Parent Company Financial Statements
Parent Company statement of financial position

31 December 2020	Note	2020 £m	2019 £m
Fixed assets			
Investments	3	**3,131**	3,106
Current assets			
Debtors: due after more than one year	4	**18**	–
Debtors: due within one year	4	**927**	25
Creditors: amounts falling due within one year	7	**(600)**	(253)
Net current assets/(liabilities)		**345**	(228)
Total assets less current liabilities		**3,476**	2,878
Creditors: amounts falling due after one year	8	**(2,138)**	(1,495)
Net assets		**1,338**	1,383
Capital and reserves			
Called up share capital	10	**39**	39
Share premium account		**75**	75
Capital redemption reserve		**7**	7
Share-based payment reserve		**364**	339
Cash flow hedging reserve	6	**(19)**	(5)
Profit and loss account		**872**	928
Total equity		**1,338**	1,383

Signed on behalf of the Board,

Paul Edgecliffe-Johnson
22 February 2021

The loss after tax amounts to £56m (2019: £42m).

Registered number 05134420

Parent Company statement of changes in equity

	Called up share capital £m	Share premium account £m	Capital redemption reserve £m	Share-based payment reserve £m	Cash flow hedging reserve £m	Profit and loss account £m	Total equity £m
At 1 January 2019	39	75	7	305	(2)	1,527	1,951
Loss for the year	–	–	–	–	–	(42)	(42)
Other comprehensive income (items that may be subsequently reclassified to profit or loss):							
Losses on cash flow hedges, net of related tax credit of £1m	–	–	–	–	(29)	–	(29)
Costs of hedging	–	–	–	–	(4)	–	(4)
Hedging losses reclassified to financial expenses	–	–	–	–	30	–	30
Total other comprehensive loss for the year	–	–	–	–	(3)	–	(3)
Total comprehensive loss for the year	–	–	–	–	(3)	(42)	(45)
Share-based payments capital contribution	–	–	–	34	–	–	34
Equity dividends paid	–	–	–	–	–	(556)	(556)
Transaction costs relating to shareholder returns	–	–	–	–	–	(1)	(1)
At 31 December 2019	39	75	7	339	(5)	928	1,383
Loss for the year	–	–	–	–	–	**(56)**	**(56)**
Other comprehensive income (items that may be subsequently reclassified to profit or loss):							
Losses on cash flow hedges, net of related tax credit of £3m	–	–	–	–	**2**	–	**2**
Costs of hedging	–	–	–	–	**(5)**	–	**(5)**
Hedging gains reclassified to financial expenses	–	–	–	–	**(11)**	–	**(11)**
Total other comprehensive loss for the year	–	–	–	–	**(14)**	–	**(14)**
Total comprehensive loss for the year	–	–	–	–	**(14)**	**(56)**	**(70)**
Share-based payments capital contribution	–	–	–	**25**	–	–	**25**
At 31 December 2020	**39**	**75**	**7**	**364**	**(19)**	**872**	**1,338**

Notes on pages 204 to 209 form an integral part of these Financial Statements.

Notes to the Parent Company Financial Statements

1. Accounting policies

Authorisation of Financial Statements and statement of compliance with FRS 101

The Parent Company Financial Statements of InterContinental Hotels Group PLC (the Company) for the year ended 31 December 2020 were authorised for issue by the Board of Directors on 22 February 2021 and the statement of financial position was signed on the Board's behalf by Paul Edgecliffe-Johnson. The Company is a public limited company incorporated and registered in England and Wales. The Company's ordinary shares are publicly traded on the London Stock Exchange and it is not under the control of any single shareholder.

The Directors have assessed, in the light of current and anticipated economic conditions, the Company's ability to continue as a going concern. Having considered the going concern status and liquidity of the Group (see page 133) the Directors confirm they have a reasonable expectation that the Company has sufficient resources to continue operating until at least 30 June 2022 and there are no material uncertainties that may cast doubt on the Company's going concern status. Accordingly, they continue to adopt the going concern basis in preparing the Parent Company Financial Statements.

