

Parent Company Financial Statements

146	Parent Company Financial Statements
146	Parent Company statement of financial position
146	Parent Company statement of changes in equity
147	Notes to the Parent Company Financial Statements



Parent Company Financial Statements

Parent Company statement of financial position

31 December 2017	Note	2017 £m	2016 £m
Fixed assets			
Investments	3	3,042	3,019
Current assets			
Debtors	4	13	24
Creditors: amounts falling due within one year	5	(898)	(917)
Net current liabilities		(885)	(893)
Total assets less current liabilities		2,157	2,126
Creditors: amounts falling due after one year	6	(1,049)	(1,047)
Net assets		1,108	1,079
Capital and reserves			
Called up share capital	8	39	39
Share premium account		75	75
Capital redemption reserve		7	7
Share-based payment reserve		275	252
Profit and loss account		712	706
Total equity		1,108	1,079

Signed on behalf of the Board

Paul Edgecliffe-Johnson

19 February 2018

The profit on ordinary activities after taxation amounts to £460m (2016: £455m).

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	Profit and loss account £m	Total equity £m
At 1 January 2016	39	75	7	234	1,428	1,783
Profit for the year	-	-	-	-	455	455
Total comprehensive income for the year	-	-	-	-	455	455
Transaction costs relating to shareholder returns	-	-	-	-	(1)	(1)
Share-based payments capital contribution	-	-	-	18	-	18
Equity dividends paid	-	-	-	-	(1,176)	(1,176)
At 31 December 2016	39	75	7	252	706	1,079
Profit for the year	-	-	-	-	460	460
Total comprehensive income for the year	-	-	-	-	460	460
Share-based payments capital contribution	-	-	-	23	-	23
Equity dividends paid	-	-	-	-	(454)	(454)
At 31 December 2017	39	75	7	275	712	1,108



Notes on pages 147 to 151 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 2017 were authorised for issue by the Board of Directors on 19 February 2018 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 domiciled in the UK. 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. The Directors confirm they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and accordingly, they continue to adopt the going concern basis in preparing the Parent Company Financial Statements.



For further consideration of the going concern position of the Group see page 163 of the Directors' Report.

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. There were no gains or losses either in the current or preceding years recognised in other comprehensive income.

The audit fee of £0.02m (2016: £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 IFRS as adopted by the EU.

FRS 101 sets out amendments to IFRS as adopted by the EU 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'.

As 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.

Notes to the Parent Company Financial Statements continued

1. Accounting policies continued

Foreign currency

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. Where dividends have been proposed in US dollars, the supplementary information included in note 9 to the Financial Statements details the exchange rates which will be used to calculate the sterling dividend payable.

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 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 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 and amounts due to Group undertakings are initially recognised at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. The carrying value is assessed at each reporting date to determine whether there is objective evidence that it is impaired. An impairment loss is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Interest-bearing borrowings

Interest-bearing 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.

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 options 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.

2. Directors' remuneration

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

	2017	2016
Non-Executive Directors	8	8
Executive Directors	2	2
	10	10

	2017 £m	2016 £m
Directors' emoluments		
Base salaries, fees, performance payments and benefits	3.8	4.5



More detailed information on the emoluments, pensions, share awards and shareholdings for each Director is shown in the Directors' Remuneration Report on pages 64 to 77.

	Number of Directors	
	2017	2016
The number of Directors in respect of whose qualifying services shares were received or receivable under long-term incentive schemes was	3	4

3. Investments

	£m
Cost and net book value	
At 1 January 2017	3,019
Share-based payments capital contribution	23
At 31 December 2017	3,042

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 33 of the Group Financial Statements on pages 141 to 143.

