

SCIH BRANSTON 2

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

TUESDAY



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SCIH BRANSTON 2

COMPANY INFORMATION

DIRECTORS

A S McEwan
C Springett
N P Stocks
R Wheeler

COMPANY SECRETARY

H J Martin

COMPANY NUMBER

4508364

REGISTERED OFFICE

Broadwater Park
Denham
Buckinghamshire
UB9 5HR

AUDITORS

Ernst & Young LLP
No 1 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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DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

The directors present their report and the financial statements for the year ended 31 December 2008.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the Company 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 future prospects of the Company.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £347,000 (2007 - £396,000).

The directors do not propose a dividend for the year to 31 December 2008 (2007 - £nil).

Primarily the Company's transactions are with fellow 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 InterContinental Hotels Group ("the Group").

DIRECTORS

The directors during 2008 and since the year end were as follows:

A S McEwan
C Springett
N P Stocks
R Wheeler
R T Winter (resigned 31 December 2008)

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 2008, 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 the current downturn, 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 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.

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

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 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:

Secretary *H. Martin* HELEN MARTIN

Date: *2 October 2009*

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STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2008

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). 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; and
- prepare the financial statements on a 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.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SCIH BRANSTON 2

We have audited the Company's financial statements for the year ended 31 December 2008 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 14. These financial statements have been prepared under 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 United Kingdom law and 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.

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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 2008 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 Auditors
Birmingham

Date: *2 October 2009*

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**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2008**

	<i>Note</i>	<i>2008 £000</i>	<i>2007 £000</i>
Interest receivable	5	485	566
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		485	566
Tax on profit on ordinary activities	6	(138)	(170)
PROFIT FOR THE FINANCIAL YEAR	10,11	347	396

All amounts relate to continuing operations.

There were no recognised gains and losses for 2008 or 2007 other than those included in the Profit and Loss account.

The notes on pages 8 to 10 form part of these financial statements.

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**BALANCE SHEET
AS AT 31 DECEMBER 2008**

	<i>Note</i>	<i>£000</i>	<i>2008 £000</i>	<i>£000</i>	<i>2007 £000</i>
CURRENT ASSETS					
Debtors	7	9,712		9,880	
Cash at bank		330		330	
		<u>10,042</u>		<u>10,210</u>	
CREDITORS: amounts falling due within one year					
	8	<u>(138)</u>		<u>(653)</u>	
NET CURRENT ASSETS			<u>9,904</u>		<u>9,557</u>
NET ASSETS			<u>9,904</u>		<u>9,557</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>4,977</u>		<u>4,630</u>
SHAREHOLDERS' FUNDS	11		<u>9,904</u>		<u>9,557</u>

Approved by the Board:


Director

ALLAN MCEWAN

2 October 2009

The notes on pages 8 to 10 form part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with applicable UK 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 normally at the effective standard UK rate of the losses surrendered for the period in question.

1.3 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. 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.

3. AUDITORS' REMUNERATION

The Company incurred auditors' remuneration of £3,000 (2007: £3,000) which has been borne by a fellow group undertaking in the current and preceding year.

4. STAFF COSTS

The Company did not employ any persons during the year (2007 - NIL).

5. INTEREST RECEIVABLE

	2008 £000	2007 £000
Interest receivable from group undertakings	485	566

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008**

6. TAXATION

	<i>2008</i>	<i>2007</i>
	<i>£000</i>	<i>£000</i>
UK corporation tax charge on profit for the year	<u>138</u>	<u>170</u>

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is the same as (2007 - the same as) the effective standard rate of corporation tax in the UK (28.5%) for the year to 31 December 2008.

DEFERRED TAXATION

As at 31 December 2008 and 31 December 2007 no deferred tax provision was required nor did the Company have any unprovided deferred tax.

7. DEBTORS

	<i>2008</i>	<i>2007</i>
	<i>£000</i>	<i>£000</i>
Amounts owed by group undertakings	<u>9,712</u>	<u>9,880</u>

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

	<i>2008</i>	<i>2007</i>
	<i>£000</i>	<i>£000</i>
Amounts owed to group undertakings	-	483
Corporation tax	138	170
	<u>138</u>	<u>653</u>

9. SHARE CAPITAL

	<i>2008</i>	<i>2007</i>
	<i>£000</i>	<i>£000</i>
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>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

10. RECONCILIATION OF MOVEMENT IN RESERVES

	<i>Share premium account £000</i>	<i>Profit and loss account £000</i>
At 1 January 2008	4,917	4,630
Profit for the year	-	347
	<hr/>	<hr/>
At 31 December 2008	<u>4,917</u>	<u>4,977</u>

11. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<i>2008 £000</i>	<i>2007 £000</i>
Opening shareholders' funds	9,557	9,161
Profit for the year	347	396
	<hr/>	<hr/>
Closing shareholders' funds	<u>9,904</u>	<u>9,557</u>

12. GUARANTEES

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 2008 the maximum liability under the guarantee amounted to £58,914,637 (2007: £41,393,659).

13. RELATED PARTY TRANSACTIONS

As the Company was a wholly owned subsidiary of InterContinental Hotels Group PLC at 31 December 2008, 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. PARENT UNDERTAKING AND CONTROLLING PARTY

As at 31 December 2008, 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.