The Parent Company Financial Statements are presented in sterling and all values are rounded to the nearest million pounds (£m) except when otherwise indicated.

These Financial Statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

No income statement is presented for the Company as permitted by Section 408 of the Companies Act 2006.

The audit fee of £0.02m (2019: £0.02m) was borne by a subsidiary undertaking in both years.

Basis of preparation

The Parent Company Financial Statements have been prepared in accordance with FRS 101, as applied in accordance with the provisions of the Companies Act 2006. FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of adopted IFRSs.

FRS 101 sets out amendments to adopted IFRSs that are necessary to achieve compliance with the Companies Act and related Regulations.

The following disclosures have not been provided as permitted by FRS 101:

- A cash flow statement and related notes as required by IAS 7 'Statement of Cash Flows';
- A comparative period reconciliation for share capital as required by IAS 1 'Presentation of Financial Statements';
- Disclosures in respect of transactions with wholly owned subsidiaries as required by IAS 24 'Related Party Disclosures';
- Disclosures in respect of capital management as required by paragraphs 134 to 136 of IAS 1 'Presentation of Financial Statements';
- The effects of new but not yet effective IFRSs as required by paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'; and
- Disclosures in respect of the compensation of key management personnel as required by paragraph 17 of IAS 24 'Related Party Disclosures'.

Where the Consolidated Financial Statements of the Company include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- The requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 'Share-based Payment' in respect of group-settled share-based payments; and
- The requirements of paragraphs 91 to 99 of IFRS 13 'Fair Value Measurement' and the disclosures required by IFRS 7 'Financial Instruments: Disclosures'.

The accounting policies set out herein have, unless otherwise stated, been applied consistently to all periods presented in these Financial Statements.

Critical accounting policies and the use of judgements, estimates and assumptions

Critical accounting estimates have been used by the Company in estimating the potential financial impact of the Covid-19 pandemic on anticipated future cash flows of indirect operating subsidiaries of the Company. The relevant estimates are in respect of the application of the expected credit loss model to Group receivables and impairment of non-financial assets and are the same as those disclosed in the Consolidated Financial Statements (page 135 to 137).

Significant accounting policies

Foreign currencies

Transactions in foreign currencies are translated to the Company's functional currency at the exchange rates ruling on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at the relevant rates of exchange ruling on the last day of the period. Foreign exchange differences arising on translation are recognised in the income statement.

Non-derivative financial instruments
Non-derivative financial instruments comprise investments in equity securities, amounts due from and amounts due to Group undertakings and loans and other borrowings.

Investments in equity securities
Investments in subsidiaries are carried at cost plus deemed capital contributions arising from share-based payment transactions less any provision for impairment. The carrying amount is reviewed at each reporting date, including a comparison to the market capitalisation of the Company (£8.6bn) on 31 December 2020, to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement.

Amounts due from and amounts due to Group undertakings
Amounts due from Group undertakings are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method less provision for expected credit losses. Allowances for expected credit losses are made based on the risk of non-payment, taking into account ageing, previous experience, economic conditions and forward-looking data. Such allowances are measured as either 12-month expected credit losses or lifetime expected credit losses depending on changes in the credit quality of the counterparty.

Amounts due to Group undertakings are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

Loans and other borrowings
Loans and other borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. They are subsequently measured at amortised cost. Finance charges, including the transaction costs and any discount or premium on issue, are recognised in the income statement using the effective interest rate method.

Borrowings are classified as due after more than one year when the repayment date is more than 12 months from the period-end date or where they are drawn on a facility with more than 12 months to expiry.

Derivative financial instruments and hedging
Derivatives are initially recognised and subsequently re-measured at fair value. The method of recognising the re-measurement depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Changes in the fair value of derivatives which have either not been designated as hedging instruments or relate to the ineffective portion of hedges are recognised immediately in the income statement.

