

Registered number: 4508373

SCIH BRANSTON 3

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

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SCIH BRANSTON 3

COMPANY INFORMATION

DIRECTORS

A S McEwan
C Springett
N P Stocks
R Wheeler

COMPANY SECRETARY

H J Martin

COMPANY NUMBER

4508373

REGISTERED OFFICE

Broadwater Park
Denham
Buckinghamshire
UB9 5HR

AUDITORS

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 3

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

The directors present their report and the financial statements for the year ended 31 December 2009

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.

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 (consisting of InterContinental Hotels Group PLC and its subsidiaries) (the "Group").

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £8,890,000 (2008: loss £112,409,000).

The directors do not propose a dividend for the year to 31 December 2009 (2008: £nil).

DIRECTORS

The directors during 2009 and since the year end were as follows:

A S McEwan
C Springett
N P Stocks
R Wheeler

EVENTS SINCE THE END OF THE YEAR

On 13 January 2010, the Company issued 740 £1 ordinary shares to its immediate parent undertaking, Six Continents Holdings B V, for consideration of £78,680 per share.

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 2009, the Group was trading significantly within its banking covenants and debt facility. 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 facility.

Information on the Group's banking covenants and debt facility, 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, intends to make funds available to SCIH Branston 3 to enable it to meet its debts as they fall due.

SCIH BRANSTON 3

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

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

Signed by

H. Martin

Helen Martin
, Secretary/~~Director~~

Date

27 July 2010.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2009**

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 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 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.

SCIH BRANSTON 3

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SCIH BRANSTON 3

We have audited the financial statements of SCIH Branston 3 for the year ended 31 December 2009, which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 18. 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 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 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 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.

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 2009 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.

SCIH BRANSTON 3

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SCIH BRANSTON 3

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

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

Date *28 July 2010*

SCIH BRANSTON 3

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2009**

	<i>Note</i>	2009 £000	<i>2008 £000</i>
EXCEPTIONAL ITEMS			
Impairment against fixed asset investment	5	-	(31,061)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST		-	(31,061)
Interest receivable	6	12,922	131,500
Interest payable	7	(575)	(46,972)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		12,347	53,467
Tax on profit on ordinary activities	8	(3,457)	(165,876)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u>8,890</u>	<u>(112,409)</u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2009 or 2008 other than those included in the profit and loss account

The notes on pages 8 to 12 form part of these financial statements

SCIH BRANSTON 3
REGISTERED NUMBER. 4508373

BALANCE SHEET
AS AT 31 DECEMBER 2009

	<i>Note</i>	£000	2009 £000	<i>£000</i>	2008 £000
FIXED ASSETS					
Fixed asset investments	9		1,264,015		1,264,015
CURRENT ASSETS					
Debtors	10	484,915		558,626	
Cash at bank		200		221	
		<u>485,115</u>		<u>558,847</u>	
CREDITORS: amounts falling due within one year	11	(7,447)		(90,069)	
NET CURRENT ASSETS			<u>477,668</u>		<u>468,778</u>
NET ASSETS			<u><u>1,741,683</u></u>		<u><u>1,732,793</u></u>
CAPITAL AND RESERVES					
Called up share capital	12		22		22
Share premium account	13		1,600,965		1,600,965
Profit and loss account	13		140,696		131,806
EQUITY SHAREHOLDERS' FUNDS	14		<u><u>1,741,683</u></u>		<u><u>1,732,793</u></u>

Approved by the Board

Signed by

Catherine Springett

, Director

Date

27 July 2010

Catherine Springett

The notes on pages 8 to 12 form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

1. ACCOUNTING POLICIES

1.1 Basis of preparation

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with applicable UK accounting standards

These financial statements present information about the Company as an individual undertaking and not as a group. The Company is exempt from preparing consolidated financial statements under S400 of the Companies Act 2006 as it is a wholly owned subsidiary of InterContinental Hotels Group PLC, incorporated in the UK, which prepares consolidated financial statements

1.2 Cash flow

Under the provisions of Financial Reporting Standard 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

1.3 Investments

Fixed asset investments are valued at cost less provision for impairment

Dividend income is recognised when the right to receive payment is established

1.4 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

2 AUDITORS' REMUNERATION

The Company incurred auditors' remuneration of £3,000 (2008: £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 InterContinental Hotels group and their remuneration, including share-based payment charges, for the year was paid by other undertakings

