

SCIH BRANSTON 2

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011



SCIH BRANSTON 2

COMPANY INFORMATION

DIRECTORS	P Edgecliffe-Johnson N Henfrey N P Stocks R Wheeler
COMPANY SECRETARY	E Lam
COMPANY NUMBER	4508364
REGISTERED OFFICE	Broadwater Park Denham Buckinghamshire UB9 5HR
AUDITOR	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

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SCIH BRANSTON 2

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

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

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

SCIH Branston 2's (the "Company") principal activity is that of a financing company. It is the intention of the directors that the Company will continue operating in this capacity. The Company is unlimited.

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

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

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £26,000 (2010: £1,000). The increase in profit after taxation is explained by interest earned on a loan made by the Company to a fellow Group undertaking during the year.

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

DIRECTORS

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

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

GOING CONCERN

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

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

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

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

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

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

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that

- so far as he or she is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- he or she has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

AUDITORS

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with Section 485 of the Companies Act 2006.

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

By order of the Board



Esther Lam

Signed by,

, Secretary/~~Director~~

Date

10 AUG 2012

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

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 SCIH BRANSTON 2

We have audited the financial statements of SCIH Branston 2 for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

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

Date **14 August 2012**

SCIH BRANSTON 2

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

	<i>Note</i>	<i>2011 £000</i>	<i>2010 £000</i>
Interest receivable	5	35	2
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		35	2
Tax on profit on ordinary activities	6	(9)	(1)
		<hr/>	<hr/>
PROFIT FOR THE FINANCIAL YEAR	10,11	26	1
		<hr/> <hr/>	<hr/> <hr/>

All amounts relate to continuing operations

There were no recognised gains and losses for 2011 or 2010 other than those included in the Profit and Loss account

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

SCIH BRANSTON 2
REGISTERED NUMBER 4508364

BALANCE SHEET
AS AT 31 DECEMBER 2011

	<i>Note</i>	<i>£000</i>	<i>2011</i> <i>£000</i>	<i>2010</i> <i>£000</i>
CURRENT ASSETS				
Debtors	7	9,995	-	
Cash at bank		-	10,118	
		<u>9,995</u>	<u>10,118</u>	
CREDITORS: amounts falling due within one year	8	<u>(9)</u>	<u>(158)</u>	
NET CURRENT ASSETS			<u>9,986</u>	<u>9,960</u>
NET ASSETS			<u><u>9,986</u></u>	<u><u>9,960</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>5,059</u>	<u>5,033</u>
SHAREHOLDERS' FUNDS	11		<u><u>9,986</u></u>	<u><u>9,960</u></u>

Approved by the Board

Signed by

Nicolette Henfrey

, Director

Date

10 AUG 2012

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

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

1 ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION

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

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

1.2 TAXATION

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

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

1.3 CASH FLOW

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

2. AUDITOR'S REMUNERATION

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

3 DIRECTORS' REMUNERATION

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

4 STAFF COSTS

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

SCIH BRANSTON 2

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

5 INTEREST RECEIVABLE

	<i>2011</i>	<i>2010</i>
	<i>£000</i>	<i>£000</i>
Interest receivable from Group undertakings	<u>35</u>	<u>2</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<i>2011</i>	<i>2010</i>
	<i>£000</i>	<i>£000</i>
UK corporation tax charge on profit for the year	<u>9</u>	<u>1</u>

There is no provided or unprovided deferred tax

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

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

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

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

7 DEBTORS

	<i>2011</i>	<i>2010</i>
	<i>£000</i>	<i>£000</i>
Amounts owed by Group undertakings	<u>9,995</u>	<u>-</u>

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

	<i>2011</i>	<i>2010</i>
	<i>£000</i>	<i>£000</i>
Amounts owed to Group undertakings	-	157
Corporation tax	9	1
	<u>9</u>	<u>158</u>

SCIH BRANSTON 2

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

9. SHARE CAPITAL

	2011 £000	2010 £000
ALLOTTED, CALLED UP AND FULLY PAID		
10,002 Ordinary shares of £1 each	10	10

10 RECONCILIATION OF MOVEMENT IN RESERVES

	Share premium account £000	Profit and loss account £000
At 1 January 2011	4,917	5,033
Profit for the year	-	26
At 31 December 2011	4,917	5,059

11 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2011 £000	2010 £000
Opening shareholders' funds	9,960	9,959
Profit for the year	26	1
Closing shareholders' funds	9,986	9,960

12. 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 balances of the Company held by Lloyds TSB Bank plc. At 31 December 2011 the maximum liability under the guarantee amounted to £54,308,190 (2010 £53,496,566)

13. RELATED PARTY TRANSACTIONS

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

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

14 PARENT UNDERTAKING AND CONTROLLING PARTY

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

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

Companies House, Crown Way, Cardiff, CF14 3UZ

The immediate parent and controlling company is Six Continents International Holdings B V, a company registered in the Netherlands