Documentation outlining the measurement and effectiveness of any hedging arrangement is maintained throughout the life of the hedge relationship.

Interest arising from currency derivatives and interest rate swaps is recorded in either financial income or expenses over the term of the agreement, unless the accounting treatment for the hedging relationship requires the interest to be taken to reserves.

Share-based payments
The cost of equity-settled transactions with employees is measured by reference to fair value at the date at which the right to the shares is granted. Fair value is determined by an external valuer using option pricing models.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which any performance or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date).

The income statement charge for a period represents the movement in cumulative expense recognised at the beginning and end of that period. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the Company grants awards over its own shares to the employees of its subsidiaries, it recognises, in the Parent Company Financial Statements, an increase in the cost of investment in its subsidiaries equivalent to the equity-settled share-based payment charge recognised in its Consolidated Financial Statements with the corresponding credit being recognised directly in equity.

Notes to the Parent Company Financial Statements continued

2. Directors' remuneration

The average number of Directors of the Company during the year, analysed by category, was as follows:

	2020	2019
Number of Directors		
Non-Executive Directors	**9**	8
Executive Directors	**3**	3
	12	11

	2020 £m	2019 £m
Directors' remuneration		
Base salaries, fees, performance payments and benefits	**3.3**	5.0

More detailed information on the remuneration, including pensions, share awards and shareholdings for each Director is shown in the Directors' Remuneration Report on pages 96 to 111.

	2020	2019
The number of Directors in respect of whose qualifying services shares were received or receivable under long-term incentive schemes	**3**	3

3. Investments

	£m
Cost and net book value	
At 1 January 2020	**3,106**
Share-based payments capital contribution	**25**
At 31 December 2020	**3,131**

The Company is the beneficial owner of all the equity share capital of InterContinental Hotels Limited, a company registered in England and Wales.

A full list of subsidiary and other related undertakings is given in note 34 of the Group Financial Statements on pages 197 to 199.

4. Debtors

	2020 £m	2019 £m
Due after more than one year		
Deferred tax (note 5)	**18**	–
	18	–
Due within one year		
Amounts due from Group undertakings	**926**	11
Corporate tax	**1**	13
Deferred tax (note 5)	**–**	1
	927	25

5. Deferred tax

	Currency swaps £m	Tax losses £m	Total £m
At 1 January 2020	1	–	1
Income statement	–	14	14
Other comprehensive income	3	–	3
At 31 December 2020	**4**	**14**	**18**

The Company records fair value movements on its currency swaps in other comprehensive income. Deferred tax represents future tax impacts when such amounts are recycled from reserves. In addition, the Company generated significant losses in the period that have been carried forward for tax purposes. A deferred tax asset is recognised in this respect on the basis of an expectation of sufficient future profits within the Group in the short term against which the future reversal of the temporary difference may be deducted.

6. Derivative financial instruments and hedging

Currency swaps have been transacted to swap the proceeds from the euro bonds to sterling as follows:

							Fair value	
	Pay leg	Interest rate	Receive leg	Interest rate	Maturity	Hedged item	2020 £m	2019 £m
November 2018	£436m	3.5%	€500m	2.125%	May 2027	€500m 2.125% bonds 2027	–	(16)
October 2020	£454m	2.7%	€500m	1.625%	October 2024	€500m 1.625% bonds 2024	(14)	–

Hedge ineffectiveness arises where the cumulative changes in the fair value of the swaps exceed the change in the fair value of the bonds. The change in value of the hedged item used as the basis for recognising hedge ineffectiveness for the period was £5m (2019: £24m).

