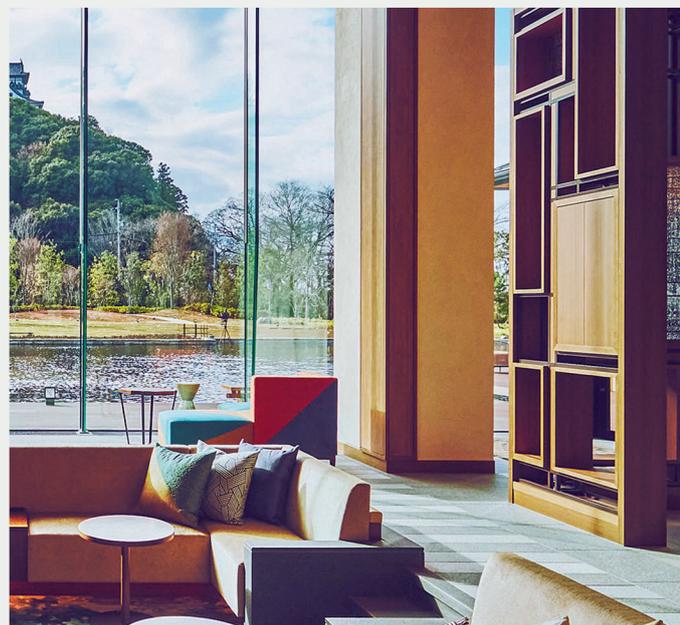
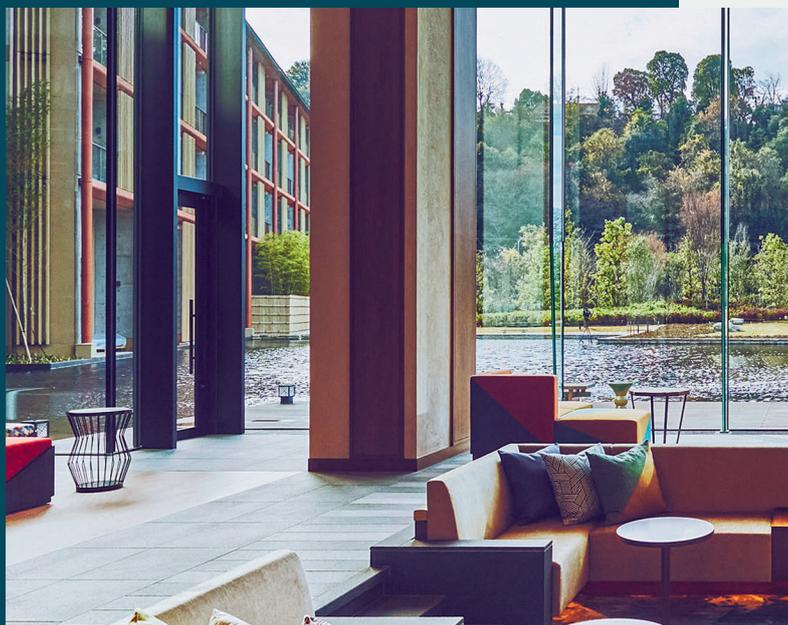
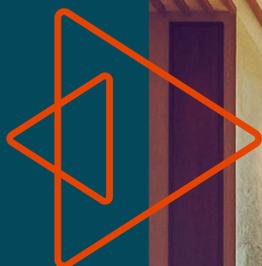


Group Financial Statements

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Hotel Indigo Inuyama Urakuen Garden, China

^a Independent Auditors' Reports comprise reports from PricewaterhouseCoopers LLP (PCAOB ID: 876) and Ernst & Young LLP (PCAOB ID: 1438)

Statement of Directors' Responsibilities

Financial Statements and accounting records

The Directors are required to prepare the Annual Report and Form 20-F and the Financial Statements for the Company and the Group at the end of each financial year in accordance with applicable law and regulations. Under company law directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and the profit or loss of the Group for that period. The Directors have prepared the Consolidated Financial Statements in accordance with UK-adopted international accounting standards and the Company Financial Statements in accordance with UK accounting standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law. The Directors have also prepared the Consolidated Financial Statements in accordance with International Financial Reporting Standards ('IFRSs') issued by the International Accounting Standards Board ('IASB').

In preparing these Financial Statements, IHG Directors are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and accounting estimates that are reasonable;
- State whether the Consolidated Financial Statements have been prepared in accordance with UK-adopted international accounting standards;
- State for the Company Financial Statements whether applicable UK accounting standards, comprising FRS 101, have been followed; and
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The Directors have responsibility for ensuring that the Company and the Group keep adequate accounting records sufficient to show and explain the Company's and the Group's transactions and which disclose with reasonable accuracy the financial position of the Company and the Group to enable them to ensure that the Financial Statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are also responsible for the system of internal control, for safeguarding the assets of the Company and the Group, and taking reasonable steps to prevent and detect fraud and other irregularities.

