

Registered number: 3130330

**INTERCONTINENTAL HOTELS GROUP (MANAGEMENT SERVICES)
LIMITED**

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

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INTERCONTINENTAL HOTELS GROUP (MANAGEMENT SERVICES) LIMITED

COMPANY INFORMATION

DIRECTORS

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

SECRETARY

D Hiram

COMPANY NUMBER

3130330

REGISTERED OFFICE

67 Alma Road
Windsor
Berkshire SL4 3HD

AUDITORS

Ernst & Young LLP
Registered Auditor
400 Capability Green
Luton
LU1 3LU

BANKERS

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

INTERCONTINENTAL HOTELS GROUP (MANAGEMENT SERVICES) LIMITED

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INTERCONTINENTAL HOTELS GROUP (MANAGEMENT SERVICES) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

The directors present their report and the financial statements for the year ended 31 December 2007

PRINCIPAL ACTIVITIES

The Company's principal activity is the operation of hotels under management contracts. It is the intention of the directors that the Company will continue operating in this capacity.

BUSINESS REVIEW

	2007	2006
	£000	£000
Turnover - continuing operations	30,708	28,118
Operating profit	5,569	(75)
Profit after tax	5,492	921
Shareholders' funds	26,585	21,093

The Company's key financial performance indicators during the year are shown above.

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

The principal risks and uncertainties faced by the company include the termination of management contracts.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £5,492,000 (2006 - £921,000).

The directors do not propose a dividend for the year (year ended 31 December 2006 - £nil).

FUTURE DEVELOPMENTS

The directors plan to continue with the Company's core business for the foreseeable future.

Subsequent to the year end, on 30 April 2008, the board of directors approved the disposal of the Company's investment in Holiday Inn (Birmingham Airport). The sale proceeds were set at an amount of £5,655,000 and as such the Company made neither a gain nor a loss from the sale.

INTERCONTINENTAL HOTELS GROUP (MANAGEMENT SERVICES) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

DIRECTORS AND THEIR INTERESTS

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

D J House	(resigned 31 August 2007)
A S McEwan	
C Springett	
N P Stocks	
A J Sykes	
R Wheeler	
R T Winter	

At 31 December 2007 none of the directors had beneficial interests in the shares of any InterContinental Hotels Group company, other than InterContinental Hotels Group PLC ("IHG PLC")

EMPLOYMENT POLICIES

The employment policies of the Company embody the principles of equal opportunity and are tailored to meet the needs of the Company and the areas in which it operates. This includes suitable procedures to support the Company's policy that individuals should not be discriminated against on the basis of race, disability, age, gender, sexuality or religion and that they should be considered for employment and subsequent training, career development and promotion on the basis of their aptitudes and abilities.

The Company recognises the value of employee involvement in effective communications and the need for their contribution to decision making on matters affecting their jobs. To achieve employee involvement at the most relevant level, the Company has its own framework for consultation and information, having regard to the mix and location of its employee population. Management and employees have a joint responsibility for maintaining a regular dialogue on matters of local significance and on those issues that affect them. It is the Company's policy to communicate information on corporate issues, including financial information, at least twice a year via the management of the Company and through employee reports and periodic newsletters.

CREDITOR PAYMENT POLICY

It is the Company's policy to adhere to the payment terms agreed with the supplier. Payments are contingent on the supplier providing goods or services to the required standard. The Company co-ordinates its purchasing with certain other group undertakings. Collectively these undertakings have creditor days outstanding of 20 (year ended 31 December 2006 - 16) at the year end.

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 Sections 309A-B of the Companies Act 1985. This is a qualifying third-party indemnity provision for the purposes of the Companies Act 2006 and is currently in force. A copy of this indemnity provision is available for inspection by the members of the Company at the Company's registered office at 67 Alma Road, Windsor, Berkshire SL4 3HD.

ELECTIVE RESOLUTIONS

The Company has passed Elective Resolutions to dispense with the laying of the Accounts before the Company in General Meeting, the appointment of auditors annually and the holding of Annual General Meetings, pursuant to sections 252, 386 and 366A of the Companies Act.

