

Registered No.
5266815

Spirit Managed Inns Limited

Report and Financial Statements

20 August 2011

FRIDAY



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COMPANIES HOUSE

Spirit Managed Inns Limited
Period ended 20 August 2011

DIRECTORS

| | | | | |
|---------------|-----------|-------------|----------|-------------|
| G Thorley | resigned | 06 Sep 2010 | | |
| P Dutton | resigned | 31 Jan 2011 | | |
| E Bashforth | resigned | 04 Jul 2011 | | |
| S Dando | appointed | 06 Sep 2010 | resigned | 04 Jul 2011 |
| R Margerrison | appointed | 04 Jul 2011 | resigned | 22 Nov 2011 |
| S Stone | appointed | 04 Jul 2011 | resigned | 30 Apr 2012 |
| L Bell | appointed | 22 Nov 2011 | | |
| P Gallagher | appointed | 22 Nov 2011 | | |

SECRETARY

C Stewart

AUDITOR

KPMG Audit Plc
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

SOLICITORS

Slaughter and May
One Bunhill Row
London
EC1Y 8YY

REGISTERED OFFICE

Sunrise House
Ninth Avenue
Burton upon Trent
Staffordshire
DE14 3JZ

Spirit Managed Inns Limited
Period ended 20 August 2011

DIRECTORS' REPORT

Registered No 5266815

The directors present their report and financial statements for the financial period ended 20 August 2011

RESULTS AND DIVIDENDS

The loss after taxation for the financial period amounted to £1,297,000 (52 week period ended 21 August 2010 loss after taxation of £1,304,000) The directors do not propose the payment of a final dividend (2010 £nil)

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company is a non-trading company

On 1 August 2011 the Spirit Pub Company group was demerged from Punch Taverns plc group (see Spirit Pub Company plc financial statements for further detail of demerger)

Spirit Pub Company manages its operations at a group level and the directors therefore believe that disclosure of key performance indicators for the company are not appropriate to understand the development, performance or position of the business. The performance of the Spirit Pub Company group is discussed in the Spirit Pub Company plc Annual Report and Financial Statements which are publicly available. The directors do not consider that there are any specific principal risks and uncertainties applicable to the company which need to be disclosed.

As explained in note 1 to the financial statements, the company is dependent upon support from its parent company to meet its liabilities as they fall due. Enquiries have been made of the directors of the company's ultimate parent company, Spirit Pub Company plc, regarding the ability of Spirit Pub Company plc to continue as a going concern. Therefore the directors have, continued to adopt the going concern basis in preparing the financial statements.

DIRECTORS

The directors of the company who served during the period are listed on the previous page.

A third party indemnity provision (as defined in section 234 of the Companies Act 2006) is in force for the benefit of the directors.

AUDIT INFORMATION

The directors confirm that, so far as they are aware, there is no relevant audit information of which the auditors are unaware and that each director has taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

The company has elected to dispense with the obligation to appoint auditors annually under s487 of the Companies Act 2006.

On behalf of the board



P Gallagher
Director
18 May 2012

Spirit Managed Inns Limited
Period ended 20 August 2011

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 judgements 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

Spirit Managed Inns Limited
Period ended 20 August 2011

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SPIRIT MANAGED INNS LIMITED**

We have audited the financial statements of Spirit Managed Inns Limited for the year ended 20 August 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 14. 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 Statement of Directors' Responsibilities set out on the previous page, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

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 20 August 2011 and of its loss for the period 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.

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.