The cash flow hedging reserve is analysed as follows:

	Cash flow hedging reserve		
	Value of currency swaps £m	Costs of hedging £m	Total £m
At 1 January 2019	(1)	(1)	(2)
Costs of hedging deferred and recognised in other comprehensive income	–	(4)	(4)
Change in fair value of currency swap recognised in other comprehensive income	(30)	–	(30)
Reclassified from other comprehensive income to profit or loss – included in financial expenses	30	–	30
Deferred tax	1	–	1
At 31 December 2019	–	(5)	(5)
Costs of hedging deferred and recognised in other comprehensive income	–	(5)	(5)
Change in fair value of currency swaps recognised in other comprehensive income	(1)	–	(1)
Reclassified from other comprehensive income to profit or loss – included in financial expenses	(11)	–	(11)
Deferred tax	3	–	3
At 31 December 2020	**(9)**	**(10)**	**(19)**

Notes to the Parent Company Financial Statements continued

7. Creditors: amounts falling due within one year

	2020 £m	2019 £m
Amounts due to Group undertakings	–	253
Loans and other borrowings (commercial paper)	600	–
	600	253

More detailed information on loans and other borrowings is shown in note 22 of the Group Financial Statements on pages 177 and 178.

8. Creditors: amounts falling due after one year

	2020 £m	2019 £m
Derivative financial liabilities (note 6)	14	16
Loans and other borrowings:		
£173m 3.875% bonds 2022 (2019: £400m)	173	400
€500m 1.625% bonds 2024	448	–
£300m 3.75% bonds 2025	302	302
£350m 2.125% bonds 2026	351	350
€500m 2.125% bonds 2027	453	427
£400m 3.375% bonds 2028	397	–
	2,138	1,495

More detailed information on loans and other borrowings is shown in note 22 of the Group Financial Statements on pages 177 and 178.

9. Employee benefits

Share-based payments

The Company operates the Annual Performance Plan, Long Term Incentive Plan (performance-related awards and restricted stock units) and the Colleague Share Plan.

More detailed information on the plans is shown in note 28 of the Group Financial Statements on pages 191 and 192.

The weighted average share price at the date of exercise for share awards vested during the year was 4,874.5p (2019: 4,584.8p).

The share awards outstanding at the year end have a weighted average contractual life of 1.0 years (2019: 1.1 years) for the Annual Performance Plan, 1.4 years (2019: 1.3 years) for performance-related awards and 1.3 years (2019: 1.2 years) for restricted stock units.

10. Capital and reserves

	Number of shares millions	Equity share capital £m
Allotted, called up and fully paid		
At 1 January 2019 (ordinary shares of $19^{17}/_{21}$p each)	197	39
Share capital consolidation	(10)	–
At 31 December 2020 and 31 December 2019 (ordinary shares of $20^{340}/_{399}$p each)	**187**	**39**

The authority given to the Company at the Annual General Meeting (AGM) held on 7 May 2020 to purchase its own shares was still valid at 31 December 2020. A resolution to renew the authority will be put to shareholders at the AGM on 7 May 2021.

The Company no longer has an authorised share capital.

At 31 December 2020, 5,061,408 (2019: 5,684,427) shares with a nominal value of £1,055,411 (2019: £1,185,324) were held as treasury shares at cost.

The share premium account represents the amount of proceeds received for shares in excess of their nominal value.

11. Dividends and shareholder returns

	2020 pence per share	2019 pence per share	2020 £m	2019 £m
Paid during the year:				
Final (declared for previous year)	–	60.4	–	110
Interim	–	32.0	–	58
Special	–	203.8	–	388
	–	296.2	–	556

On 20 March 2020, the Board withdrew its recommendation of a final dividend in respect of 2019 of 85.9¢ per share (approximately $150m). A final dividend in respect of 2020 is not proposed and there was no interim dividend for the year. The Board will consider future dividends once visibility of the pace and scale of market recovery has improved.

12. Contingencies

There are no contingent liabilities to disclose in respect of guarantees of the liabilities of subsidiaries (2019: £95m).