INTERCONTINENTAL HOTELS GROUP (MANAGEMENT SERVICES) LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2007**

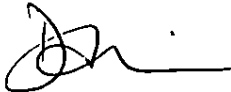
PROVISION OF INFORMATION TO AUDITORS

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all steps that he or she is obliged to take as a director in order to make him or herself aware of any relevant information and to establish that the auditor is aware of that information.

AUDITORS

Ernst & Young LLP will continue as the Company's auditor in accordance with the elective resolution passed by the Company under section 386 of the Companies Act 1985.

By order of the Board



Secretary

Date 30 JULY 2008

INTERCONTINENTAL HOTELS GROUP (MANAGEMENT SERVICES) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2007

The directors are responsible for preparing the Annual 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). The financial statements are required by law to 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 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, and
- 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 that 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 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.

INTERCONTINENTAL HOTELS GROUP (MANAGEMENT SERVICES) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INTERCONTINENTAL HOTELS GROUP (MANAGEMENT SERVICES) LIMITED

We have audited the financial statements of InterContinental Hotels Group (Management Services) Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 21. These financial statements have been prepared in accordance with 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 an 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

The Directors' Responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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 judgments 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.

INTERCONTINENTAL HOTELS GROUP (MANAGEMENT SERVICES) LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INTERCONTINENTAL HOTELS GROUP
(MANAGEMENT SERVICES) LIMITED**

OPINION

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

Ernst & Young LLP

ERNST & YOUNG LLP
Registered Auditor
Luton

Date *7 August 2008*

INTERCONTINENTAL HOTELS GROUP (MANAGEMENT SERVICES) LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2007**

	<i>Note</i>	<i>2007 £000</i>	<i>2006 £000</i>
TURNOVER	1,2	30,708	28,118
Other operating charges		(25,139)	(28,193)
OPERATING PROFIT/(LOSS)	3	5,569	(75)
Income from fixed asset investments		1,450	-
Interest receivable and similar income	6	1,038	1,455
Interest payable and similar charges	7	(397)	(506)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		7,660	874
Tax on profit on ordinary activities	8	(2,168)	47
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	18	5,492	921

All amounts relate to continuing operations

There were no recognised gains and losses for 2007 or 2006 other than those included in the profit and loss account

The notes on pages 9 to 20 form part of these financial statements

INTERCONTINENTAL HOTELS GROUP (MANAGEMENT SERVICES) LIMITED

**BALANCE SHEET
AS AT 31 DECEMBER 2007**

	<i>Note</i>	<i>£000</i>	<i>2007 £000</i>	<i>2006 £000</i>
FIXED ASSETS				
Intangible fixed assets	9		3,046	3,280
Tangible fixed assets	10		-	23
Fixed asset investments	11		5,655	6,757
			<u>8,701</u>	<u>10,060</u>
CURRENT ASSETS				
Stocks	12	7		7
Debtors Amounts falling due after more than one year	13	6		51
Debtors Amounts falling due within one year	13	35,733		33,853
Cash at bank		2,755		2,415
		<u>38,501</u>		<u>36,326</u>
CREDITORS: Amounts falling due within one year	15	<u>(17,329)</u>		<u>(20,959)</u>
NET CURRENT ASSETS			<u>21,172</u>	<u>15,367</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>29,873</u>	<u>25,427</u>
PROVISIONS FOR LIABILITIES				
Other provisions	16		<u>(3,288)</u>	<u>(4,334)</u>
NET ASSETS			<u>26,585</u>	<u>21,093</u>
CAPITAL AND RESERVES				
Called up share capital	17		13,000	13,000
Profit and loss account	18		13,585	8,093
SHAREHOLDERS' FUNDS			<u>26,585</u>	<u>21,093</u>

Signed on behalf of the Board



Director

Date 30 JULY 2008

The notes on pages 9 to 20 form part of these financial statements

INTERCONTINENTAL HOTELS GROUP (MANAGEMENT SERVICES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

In accordance with section 228 of the Companies Act 1985 the Company has not prepared consolidated financial statements as the Company is a subsidiary of a larger group preparing consolidated financial statements in the EU. These financial statements therefore present information about the Company and not the Group.

