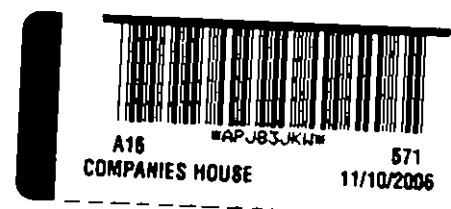


# EDINBURGH IC LIMITED

(formerly Edinburgh George Hotel Limited)

Report and Financial Statements  
31 December 2005



Edinburgh IC Limited  
(formerly Edinburgh George Hotel Limited)

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Registered No SCO24663

**DIRECTORS**

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

**SECRETARY**

C Barry

**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

**REGISTERED OFFICE**

21 George Street  
Edinburgh EH2 6WN

Edinburgh IC Limited  
(formerly Edinburgh George Hotel Limited)

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 2005

**PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS**

The Company's principal activity was to own and operate a hotel in George Street, Edinburgh. This hotel was sold in June 2005.

The directors view the results as satisfactory.

**RESULTS AND DIVIDENDS**

The profit on ordinary activities after taxation for the year ended 31 December 2005 was £3,657,000 (year ended 31 December 2004: loss of £1,046,000).

The directors do not recommend the payment of a dividend (year ended 31 December 2004: £nil).

**FUTURE DEVELOPMENTS**

The Company has not traded after the sale.

**CHANGE OF COMPANY NAME**

The Company changed its name from Edinburgh George Hotel Limited to Edinburgh IC Limited on 4 July 2005.

**CHANGE OF COMPANY SECRETARY**

On 6 September 2005, C Engmann resigned and S M Kamere was appointed. However, since the year end on 22 June 2006, S M Kamere resigned and C Barry was appointed.

**DIRECTORS' INTERESTS**

The directors at 31 December 2005 and since the year end were as follows:

A S McEwan  
C Springett  
N P Stocks  
R Wheeler (appointed 27 March 2006)  
R T Winter

None of the directors had a direct interest in the issued share capital of the Company. With the exception of the directors detailed below, no other director had any interest in the share capital of the ultimate parent undertaking or any other group undertaking.

Please refer to Note 19 for information on the ultimate parent undertaking.

	<i>At 1 01 05 InterContinental Hotels Group PLC Ordinary Shares of 112 pence*</i>	<i>At 31 12 05 InterContinental Hotels Group PLC Ordinary shares of 10 pence</i>
A S McEwan	3,454	11,130
C Springett	552	404
N P Stocks	519	6,795
R T Winter	8,035	5,983

\*These share interests were in InterContinental Hotels Group PLC ("IHG PLC") prior to the capital reorganisation effective 27 June 2005. For every 15 existing IHG PLC ordinary shares of 112 pence each held on 24 June 2005, shareholders received 11 new ordinary shares of 10 pence each and £24.75 in cash.

Edinburgh IC Limited  
(formerly Edinburgh George Hotel Limited)

DIRECTORS' REPORT

DIRECTORS' INTERESTS (CONTINUED)

The following directors held share options to subscribe for ordinary shares in IHG PLC under the IHG PLC Executive and Savings Related Share Option schemes

*Executive Share Option Plan*

	<i>Options held at 1 01 05</i>	<i>Granted during year</i>	<i>Lapsed during the year</i>	<i>Exercised during the year</i>	<i>Options held at 31 12 05</i>	<i>Option prices</i>	<i>Farliest exercisable date</i>
A S McEwan	8,549				8,549	497 96p	Exercisable
	7,181				7,181	593 29p	Exercisable
	11,114				11,114	466 68p	Exercisable
	32,488				32,488	349 13p	Exercisable
	27,188				27,188	422 81p	Exercisable
	37,276				37,276	434 22p	Exercisable
	67,315				67,315	438 00p	May 2006
	62,520				62,520	494 17p	April 2007
		26,230			26,230	619 83p	April 2008
C Springett	21,689				21,689	438 00p	May 2006
	19,800				19,800	494 17p	April 2007
N P Stocks	18,467				18,467	434 22p	Exercisable
	50,228				50,228	438 00p	May 2006
	48,560				48,560	494 17p	April 2007
		20,100			20,100	619 83p	April 2008
R T Winter	31,634				31,634	593 29p	Exercisable
	11,798				11,798	466 68p	Exercisable
	62,584				62,584	349 13p	Exercisable
	66,516				66,516	422 81p	Exercisable
	121,406				121,406	308 48p	Exercisable
	181,506				181,506	438 00p	May 2006
	172,130				172,130	494 17p	April 2007
		74,050			74,050	619 83p	April 2008