Disclosure Guidance and Transparency Rules

The Board confirms that to the best of its knowledge:

- The Consolidated Financial Statements have been prepared in accordance with UK-adopted international accounting standards, and IFRSs as issued by the IASB, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group taken as a whole;
- The Company Financial Statements have been prepared in accordance with UK accounting standards, comprising FRS 101, and give a true and fair view of the assets, liabilities and financial position of the Company; and
- The Annual Report, including the Strategic Report, includes a fair review of the development and performance of the business and the position of the Company and the Group taken as a whole, together with a description of the principal risks and uncertainties that it faces.

UK Corporate Governance Code

Having taken advice from the Audit Committee, the Board considers that this Annual Report and Form 20-F, taken as a whole, is fair, balanced and understandable and that it provides the information necessary for shareholders to assess the Company's and the Group's position and performance, business model and strategy.

Disclosure of information to Auditor

The Directors who held office as at the date of approval of this report confirm that they have taken steps to make themselves aware of relevant audit information (as defined by Section 418(3) of the Companies Act 2006). None of the Directors are aware of any relevant audit information which has not been disclosed to the Company's and Group's Auditor.

Management's report on internal control over financial reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Group, as defined in Rule 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934 as a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRSs.

The Group's internal control over financial reporting includes policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the Group's transactions and dispositions of assets;
- Are designed to provide reasonable assurance that transactions are recorded as necessary to permit the preparation of the Consolidated Financial Statements in accordance with UK-adopted international accounting standards and IFRSs as issued by the IASB, and that receipts and expenditure are being made only in accordance with authorisation of management and the Directors of the Company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of the Group's assets that could have a material effect on the Consolidated Financial Statements.

Any internal control framework has inherent limitations and internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or the degree of compliance with the policies or procedures may deteriorate.

Management has undertaken an assessment of the effectiveness of the Group's internal control over financial reporting at 31 December 2022 based on criteria established in the Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework).

Based on this assessment, management has concluded that as at 31 December 2022 the Group's internal control over financial reporting was effective.

During the period covered by this document there were no changes in the Group's internal control over financial reporting that have materially affected or are reasonably likely to materially affect the effectiveness of the internal controls over financial reporting.

The Group's internal control over financial reporting at 31 December 2022, together with the Group's Consolidated Financial Statements, were audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm. Their auditor's report can be found on page 147.

For and on behalf of the Board



Keith Barr
Chief Executive Officer
20 February 2023



Paul Edgecliffe-Johnson
Chief Financial Officer
20 February 2023

Independent Auditor's UK Report

Independent auditors' report to the members of InterContinental Hotels Group PLC

Report on the audit of the Financial Statements

Opinion

In our opinion:

- InterContinental Hotels Group PLC's Group Financial Statements and Parent Company Financial Statements (the 'Financial Statements') give a true and fair view of the state of the Group's and of the Parent Company's affairs at 31 December 2022 and of the Group's profit and cash flows for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the Parent Company Financial Statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law); and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the Financial Statements, included within the Annual Report and Form 20-F (the 'Annual Report'), which comprise: the Group and Parent Company statements of financial position at 31 December 2022; the Group income statement, Group statement of comprehensive income, Group statement of cash flows and Group and Parent Company statements of changes in equity for the year then ended; the Accounting policies; and the notes to the Financial Statements.

Our opinion is consistent with our reporting to the Audit Committee.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in the Accounting policies, the Group, in addition to applying UK-adopted international accounting standards, has also applied international financial reporting standards ('IFRSs') as issued by the International Accounting Standards Board ('IASB').

In our opinion, the Group Financial Statements have been properly prepared in accordance with IFRSs as issued by the IASB.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 5 to the Group Financial Statements, we have provided no non-audit services to the Parent Company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- PwC component audit teams were engaged to perform a full scope audit in the US and specified procedures over transactions processed at the Group's Global Business Service Centre in India. The Group audit team carried out audit procedures over the consolidation and material balances and transactions processed centrally. The territories where we conducted audit procedures, together with work performed at corporate functions and at the Group level, accounted for approximately: 87% of the Group's revenue; 81% of the Group's statutory profit before tax; and 75% of the Group's profit before tax adjusted for exceptional items and the System Fund.
- The Group audit team performed substantive procedures over all of the material balances and transactions of the Parent Company.

Key audit matters

- Breakage assumption used to estimate IHG One Rewards deferred revenue (Group)
- Allocation of expenses to the System Fund (Group)
- Recognition of the UK deferred tax asset (Group and Parent Company)

Materiality

- Overall Group materiality: \$37.0 million (2021: \$25.0 million) based on approximately 5% of profit before tax adjusted for exceptional items and the System Fund.
- Overall Parent Company materiality: £14.8 million (2021: £13.3 million) based on approximately 1% of net assets.
- Performance materiality: \$27.7 million (2021: \$18.7 million) (Group) and £11.1 million (2021: £9.9 million) (Parent Company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the Financial Statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Independent Auditor's UK Report continued

Expected credit losses, which was a key audit matter last year, is no longer included because of a decrease in the assessed level of audit risk as a result of improved cash collections following the Covid-19 pandemic and further refinements to the Group's expected credit losses methodology. Otherwise, the key audit matters below are consistent with last year.

