Parent Company Financial Statements

Parent Company Financial Statements

Parent Company statement of financial position

31 December 2023	Note	2023 £m	2022 £m
Fixed assets			
Investments	3	**3,227**	3,198
Current assets			
Debtors: due after more than one year	4	**44**	46
Debtors: due within one year	4	**875**	217
Creditors: amounts falling due within one year	7	**(455)**	(26)
Net current assets		**464**	237
Total assets less current liabilities		**3,691**	3,435
Creditors: amounts falling due after one year	8	**(1,494)**	(1,953)
Net assets		**2,197**	1,482
Capital and reserves			
Called up share capital	10	**36**	38
Share premium account		**75**	75
Capital redemption reserve		**10**	8
Share-based payment reserve		**475**	431
Cash flow hedge reserves	6	**1**	–
Profit and loss account		**1,600**	930
Total equity		**2,197**	1,482

Signed on behalf of the Board,

Michael Glover
19 February 2024

The profit after tax amounts to £1,473m (2022: £751m).

Registered number 05134420

→ Notes on pages 220 to 224 form an integral part of these Financial Statements.

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 2022	39	75	7	393	3	820	1,337
Profit for the year	–	–	–	–	–	751	751
Other comprehensive loss							
Items that may be subsequently reclassified to profit or loss:							
Gains on cash flow hedges, including related tax credit of £1m	–	–	–	–	30	–	30
Costs of hedging	–	–	–	–	2	–	2
Hedging gains reclassified to financial expenses	–	–	–	–	(35)	–	(35)
Total other comprehensive loss for the year	–	–	–	–	(3)	–	(3)
Total comprehensive income for the year	–	–	–	–	(3)	751	748
Repurchase of shares, including transaction costs	(1)	–	1	–	–	(447)	(447)
Equity-settled share-based payment cost	–	–	–	38	–	–	38
Equity dividends paid	–	–	–	–	–	(194)	(194)
At 31 December 2022	38	75	8	431	–	930	1,482
Profit for the year	**–**	**–**	**–**	**–**	**–**	**1,473**	**1,473**
Other comprehensive income							
Items that may be subsequently reclassified to profit or loss:							
Losses on cash flow hedges, including related tax of £nil	**–**	**–**	**–**	**–**	**(29)**	**–**	**(29)**
Costs of hedging	**–**	**–**	**–**	**–**	**2**	**–**	**2**
Hedging losses reclassified to financial expenses	**–**	**–**	**–**	**–**	**28**	**–**	**28**
Total other comprehensive income for the year	**–**	**–**	**–**	**–**	**1**	**–**	**1**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**1**	**1,473**	**1,474**
Repurchase of shares, including transaction costs	**(2)**	**–**	**2**	**–**	**–**	**(605)**	**(605)**
Equity-settled share-based payment cost	**–**	**–**	**–**	**44**	**–**	**–**	**44**
Equity dividends paid	**–**	**–**	**–**	**–**	**–**	**(198)**	**(198)**
At 31 December 2023	**36**	**75**	**10**	**475**	**1**	**1,600**	**2,197**

→ Notes on pages 220 to 224 form an integral part of these Financial Statements.

Notes to the Parent Company Financial Statements

1. Accounting policies

General information

The Parent Company Financial Statements of InterContinental Hotels Group PLC (the 'Company') for the year ended 31 December 2023 were authorised for issue by the Board of Directors on 19 February 2024 and the Parent Company statement of financial position was signed on the Board's behalf by Michael Glover. 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 Parent Company Financial Statements are presented in sterling and all values are rounded to the nearest million pounds (£m) except when otherwise indicated.

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

Going concern

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 161), the Directors confirm they have a reasonable expectation that the Company has sufficient resources to continue operating until at least 30 June 2025 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.

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 following paragraphs of IAS 1 'Presentation of financial statements' (removing the requirement to present):
  - 10(d) (statement of cash flows);
  - 16 (statement of compliance with all IFRS); and
  - 111 (cash flow statement information).
- 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 on 31 December 2023 (£11.7bn) 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 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.

Amounts due from and to Group undertakings are only offset where the relevant facilities permit such offset under all conditions described in the Group accounting policy for offsetting of financial assets and financial liabilities on page 169 of the Group Financial Statements.

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 171 of the Group Financial Statements.

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

Share-based payments

The cost of equity-settled shared-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).

Where the Company grants awards over its own shares to the employees of its subsidiaries, it recognises 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. Any consideration received from subsidiaries in relation to those awards does not represent an increase in the cost of investment.

Notes to the Parent Company Financial Statements continued

2. Directors' remuneration

Average number of Directors

	2023	2022
Non-Executive Directors	9	10
Executive Directors	2	3
	11	13

Directors' remuneration

	2023 £m	2022 £m
Base salaries, fees, annual performance payments and benefits	5.6	6.4

→ More detailed information on the remuneration including pensions, share awards and shareholdings for each Director is shown in the Directors' Remuneration Report on pages 128 and 136. In addition, amounts received or receivable under long-term incentive schemes are shown on page 128.

	2023 number	2022 number
Directors in respect of whose qualifying services shares were received or receivable under long-term incentive schemes	2	3

3. Investments

	£m
Cost and net book value	
At 1 January 2023	3,198
Share-based payments capital contribution	29
At 31 December 2023	**3,227**

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 to the Group Financial Statements.