Edinburgh IC Limited  
(formerly Edinburgh George Hotel Limited)

DIRECTORS' REPORT

DIRECTORS' INTERESTS (CONTINUED)

*Sharesave Plan*

	<i>Options held at 1 01 05</i>	<i>Granted during the year</i>	<i>Exercised during the year</i>	<i>Options held at 31 12 05</i>	<i>Options prices</i>	<i>Earliest exercisable date</i>
R T Winter	3,769			3,769	420 50p	March 2009

*Six Continents Employee Profit Share Scheme*

This was a scheme whereby the parent company's board allocated a percentage of profits before tax to the Profit Share Scheme. These profits were used to purchase ordinary shares, which were then divided among participants in proportion to their earnings. The shares were then held in trust on behalf of participants for a period of three years.

The IHG PLC shares held by the Profit Share Trust were subject to a share consolidation in December 2004 and following the final release out of the Scheme during the year, these shares were further subject to the capital reorganisation effective 27 June 2005. For every 15 existing IHG PLC ordinary shares of 112 pence each held on 24 June 2005, shareholders received 11 new ordinary shares of 10 pence each and £24.75 in cash.

Entitlements to directors of the Company under the Profit Share Scheme during the year were as follows:

<i>Award Date</i>	<i>Ordinary shares of 112 pence held in trust at 1 01 05*</i>	<i>Ordinary shares of 112 pence released during the year</i>	<i>Ordinary shares of 10 pence held at 31 12 05</i>	<i>Appropriation price</i>	<i>Release date</i>
R T Winter	27 02 02	827	827	539.75p	27 02 05

\*These share interests were in IHG PLC prior to the capital reorganisation effective 27 June 2005. There have been no further movements since the release of the shares on 27 February 2005.

Edinburgh IC Limited  
(formerly Edinburgh George Hotel Limited)  
DIRECTORS' REPORT

**DIRECTORS' INTERESTS (CONTINUED)**

***Performance Restricted Share Plan (PRSP)***

During the year, share awards made in respect of the Performance Restricted Share Plan were as follows

	<i>Maximum entitlement to awards held over IHG PLC Ordinary shares at 1 01 05</i>	<i>Awarded during the year</i>	<i>Vested during the year</i>	<i>Lapsed during the year</i>	<i>Maximum entitlement to awards held over IHG PLC Ordinary shares at 31 12 05</i>
A S McFwan	124,980	46,060	19,872	13,248	137,920
C Springett		8,800			8,800
N P Stocks	94,530	35,300	14,826	9,884	105,120
R T Winter	316,780	130,020	50,022	33,348	363,430

A full description of the Performance Restricted Share Plan can be found in the InterContinental Hotels Group PLC Annual Report and Financial Statements

***Short Term Deferred Incentive Plan (STDIP)***

During the year, share awards made in respect of the Short Term Deferred Incentive Plan were as follows

	<i>Maximum entitlement to awards held over IHG PLC Ordinary shares at 1 01 05</i>	<i>Awarded during the year</i>	<i>Released during the year</i>	<i>Maximum entitlement to awards held over IHG PLC Ordinary shares at 31 12 05</i>
R T Winter		65,067		65,067

**THIRD-PARTY INDEMNITIES**

InterContinental Hotels Group PLC has provided to all of its group company directors, limited indemnities in respect of costs of defending claims against them, and third party liabilities

