health and safety audits on every site and health and safety is included as a hurdle on the scorecards for the outlet with regular updates provided to the directors.

Risk There is a serious health or provenance issue relating to food

Mitigation Mitigation of this risk comes from the expertise of members of the procurement, food development and safety and security teams. This is coupled with stringent food safety policies and a detailed sourcing policy, traceability and testing requirements introduced in respect of processed meat and focus on predicting other potential issues in the supply chain. NSF, an independent company, carries out regular audits on all suppliers to measure their performance against a range of health and safety standards. Health and safety is included as a hurdle on the scorecards for the outlets. Regular updates are provided to the directors.

Risk Improvement in competitor financial health and/or competitor activity can result in a loss of market share

Mitigation Actions to outperform the competition are developed on a strategic and tactical basis. Significant customer research is carried out and the customer insight received is used to develop action plans. Consumer trends, both in the UK and overseas, are analysed and competitor activity is monitored. Monthly reports are produced by each business for the directors' which includes relative market share information and timely trading performance data.

Risk IS risks including: disruption to the business due to ineffective implementation of a major systems upgrade or installation; a data security breach resulting in the loss of improper access to customer or confidential data; or failure of the Premier Inn booking system

Mitigation Mitigation of these risks comes from the expertise of the IS team in protecting the systems and network. IS security training has been delivered to employees and legal advisors are used to monitor new legislation and advise the IS team. Third party expertise is utilised wherever it is deemed necessary. Systems are continually monitored for irregular activity with regular reporting of information security issues to management. There are operational audit reviews in place and disaster recovery plans are reviewed by the Audit Committee.

Risk There is a third-party failing and consequently breaching the terms of a significant contract

Mitigation Credit control checks are carried out on parties to significant contracts, along with the continued auditing and monitoring of those contracts. A regular review of the debtors register is undertaken.

PREMIER INN HOTELS LIMITED

STRATEGIC REPORT (continued)

FINANCIAL KEY PERFORMANCE INDICATORS

Key performance indicators:	2013/14	2012/13
	£000	£000
Turnover	288,681	201,014
Operating profit	61,956	36,847
Average room rate	£57.86	£56.68
Occupancy	75.80%	70.00%
Yield	£43.87	£39.66

Strong performance has been delivered as a result of having a large and expanding network of hotels, delivering an enhanced customer experience and having a strong online presence.

This report was approved by the board on 12 SEPTEMBER 2014 and signed on its behalf.

PREMIER INN HOTELS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PREMIER INN HOTELS LIMITED

We have audited the financial statements of Premier Inn Hotels Limited for the year ended 27 February 2014, 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 Auditor's 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 AUDITOR

As explained more fully in the Directors' Responsibilities Statement, 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. In addition, we read all the financial and non-financial information in the Directors' Report and financial statements 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.

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 27 February 2014 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

PREMIER INN HOTELS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PREMIER INN HOTELS 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.

Ernst & Young LLP

Simon O'Neill (Senior Statutory Auditor)

for and on behalf of

Ernst & Young LLP

Statutory Auditor

Birmingham

Date:

17/9/2014

PREMIER INN HOTELS LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 27 FEBRUARY 2014

	Note	Year ended 27 February 2014 £000	Year ended 28 February 2013 £000
TURNOVER	2	288,681	201,014
Cost of sales		(25,408)	(16,461)
GROSS PROFIT		263,273	184,553
Distribution costs		(201,111)	(147,821)
Other operating charges		(206)	115
OPERATING PROFIT	3	61,956	36,847
EXCEPTIONAL ITEMS			
Other exceptional items	8	76	(7,722)
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		62,032	29,125
Interest receivable and similar income	6	58,178	59,070
Interest payable and similar charges	7	(44,716)	(43,627)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		75,494	44,568
Tax on profit on ordinary activities	9	(16,590)	(11,933)
PROFIT FOR THE FINANCIAL PERIOD		58,904	32,635

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and Loss Account.

The notes on pages 10 to 21 form part of these financial statements.

