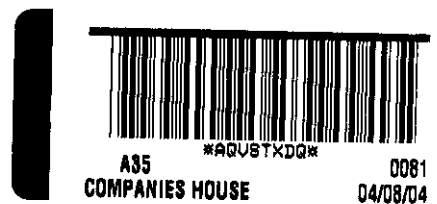


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SC CAR LEASING LIMITED

Report and Financial Statements

31 December 2003



# SC Car Leasing Limited

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Registered No. 3130330

## **DIRECTORS**

A J Sykes  
D J House  
A S McEwan  
N P Stocks  
C Springett  
R T Winter

## **SECRETARY**

C Cox

## **AUDITORS**

Ernst & Young LLP  
One Colmore Row  
Birmingham B3 2DB

## **BANKERS**

Lloyds Bank plc  
PO Box 72  
Bailey Drive  
Gillingham Business Park  
Kent ME8 0LS

## **REGISTERED OFFICE**

67 Alma Road  
Windsor  
Berkshire SL4 3HD

# SC Car Leasing Limited

## DIRECTORS' REPORT

The directors present their report and financial statements for the 15 month period ended 31 December 2003.

### PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the company was the provision of contract hire motor vehicles to its parent company, Six Continents PLC, and its subsidiary undertakings. Following the disposal of the entire fleet of motor vehicles, the directors expect the company's activity to be wound down. The directors view the results for the period as being satisfactory.

### CHANGE OF ACCOUNTING REFERENCE DATE

On 24 July 2003 the Company changed its accounting reference date to 31 December.

### RESULTS AND DIVIDENDS

The profit after taxation for the period ended 31 December 2003 was £21,000 (year ended 30 September 2002 – loss £51,000).

The directors do not recommend the payment of a dividend (year ended 30 September 2002 – £Nil).

### DIRECTORS AND THEIR INTERESTS

The directors at 31 December 2003 and during the period were as follows:

AJ Sykes	
DJ House	
RT Winter	(appointed 16 April 2003)
AS McEwan	(appointed 16 April 2003)
NP Stocks	(appointed 16 April 2003)
C Springett	(appointed 16 April 2003)
DJ Twomlow	(resigned 15 April 2003)

None of the directors had a direct interest in the issued share capital of the Company.

With the exception of the directors detailed below, no other director had any interest in the share capital of InterContinental Hotels Group PLC ("IHG PLC") or any other group undertaking. Please refer to Note 14 for information on the ultimate parent undertaking.

	<i>At 01.10.02 or date of appointment (if later)</i>	<i>At 31.12.03</i>
	<i>InterContinental Hotels Group PLC</i>	<i>InterContinental Hotels Group</i>
	<i>Ordinary shares of £1</i>	<i>PLC Ordinary shares £1</i>
AJ Sykes	34,246*	29,657
DJ House	665*	738
AS McEwan	-	3,869
C Springett	309	620
NP Stocks	-	582
RT Winter	5,561	8,244

\* These share interests were in Six Continents PLC prior to the Separation in April 2003. For every 59 Six Continents PLC shares held on 11 April 2003, shareholders received 50 IHG PLC shares and 50 Mitchells & Butlers plc shares plus 81p in cash per Six Continents PLC share.

# SC Car Leasing Limited

## DIRECTORS' REPORT

The following directors held share options under the IHG PLC Executive and Savings-Related Share Option schemes.