**ELECTIVE RESOLUTIONS**

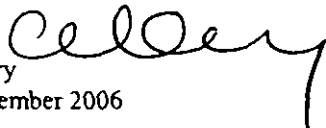
The Company has passed Elective Resolutions to dispense with the laying of the Accounts before the Company in General Meeting, the appointment of auditors annually and the holding of Annual General Meetings, pursuant to sections 252, 386 and 366A of the Companies Act

**AUDITORS**

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

By order of the Board

Secretary  
15 September 2006



Edinburgh IC Limited  
(formerly Edinburgh George Hotel Limited)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE  
FINANCIAL STATEMENTS

The directors are responsible for preparing the annual report and financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice

Company law requires the directors to prepare financial statements for each financial year which 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 year. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements 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,
- 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 which disclose with reasonable accuracy at any time the financial position of the Company and to 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

## **INDEPENDENT AUDITORS REPORT TO THE SHAREHOLDERS OF EDINBURGH IC LIMITED**

We have audited the Company's financial statements for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 19. 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 are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as 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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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.

### **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 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP  
Registered auditor  
Birmingham

*Ernst & Young LLP*

Date

*4 October 2006*



Edinburgh IC Ltd  
(formerly Edinburgh George Hotel Limited)

**PROFIT AND LOSS ACCOUNT**  
For the year ended 31 December 2005

	<i>Notes</i>	<i>2005</i> <i>£000</i>	<i>2004</i> <i>£000</i>
<b>TURNOVER</b>	2	3,078	7,251
Costs and overheads	3	(3,126)	(7,309)
<b>OPERATING LOSS</b>		(48)	(58)
Profit on disposal of fixed asset	6	4,542	
<b>PROFIT/(LOSS) BEFORE INTEREST AND TAXATION</b>		4,494	(58)
Interest payable and similar charges	7	(1,307)	(1,464)
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		3,187	(1,522)
Tax on profit/(loss) on ordinary activities	8	470	476
<b>RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>		3,657	(1,046)

The amounts for 2005 relate to discontinued activities

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

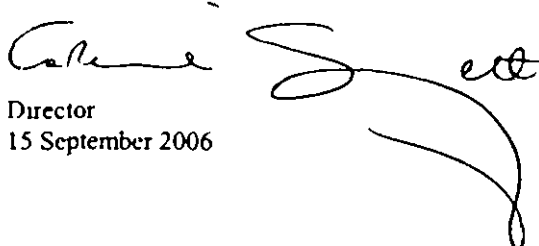
There are no gains and losses other than the retained profit for the financial year ended 31 December 2005 of £3,657,000 (year ended 31 December 2004 loss of £1,046,000)

Edinburgh IC Limited  
(formerly Edinburgh George Hotel Limited)

BALANCE SHEET  
As at 31 December 2005

	Notes	2005 £000	2004 £000
<b>FIXED ASSETS</b>			
Tangible assets	9		16,371
<b>CURRENT ASSETS</b>			
Stock	10		123
Debtors	11	21,688	2,032
Cash at bank and in hand			9
		21,688	2,164
<b>CREDITORS</b> amounts falling due within one year	12	(20,537)	(21,021)
<b>NET CURRENT ASSETS / (LIABILITIES)</b>		1,151	(18,857)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,151	(2,486)
<b>PROVISION FOR LIABILITIES AND CHARGES</b>			
Deferred taxation	13		(20)
<b>NET ASSETS / (LIABILITIES)</b>		1,151	(2,506)
<b>CAPITAL AND RESERVES</b>			
Share capital	14	547	547
Share premium	15	145	145
Revaluation reserve	15		10
Profit and loss account	15	459	(3,208)
<b>EQUITY SHAREHOLDERS' FUNDS / (DEFICIT)</b>	15	1,151	(2,506)

Signed on behalf of the Board

  
Director  
15 September 2006

Edinburgh IC Limited  
(formerly Edinburgh George Hotel Limited)

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NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2005

1. ACCOUNTING POLICIES

***Basis of preparation***

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain tangible fixed assets. They have been drawn up to comply with applicable accounting standards.