G Watts (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
18 May 2012

Spirit Managed Inns Limited
Period ended 20 August 2011

PROFIT & LOSS ACCOUNT

for the 52 week period ended 20 August 2011

| | | 52 week period ended 20 August 2011 | 52 week period ended 21 August 2010 |
|--|-------|---|---|
| | Notes | £000 | £000 |
| Interest receivable | 4 | - | 935 |
| Interest payable | 5 | (1,790) | (2,746) |
| LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION | | <u>(1,790)</u> | <u>(1,811)</u> |
| Tax on loss on ordinary activities | 6 | 493 | 507 |
| LOSS ON ORDINARY ACTIVITIES AFTER TAXATION | 11 | <u><u>(1,297)</u></u> | <u><u>(1,304)</u></u> |

The profit and loss account relates to continuing activities

There are no recognised gains or losses other than those shown above

Notes 1 to 14 form part of these financial statements


Spirit Managed Inns Limited
Period ended 20 August 2011

BALANCE SHEET
as at 20 August 2011

| | <i>Notes</i> | 20 August 2011 £000 | 21 August 2010 £000 |
|--|--------------|---------------------------|---------------------------|
| CURRENT ASSETS | | | |
| Debtors amounts falling due in less than one year | 7 | - | 5,605 |
| Debtors amounts falling due after more than one year | 7 | 246,141 | 284,619 |
| | | <u>246,141</u> | <u>290,224</u> |
| CURRENT LIABILITIES | | | |
| Other creditors falling due in less than one year | | (9,687) | (12,094) |
| CREDITORS: amounts falling due in less than one year | 8 | <u>(9,687)</u> | <u>(12,094)</u> |
| NET CURRENT ASSETS | | <u>236,454</u> | <u>278,130</u> |
| LONG TERM LIABILITIES | | | |
| Other creditors falling due after more than one year | | (52,663) | (93,042) |
| CREDITORS: amounts falling due after more than one year | 9 | <u>(52,663)</u> | <u>(93,042)</u> |
| NET ASSETS | | <u>183,791</u> | <u>185,088</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 10 | 150,000 | 150,000 |
| Capital reserve | 11 | 53,600 | 53,600 |
| Profit and loss account | 11 | (19,809) | (18,512) |
| SHAREHOLDERS' FUNDS | 11 | <u>183,791</u> | <u>185,088</u> |

Notes 1 to 14 form part of these financial statements

The financial statements were approved and authorised for issue by the board and signed on its behalf on
18 May 2012


P Gallagher
Director

Spirit Managed Inns Limited
Period ended 20 August 2011

NOTES TO THE FINANCIAL STATEMENTS
for the 52 week period ended 20 August 2011

1 ACCOUNTING POLICIES

Basis of preparation

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

In accordance with FRS 18 the directors have continued to review the accounting policies

There have been no changes to accounting policies during the year

Cash flow statement

The directors have taken advantage of the exemption in FRS 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its ultimate parent company, Spirit Pub Company plc, publishes consolidated financial statements

Going concern

The ultimate parent has undertaken to support the company for a period of at least one year following the date of approval of these financial statements and not recall group debt until all other liabilities have been settled and the company has funds to repay. For this reason, the financial statements have been prepared on a going concern basis

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted at the balance sheet date. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future, or a right to pay less tax in the future have occurred at the balance sheet date

Spirit Managed Inns Limited
Period ended 20 August 2011

NOTES TO THE FINANCIAL STATEMENTS
for the 52 week period ended 20 August 2011

2 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Auditor's remuneration is paid by another company in the Spirit Pub Company group in the current and preceding periods

3 DIRECTORS' EMOLUMENTS AND STAFF COSTS

The directors received no emoluments from the company in respect of their services in the current or preceding periods

The company had no employees during the current or preceding periods

Spirit Managed Inns Limited
Period ended 20 August 2011

NOTES TO THE FINANCIAL STATEMENTS
for the 52 week period ended 20 August 2011

4 INTEREST RECEIVABLE

| | 52 week period ended 20 August 2011 £000 | 52 week period ended 21 August 2010 £000 |
|---|--|--|
| Interest receivable from group undertakings | - | 935 |
| | <u>-</u> | <u>935</u> |

5 INTEREST PAYABLE

| | 52 week period ended 20 August 2011 £000 | 52 week period ended 21 August 2010 £000 |
|--|--|--|
| Interest payable to group undertakings | 1,790 | 2,746 |
| | <u>1,790</u> | <u>2,746</u> |