### Executive Share Option Schemes

	<i>Six Continents Options held at 01.10.02 or at date of appointment (if later)</i>	<i>Equivalent value IHG Options rolled over following Separation or at date of appointment (if later)*</i>	<i>Granted during period</i>	<i>Lapsed during the period</i>	<i>Exercised during the period</i>	<i>Options held at 31.12.03</i>	<i>Option prices</i>	<i>Earliest exercisable date</i>
AJ Sykes	812	2,222	-	-	-	2,222	474.86p	Exercisable
	400	683	-	-	-	683	497.96p	Exercisable
	800	1,367	-	-	-	1,367	593.29p	Exercisable
	2,200	3,761	-	-	-	3,761	466.68p	Exercisable
	17,700	30,266	-	-	-	30,266	349.13p	Exercisable
	13,100	22,400	-	-	-	22,400	422.81p	Exercisable
	-	-	18,700**	-	-	31,975	308.48p	Exercisable
	-	-	23,367	-	-	23,367	438.00p	May 2006
DJ House	11,100	18,979	-	-	18,979	-	422.81p	-
	16,400	28,043	-	-	28,043	-	434.22p	-
	-	-	56,920	-	-	56,920	438.00p	May 2006
RT Winter	30,800	52,666	-	-	-	52,666	295.33p	Exercisable
	2,800	4,787	-	-	-	4,787	474.86p	Exercisable
	2,100	3,590	-	-	-	3,590	497.96p	Exercisable
	18,500	31,634	-	-	-	31,634	593.29p	Exercisable
	6,900	11,798	-	-	-	11,798	466.68p	Exercisable
	36,600	62,584	-	-	-	62,584	349.13p	Exercisable
	38,900	66,516	-	-	-	66,516	422.81p	Exercisable
	71,000	121,406	-	-	-	121,406	434.22p	Exercisable
	-	-	181,506	-	-	181,506	438.00p	May 2006
NP Stocks	5,400	9,233	-	-	-	9,233	466.68p	Exercisable
	20,500	35,053	-	-	-	35,053	349.13p	Exercisable
	10,600	18,125	-	-	-	18,125	422.81p	Exercisable
	10,800	18,467	-	-	-	18,467	434.22p	Exercisable
	-	-	50,228	-	-	50,228	438.00p	May 2006
AS McEwan	5,000	8,549	-	-	-	8,549	497.96p	Exercisable
	4,200	7,181	-	-	-	7,181	593.29p	Exercisable
	6,500	11,114	-	-	-	11,114	466.68p	Exercisable
	19,000	32,488	-	-	-	32,488	349.13p	Exercisable
	15,900	27,188	-	-	-	27,188	422.81p	Exercisable
	21,800	37,276	-	-	-	37,276	434.22p	Exercisable
	-	-	67,315	-	-	67,315	438.00p	May 2006
C Springett	-	-	21,689	-	-	21,689	438.00p	May 2006

## DIRECTORS' REPORT

**Executive Share Option Schemes (Cont.)**

\* The number and exercise prices of options over IHG PLC shares exchanged for former options over Six Continents PLC shares were calculated in accordance with a formula based on the closing Six Continents PLC and opening IHG PLC share prices, both averaged over a five day period. All outstanding rolled over options were immediately exercisable and the latest date that any rolled over options may be exercised is October 2012.

\*\* Originally granted an option over 18,700 Six Continents PLC Ordinary shares of 28p which rolled over into 31,975 IHG PLC ordinary shares of £1 each as a consequence of the Separation.

Movements in options granted under the Six Continents Sharesave Option scheme which were exercised over Six Continents Ordinary shares were as follows:

	<i>Six Continents Options held at 01.10.02 or at date of appointment (if later)</i>	<i>Lapsed during the period</i>	<i>Exercised during the period*</i>	<i>Exercise date</i>	<i>Options held at 31.12.03</i>	<i>Option prices</i>	<i>Earliest exercisable date</i>
AJ Sykes	1,229	619	610	03.09.03	-	598.00p	-
	587	399	188	03.09.03	-	626.00p	-
	1,103	920	183	03.09.03	-	600.00p	-
DJ House	119	-	119	10.10.03	-	654.00p	-
	121	10	111	10.10.03	-	640.00p	-
	1,266	1,266	-	10.10.03	-	600.00p	-
RT Winter	2,821	1,251	1,570	03.09.03	-	598.00p	-
NP Stocks	809	-	809	10.10.03	-	598.00p	-
	527	527	-	-	-	734.00p	-

\* On exercise, employees were given the opportunity to exchange their Six Continents PLC shares for IHG PLC shares. The number of shares and the price of the IHG PLC shares were calculated in accordance with a formula based on the closing Six Continents PLC and opening IHG PLC share prices, both averaged over a five-day period. The above table represents entitlement to IHG PLC shares which lapsed on 11 October 2003 under the former Six Continents Sharesave Schemes, due to early termination of individual sharesave contracts, as a consequence of the Separation.