***Fixed assets***

Freehold and leasehold land and buildings are stated at cost, or valuation, less depreciation. All other fixed assets are stated at cost less depreciation.

When implementing FRS 15 "Tangible Fixed Assets" in the year to 30 September 2000, the Company did not adopt a policy of revaluing properties. The transitional rules of FRS 15 were applied so that the carrying values of properties include an element resulting from previous valuations.

Expenditure on additions and improvements to tangible fixed assets is capitalised for major projects on the basis of measured work completed, and for all other projects as the expenditure is incurred.

Borrowing costs in respect of certain major construction and improvement projects are included in the cost of properties. Such costs relate to expenditure incurred prior to the project becoming operationally viable.

***Revaluation***

Surpluses or deficits arising from previous professional valuations of properties, realised on the disposal of an asset, are transferred from the revaluation reserve to the profit and loss reserve.

***Impairment***

Any impairment arising on an income generating unit, other than an impairment which represents a consumption of economic benefits, is eliminated against any specific revaluation reserve relating to the impaired assets in that income generating unit with any excess being charged to the profit and loss account.

***Depreciation***

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

Freehold buildings	periods up to 50 years
Fixtures, fittings and equipment	between 3 and 12 years

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.

Edinburgh IC Limited  
(formerly Edinburgh George Hotel Limited)

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NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2005

1. ACCOUNTING POLICIES (CONTINUED)

***Stocks***

The basis of valuation for bought in goods, bottles, cases and consumable stores is the lower of cost and net realisable value on a first in, first out basis

Net realisable value is based on estimated normal selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving or defective items where appropriate

***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

***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

***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

***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 in the profit and loss account as they become payable in accordance with the rules of the scheme

Further information is given in note 16

Edinburgh IC Limited  
(formerly Edinburgh George Hotel Limited)

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NOTES TO THE FINANCIAL STATEMENTS  
At 31 December 2005

**1 ACCOUNTING POLICIES (CONTINUED)**

*Operating leases*

Rentals under operating leases are charged to profit on a straight line basis over the lease term.

*Statement of cash flows*

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**

Turnover comprises the value of sales (excluding value added tax and similar sales taxes, trade discounts and intra group transactions) of goods and services in the normal course of business

Turnover is wholly attributable to hotel and catering operations within the United Kingdom in the period until the hotel in George Street, Edinburgh was sold on 22 June 2005

**3. COSTS AND OVERHEADS**

	2005	2004
	£000	£000
Raw materials and consumables	164	640
Change in raw materials and consumables	123	15
Staff costs (see note 5)	1,326	3,450
Depreciation of tangible fixed assets	134	504
Hire of plant and machinery	50	85
Other external charges	1,329	2,615
	<u>3,126</u>	<u>7,309</u>
The following amounts are included above		
Auditors' remuneration – audit work	<u>2</u>	<u>3</u>

Edinburgh IC Limited  
(formerly Edinburgh George Hotel Limited)

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2005

**4. DIRECTORS' EMOLUMENTS**

The directors are directors of other undertakings within the InterContinental Hotels Group. The directors' remuneration 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.

**5. STAFF COSTS**

	2005	2004
	£000	£000
Wages and salaries	1,133	2,541
Social security costs	119	202
Other pension costs	74	707
	<u>1,326</u>	<u>3,450</u>

In October 2004, £649,000 was paid into the InterContinental Hotels UK Pension Plan in order to reduce the deficit (see note 16).

The average number of staff employed by the Company during the year was

	2005	2004
	No	No
United Kingdom Salaried	16	131
Hourly paid	12	28
	<u>28</u>	<u>159</u>

**6. EXCEPTIONAL ITEMS**

	2005	2004
	£000	£000
<i>Non operating</i>		
Profit on disposal of fixed assets	<u>4,542</u>	<u>—</u>

The profit on disposal of fixed assets relates to the sale of the hotel in George Street, Edinburgh on 22 June 2005.