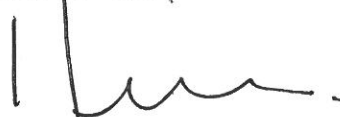
PREMIER INN HOTELS LIMITED
REGISTERED NUMBER: 5137608

BALANCE SHEET
AS AT 27 FEBRUARY 2014

	Note	27 February 2014 £000	28 February 2013 £000
FIXED ASSETS			
Intangible assets	11	8,023	8,557
Tangible assets	12	426,252	339,782
Investments	13	72,239	73,106
		<u>506,514</u>	<u>421,445</u>
CURRENT ASSETS			
Stocks	14	937	731
Debtors	15	1,215,765	1,173,468
Cash at bank and in hand		2,927	1,662
		<u>1,219,629</u>	<u>1,175,861</u>
CREDITORS: amounts falling due within one year	16	<u>(1,067,936)</u>	<u>(1,000,800)</u>
NET CURRENT ASSETS		<u>151,693</u>	175,061
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>658,207</u>	596,506
CREDITORS: amounts falling due after more than one year	17	(11,547)	(9,377)
PROVISIONS FOR LIABILITIES			
Deferred tax	10	(9,676)	(9,049)
NET ASSETS		<u>636,984</u>	<u>578,080</u>
CAPITAL AND RESERVES			
Called up share capital	18	200,000	200,000
Non distributable reserves	19	323,871	334,581
Profit and loss account	19	113,113	43,499
SHAREHOLDERS' FUNDS	20	<u>636,984</u>	<u>578,080</u>

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

12 SEPTEMBER 2014



Director

P. DEMPSEY

PREMIER INN HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 27 FEBRUARY 2014

1. ACCOUNTING POLICIES

1.1 Authorisation

The financial statements of Premier Inn Hotels Limited for the year ended 27 February 2014 were authorised for issue by the Board of Directors on 12 SEPTEMBER 2014

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.

The Company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

1.3 Going concern

The financial position of the Company is set out in these financial statements. The Company has considerable financial resources and, as a consequence, the directors believe that the Company is well placed to manage its business risks.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 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.

1.5 Turnover

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

Service revenue is recognised when rooms are occupied, food and beverages are sold and finance revenue is recognised as interest accrues.

1.6 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and Loss Account over its estimated economic life.

IT software is capitalised at cost and amortised on a straight line basis over three to five years.

Other intangibles, which comprise the brand name and franchise fees, are capitalised at cost and amortised over their estimated useful economic lives of periods up to ten years.

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

PREMIER INN HOTELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 27 FEBRUARY 2014**

1. ACCOUNTING POLICIES (continued)

1.7 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold and long leasehold property	-	over periods up to 50 years
Leasehold premises where the lease has less than 20 years to run	-	over the remaining term of the lease
Furniture, fittings & equipment	-	over periods up to 25 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.

Gross interest costs incurred on the financing of qualifying assets are capitalised until the time that the projects are available for use.

1.8 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

1.9 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.

1.10 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

PREMIER INN HOTELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 27 FEBRUARY 2014**

1. ACCOUNTING POLICIES (continued)

1.11 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.

1.12 Pensions

Employees are entitled to participate in a contracted-in defined contribution pension scheme operated by Whitbread Group PLC as described in Note 5. 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.

1.13 Exceptional items

The Company discloses separately those items which are exceptional by virtue of their size or incidence so as to allow a better understanding of its underlying trading performance. The Company also includes the profit or loss on disposal of fixed assets, property reversions, profit or loss on the sale of a business, impairment and exceptional interest and tax.

2. TURNOVER

The whole of the turnover is attributable to the operation of Premier Inn hotels.

All turnover arose within the United Kingdom.

PREMIER INN HOTELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 27 FEBRUARY 2014**

3. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	Year ended 27 February 2014 £000	Year ended 28 February 2013 £000
Amortisation - intangible fixed assets	547	383
Depreciation of tangible fixed assets: - owned by the company	17,384	11,530
Foreign exchange	206	(115)
Operating lease rentals - plant and machinery	255	193
Operating lease rentals - property	53,251	41,262
	<u>53,251</u>	<u>41,262</u>

All products and services are supplied by Whitbread Group PLC.

4. AUDITORS' REMUNERATION

Audit fees for the year were paid by the parent company, Whitbread Group PLC. Information about the total audit fees paid by the Group can be found in the Whitbread PLC Annual Reports and Accounts for the year ended 27 February 2014.

PREMIER INN HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 27 FEBRUARY 2014

5. STAFF COSTS

The Company has no employees other than the directors, who did not receive any remuneration (2013 - £nil). All fees paid to directors as remuneration are borne by the parent company Whitbread Group PLC and it is not practical to allocate the amount for services in respect of this Company.

The Company is party to a Management Services Agreement with Whitbread Group PLC, under which all services are provided to it.

