

**IHC MAY FAIR HOTEL LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2011**

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**IHC MAY FAIR HOTEL LIMITED**

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**COMPANY INFORMATION**

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<b>DIRECTORS</b>	P Edgecliffe-Johnson N Hentfrey R Wheeler
<b>COMPANY SECRETARY</b>	E Lam
<b>COMPANY NUMBER</b>	2323039
<b>REGISTERED OFFICE</b>	Broadwater Park Denham Buckinghamshire UB9 5HR
<b>AUDITORS</b>	Ernst & Young LLP One Colmore Square Birmingham B4 6HQ
<b>BANKERS</b>	Lloyds Bank PLC PO Box 72 Bailey Drive Gillingham Business Park Kent ME8 0LS

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**IHC MAY FAIR HOTEL LIMITED**

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## **IHC MAY FAIR HOTEL LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011**

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The directors present their report and the financial statements for the year ended 31 December 2011

#### **PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS**

IHC May Fair Hotel Limited's (the "Company") principal activity is that of a financing company. It is the intention of the directors that the Company will continue operating in this capacity.

On 1 December 2011, all of the 10% Cumulative Preference Shares were cancelled and repaid in full.

The directors view the results as satisfactory as are the future prospects of the Company.

Primarily the Company's transactions are with fellow InterContinental Hotels group (consisting of InterContinental Hotels Group PLC and its subsidiaries) (the "Group") undertakings and as such there are not considered to be any significant risks and uncertainties impacting the Company. Any uncertainties impacting the Company would arise from internal decisions taken within group.

#### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £234,000 (2010: £191,000).

The directors do not propose a dividend for the year ended 31 December 2011 (2010: £nil) on the £1 ordinary shares.

A dividend of £10 (2010: £10) on the 10% Cumulative Preference Shares has been accumulated in the year. Total accumulated dividends of £60 (2010: £nil) were paid during the year.

#### **DIRECTORS**

The directors during 2011 and since the year end were as follows:

P Edgecliffe-Johnson (appointed 7 June 2011)  
N Henfrey (appointed 9 September 2011)  
A S McEwan (resigned 7 June 2011)  
C Springett (resigned 9 September 2011)  
R Wheeler

#### **GOING CONCERN**

The Company operates its activities in conjunction with other companies within the Group and therefore relies on the Group for its continued existence. At the end of 2011, the Group was trading comfortably within its banking covenants and debt facilities. Furthermore, the Group's fee-based model and wide geographic spread means that it is well placed to manage through uncertain times and forecasts and sensitivity projections, based on a range of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities.

Information on the Group's banking covenants and debt facilities, processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposures to credit risk and liquidity risk are disclosed in the Annual Report and Financial Statements of the Group.

After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Directors' Report and financial statements as the ultimate parent company, InterContinental Hotels Group PLC, and its subsidiaries intend to make funds available to the Company to enable it to meet its debts as they fall due.

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**IHC MAY FAIR HOTEL LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2011**

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**QUALIFYING THIRD PARTY INDEMNITY PROVISIONS**

A qualifying third party indemnity provision has been granted in favour of existing and former directors of the Company by InterContinental Hotels Limited, in accordance with Section 232 of the Companies Act 2006. A copy of this indemnity provision is available for inspection by the members of the Company at the Company's registered office at Broadwater Park, Denham, Buckinghamshire, UB9 5HR.

**DISCLOSURE 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 he or she is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- he or she 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.

This report has been prepared in accordance with the small companies exemption.

By order of the Board



Signed by

**Esther Lam**

, Secretary/~~Director~~

Date

**05 JUL 2012**

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## **IHC MAY FAIR HOTEL LIMITED**

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### **STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2011**

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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 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, 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 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.

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IHC MAY FAIR HOTEL LIMITED

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We have audited the financial statements of IHC May Fair Hotel Limited for the year ended 31 December 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 page 3, 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. 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 31 December 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.