Spirit Managed Inns Limited
Period ended 20 August 2011

NOTES TO THE FINANCIAL STATEMENTS
for the 52 week period ended 20 August 2011

6 TAXATION

| | 52 week period ended 20 August 2011 £000 | 52 week period ended 21 August 2010 £000 |
|--|--|--|
| The tax credit for the period comprises | | |
| UK corporation tax | | |
| - current period group relief receivable / (surrendered) | 362 | (507) |
| | <u>362</u> | <u>(507)</u> |
| Deferred tax | | |
| - current period credit | (931) | - |
| - change in standard rate of tax | 76 | - |
| | <u>(855)</u> | <u>-</u> |
| Total tax credit for the period | <u>(493)</u> | <u>(507)</u> |

Reconciliation of tax charge / (credit)

The current tax charge/(credit) for the period is higher than (2010 the same as) the standard rate of corporation tax in the UK of 27.2% (2010 28%). The differences are explained below

| | 52 week period ended 20 August 2011 £000 | 52 week period ended 21 August 2010 £000 |
|---|--|--|
| Loss on ordinary activities before taxation | (1,790) | (1,811) |
| Loss on ordinary activities at standard rate of corporation tax in the UK of 27.2% (2010 28.0%) | (487) | (507) |
| Effects of | | |
| Short term timing differences | 931 | - |
| UK UK transfer pricing and world wide debt cap adjustment | (82) | - |
| Total current tax charge / (credit) | <u>362</u> | <u>(507)</u> |

Spirit Managed Inns Limited
Period ended 20 August 2011

NOTES TO THE FINANCIAL STATEMENTS
for the 52 week period ended 20 August 2011

7 DEBTORS

| | 2011 £000 | 2010 £000 |
|--|----------------------|----------------------|
| Amounts falling due in less than one year | | |
| Amounts due from group undertakings | - | 5,605 |
| | <u>-</u> | <u>5,605</u> |
| Amounts falling due after more than one year: | 2011 £000 | 2010 £000 |
| Loans due from group undertakings | 232,471 | 278,061 |
| Amounts due from group undertakings | 12,815 | 6,558 |
| Deferred tax asset | 855 | - |
| | <u>246,141</u> | <u>284,619</u> |

Included within loans due from group undertakings is a loan to a fellow group company, Spirit Group Holdings Limited, of £51,336,000. Interest accrues at 7% on the original loan.

In the prior period the company had a loan with fellow group company Spirit Group Parent Limited of £96,926,000 which accrued interest at 12 month LIBOR on the original loan of £75,000,000. This loan was offset with the loan due to Spirit Group Parent Limited of £44,216,000 which accrued interest at 7% per annum on the original loan of £33,398,000. This created the new loan of which the obligation was re-assigned to Spirit Group Holdings Limited.

Also included within loans due from group undertakings is a non-interest bearing loan to a fellow group company, Spirit Intermediate Holdings Limited, of £86,474,000 (2010: £86,474,000).

Also included within loans due from group undertakings is a non-interest bearing loan to fellow group company, Spirit Group Equity Limited, of £94,661,000 (2010: £94,661,000).

Deferred tax

| | 2011 £000 | 2010 £000 |
|--|--------------|--------------|
| The deferred tax asset included in the company balance sheet is as follows | | |
| Short term timing differences | <u>855</u> | <u>-</u> |
| | | £000 |
| As at 21 August 2010 | | - |
| Credited to the profit and loss account | | 855 |
| As at 20 August 2011 | | <u>855</u> |

- Spirit Managed Inns Limited -
Period ended 20 August 2011

NOTES TO THE FINANCIAL STATEMENTS
for the 52 week period ended 20 August 2011

7 DEBTORS (continued)

Factors affecting current and future tax credit

The 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and a further reduction to 24% (effective from 1 April 2012) was substantively enacted on 26 March 2012.

This will reduce the company's future current tax charge accordingly and further reduce the deferred tax asset at 20 August 2011, which has been calculated based on the rate of 25% substantively enacted at the balance sheet date.