SCIH BRANSTON 3

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

4. STAFF COSTS

The Company did not employ any persons during the year (2008 nil)

5 EXCEPTIONAL ITEMS

	2009	2008
	£000	£000
Impairment against fixed asset investment in BHR US Holdings B V	-	31,061
Tax on exceptional items amounted to £nil during the year (2008 £nil)		

6. INTEREST RECEIVABLE

	2009	2008
	£000	£000
Interest receivable from group undertakings	12,922	131,500

7. INTEREST PAYABLE

	2009	2008
	£000	£000
On loans from group undertakings	575	46,972

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2009	2008
	£000	£000
Analysis of tax charge for the year		
UK corporation tax charge on profit for the year	3,457	84,528
Adjustments in respect of prior periods	-	81,348
TAX ON PROFIT ON ORDINARY ACTIVITIES	3,457	165,876

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

8. TAXATION (continued)

Factors affecting the tax charge for the year

The tax assessed for the year is the same as (2008 higher than) the effective standard rate of corporation tax in the UK (28.0%) for the year ended 31 December 2009. The differences are explained below:

	2009	<i>2008</i>
	£000	<i>£000</i>
Profit on ordinary activities before tax	12,347	<i>53,467</i>
Profit on ordinary activities multiplied by effective standard rate of corporation tax in the UK of 28.0% (2008: 28.5%)	3,457	<i>15,238</i>
Effects of:		
Impairment against fixed asset investment	-	<i>8,852</i>
Adjustments to tax charge in respect of prior periods	-	<i>81,348</i>
Payment for group relief at a rate other than the effective standard rate of UK corporation tax	-	<i>60,438</i>
Current tax charge for the year (see note above)	3,457	<i>165,876</i>

Factors that may affect future tax charges

The key factors which may affect future tax charges include changes in tax legislation.

9. FIXED ASSET INVESTMENTS

		<i>Shares in group undertakings £000</i>	
COST OR VALUATION			
At 1 January 2009 and 31 December 2009		1,295,076	
IMPAIRMENT			
At 1 January 2009 and 31 December 2009		31,061	
NET BOOK VALUE			
At 31 December 2009		1,264,015	
At 31 December 2008		1,264,015	
SUBSIDIARY UNDERTAKINGS			
Direct holdings	Country of registration	Principal activity	Percentage of ordinary shares held and voting rights
BHR US Holdings B V	Netherlands	Holding company	100.0%

SCIH BRANSTON 3

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

10. DEBTORS

	2009	2008
	£000	£000
Amounts owed by group undertakings	484,915	558,626

11. CREDITORS. Amounts falling due within one year

	2009	2008
	£000	£000
Amounts owed to group undertakings	1,495	87,574
Corporation tax	5,952	2,495
	7,447	90,069

12 SHARE CAPITAL

	2009	2008
	£000	£000
ALLOTTED, CALLED UP AND FULLY PAID		
22,222 Ordinary shares of £1 each	22	22

13. RESERVES

	Share premium account £000	Profit and loss account £000
At 1 January 2009	1,600,965	131,806
Profit for the year	-	8,890
At 31 December 2009	1,600,965	140,696

14 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2009	2008
	£000	£000
Opening shareholders' funds	1,732,793	1,617,819
Profit/(loss) for the year	8,890	(112,409)
Shares issued during the year	-	3
Share premium on shares issued during the year	-	227,380
Closing shareholders' funds	1,741,683	1,732,793

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

15. 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 balance of the Company held by Lloyds TSB Bank plc. At 31 December 2009 the maximum liability under the guarantee amounted to £69,738,035 (2008 £58,914,637)

16. RELATED PARTY TRANSACTIONS

As the Company was a wholly owned subsidiary of InterContinental Hotels Group PLC at 31 December 2009 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

17. POST BALANCE SHEET EVENTS

On 13 January 2010, the Company issued 740 £1 ordinary shares to its immediate parent undertaking, Six Continents Holdings B V, for consideration of £78,680 per share

18. PARENT UNDERTAKING AND CONTROLLING PARTY

As at 31 December 2009, InterContinental Hotels Group PLC, a company incorporated in Great Britain and registered in England and Wales was the ultimate parent undertaking of SCIH Branston 3

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