6. INTEREST RECEIVABLE

	Year ended 27 February 2014 £000	Year ended 28 February 2013 £000
Interest receivable from group companies	58,166	59,070
Other interest receivable	12	-
	<u>58,178</u>	<u>59,070</u>

7. INTEREST PAYABLE

	Year ended 27 February 2014 £000	Year ended 28 February 2013 £000
On loans from group undertakings	46,172	45,654
Less: Capitalised Interest	(1,456)	(2,027)
	<u>44,716</u>	<u>43,627</u>

8. EXCEPTIONAL ITEMS

	Year ended 27 February 2014 £000	Year ended 28 February 2013 £000
Reversal of asset impairment previously written off through exceptionals	1,044	736
Impairment charge of property, plant and equipment	(968)	(1,082)
Impairment of investments	-	(7,376)
	<u>76</u>	<u>(7,722)</u>

PREMIER INN HOTELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 27 FEBRUARY 2014**

9. TAXATION

	Year ended 27 February 2014 £000	Year ended 28 February 2013 £000
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	16,143	10,430
Adjustments in respect of prior periods	(180)	(34)
Total current tax	<u>15,963</u>	<u>10,396</u>
Deferred tax		
Origination and reversal of timing differences	2,178	2,683
Adjustments in respect of prior years	(92)	(451)
Change in UK tax rate 20% (2013 - 23%)	(1,459)	(695)
Total deferred tax (see note 10)	<u>627</u>	<u>1,537</u>
Tax on profit on ordinary activities	<u>16,590</u>	<u>11,933</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2013 - lower than) the standard rate of corporation tax in the UK of 23.08% (2013 - 24.17%). The differences are explained below:

	Year ended 27 February 2014 £000	Year ended 28 February 2013 £000
Profit on ordinary activities before tax	<u>75,494</u>	<u>44,568</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.08% (2013 - 24.17%)	17,428	10,772
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(332)	1,151
Capital allowances for year in excess of depreciation	(1,682)	(2,132)
Adjustments to tax charge in respect of prior periods	(180)	(34)
Depreciation not in deferred tax	729	639
Current tax charge for the year (see note above)	<u>15,963</u>	<u>10,396</u>

Factors that may affect future tax charges

The Finance Act 2013 reduced the main rate of UK corporation tax to 21% from 1 April 2014 and to 20% from 1 April 2015.

The rate change will impact the amount of the future cash tax payment to be made by the Company.

PREMIER INN HOTELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 27 FEBRUARY 2014**

10. DEFERRED TAXATION

	27 February 2014 £000	28 February 2013 £000
At beginning of year	9,049	7,511
Charge for year (P&L)	2,086	2,232
Change in UK tax rate to 20% (2013 - 23%)	(1,459)	(694)
	9,676	9,049
	9,676	9,049

The provision for deferred taxation is made up as follows:

	27 February 2014 £000	28 February 2013 £000
Accelerated capital allowances	7,903	7,149
Capitalised interest	1,773	1,900
	9,676	9,049
	9,676	9,049

11. INTANGIBLE FIXED ASSETS

	IT Software £000	Goodwill £000	Total £000
Cost			
At 1 March 2013	39	10,669	10,708
Additions	13	-	13
Assets written off	(12)	-	(12)
	40	10,669	10,709
At 27 February 2014	40	10,669	10,709
Amortisation			
At 1 March 2013	18	2,133	2,151
Charge for the year	13	534	547
Assets written off	(12)	-	(12)
	19	2,667	2,686
At 27 February 2014	19	2,667	2,686
Net book value			
At 27 February 2014	21	8,002	8,023
	21	8,002	8,023
At 28 February 2013	21	8,536	8,557
	21	8,536	8,557

PREMIER INN HOTELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 27 FEBRUARY 2014**

12. TANGIBLE FIXED ASSETS

	Land and buildings £000	Furniture, fittings & equipment £000	Total £000
Cost			
At 1 March 2013	254,377	126,635	381,012
Additions	68,202	34,747	102,949
Transfers intra group	39	835	874
Transfer between classes	57	(57)	-
Asset write-off	-	(4,219)	(4,219)
At 27 February 2014	<u>322,675</u>	<u>157,941</u>	<u>480,616</u>
Depreciation			
At 1 March 2013	16,338	24,892	41,230
Charge for the year	2,284	15,100	17,384
Transfers intra group	-	45	45
Impairment charge	1,259	(291)	968
Impairment reversal	(1,044)	-	(1,044)
Asset write off	-	(4,219)	(4,219)
At 27 February 2014	<u>18,837</u>	<u>35,527</u>	<u>54,364</u>
Net book value			
At 27 February 2014	<u>303,838</u>	<u>122,414</u>	<u>426,252</u>
At 28 February 2013	<u>238,039</u>	<u>101,743</u>	<u>339,782</u>

Included in land and buildings is freehold land at cost of £44,080,599 (2013 - £17,296,375), which is not depreciated.