It has not yet been possible to quantify the full anticipated effect of the announced further 1% rate reduction (in addition to the 1% reduction already substantively enacted on 5 July 2011), although this will further reduce the company's future current tax charge and reduce the company's deferred tax asset accordingly.

8 CREDITORS amounts falling due in less than one year

| | 2011 | 2010 |
|------------------------------------|--------------|---------------|
| | £000 | £000 |
| Amounts owed to group undertakings | 9,546 | 12,080 |
| Accruals and deferred income | 14 | 14 |
| Corporation tax | 127 | - |
| | <u>9,687</u> | <u>12,094</u> |

9 CREDITORS amounts falling due after more than one year

| | 2011 | 2010 |
|------------------------------------|---------------|---------------|
| | £000 | £000 |
| Loans owed to group undertakings | 8,281 | 52,082 |
| Accruals and deferred income | 3,422 | - |
| Amounts owed to group undertakings | 40,960 | 40,960 |
| | <u>52,663</u> | <u>93,042</u> |

Included within loans owed to group undertakings is a loan from fellow group company, Spirit Faith Limited, of £8,281,000 (2010: £7,866,000). Interest accrues at 7% per annum on the original loan of £5,942,000 (2010: £5,942,000).

In the prior year the company had a loan from fellow group company, Spirit Group Parent Limited of £44,216,000, where interest accrued at 7% per annum on the original loan of £33,398,000. During the year this loan was offset with loan due from Spirit Group Parent Limited of £96,926,000 - see note 7 for details.

Spirit Managed Inns Limited

Period ended 20 August 2011

NOTES TO THE FINANCIAL STATEMENTS

for the 52 week period ended 20 August 2011

10 SHARE CAPITAL

| | 2011 | 2011 | 2010 | 2010 |
|---|--------------------|----------------|--------------------|----------------|
| | No | £000 | No. | £000 |
| <i>Allotted, called up and fully paid</i> | | | | |
| Ordinary shares of £1 each | <u>150,000,002</u> | <u>150,000</u> | <u>150,000,002</u> | <u>150,000</u> |

Spirit Managed Inns Limited

Period ended 20 August 2011

NOTES TO THE FINANCIAL STATEMENTS

for the 52 week period ended 20 August 2011

11 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

| | Share Capital £000 | Capital Reserve £000 | Profit & Loss Account £000 | Total Shareholders' Funds £000 |
|---------------------|-----------------------|-------------------------|----------------------------------|---|
| At 22 August 2009 | 150,000 | 53,600 | (17,208) | 186,392 |
| Loss for the period | - | - | (1,304) | (1,304) |
| At 21 August 2010 | <u>150,000</u> | <u>53,600</u> | <u>(18,512)</u> | <u>185,088</u> |
| Loss for the period | - | - | (1,297) | (1,297) |
| At 20 August 2011 | <u><u>150,000</u></u> | <u><u>53,600</u></u> | <u><u>(19,809)</u></u> | <u><u>183,791</u></u> |

Spirit Managed Inns Limited -
Period ended 20 August 2011

NOTES TO THE FINANCIAL STATEMENTS
for the 52 week period ended 20 August 2011

12 RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption in paragraph 3(c) of FRS 8 from disclosing transactions with related parties that are wholly owned subsidiaries of the Spirit Pub Company plc group. There were no other related party transactions during the period.

13 POST BALANCE SHEET EVENTS

At 20 August 2011, no obligation exists for dividends declared after that date (Aug 2010: £nil).

14 ULTIMATE PARENT UNDERTAKING

The company's immediate parent undertaking is Spirit Parent Limited, a company registered in England & Wales.

The company's ultimate parent undertaking and controlling party is Spirit Pub Company plc, a company registered in England & Wales.

The parent undertaking of the only group of undertakings for which group financial statements are drawn up and of which the company is a member is Spirit Pub Company plc.

Copies of the financial statements of Spirit Pub Company plc are available from Sunrise House, Ninth Avenue, Burton-on-Trent, DE14 3JZ.