1.2 INTANGIBLE FIXED ASSETS AND AMORTISATION

When assets are sold and a purchaser enters into a management contract with the Company, the Company capitalises as part of the gain or loss on disposal an estimate of the fair value of the contract entered into. This value is amortised over the life of the contract which ranges from 3 to 18 years.

1.3 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation.

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

Furniture and Equipment	-	between 3 and 10 years
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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.

1.4 INVESTMENTS

Investments in subsidiaries are valued at cost less provision for impairment.

1.5 STOCKS

Stocks are valued at the lower of cost and net realisable value.

1.6 TRADE DEBTORS

Trade debtors are recognised and carried at original amount earned less an allowance for any doubtful accounts. An allowance for doubtful accounts is made when collection of the full amount is no longer probable.

INTERCONTINENTAL HOTELS GROUP (MANAGEMENT SERVICES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

1. ACCOUNTING POLICIES (continued)

1.7 REVENUE RECOGNITION

Revenue represents sales (excluding VAT and similar taxes) of goods and services, net of discounts, provided in the normal course of business, and is recognised when services have been rendered

The revenue is primarily derived from management and incentive fees, and hotel health club operations. Management fees include a base fee, which is generally a percentage of hotel revenue, and an incentive fee, which is generally based on the hotels' profitability or cash flows. Revenue is recognised when earned and realised or realisable under the terms of the contract. Hotel health club revenue is recognised over the period of the membership.

1.8 FOREIGN CURRENCIES

Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates as of the date of each transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

1.9 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.

1.10 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 and the gain on sale of assets rolled into replacement assets.

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.

INTERCONTINENTAL HOTELS GROUP (MANAGEMENT SERVICES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

1. ACCOUNTING POLICIES (continued)

1.11 PENSIONS

The company is a member of a group defined benefit scheme. This is a multi-employer scheme that in the Company is accounted for as a defined contribution scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Further information is given in note 19.

1.12 USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

1.13 CASH FLOW

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.

2. TURNOVER

The whole of the turnover is attributable to the principal activity of the Company and all arose from the United Kingdom.

INTERCONTINENTAL HOTELS GROUP (MANAGEMENT SERVICES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

3. OPERATING PROFIT/(LOSS)

The operating profit is stated after charging / (crediting)

	2007 £000	2006 £000
Amortisation - intangible fixed assets	234	269
Depreciation of tangible fixed assets		
- owned by the company	3	5
Raw materials and consumables	66	52
Property rentals	157	302
Profit on disposal of tangible fixed assets	-	(5)
Loss on disposal of intangible fixed assets	-	121
Provision against fixed asset investments	(1,102)	(147)

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

4. STAFF COSTS

Staff costs were as follows

	2007 £000	2006 £000
Wages and salaries	302	357
Social security costs	13	14
Other pension costs	-	9
	<u>315</u>	<u>380</u>

The average number of full time equivalent employees during the year was as follows

	2007 No	2006 No
Hotel operations	<u>13</u>	<u>16</u>

5. DIRECTORS' REMUNERATION

The directors are directors of other undertakings within the InterContinental Hotels Group. The directors' remuneration for the year, including share-based payment charges, was paid by other undertakings. The directors do not believe that it is practical to apportion this amount between their services as directors of the Company and their services as directors of the fellow subsidiary undertakings.

INTERCONTINENTAL HOTELS GROUP (MANAGEMENT SERVICES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	<i>2007</i> <i>£000</i>	<i>2006</i> <i>£000</i>
Interest receivable from fellow subsidiary undertakings	1,022	1,455
Other interest receivable	16	-
	<u>1,038</u>	<u>1,455</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	<i>2007</i> <i>£000</i>	<i>2006</i> <i>£000</i>
Sundry interest payable	-	1
Interest payable to fellow subsidiary undertakings	397	505
	<u>397</u>	<u>506</u>