Edinburgh IC Limited  
(formerly Edinburgh George Hotel Limited)

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2005

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2005	2004
	£000	£000
Interest on loans from parent undertakings	1,307	1,464
	<u>          </u>	<u>          </u>

8. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	2005	2004
	£000	£000
<i>(a) Analysis of tax credit for the year</i>		
UK corporation tax at 30 % (31 December 2004 – 30%)		
Current year	(357)	(228)
Prior years	(93)	(11)
Total current tax	<u>(450)</u>	<u>(239)</u>
Deferred taxation		
Origination and reversal of timing differences	(106)	(237)
Prior years	86	
Total deferred tax	<u>(20)</u>	<u>(237)</u>
Tax on profit/(loss) on ordinary activities	<u>(470)</u>	<u>(476)</u>
Tax chargeable in relation to operating and non operating exceptional items (see note 6) amounts to £133,000 (2004 £nil)		

*(b) Factors affecting current tax credit for the year*

	2005	2004
	£000	£000
Profit/(loss) on ordinary activities before tax	<u>3,187</u>	<u>(1,522)</u>

Edinburgh IC Limited  
(formerly Edinburgh George Hotel Limited)

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2005

8. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES (CONTINUED)

(b) Factors affecting current tax credit for the year (continued)

	%	%
UK corporation tax standard rate	30.0	30.0
Permanent differences		(0.3)
Depreciation in excess of capital allowances		(5.1)
Capital allowances in excess of depreciation	3.8	
Non taxable income	(42.8)	
Other timing differences	(2.2)	(9.6)
Prior years	(2.9)	0.7
Effective current tax rate on ordinary activities	(14.1)	15.7
	=	=
Effective current tax rate before exceptional items	33.2	15.7
	=	=

(c) Factors which may affect future tax charge

The key factors which may affect future tax charges include the availability of tax depreciation and changes in tax legislation

9. TANGIBLE FIXED ASSETS

	Freehold land and buildings £000	Fixtures, fittings and equipment £000	Total £000
Cost or valuation			
At 31 December 2004	16,675	2,422	19,097
Additions		170	170
Disposals	(16,675)	(2,592)	(19,267)
At 31 December 2005	—	—	—
Depreciation			
At 31 December 2004	564	2,162	2,726
Charge for the year	12	122	134
Disposals	(576)	(2,284)	(2,860)
At 31 December 2005	—	—	—
Net book value			
At 31 December 2005	—	—	—
At 31 December 2004	16,111	260	16,371
	=	=	=



Edinburgh IC Limited  
(formerly Edinburgh George Hotel Limited)

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NOTES TO THE FINANCIAL STATEMENTS  
At 31 December 2005

**9. TANGIBLE FIXED ASSETS (CONTINUED)**

On the historical cost basis, tangible fixed asset would have been included as follows

	2005 £000	2004 £000
Cost		19,096
Depreciation		(2,736)
Historical cost net book value		16,360
	= =	= =

**10. STOCK**

	2005 £000	2004 £000
Raw materials and consumables		123
	= =	= =

The difference between the purchase price of stock and their replacement costs is not material

**11. DEBTORS**

	2005 £000	2004 £000
Trade debtors	85	214
Corporation tax debtor	357	228
Other debtors		5
Prepayments and accrued income		151
Amount owed by other group undertakings	21,246	1,434
	21,688	2,032
	= =	= =

Edinburgh IC Limited  
(formerly Edinburgh George Hotel Limited)

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2005

12. CREDITORS: Amounts falling due within one year

	2005	2004
	£000	£000
Trade creditors		94
Amounts owed to other group undertakings	20,507	20,234
Other taxation and social security		301
Other creditors	30	392
	<u>20,537</u>	<u>21,021</u>
	<u><u>20,537</u></u>	<u><u>21,021</u></u>

The amounts owed to other group undertakings include a promissory note, including rolled up interest, together totalling £19,968,977 (31 December 2004 £18,664,250), issued on 31 August 1994 and maturing on 15 December 2006. Interest is charged at LIBOR plus 2.0 per cent.