### 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*

Lorna McNeil (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Birmingham

Date 10 July 2012

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**IHC MAY FAIR HOTEL LIMITED**

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**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2011**

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	<i>Note</i>	<i>2011 £000</i>	<i>2010 £000</i>
Interest receivable	5	318	265
		<hr/>	<hr/>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		318	265
Tax on profit on ordinary activities	6	(84)	(74)
		<hr/>	<hr/>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	10, 11	234	191
		<hr/> <hr/>	<hr/> <hr/>

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 7 to 10 form part of these financial statements



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**IHC MAY FAIR HOTEL LIMITED**  
**REGISTERED NUMBER 2323039**

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**BALANCE SHEET**  
**AS AT 31 DECEMBER 2011**

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	<i>Note</i>	<i>£000</i>	<i>2011</i> <i>£000</i>	<i>2010</i> <i>£000</i>
<b>CURRENT ASSETS</b>				
Debtors	7	53,601	53,399	
<b>CREDITORS</b> · amounts falling due within one year	8	(1 283)	(1,315)	
<b>NET CURRENT ASSETS</b>			52,318	52,084
<b>NET ASSETS</b>			52,318	52,084
<b>CAPITAL AND RESERVES</b>				
Called up share capital	9		1	1
Share premium account	10		41,988	41,988
Profit and loss account	10		10,329	10,095
<b>SHAREHOLDERS' FUNDS</b>	11		52,318	52,084

Approved by the Board

  
**Nicolette Henfrey**

Signed by

, Director

Date

**05 JUL 2012**

The notes on pages 7 to 10 form part of these financial statements

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**IHC MAY FAIR HOTEL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

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**1 ACCOUNTING POLICIES****1.1 BASIS OF PREPARATION**

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

The financial statements have been prepared on the going concern basis as the ultimate parent company, InterContinental Hotels Group PLC, and its subsidiaries intend to make funds available to the Company to enable it to meet its debts as they fall due

**1.2 TAXATION**

Corporation tax payable is provided on taxable profits at the current rate

The taxation liabilities of certain Group undertakings are reduced wholly or in part by the surrender of losses by fellow Group undertakings. The tax impacts arising from the surrender of tax losses are recognised in the financial statements of both the surrendering and recipient companies, being paid normally at the effective standard UK rate of the losses surrendered for the period in question

**1.3 CASH FLOW**

Under the provisions of Financial Reporting Standard ("FRS") 1 "Cash Flow Statements" (Revised 1996) the Company has not prepared a statement of cash flows because its ultimate parent undertaking, InterContinental Hotels Group PLC, which is incorporated within the European Union, has prepared consolidated financial statements which include the financial statements of the Company for the year and which contain an appropriate statement of cash flows of the Group

**2 AUDITOR'S REMUNERATION**

The Company incurred auditor's remuneration of £3,000 (2010: £3,000) which has been borne by a fellow Group undertaking in the current and preceding year

**3 DIRECTORS' REMUNERATION**

The directors are also directors of other subsidiary undertakings within the Group and their remuneration, including share-based payment charges, for the year was paid by other undertakings. The directors did not receive any remuneration in relation to the Company as the qualifying services provided to the Company was incidental to the qualifying services provided to other subsidiary undertakings

**4 STAFF COSTS**

The Company did not employ any persons during the year (2010: nil)

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**IHC MAY FAIR HOTEL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

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**5. INTEREST RECEIVABLE**

	<i>2011</i>	<i>2010</i>
	<i>£000</i>	<i>£000</i>
Interest receivable from Group undertakings	318	265

**6. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	<i>2011</i>	<i>2010</i>
	<i>£000</i>	<i>£000</i>
UK corporation tax charge on profit for the year	84	74

**FACTORS AFFECTING CURRENT TAX CHARGE FOR THE YEAR**

There were no factors that affected the tax charge for the year which has been calculated on the profits on ordinary activities before tax at the effective standard rate of corporation tax in the UK of 26.5% (2010: 28%) for the year ended 31 December 2011.