8. TAXATION

	<i>2007</i> <i>£000</i>	<i>2006</i> <i>£000</i>
ANALYSIS OF TAX CHARGE IN THE YEAR		
CURRENT TAX (see note below)		
UK corporation tax charge on profit for the year	2,242	448
Adjustments in respect of prior periods	(119)	(209)
TOTAL CURRENT TAX	<u>2,123</u>	<u>239</u>
DEFERRED TAX		
Origination and reversal of timing differences	23	(72)
Adjustment in respect of prior years	22	(214)
TOTAL DEFERRED TAX (see note 14)	<u>45</u>	<u>(286)</u>
TAX ON PROFIT ON ORDINARY ACTIVITIES	<u>2,168</u>	<u>(47)</u>

INTERCONTINENTAL HOTELS GROUP (MANAGEMENT SERVICES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

8. TAXATION (continued)**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is lower than (2006 - lower than) the standard rate of corporation tax in the UK (30%). The differences are explained below

	2007 £000	2006 £000
Profit on ordinary activities before tax	7,660	874
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 - 30%)	2,298	262
EFFECTS OF:		
Expenses not deductible for tax purposes	-	3
Capital allowances for year in excess of depreciation	(2)	(1)
Movements in other timing differences	(21)	26
Prior year adjustments	(119)	(209)
Amortisation of management contracts	71	118
Provision against fixed asset impairment	331	43
Other	-	(1)
Profit on disposal of assets	-	(2)
Non taxable income	(435)	-
CURRENT TAX CHARGE FOR THE YEAR (see note above)	2,123	239

INTERCONTINENTAL HOTELS GROUP (MANAGEMENT SERVICES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

9. INTANGIBLE FIXED ASSETS

	<i>Management Contracts £000</i>
COST	
At 1 January 2007 and 31 December 2007	3,711
AMORTISATION	
At 1 January 2007	431
Charge for the year	234
At 31 December 2007	665
NET BOOK VALUE	
At 31 December 2007	3,046
At 31 December 2006	3,280

10. TANGIBLE FIXED ASSETS

	<i>Furniture and Equipment £000</i>
COST	
At 1 January 2007	27
Transfers intra group	(27)
At 31 December 2007	-
DEPRECIATION	
At 1 January 2007	4
Charge for the year	3
Transfers intra group	(7)
At 31 December 2007	-
NET BOOK VALUE	
At 31 December 2007	-
At 31 December 2006	23

INTERCONTINENTAL HOTELS GROUP (MANAGEMENT SERVICES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

11. FIXED ASSET INVESTMENTS

	<i>Shares in group undertakings £000</i>
COST	
At 1 January 2007 and 31 December 2007	6,904
IMPAIRMENT	
At 1 January 2007	147
Charge for the year	1,102
At 31 December 2007	1,249
NET BOOK VALUE	
At 31 December 2007	5,655
At 31 December 2006	6,757

Principal company investments

The Company has investments in the following subsidiary undertakings

	<i>Country of registration</i>	<i>Principal activity</i>	<i>Percentage of ordinary shares held and voting rights</i>
<i>Direct holdings</i>			
Holiday Inn (Birmingham Airport)	United Kingdom	Non trading company	100%

In the opinion of the directors, the value of the investments in subsidiary undertakings is not less than stated in the financial statements

Subsequent to the year end, on 30 April 2008, the board of directors approved the disposal of the Company's investment in Holiday Inn (Birmingham Airport). The sale proceeds was set at an amount of £5,655,000 and as such the Company made neither a gain nor a loss

12. STOCKS

	<i>2007 £000</i>	<i>2006 £000</i>
Consumable stores	7	7

The difference between purchase price or production cost of stocks and their replacement cost is not material

INTERCONTINENTAL HOTELS GROUP (MANAGEMENT SERVICES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

13. DEBTORS

	<i>2007 £000</i>	<i>2006 Restated £000</i>
DUE AFTER MORE THAN ONE YEAR		
Deferred tax asset (see note 14)	6	51
	<hr/>	<hr/>
	<i>2007 £000</i>	<i>2006 Restated £000</i>
DUE WITHIN ONE YEAR		
Trade debtors	10,878	7,747
Amounts owed by other group undertakings	21,508	22,214
Other debtors	2,321	2,410
Prepayments and accrued income	1,026	1,482
	<hr/>	<hr/>
	35,733	33,853
	<hr/>	<hr/>