**IHG PLC sharesave plan**

Options under the IHG PLC sharesave plan are as follows;

	<i>IHG PLC Options held at 01.10.02 or date of appointment (if later)</i>	<i>Granted during the period</i>	<i>Exercised during the period</i>	<i>Options held at 31.12.03</i>	<i>Option prices</i>	<i>Earliest exercisable date</i>
RT Winter	-	3,769	-	3,769	420.50p	March 2009
AJ Sykes	-	3,769	-	3,769	420.50p	March 2009

DIRECTORS' REPORT

*Six Continents Employee Profit Share Scheme*

This was a scheme whereby, the parent company's board allocated a percentage of profits before tax to the Profit Share Scheme. These profits were used to purchase ordinary shares, which were then divided among participants in proportion to their earnings. The shares were then held in trust on behalf of participants for a period of three years.

Following Separation, Six Continents PLC shares held by the Profit Share Trust were exchanged for IHG PLC and Mitchells & Butlers plc shares. For every 59 Six Continents PLC shares held on 11 April 2003, shareholders received 50 IHG PLC shares and 50 Mitchells & Butlers plc shares plus 81p in cash per Six Continents PLC share.

Entitlements to directors of the Company under the Profit Share Scheme during the period are as follows:

	<i>Award Date</i>	<i>Six Continents PLC Ordinary shares of 28p each held at 01.10.02 or date of appointment (if later)</i>	<i>Equivalent value IHG PLC Ordinary shares of £1 each on Separation</i>	<i>Ordinary shares held at 31.12.03</i>	<i>Appropriation prices</i>	<i>Release date</i>
RT Winter	26.02.01	1,056	895	895	372.00p	26.02.04
	27.02.02	1,094	927	927	372.00p	27.02.05
AJ Sykes	21.02.00	647	-	-	626.00p	21.02.03
	26.02.01	593	502	502	372.00p	26.02.04
	27.02.02	634	537	537	372.00p	27.02.05
DJ House	26.02.00	255	-	-	626.00p	21.02.03
	26.02.01	256	216	216	372.00p	26.02.04

The shares subject to the award dated 21 February 2000 were released to both AJ Sykes and DJ House on 21 February 2003.

*Performance Restricted Share Plan (PRSP)*

During the period, share awards made in respect of the Performance Restricted Share Plan cycles ending on 31 December 2004 and 31 December 2005 and the maximum pre-tax ordinary shares due if performance targets achieved in full were as follows:

	<i>Maximum entitlement to awards held over IHG PLC Ordinary shares of £1 each at 01.10.02 (or date of appointment if later)</i>	<i>Awarded during the period IHG PLC Ordinary shares*</i>	<i>Exercised during the period IHG PLC Ordinary shares</i>	<i>Maximum potential entitlement to awards at 31.12.03 IHG PLC Ordinary shares*</i>
RT Winter	-	208,420	-	208,420
NP Stocks	-	61,780	-	61,780
AS McEwan	-	82,810	-	82,810
DJ House	-	70,020	-	70,020

\*A full description of the Performance Restricted Share Plan can be found on pages 20, 21, 25 and 26 of InterContinental Hotels Group PLC's Annual Report and Financial Statements 2003.

DIRECTORS' REPORT

***Short Term Deferred Incentive Plan***

Under the Short Term Deferred Incentive Plan IHG PLC Ordinary shares of £1 were released to the following directors on 13 December 2003:

AS McEwan – 6,567 shares

DJ House – 5,501 shares

**AUDITORS**

Ernst & Young LLP continue as auditors under the terms of an Elective Resolution of the Company passed pursuant to Section 386 of the Companies Act 1985 dispensing with the requirement to appoint auditors annually.