**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

In his budgets of 2010, 2011 and 2012, the Chancellor of the Exchequer proposed a decrease in the rate of UK corporation tax from 26% to 22% in 2014, falling by 2%pt in 2012 and a further 1%pt a year in 2013 and 2014. The first 1%pt reduction to 25% for 2012 was substantively enacted in 2011 and, in accordance with accounting standards, has been reflected in the Company's financial statements. The second 1%pt reduction to 24% for 2012 and the 1%pt reduction to 23% for 2013 were substantively enacted during 2012.

There is no provided or unprovided deferred tax.

**7. DEBTORS**

	<i>2011</i>	<i>2010</i>
	<i>£000</i>	<i>£000</i>
Amounts owed by Group undertakings	53,601	53,399

**8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<i>2011</i>	<i>2010</i>
	<i>£000</i>	<i>£000</i>
Amounts owed to Group undertakings	675	717
Corporation tax	608	598
	1,283	1,315

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**IHC MAY FAIR HOTEL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

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**9 SHARE CAPITAL**

	<i>2011</i> £	<i>2010</i> £
<b>ALLOTTED, CALLED UP AND FULLY PAID</b>		
1,093 ordinary shares of £1 each	1,093	1,093
100 10% cumulative preference shares of £1 each	-	100
	<hr/> 1,093	<hr/> 1,193
	<hr/>	<hr/>

The holders of preference shares are not entitled to receive notice of and to attend any general meeting, and are not entitled to vote on any resolution directly affecting any of the rights or privileges attached to the preference shares as a class

On 1 December 2011, all of the cumulative preference shares were cancelled and repaid in full

**10 RECONCILIATION OF MOVEMENT IN RESERVES**

	<i>Share premium account £000</i>	<i>Profit and loss account £000</i>
At 1 January 2011	41,988	10 095
Profit for the year	-	234
	<hr/> 41,988	<hr/> 10,329
At 31 December 2011	<hr/>	<hr/>

A dividend of £10 on the 10% Cumulative Preference Shares has been accumulated in the year (2010 £10 accumulated) The total amount accumulated of £60 was paid on 1 December 2011 upon the cancellation of the shares

**11 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	<i>2011 £000</i>	<i>2010 £000</i>
Opening shareholders' funds	52,084	51,893
Profit for the year	234	191
	<hr/> 52 318	<hr/> 52,084
Closing shareholders' funds	<hr/>	<hr/>

**12. OTHER FINANCIAL COMMITMENTS**

The Company has entered into a composite guarantee with Lloyds TSB Bank plc to guarantee amounts due on overdrafts of certain other companies in the Group to the extent of any credit balance of the Company held by Lloyds TSB Bank plc At 31 December 2011 the maximum liability under the guarantee amounted to £54,308,190 (2010 £53,496,566)

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**IHC MAY FAIR HOTEL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

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**13 RELATED PARTY TRANSACTIONS**

As the Company was a wholly owned subsidiary of InterContinental Hotels Group PLC at 31 December 2011, the Company has taken advantage of the exemption contained in FRS 8 "Related Party Disclosures" and has therefore not disclosed transactions or balances with entities which form part of the Group, headed by InterContinental Hotels Group PLC

**14 PARENT UNDERTAKING AND CONTROLLING PARTY**

As at 31 December 2011, InterContinental Hotels Group PLC, a company incorporated in Great Britain and registered in England and Wales, was the ultimate parent undertaking of the Company

The largest and smallest group in which the results of the Company are consolidated is that headed by InterContinental Hotels Group PLC Consolidated financial statements of InterContinental Hotels Group PLC are available from the following address

Companies House, Crown Way, Cardiff, CF14 3UZ

The immediate parent and controlling company is IHC May Fair (Holdings) Limited, a company registered in England and Wales