13. DEFERRED TAXATION

	£000
At 31 December 2004	20
Profit and loss account	(20)
	<u>          </u>
At 31 December 2005	<u><u>          </u></u>

Analysed as tax on timing differences related to

	2005	2004
	£000	£000
Fixed assets		181
Other timing differences		(161)
	<u>          </u>	<u>          </u>
	<u><u>          </u></u>	<u><u>20</u></u>

Edinburgh IC Limited  
(formerly Edinburgh George Hotel Limited)

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2005

14. SHARE CAPITAL

	2005 £000	2004 £000
Authorised 3,200,000 ordinary shares of 25p each	800	800
Allotted, called up and fully paid 2,186,667 ordinary shares of 25p each	547	547

15. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital £000	Share premium £000	Revaluation reserve £000	Profit and loss account £000	Total shareholders' funds £000
At 31 December 2003	547	145	10	(2,162)	(1,460)
Loss for the year				(1,046)	(1,046)
At 31 December 2004	547	145	10	(3,208)	(2,506)
Profit for the year				3,657	3,657
Release revaluation reserve			(10)	10	
At 31 December 2005	547	145		459	1,151

16. PENSIONS

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 variance and differences in amounts funded are accounted for in the accounts of the immediate parent undertaking, Six Continents PLC. It is not possible to identify the Company's share of the underlying assets and liabilities of the pension scheme. The deficit in the group scheme as at 31 December 2005, calculated in accordance with the requirements of FRS 17, is £24,000,000 (2004 £21,000,000).

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

Edinburgh IC Limited  
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NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2005

**17. FINANCIAL COMMITMENTS**

*Operating lease commitments*

At 31 December 2005 the Company had annual commitments under operating leases which expire as follows

	2005 £000	2004 £000
Leases which expire		
Within one year		11
	—	—
		11
	==	==

*Capital commitments*

	2005 £000	2004 £000
Committed		30
	==	==

*Other financial commitments*

The Company is registered for VAT purposes in a group of companies which share a common registration number. As a result, it has jointly guaranteed the VAT liability of the Group and failure by any other member of the Group would give rise to additional liabilities for the Company. The directors are of the opinion that no liability is likely to arise from the failure of those companies.

The Company has entered into a composite guarantee with Lloyds TSB Bank to guarantee amounts due on overdrafts of other companies in the Group headed by InterContinental Hotels Group PLC to the extent of any credit balance of the Company held by Lloyds.

**18. RELATED PARTY TRANSACTIONS**

As the Company was a wholly owned subsidiary of InterContinental Hotels Group PLC at 31 December 2005, 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.

The directors confirm that there were no related party transactions other than those disclosed in these Financial Statements.

Edinburgh IC Limited  
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NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2005

**19 PARENT UNDERTAKING AND CONTROLLING PARTY**

As at 31 December 2005, InterContinental Hotels Group PLC (registered no 5134420), a company incorporated in Great Britain and registered in England and Wales was the ultimate parent undertaking and controlling entity of Edinburgh IC Limited

During a group reorganisation effective 27 June 2005, InterContinental Hotels Group PLC (registered no 5134420) replaced InterContinental Hotels Group PLC (registered no 4551528) as the new ultimate parent company. InterContinental Hotels Group PIC (registered no 4551528) was renamed InterContinental Hotels Limited

The largest and smallest group in which the results of the Company are consolidated is that headed by InterContinental Hotels Group PLC (registered no 5134420). Consolidated financial statements of InterContinental Hotels Group PLC (registered no 5134420) are available from the following address

Companies House, Crown Way, Cardiff CF14 3UZ

The immediate parent company is IHC Edinburgh (Holdings) Limited, a company registered in England and Wales