

# Parent Company Financial Statements

## Parent Company statement of financial position

31 December 2021	Note	2021 £m	2020 £m
<b>Fixed assets</b>			
Investments	3	3,160	3,131
<b>Current assets</b>			
Debtors: due after more than one year	4	28	18
Debtors: due within one year	4	922	927
Creditors: amounts falling due within one year	7	(832)	(600)
<b>Net current assets</b>		118	345
<b>Total assets less current liabilities</b>		3,278	3,476
Creditors: amounts falling due after one year	8	(1,941)	(2,138)
<b>Net assets</b>		1,337	1,338
<b>Capital and reserves</b>			
Called up share capital	10	39	39
Share premium account		75	75
Capital redemption reserve		7	7
Share-based payment reserve		393	364
Cash flow hedge reserves	6	3	(19)
Profit and loss account		820	872
<b>Total equity</b>		1,337	1,338

Signed on behalf of the Board,

**Paul Edgecliffe-Johnson**  
21 February 2022

The loss after tax amounts to £52m (2020: £56m).

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 hedge reserves £m	Profit and loss account £m	Total equity £m
At 1 January 2020	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
<b>Loss for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(52)</b>	<b>(52)</b>
<b>Other comprehensive income (items that may be subsequently reclassified to profit or loss):</b>							
Losses on cash flow hedges, including related tax charge of £5m	-	-	-	-	(50)	-	(50)
Costs of hedging	-	-	-	-	2	-	2
Hedging losses reclassified to financial expenses	-	-	-	-	70	-	70
<b>Total other comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22</b>	<b>-</b>	<b>22</b>
<b>Total comprehensive income/(loss) for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22</b>	<b>(52)</b>	<b>(30)</b>
Share-based payments capital contribution	-	-	-	29	-	-	29
<b>At 31 December 2021</b>	<b>39</b>	<b>75</b>	<b>7</b>	<b>393</b>	<b>3</b>	<b>820</b>	<b>1,337</b>

 Notes on pages 210 to 215 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 2021 were authorised for issue by the Board of Directors on 21 February 2022 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 Company's primary activity is acting as a holding company for the Group's investments.

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 149) the Directors confirm they have a reasonable expectation that the Company has sufficient resources to continue operating until at least 30 June 2023 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 (2020: £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 UK-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

There are no critical estimates or judgements which are considered to present significant risk of a material adjustment to the Parent Company Financial Statements in the next financial year.

## 1. Accounting policies continued

### 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 (£8.8bn) on 31 December 2021, 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 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 measured at fair value. The subsequent accounting treatment 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.

#### Capital and reserves

Accounting policies relating to capital and reserves, which are also applicable to the Company, can be found on page 157 of the Group Financial Statements.

#### Share-based payments

The cost of equity-settled share-based payment 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 share-based payment 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:

	2021	2020
<b>Number of Directors</b>		
Non-Executive Directors	10	9
Executive Directors	3	3
	13	12

	2021 £m	2020 £m
<b>Directors' remuneration</b>		
Base salaries, fees, annual performance payments and benefits	6.1	3.3

 More detailed information on the remuneration including pensions, share awards and shareholdings for each Director is shown in the Directors' Remuneration Report on pages 115 and 123. In addition, amounts received or receivable under long-term incentive schemes are shown on page 115.

	2021	2020
<b>Number of Directors</b>		
Directors in respect of whose qualifying services shares were received or receivable under long-term incentive schemes	3	3

**3. Investments**

	£m
<b>Cost and net book value</b>	
At 1 January 2021	3,131
Share-based payments capital contribution	29
<b>At 31 December 2021</b>	<b>3,160</b>

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 203 to 205.

**4. Debtors**

	2021 £m	2020 £m
<b>Due after more than one year</b>		
Deferred tax (note 5)	28	18
	28	18
<b>Due within one year</b>		
Amounts due from Group undertakings	912	926
UK Corporation tax	10	1
	922	927

## 5. Deferred tax

	Losses £m	Currency swaps £m	Total £m
At 1 January 2021	14	4	18
Income statement	15	–	15
Other comprehensive income	–	(5)	(5)
<b>At 31 December 2021</b>	<b>29</b>	<b>(1)</b>	<b>28</b>

Deferred tax is recognised on the basis of an expectation of sufficient future profits within the Group.

