

Registered number 2661055

SIX CONTINENTS OVERSEAS HOLDINGS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

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SIX CONTINENTS OVERSEAS HOLDINGS LIMITED

COMPANY INFORMATION

DIRECTORS	P Edgecliffe-Johnson N Hentrey N P Stocks G Turner R Wheeler
COMPANY SECRETARY	E Percival
REGISTERED NUMBER	2661055
REGISTERED OFFICE	Broadwater Park Denham Buckinghamshire UB9 5HR
AUDITORS	Ernst & Young LLP One Colmore Square Birmingham B4 6HQ
BANKERS	Lloyds TSB Bank plc PO Box 72 Bailey Drive Gillingham Business Park Kent ME8 0LS

SIX CONTINENTS OVERSEAS HOLDINGS LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Statement of directors' responsibilities	3
Independent auditor's report	4
Profit and loss account	5
Statement of total recognised gains and losses	6
Balance sheet	7
Notes to the financial statements	8 - 14

SIX CONTINENTS OVERSEAS HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their report and the financial statements for the year ended 31 December 2012

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

Six Continents Overseas Holdings Limited's (the "Company") principal activity is that of an investment holding company. It is the intention of the directors that the Company will continue operating in this capacity.

The directors view the results as satisfactory, as are 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 the Group.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £14,949,000 (2011: loss £15,030,000).

During the year, the Company received dividends from subsidiary undertakings amounting to £24,464,000 (2011: £nil).

The directors do not propose a dividend for the year ended 31 December 2012 (2011: £nil).

The Company's investments in subsidiary undertakings are stated at directors' valuation, which has resulted in revaluation losses of £15,026,000 (2011: £13,141,000 gain) being recognised in the revaluation reserve during the year.

DIRECTORS

The directors during 2012 and since the year end were as follows:

P Edgecliffe-Johnson
N Henfrey
N P Stocks
G Turner
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 2012, the Group was trading significantly 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.

SIX CONTINENTS OVERSEAS HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

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.

By order of the Board

Signed by


Erika Percival

, Secretary/Director

Date

11 SEP 2013

SIX CONTINENTS OVERSEAS HOLDINGS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2012

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SIX CONTINENTS OVERSEAS HOLDINGS LIMITED

We have audited the financial statements of Six Continents Overseas Holdings Limited for the year ended 31 December 2012, which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 16. 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 2012, 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

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

Date *12 September 2013*

SIX CONTINENTS OVERSEAS HOLDINGS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012**

	<i>Note</i>	<i>2012</i> <i>£000</i>	<i>2011</i> <i>£000</i>
Income from fixed asset investments		24 464	-
Interest receivable	5	10,427	11,088
Interest payable	6	(26,782)	(28,542)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		8,109	(17,454)
Tax on profit/(loss) on ordinary activities	7	6,840	2,424
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	12,13	14,949	(15,030)

All amounts relate to continuing operations

The notes on pages 8 to 14 form part of these financial statements

SIX CONTINENTS OVERSEAS HOLDINGS LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2012**

	<i>Note</i>	<i>2012</i> <i>£000</i>	<i>2011</i> <i>£000</i>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		14,949	(15,030)
Currency translation differences on foreign currency denominated net assets and borrowings	12	(626)	(383)
Revaluation of investments	12	(15,026)	13 141
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR		<u>(703)</u>	<u>(2,272)</u>

The notes on pages 8 to 14 form part of these financial statements

SIX CONTINENTS OVERSEAS HOLDINGS LIMITED
REGISTERED NUMBER: 2661055

BALANCE SHEET
AS AT 31 DECEMBER 2012

	<i>Note</i>	<i>£000</i>	<i>2012</i> <i>£000</i>	<i>2011</i> <i>£000</i>
FIXED ASSETS				
Investments	8		1,953,489	1,972,353
CURRENT ASSETS				
Debtors	9	1,186,818		1,143,670
Cash at bank		756		756
		<u>1,187,574</u>		<u>1,144,426</u>
CREDITORS · amounts falling due within one year	10	<u>(1,220,304)</u>	<u>(1,195,317)</u>	
NET CURRENT LIABILITIES			(32,730)	(50,891)
NET ASSETS			<u>1,920,759</u>	<u>1,921,462</u>
CAPITAL AND RESERVES				
Called up share capital	11		-	-
Share premium account	12		1,318,762	1,318,762
Revaluation reserve	12		622,163	637,189
Profit and loss account	12		<u>(20,166)</u>	<u>(34,489)</u>
SHAREHOLDERS' FUNDS	13		<u>1,920,759</u>	<u>1,921,462</u>