By order of the Board



Secretary

27 July 2004

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE  
FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year which 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 those 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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 AUDITORS' REPORT TO THE MEMBERS OF SC CAR LEASING LIMITED**

We have audited the Company's financial statements for the period ended 31 December 2003 which comprise the Profit and loss account, Balance sheet and related notes 1 to 14. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 the auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities the Company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 31 December 2003 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

*Ernst & Young LLP*

Ernst & Young LLP  
Registered Auditor  
Birmingham  
27 July 2004

# SC Car Leasing Limited

## PROFIT AND LOSS ACCOUNT

For the period ended 31 December 2003

		<i>15 months ended 31 December 2003</i>	<i>Year ended 30 September 2002</i>
	<i>Notes</i>	<i>£000</i>	<i>£000</i>
TURNOVER – discontinued operations		-	131
Costs and overheads	3	1	(28)
<b>OPERATING PROFIT</b> - discontinued operations		1	103
Profit / (loss) on disposal of fixed assets – discontinued operations		28	(50)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		29	53
Tax on profit on ordinary activities	6	(8)	(104)
<b>RETAINED PROFIT / (LOSS) FOR FINANCIAL PERIOD</b>		21	(51)

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains and losses other than the profit attributable to the shareholders of the Company of £21,000 for the period ended 31 December 2003 (year ended 30 September 2002 – loss £51,000).

# SC Car Leasing Limited

## BALANCE SHEET

As at 31 December 2003

		31 December 2003	30 September 2002
	Notes	£000	£000
<b>FIXED ASSETS</b>			
Tangible assets	7	-	45
<b>CURRENT ASSETS</b>			
Debtors	8	22,423	22,417
Cash at bank and in hand		428	390
		22,851	22,807
<b>CREDITORS: amounts falling due within one year</b>	9	(9,313)	(9,334)
<b>NET CURRENT ASSETS</b>		13,538	13,473
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		13,538	13,518
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
Deferred taxation	10	-	(1)
<b>NET ASSETS</b>		13,538	13,517
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	13,000	13,000
Profit and loss account	12	538	517
<b>EQUITY SHAREHOLDERS' FUNDS</b>	12	13,538	13,517

Approved by the board on  
and signed on its behalf by

*Ann Sutt*

Director

27 July 2004

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2003

1. ACCOUNTING POLICIES

***Basis of Preparation***

The financial statements are prepared under the historical cost convention. They have been drawn up to comply with applicable accounting standards.

***Fixed Assets***

Fixed assets are stated at cost less depreciation.

***Depreciation***

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life as follows:

Motor vehicles                      - over 2 to 4 years

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

***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 benefits arising from group relief are recognised in the financial statements of both the surrendering and recipient companies, being paid at a rate of 30% of the losses surrendered.

***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.

***Statement of cash flows***

Under the provisions of Financial Reporting Standard 1 (Revised), 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.

# SC Car Leasing Limited

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## NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2003

### 2. TURNOVER

Turnover, which is stated net of value added tax, represents the amounts charged to other group companies for the provision of lease vehicles.

Turnover is wholly attributable to one activity, the business of providing lease cars in the United Kingdom.

### 3. OPERATING PROFIT

This is stated after:

	<i>15 months ended 31 December 2003 £000</i>	<i>Year ended 30 September 2002 £000</i>
Depreciation of tangible fixed assets	11	28
Other external credits	(12)	-
	<u>(1)</u>	<u>28</u>

Auditors' remuneration has been borne by a fellow group undertaking in the current and preceding year.

### 4. DIRECTORS' EMOLUMENTS

The directors received no remuneration in respect of their services to the Company (2002: £nil).

### 5. STAFF COSTS

The Company did not employ any persons during the period (year ended 30 September 2002 – nil).