4. Debtors

	2017 £m	2016 £m
Amounts owed by Group undertakings	1	10
Corporate taxation	12	14
	13	24

5. Creditors: amounts falling due within one year

	2017 £m	2016 £m
Amounts due to Group undertakings	898	917

Notes to the Parent Company Financial Statements continued

6. Creditors: amounts falling due after more than one year

	2017 £m	2016 £m
Loans and other borrowings		
£400m 3.875% bonds 2022	398	397
£300m 3.75% bonds 2025	301	301
£350m 2.125% bonds 2026	350	349
	1,049	1,047

The 3.875% fixed interest sterling bonds were issued on 28 November 2012 and are repayable in full on 28 November 2022. Interest is payable annually on 28 November. The bonds were initially priced at 98.787% of face value and are unsecured.

The 3.75% fixed interest sterling bonds were issued on 14 August 2015 and are repayable in full on 14 August 2025. Interest is payable annually on 14 August. The bonds were initially priced at 99.014% of face value and are unsecured.

The 2.125% fixed interest sterling bonds were issued on 24 August 2016 and are repayable in full on 24 August 2026. Interest is payable annually on 24 August. The bonds were initially priced at 99.45% of face value and are unsecured.

7. Employee benefits

Share-based payments

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



More detailed information on the plans is shown in note 26 of the Group Financial Statements on pages 135 to 136.

The weighted average share price at the date of exercise for share awards vested during the year was 3,804.7p (2016: 2,511.1p).

The share awards outstanding at the year end have a weighted average contractual life of 1.2 years (2016: 1.2 years) for the Annual Performance Plan, 0.6 years (2016: 0.9 years) for performance-related awards and 1.7 years (2016: 2.2 years) for restricted stock units.

8. Capital and reserves

	Number of shares millions	Equity share capital £m
Allotted, called up and fully paid		
At 1 January 2016 (ordinary shares of 15 ²⁶⁵ / ₃₂₉ p each)	248	39
Share capital consolidation	(42)	–
At 31 December 2016 (ordinary shares of 18 ³¹⁸ / ₃₂₉ p each)	206	39
Share capital consolidation	(9)	–
At 31 December 2017 (ordinary shares of 19¹⁷/₂₁p each)	197	39

The authority given to the Company at the Annual General Meeting (AGM) held on 5 May 2017 to purchase its own shares was still valid at 31 December 2017. A resolution to renew the authority will be put to shareholders at the AGM on 4 May 2018.

The Company no longer has an authorised share capital.

At 31 December 2017, 7,607,430 (2016: 8,862,380) shares with a nominal value of £1,506,996 (2016: £1,680,889) were held as treasury shares at cost.

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

9. Dividends and shareholder returns

	2017 pence per share	2016 pence per share	2017 £m	2016 £m
Paid during the year:				
Final (declared for previous year)	49.4	40.3	98	95
Interim	24.4	22.6	46	45
Special	156.4	438.2	310	1,036
	230.2	501.1	454	1,176

On 23 February 2016, the Group announced a \$1.5bn return of funds to shareholders by way of a special dividend and share consolidation. On 6 May 2016, shareholders approved the share consolidation on the basis of 5 new ordinary shares of 18³¹⁸/₃₂₉p per share for every 6 existing ordinary shares of 15²⁶⁵/₃₂₉p, which became effective on 9 May 2016. The special dividend was paid to shareholders on 23 May 2016.

On 21 February 2017, the Group announced a \$400m return of funds to shareholders by way of a special dividend and share consolidation. On 5 May 2017, shareholders approved the share consolidation on the basis of 45 new ordinary shares of 19¹⁷/₂₁p per share for every 47 existing ordinary shares of 18³¹⁸/₃₂₉p, which became effective on 8 May 2017. The special dividend was paid to shareholders on 22 May 2017.

The final dividend of 71.0¢ per ordinary share (amounting to \$135m) is proposed for approval at the AGM on 4 May 2018 and is payable on shares in issue at 3 April 2018. The final dividend will be paid at a rate per share calculated using the average of the daily exchange rates from 18 April 2018 to 20 April 2018 inclusive, and will be announced on 23 April 2018.

10. Contingencies

Contingent liabilities of £196m (2016: £89m) in respect of the guarantees of the liabilities of subsidiaries have not been provided for in these Financial Statements.