Approved by the Board

Signed by  **Nicolette Henfrey**
Date **11 SEP 2013**

, Director

The notes on pages 8 to 14 form part of these financial statements

SIX CONTINENTS OVERSEAS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed asset investments 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

The financial statements present information about the Company as an individual undertaking and not as a group. The Company is exempt from preparing consolidated financial statements under Section 400 of the Companies Act 2006 as it is a wholly owned subsidiary of InterContinental Hotels Group PLC, incorporated in the UK which prepares consolidated financial statements

1.2 INVESTMENTS AND INVESTMENT INCOME

Fixed asset investments are stated at directors' valuation based on an analysis by currency of the underlying investments. In the directors' opinion this presentation is more appropriate than cost

Dividend income is recognised when the right to receive payment is established

1.3 IMPAIRMENT OF INVESTMENTS

Impairments of revalued fixed assets are recognised first in the statement of total recognised gains and losses, and then in the profit and loss account once any previous revaluation surplus has been utilised

1.4 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING

Derivatives are designated as hedging instruments and are accounted for in line with the nature of the hedging arrangement. Interest arising from currency derivatives is taken to interest receivable or interest payable on a net basis over the term of the agreement

Foreign exchange gains and losses on currency instruments are recognised in interest receivable or interest payable unless they form part of effective hedge relationships

1.5 FOREIGN CURRENCIES AND HEDGING

Transactions in foreign currencies are recorded at the exchange rates ruling on the dates of transactions adjusted for the effects of any hedging arrangements

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the relevant rates of exchange ruling at the balance sheet date

Exchange differences arising on the retranslation of currency denominated fixed asset investments, net of exchange differences arising from the retranslation of foreign currency borrowings used to hedge those investments, are taken directly to reserves provided an effective hedging relationship exists. All other exchange differences are recorded in the profit and loss account

SIX CONTINENTS OVERSEAS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1 ACCOUNTING POLICIES (continued)

1.6 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

1.7 DEFERRED TAXATION

Deferred tax assets and liabilities are recognised, subject to certain exceptions, in respect of all material timing differences between the recognition of gains and losses in the financial statements and for tax purposes. Those timing differences recognised include accelerated capital allowances, unrelieved tax losses and short term timing differences. Timing differences not recognised include those relating to the revaluation of fixed assets in the absence of a commitment to sell the assets, the gain on sale of assets rolled into replacement assets and the distribution of profits from overseas subsidiaries in the absence of any commitment by the subsidiary to make the distribution

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

1.8 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 (2011: £3,000) which has been borne by a fellow Group undertaking in the current and preceding year

SIX CONTINENTS OVERSEAS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

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 (2011: nil).

5. INTEREST RECEIVABLE

	<i>2012</i> <i>£000</i>	<i>2011</i> <i>£000</i>
Interest receivable from Group undertakings	10,427	11,088

6. INTEREST PAYABLE

	<i>2012</i> <i>£000</i>	<i>2011</i> <i>£000</i>
Interest payable to Group undertakings	26,782	28,542

7. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	<i>2012</i> <i>£000</i>	<i>2011</i> <i>£000</i>
ANALYSIS OF TAX CREDIT IN THE YEAR		
UK corporation tax credit on profit/(loss) for the year	(4,007)	(763)
Adjustments in respect of prior periods	(2,833)	(1,661)
TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES	(6,840)	(2,424)

SIX CONTINENTS OVERSEAS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

7 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES (continued)**FACTORS AFFECTING TAX CREDIT FOR THE YEAR**

The tax assessed for the year is lower than (2011 lower than) the effective standard rate of corporation tax in the UK of 24.5% (2011 26.5%) for the year to 31 December 2012. The differences are explained below:

	2012 £000	2011 £000
Profit/(loss) on ordinary activities before tax	8,109	(17,454)
Profit/(loss) on ordinary activities multiplied by effective standard rate of corporation tax in the UK of 24.5% (2011 26.5%)	1,987	(4,625)
EFFECTS OF:		
Adjustment in respect of prior year periods	(2,833)	(1,661)
Non-taxable income	(5,994)	-
Losses not recognised	-	3,862
CURRENT TAX CREDIT FOR THE YEAR	(6,840)	(2,424)

DEFERRED TAXATION

Tax losses with a value of £7.2m (2011 £10.4m) have not been recognised as their use is uncertain or not currently anticipated. These losses would be recognised if there was certainty of their use in the longer term.