 More detailed information on the basis for deferred tax recognition is shown in note 8 of the Group Financial Statements on page 172.

## 6. Derivative financial instruments and hedging

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

Date of designation	Pay leg	Interest rate	Receive leg	Interest rate	Maturity	Hedged item	Fair value	
							2021 £m	2020 £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	(31)	(14)

Hedge ineffectiveness arises where the cumulative change in the fair value of the swaps exceeds the change in fair value of the future cash flows of the bonds. The change in value of the hedged item used as the basis for recognising hedge ineffectiveness for the period was a £30m loss (2020: £5m gain).

The cash flow hedge reserves are analysed as follows:

	Cash flow hedge reserves		
	Cash flow hedge reserve £m	Cost of hedging reserve £m	Total £m
At 1 January 2020	–	(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)
Costs of hedging deferred and recognised in other comprehensive income	–	2	2
Change in fair value of currency swaps recognised in other comprehensive income	(45)	–	(45)
Reclassified from other comprehensive income to profit or loss – included in financial expenses	70	–	70
Deferred tax	(5)	–	(5)
<b>At 31 December 2021</b>	<b>11</b>	<b>(8)</b>	<b>3</b>

## Notes to the Parent Company Financial Statements continued

**7. Creditors: amounts falling due within one year**

	2021 £m	2020 £m
Amounts due to Group undertakings	659	–
Loans and other borrowings:		
Commercial paper	–	600
£173m 3.875% bonds 2022	173	–
	832	600

 More detailed information on loans and other borrowings is shown in note 22 of the Group Financial Statements on pages 186 to 187.

**8. Creditors: amounts falling due after one year**

	2021 £m	2020 £m
Derivative financial liabilities (note 6)	47	14
Loans and other borrowings:		
£173m 3.875% bonds 2022	–	173
€500m 1.625% bonds 2024	419	448
£300m 3.75% bonds 2025	303	302
£350m 2.125% bonds 2026	351	351
€500m 2.125% bonds 2027	423	453
£400m 3.375% bonds 2028	398	397
	1,941	2,138

 More detailed information on loans and other borrowings is shown in note 22 of the Group Financial Statements on pages 186 to 187.

**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 198 to 199.

The weighted average share price at the date of exercise for share awards vested during the year was 5,081.2p (2020: 4,874.5p).

The share awards outstanding at the year end have a weighted average contractual life of 0.5 years (2020: 1.0 years) for the Annual Performance Plan, 1.2 years (2020: 1.4 years) for performance-related awards and 1.2 years (2020: 1.3 years) for restricted stock units.

## 10. Capital and reserves

	Number of shares millions	Equity share capital £m
Allotted, called up and fully paid		
At 31 December 2020 and 31 December 2021 (ordinary shares of 20 <sup>340</sup> / <sub>399</sub> p each)	187	39

The authority given to the Company at the AGM held on 7 May 2021 to purchase its own shares was still valid at 31 December 2021. A resolution to renew the authority will be put to shareholders at the AGM on 6 May 2022.

The Company no longer has an authorised share capital.

At 31 December 2021, 3,701,408 (2020: 5,061,408) shares with a nominal value of £771,822 (2020: £1,055,411) were held as treasury shares.

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

## 11. Dividends and shareholder returns

The final dividend of 85.9¢ per ordinary share (amounting to \$157m) is proposed for approval at the AGM on 6 May 2022. No dividends were paid in 2021 or 2020.

## 12. Contingencies

The following UK subsidiaries will take advantage of the audit exemption set out within Section 479A of the Companies Act 2006 for the year ended 31 December 2021:

Company name	Company number
InterContinental (PB) 1	06724223
InterContinental (PB) 3 Limited	06947603
IHC May Fair Hotel Limited	02323039
Asia Pacific Holdings Limited	03941780
Six Continents Hotels International Limited	00722401
Hotel InterContinental London (Holdings) Limited	06451128

The Company will guarantee all outstanding liabilities of the above UK subsidiary undertakings as at the balance sheet date in accordance with Section 479C of the Companies Act 2006. The Company has assessed the probability of loss under the guarantees as remote.

In 2021 and 2020, there were no contingent liabilities to disclose in respect of guarantees of the liabilities of subsidiaries.