

Registered number: 4508364

SCIH BRANSTON 2

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

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SCIH BRANSTON 2

COMPANY INFORMATION

DIRECTORS

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

SECRETARY

D Hiran

COMPANY NUMBER

4508364

REGISTERED OFFICE

67 Alma Road
Windsor
Berkshire
SL4 3HD

AUDITORS

Ernst & Young LLP
400 Capability Green
Luton LU1 3LU

BANKERS

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

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SCIH BRANSTON 2

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 ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the Company is that of a financing company to other group companies. The company is unlimited.

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.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £396,000 (2006 - £1,125,000).

The directors do not propose a dividend for the year (2006 - £18,000,000).

FUTURE DEVELOPMENTS

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

DIRECTORS AND THEIR INTERESTS

The directors at 31 December 2007 and who served during the year were

A S McEwan
C Springett
N P Stocks
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").

THIRD PARTY INDEMNITIES

A qualifying third party 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.

DISCLOSURE 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.

SCIH BRANSTON 2

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

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

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

By order of the Board



Secretary

Date: 30 JULY 2008

**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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 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.

SCIH BRANSTON 2

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SCIH BRANSTON 2

We have audited the financial statements of SCIH Branston 2 for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet and related notes 1 to 14. 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.

SCIH BRANSTON 2

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SCIH BRANSTON 2

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*

SCIH BRANSTON 2

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

	<i>Note</i>	<i>2007 £000</i>	<i>2006 £000</i>
Interest receivable	5	566	1,609
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		566	1,609
Tax on profit on ordinary activities	6	(170)	(484)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	10	396	1,125

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 8 to 11 form part of these financial statements

SCIH BRANSTON 2

**BALANCE SHEET
AS AT 31 DECEMBER 2007**

	<i>Note</i>	<i>£000</i>	<i>2007 £000</i>	<i>£000</i>	<i>2006 £000</i>
CURRENT ASSETS					
Debtors	7	9,880		9,314	
Cash at bank		330		330	
		<u>10,210</u>		<u>9,644</u>	
CREDITORS: amounts falling due within one year	8	<u>(653)</u>		<u>(483)</u>	
NET CURRENT ASSETS			<u>9,557</u>		<u>9,161</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u><u>9,557</u></u>		<u><u>9,161</u></u>
CAPITAL AND RESERVES					
Called up share capital	9		10		10
Share premium account	10		4,917		4,917
Profit and loss account	10		<u>4,630</u>		<u>4,234</u>
SHAREHOLDERS' FUNDS			<u><u>9,557</u></u>		<u><u>9,161</u></u>

Signed on behalf of the Board *on 30 JULY 2008*

Amie S. ett
Director

The notes on pages 8 to 11 form part of these financial statements

**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 have been prepared under the historical cost convention and in accordance with applicable accounting standards

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 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

1.3 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

1.4 CASH FLOW

Under the provisions of 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. AUDITORS' REMUNERATION

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

3. DIRECTORS' REMUNERATION

The directors are directors of other undertakings within the InterContinental Hotels Group. The directors' remuneration, including share based payment charges, for the year 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

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

4. STAFF COSTS

The Company did not employ any persons during the year (2006 - NIL)

5. INTEREST RECEIVABLE

	2007 £000	2006 £000
Interest receivable from group companies	566	1,609

6. TAXATION

	2007 £000	2006 £000
ANALYSIS OF TAX CHARGE IN THE YEAR		
UK corporation tax charge on profit for the year	170	483
Adjustments in respect of prior periods	-	1
TAX ON PROFIT ON ORDINARY ACTIVITIES	170	484

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is the same as (2006 - higher 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	566	1,609
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 - 30%)	170	483
EFFECTS OF.		
Adjustments to tax charge in respect of prior periods	-	1
CURRENT TAX CHARGE FOR THE YEAR (see note above)	170	484

7. DEBTORS

	2007 £000	2006 £000
Amounts owed by group undertakings	9,880	9,314

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

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

	2007 £000	2006 £000
Amounts owed to group undertakings	483	-
Corporation tax	170	483
	<u>653</u>	<u>483</u>

9. SHARE CAPITAL

	2007 £000	2006 £000
AUTHORISED		
250,000 Ordinary shares of £1 each	<u>250</u>	<u>250</u>
ALLOTTED, CALLED UP AND FULLY PAID		
10,002 Ordinary shares of £1 each	<u>10</u>	<u>10</u>

10. RESERVES

	Share premium account £000	Profit and loss account £000
At 1 January 2007	4,917	4,234
Profit for the year		396
At 31 December 2007	<u>4,917</u>	<u>4,630</u>

11. DIVIDENDS

	2007 £000	2006 £000
Dividends paid on ordinary shares of £1,800 per share	<u>-</u>	<u>18,000</u>

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 headed by InterContinental Hotels Group PLC to the extent of any credit balance of the Company held by Lloyds TSB Bank Plc. At 31 December 2007 the maximum liability under the guarantee amounted to £41,393,659 (2006 £55,791,227)

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

13. 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 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. ULTIMATE 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 and controlling entity of SCIH Branston 2

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 company is Six Continents International Holdings B V , a company registered in The Netherlands