An intercompany loan has been restated from debtors due after more than one year to due within one year to reflect the terms of the loan agreements in place

14. DEFERRED TAX ASSET

	<i>2007 £000</i>	<i>2006 £000</i>
At 1 January	51	(235)
(Charge for)/released during the year	(45)	286
	<hr/>	<hr/>
At 31 December	6	51
	<hr/>	<hr/>

The deferred tax asset is made up as follows

	<i>2007 £000</i>	<i>2006 £000</i>
Capital allowances in excess of depreciation	6	5
Other timing differences	-	46
	<hr/>	<hr/>
	6	51
	<hr/>	<hr/>

The deferred tax asset relates to timing differences on fixed assets and is recognised on the basis of an expectation of sufficient future profits within the Group against which the future reversal of the timing difference may be deducted

INTERCONTINENTAL HOTELS GROUP (MANAGEMENT SERVICES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

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

	<i>2007</i>	<i>2006</i>
	<i>£000</i>	<i>£000</i>
Trade creditors	121	22
Amounts owed to other group undertakings	9,297	17,526
Corporation tax	2,242	448
Social security and other taxes	1,874	1,494
Other creditors	35	21
Accruals and deferred income	3,760	1,448
	<u>17,329</u>	<u>20,959</u>

16. PROVISIONS

	<i>2007</i>	<i>2006</i>
	<i>£000</i>	<i>£000</i>
At 1 January	4,334	1,885
Profit and loss account	-	237
Expenditure	(1,046)	(237)
Transfer from other group undertaking	-	2,449
	<u>3,288</u>	<u>4,334</u>

The provisions relate to guarantee commitments and property exit costs

INTERCONTINENTAL HOTELS GROUP (MANAGEMENT SERVICES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

17 SHARE CAPITAL

	<i>2007</i> <i>£000</i>	<i>2006</i> <i>£000</i>
AUTHORISED		
20,000,000 ordinary shares of £1 each	20,000	20,000
	<u> </u>	<u> </u>
ALLOTTED, CALLED UP AND FULLY PAID		
13,000,002 ordinary shares of £1 each	13,000	13,000
	<u> </u>	<u> </u>

18. RECONCILIATION OF MOVEMENTS IN RESERVES

	<i>Profit and loss</i> <i>account</i> <i>£000</i>
At 1 January 2007	8,093
Profit for the year	5,492
	<u> </u>
At 31 December 2007	13,585
	<u> </u>

19. PENSION COMMITMENTS

Pension benefits are provided by a Group defined benefit pension scheme, the InterContinental Hotels UK Pension Plan

Contributions to this scheme are charged to the profit and loss account as they are incurred, based upon pension costs across the Group as a whole. Total annual contributions to the scheme are based on independent actuarial advice, and are gauged to the future pension liabilities (including projected increases in earnings and pensions) in respect of the service up to the balance sheet date.

All actuarial variances and differences in amounts funded are accounted for in the accounts of a parent undertaking, Six Continents Limited. It is not possible to identify the Company's share of the underlying assets and liabilities of the pension scheme. The surplus in the group scheme as at 31 December 2007, calculated in accordance with the requirements of FRS 17, is £7,000,000 (31 December 2006 - deficit of £29,300,000).

Detailed disclosures relating to the Group's pension scheme are included in the accounts of InterContinental Hotels Group PLC.

20. RELATED PARTY TRANSACTIONS

As the Company was a wholly owned subsidiary of InterContinental Hotels Group PLC at 31 December 2007, 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.

INTERCONTINENTAL HOTELS GROUP (MANAGEMENT SERVICES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

21. PARENT UNDERTAKING AND CONTROLLING PARTY

As at 31 December 2007, InterContinental Hotels Group PLC, a company incorporated in Great Britain and registered in England and Wales, was the ultimate parent undertaking of InterContinental Hotels Group (Management Services) Limited

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