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The Chancellor of the Exchequer has proposed a decrease in the rate of UK corporation tax to 20% by 2015. The reduction to 23%, effective from 1 April 2013, was substantively enacted during 2012 and has been reflected in the Company's financial statements. The further 2%pt reduction to 21% for 2014 and 1%pt reduction to 20% for 2015 were substantively enacted during 2013 and, in accordance with accounting standards, will be reflected in the Company's financial statements in respect of the year ended 31 December 2013.

New Controlled Foreign Company legislation will apply to companies with accounting periods commencing on or after 1 January 2013, following enactment of the 2012 Finance Act. As such, to the extent that the Company is impacted by the new legislation, this will be reflected within the tax disclosures commencing with the accounting period ended 31 December 2013.

SIX CONTINENTS OVERSEAS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

8 FIXED ASSET INVESTMENTS

	<i>Investments in subsidiary undertakings</i>
COST OR VALUATION	
At 1 January 2012	1 972,353
Revaluation of investments	(15,026)
Foreign exchange differences	(3,838)
	<hr/>
At 31 December 2012	1,953,489
	<hr/>
NET BOOK VALUE	
At 31 December 2012	1,953,489
	<hr/>
At 31 December 2011	1,972,353
	<hr/>

SUBSIDIARY UNDERTAKINGS

Principal operating subsidiary undertakings

At 31 December 2012, the Company was the beneficial owner of 100% (unless specified) of the ordinary share capital, either itself or through subsidiary undertakings, of the following company

Directly held

Six Continents International Holdings BV (a)

(a) Incorporated in Netherlands

The nature of the business of the above subsidiary undertaking is that of an investment holding company

The Company's investment in overseas subsidiaries is stated at directors' valuation based upon underlying currencies. Exchange differences on the retranslation of foreign currency assets and liabilities are taken to reserves in accordance with the accounting policy.

The undertakings listed above include only those which principally support the carrying value above or are directly held.

9 DEBTORS

	<i>2012 £000</i>	<i>2011 £000</i>
Amounts owed by Group undertakings	1,182 812	1,142 907
Corporation tax	4,006	763
	<hr/>	<hr/>
	1 186,818	1,143,670
	<hr/>	<hr/>

SIX CONTINENTS OVERSEAS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

**10. CREDITORS
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<i>2012</i> <i>£000</i>	<i>2011</i> <i>£000</i>
Amounts owed to Group undertakings	1,220,304	1,195,317

11 SHARE CAPITAL

	<i>2012</i> <i>£</i>	<i>2011</i> <i>£</i>
ALLOTTED, CALLED UP AND FULLY PAID		
100 ordinary shares of £1 each	100	100

12. RECONCILIATION OF MOVEMENT IN RESERVES

	<i>Share premium account £000</i>	<i>Revaluation reserve £000</i>	<i>Profit and loss account £000</i>
At 1 January 2012	1,318,762	637,189	(34 489)
Profit for the year	-	-	14 949
Currency translation differences on foreign currency denominated borrowings	-	-	3 212
Currency translation differences on foreign currency denominated investments	-	-	(3 838)
Revaluation of investments	-	(15,026)	-
At 31 December 2012	1,318,762	622,163	(20,166)

The Company's investment in overseas subsidiary companies is stated at directors' valuation based upon underlying currencies. Exchange differences on the retranslation of foreign currency assets and liabilities are taken to reserves in accordance with the accounting policy.

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<i>2012</i> <i>£000</i>	<i>2011</i> <i>£000</i>
Opening shareholders' funds	1,921,462	1,923 734
Profit/(loss) for the year	14,949	(15,030)
Other recognised gains and losses during the year	(15,652)	12 758
Closing shareholders' funds	1,920,759	1,921 462

SIX CONTINENTS OVERSEAS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

14 RELATED PARTY TRANSACTIONS

As the Company was a wholly owned subsidiary of InterContinental Hotels Group PLC at 31 December 2012, 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

15 OTHER FINANCIAL COMMITMENTS

The Company has entered into a composite guarantee with Lloyds TSB Bank plc to guarantee amounts due on overdrafts of other companies in the Group to the extent of any credit balance of the Company held by Lloyds TSB Bank plc. At 31 December 2012 the maximum liability under the guarantee amounted to £23,801,300 (2011 £54,308,190)

16. PARENT UNDERTAKING AND CONTROLLING PARTY

As at 31 December 2012, InterContinental Hotels Group PLC, a company incorporated in Great Britain and registered in England & 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 Six Continents Limited, a company registered in England and Wales