The net book value of land and buildings is made up as follows:

- freehold properties - £160,042,000
- long leasehold properties - £88,700,000
- short leasehold properties - £55,096,000

Capitalised interest amounted to £1,456,075 using an average rate of 4.1% (2013 - £2,027,089 using an average rate of 4.5%).

Capital expenditure commitments for which no provision has been made are £9,425,382 (2013 - £12,404,865).

A change in estimate of the useful lives of certain assets has been implemented in 2013/14 to bring them in line with the new refurbishment programme. This has led to an accelerated depreciation charge of £1.4m in 2013/14 and will have a £1.4m impact in 2014/15.

PREMIER INN HOTELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 27 FEBRUARY 2014**

13. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £000	Loans to subsidiaries £000	Total £000
Cost or valuation			
At 1 March 2013	81,945	11,230	93,175
Foreign exchange movement	-	(206)	(206)
Intra-group transfer	-	(661)	(661)
At 27 February 2014	<u>81,945</u>	<u>10,363</u>	<u>92,308</u>
Impairment			
At 1 March 2013 and 27 February 2014	<u>20,069</u>	-	<u>20,069</u>
Net book value			
At 27 February 2014	<u>61,876</u>	<u>10,363</u>	<u>72,239</u>
At 28 February 2013	<u>61,876</u>	<u>11,230</u>	<u>73,106</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name and nature of business	Country of Incorporation and Operation	Holding
Stripe Travel Inn Limited - Hotels	England	100%
PTI Middle East Limited - Hotels	UAE	100%
Premier Travel Inn India Limited - Hotels	England	100%
Elm Hotel Holdings Limited - Hotels	England	100%
Premier Inn Manchester Trafford Limited - Hotels	England	100%
Premier Inn Westminster Limited - Hotels	England	100%
Premier Inn Ochre Limited	England	100%
Premier Inn (UK) Ltd	England	100%

14. STOCKS

	27 February 2014 £000	28 February 2013 £000
Finished goods and goods for resale	<u>937</u>	<u>731</u>

PREMIER INN HOTELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 27 FEBRUARY 2014**

15. DEBTORS

	27 February 2014 £000	28 February 2013 £000
Trade debtors	7,088	3,426
Amounts owed by group undertakings	1,193,494	1,153,220
Other debtors	1,021	239
Prepayments and accrued income	14,162	16,583
	<u>1,215,765</u>	<u>1,173,468</u>

Amounts owed by group undertakings relate to the sale of assets to other Whitbread Group companies to facilitate a proposed bond issue.

**16. CREDITORS:
Amounts falling due within one year**

	27 February 2014 £000	28 February 2013 £000
Trade creditors	18,567	20,968
Amounts owed to group undertakings	991,536	939,037
Corporation tax	16,108	10,396
Other creditors	6,531	10,174
Accruals and deferred income	35,194	20,225
	<u>1,067,936</u>	<u>1,000,800</u>

**17. CREDITORS:
Amounts falling due after more than one year**

	27 February 2014 £000	28 February 2013 £000
Accruals and deferred income	11,547	9,377
	<u>11,547</u>	<u>9,377</u>

18. SHARE CAPITAL

	27 February 2014 £000	28 February 2013 £000
Allotted, called up and fully paid		
200,000,002 Ordinary shares shares of £1 each	<u>200,000</u>	<u>200,000</u>

PREMIER INN HOTELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 27 FEBRUARY 2014**

19. RESERVES

	Other reserves £000	Profit and loss account £000
At 1 March 2013	334,581	43,499
Profit for the year	-	58,904
Transfer between reserves	(10,710)	10,710
	<hr/>	<hr/>
At 27 February 2014	323,871	113,113
	<hr/> <hr/>	<hr/> <hr/>

The transfer between reserves represents a realised revaluation gain transferred to the profit and loss account.

20. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	27 February 2014 £000	28 February 2013 £000
Opening shareholders' funds	578,080	545,445
Profit for the financial year	58,904	32,635
	<hr/>	<hr/>
Closing shareholders' funds	636,984	578,080
	<hr/> <hr/>	<hr/> <hr/>

21. OPERATING LEASE COMMITMENTS

At 27 February 2014 the Company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	27 February 2014 £000	28 February 2013 £000
Expiry date:		
Within 1 year	552	-
Between 2 and 5 years	-	815
After more than 5 years	48,246	35,597
	<hr/> <hr/>	<hr/> <hr/>

22. 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 HOTELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 27 FEBRUARY 2014**

23. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is Whitbread Group PLC. 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.

The parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the Company is a member is Whitbread 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.