4. Debtors

	2023 £m	2022 £m
Due after more than one year		
Derivative financial assets (note 6)	1	6
Deferred tax (note 5)	43	40
	44	46
Due within one year		
Amounts due from Group undertakings	868	210
UK Corporation Tax	7	7
	875	217

5. Deferred tax

	Losses £m	Currency swaps £m	Total £m
At 1 January 2022	29	(1)	28
Income statement	11	–	11
Other comprehensive income	–	1	1
At 31 December 2022	40	–	40
Income statement	3	–	3
At 31 December 2023	**43**	**–**	**43**

Under UK tax law it is possible to realise certain categories of deferred tax assets, including all those of the Company, against future taxable profits of any other UK entity within the Group. There is an expectation of sufficient future taxable profits within the Group which supports the recognition of the Company's deferred tax asset.

→ More detailed information on the basis for deferred tax recognition is shown within the Group accounting policies and note 8 to the Group Financial Statements on pages 170 and 184.

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 2023 £m	Fair value 2022 £m
November 2018	£436m	3.5%	€500m	2.125%	May 2027	€500m 2.125% bonds 2027	**1**	6
October 2020	£454m	2.7%	€500m	1.625%	October 2024	€500m 1.625% bonds 2024	**(20)**	(9)

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 £17m loss (2022: £39m gain).

Cash flow hedge reserves

	Cash flow hedge reserve £m	Cost of hedging reserve £m	Total £m
At 1 January 2022	11	(8)	3
Costs of hedging deferred and recognised in other comprehensive loss	–	2	2
Change in fair value of currency swaps recognised in other comprehensive loss	29	–	29
Reclassified from other comprehensive income to profit or loss	(35)	–	(35)
Deferred tax	1	–	1
At 31 December 2022	6	(6)	–
Costs of hedging deferred and recognised in other comprehensive income	**–**	**2**	**2**
Change in fair value of currency swaps recognised in other comprehensive income	**(29)**	**–**	**(29)**
Reclassified from other comprehensive income to profit or loss	**28**	**–**	**28**
At 31 December 2023	**5**	**(4)**	**1**

→ More detailed information on derivative financial instruments and hedging is shown in note 24 to the Group Financial Statements.

7. Creditors: amounts falling due within one year

	2023 £m	2022 £m
Other payables	**–**	24
Accruals	**–**	2
Derivative financial liabilities (note 6)	**20**	–
Loans and other borrowings:		
€500m 1.625% bonds 2024	**435**	–
	455	26

→ More detailed information on loans and borrowings is shown in note 22 to the Group Financial Statements.

8. Creditors: amounts falling due after one year

	2023 £m	2022 £m
Derivative financial liabilities (note 6)	**–**	9
Loans and other borrowings:		
€500m 1.625% bonds 2024	**–**	443
£300m 3.75% bonds 2025	**304**	303
£350m 2.125% bonds 2026	**352**	351
€500m 2.125% bonds 2027	**439**	448
£400m 3.375% bonds 2028	**399**	399
	1,494	1,953

→ More detailed information on loans and other borrowings and derivative financial instruments is shown in notes 22 and 24 respectively to the Group Financial Statements.

Notes to the Parent Company Financial Statements continued

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 share-based payments is shown in note 28 to the Group Financial Statements.

10. Capital and reserves

Allotted, called up and fully paid	Number of shares millions	Equity share capital £m
At 1 January 2023 (ordinary shares of $20^{340}/_{399}$p each)	183	38
Repurchased and cancelled under share repurchase programme	(11)	(2)
At 31 December 2023 (ordinary shares of $20^{340}/_{399}$p each)	**172**	**36**

→ More detailed information on authorised share capital and shareholder returns is given in note 29 to the Group Financial Statements.

At 31 December 2023, 7,006,782 shares (2022: 7,506,782) with a nominal value of £1,461,063 (2022: £1,565,324) were held as treasury shares.

In February 2024, the Board approved a $800m share buyback programme. A resolution to renew the authority to repurchase shares will be put to shareholders at the AGM on 3 May 2024.

11. Dividends

	2023		2022	
Paid during the year	**pence per share**	**£m**	pence per share	£m
Final (declared for previous year)	**76.1**	**133**	67.5	124
Interim	**38.7**	**65**	37.8	70
	114.8	**198**	105.3	194

The final dividend in respect of 2023 of 104.0¢ per ordinary share (amounting to $171m) is proposed for approval at the AGM on 3 May 2024.

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 2023:

Company name	Company number
Asia Pacific Holdings Limited	03941780
Hotel InterContinental London (Holdings) Limited	06451128
IHC May Fair Hotel Limited	02323039
IHC Overseas (U.K.) Limited	02322038
IHG PS Nominees Limited	07092523
InterContinental (PB) 1	06724223
InterContinental (PB) 3 Limited	06947603
Met Leeds Hotel OpCo Limited	11360939
SC Leisure Group Limited	00658907
Six Continents Holdings Limited	03211009
Six Continents Hotels International Limited	00722401
Six Continents Investments Limited	00694156
Six Continents Overseas Holdings Limited	02661055
Wotton House Hotel OpCo Limited	11361057
York Station Road Hotel OpCo Limited	11360937

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.

The Company has provided a guarantee in respect of the €600m bond issued by one of its subsidiaries, due for maturity in 2029. In 2022, there were no contingent liabilities to disclose in respect of guarantees of the liabilities of subsidiaries.