# SC Car Leasing Limited

## NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2003

### 6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<i>15 months ended 31 December 2003</i>	<i>Year ended 30 September 2002</i>
	<i>£000</i>	<i>£000</i>
<b>(a) Analysis of tax charge for the period</b>		
UK corporation tax at 30 % (30 September 2002 – 30%)		
Current period	9	1
Prior year	-	67
Total current tax (note 6b)	9	68
Deferred taxation		
Origination and reversal of timing differences	(1)	15
Prior years	-	21
Total Deferred Tax	(1)	36
Tax on profit on ordinary activities	8	104
<b>(b) Factors affecting current tax charge for the period</b>		
	<i>15 months ended 31 December 2003</i>	<i>Year ended 30 September 2002</i>
	<i>£000</i>	<i>£000</i>
Profit on ordinary activities before tax	29	53
	%	%
UK corporation tax standard rate	30.0	30.0
Capital allowances in excess of depreciation	-	(57.2)
Adjustment to tax charge in respect of prior period	-	126.4
Other	-	29.1
	30.0	128.3

# SC Car Leasing Limited

## NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2003

### 7. TANGIBLE FIXED ASSETS

	<i>Motor vehicles £000</i>
Cost	
At 30 September 2002	87
Disposals	(87)
At 31 December 2003	-
Depreciation	
At 30 September 2002	42
Charge for period	11
On disposals	(53)
At 31 December 2003	-
Net book value	
At 31 December 2003	-
At 30 September 2002	45

### 8. DEBTORS

	<i>31 December 2003 £000</i>	<i>30 September 2002 £000</i>
Trade debtors	-	1
Amount owed by other group undertakings	22,423	22,416
	<u>22,423</u>	<u>22,417</u>

### 9. CREDITORS: amounts falling due within one year

	<i>31 December 2003 £000</i>	<i>30 September 2002 £000</i>
Corporation tax	10	1
Amounts owed to other group undertakings	9,300	9,316
Other taxation and social security	3	5
Accruals and deferred income	-	12
	<u>9,313</u>	<u>9,334</u>

# SC Car Leasing Limited

## NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2003

### 10. DEFERRED TAXATION

	£000
At 30 September 2002	1
Profit and loss account	(1)
At 31 December 2003	-

	31 December 2003 £000	30 September 2002 £000
Analysed as tax on timing differences related to:		
Accelerated capital allowances	-	1

### 11. SHARE CAPITAL

	31 December 2003 £000	30 September 2002 £000
Authorised:		
20,000,000 ordinary shares of £1 each	20,000	20,000
Allotted, called up and fully paid:		
13,000,002 ordinary shares of £1 each	13,000	13,000

### 12. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital £000	Profit and loss account £000	Total shareholders' funds £000
At 30 September 2001	13,000	568	13,568
Loss for the year	-	(51)	(51)
At 30 September 2002	13,000	517	13,517
Profit for the period	-	21	21
At 31 December 2003	13,000	538	13,538



NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2003

**13. RELATED PARTY TRANSACTIONS**

As the Company was a wholly owned subsidiary of InterContinental Hotels Group PLC at 31 December 2003, the Company has taken advantage of the exemption contained in Financial Reporting Standard No 8 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**

Prior to 15 April 2003, the largest group in which the results of the Company were consolidated was that headed by Six Continents PLC. On 15 April 2003, Six Continents PLC separated into two new groups, InterContinental Hotels Group PLC and Mitchells & Butlers plc. InterContinental Hotels Group PLC, a company incorporated in Great Britain and registered in England and Wales is the ultimate parent undertaking and controlling party of SC Car Leasing Limited.

The largest group in which the results of the Company are consolidated is that headed by InterContinental Hotels Group PLC. The smallest group in which the results of the Company are consolidated is that headed by Six Continents PLC, a company registered in England and Wales.

Consolidated financial statements of InterContinental Hotels Group PLC and Six Continents PLC are available to the public and maybe obtained from Companies House, Crown Way, Cardiff CF4 3UZ.

The immediate parent company is Six Continents PLC.