Key audit matter

Breakage assumption used to estimate IHG One Rewards deferred revenue (Group)

At 31 December 2022, the deferred revenue balance relating to the IHG One Rewards loyalty programme was \$1,411m (2021: \$1,292m).

The hotel loyalty programme, IHG One Rewards, enables members to earn points, funded through hotel assessments, during each qualifying stay at an IHG branded hotel and to consume points at a later date in exchange for accommodation or other benefits. The Group recognises deferred revenue in an amount that reflects the Group's unsatisfied performance obligations, valued at the stand-alone selling price of the future benefit to the member. On an annual basis, the Group engages an external actuary who uses statistical formulae to assist in the estimate of the number of points that will never be consumed ('breakage'). The amount of revenue recognised and deferred is impacted by the estimate of breakage.

Significant estimation uncertainty exists in projecting members' future consumption activity and how this may have been impacted by Covid-19. A small change in the breakage assumption would result in a material difference in the deferred revenue balance at 31 December 2022 and therefore in the revenue recognised in the year.

Refer to the Estimates section of the Accounting policies and to note 3 to the Group Financial Statements for management's disclosures.

Allocation of expenses to the System Fund (Group)

The Group operates a System Fund to collect and administer cash assessments from hotel owners for the specific purpose of use in marketing, the Guest Reservation System and hotel loyalty programme. Costs are incurred and allocated to the System Fund in accordance with the principles agreed with the IHG Owners Association. For the year ended 31 December 2022, the Group recorded System Fund expenses of \$1,322m (2021: \$939m).

System Fund expenses are excluded from the Group result to determine operating profit from reportable segments, a key metric used by the Group.

There is judgement involved in developing the Group's internal policies in order to apply the principles agreed with the IHG Owners Association to expenses incurred and there is complexity in subsequently evaluating whether expenses are appropriately allocated to the System Fund in line with these internal policies.

Refer to the Accounting policies and to note 32 to the Group Financial Statements for management's disclosures.

Recognition of the UK deferred tax asset (Group and parent)

At 31 December 2022, the Group recognised a deferred tax asset of \$109m (2021: \$127m) related to the UK tax group. The Parent Company, which is part of the UK tax group, recognised a deferred tax asset of £40m (2021: £29m). The assets largely represent brought forward revenue tax losses. The asset recognised by the Group also includes future tax deductions for amortisation.

Judgement is used when assessing the extent to which deferred tax assets, particularly in respect of tax losses, should be recognised. Deferred tax assets are only recognised to the extent that it is regarded as probable that there will be sufficient and suitable taxable profits or deferred tax liabilities in the relevant legal entity or tax group against which such assets can be utilised in the future. For this purpose, forecasts of future profits are considered by assessing estimated future cash flows. Tax assumptions are overlaid to these profit forecasts to estimate future taxable profits. This process has demonstrated that the UK deferred tax assets should reverse over a seven to ten year period, with the lower end of the range based on the Group's base case forecast and the upper end of the range based on the Group's severe downside case forecast. The losses do not expire, although they can only be offset against 50% of annual UK taxable profits. The Group's TCFD disclosures describe how physical and transitional climate risks present both risks and opportunities for the Group. The potential downside risks have been considered in the context of the UK deferred tax asset recoverability assessment, without taking account of opportunities or mitigating actions.

Refer to note 8 to the Group Financial Statements and note 5 to the Parent Company Financial Statements for management's disclosures.

How our audit addressed the key audit matter

We evaluated and tested the design and operation of key controls in place over management's determination of the breakage assumption.

We tested a sample of data used by management's external actuary in deriving the breakage assumption to underlying records. We assessed the competence and objectivity of management's actuary and understood the methods and assumptions adopted by it in determining breakage. We deployed actuarial experts to calculate an independent expectation of a reasonably possible range for deferred revenue based on independently determined breakage assumptions. We compared the deferred revenue balance, which reflected management's assumptions about the ongoing impact of Covid-19 on points consumption, with our independently calculated range.

We assessed the appropriateness of the related disclosures including sensitivity analysis in the Estimates section of the Accounting policies and in note 3 to the Group Financial Statements.

Based on the procedures performed, we noted no material issues arising from our work.

We evaluated and tested the design and operation of key controls over the allocation of expenses to the System Fund.

We understood and assessed the internal policies and governance structure that the Group has put in place in order to apply the principles agreed with the IHG Owners Association to expenses incurred. We inspected correspondence and minutes of meetings with the IHG Owners Association to identify whether allocations have been challenged or disputed. For a sample of cost centres, we validated the basis for any changes in the proportion of costs allocated to the System Fund compared to the prior year. We tested a sample of expenses that had been allocated to the System Fund to assess whether they were accurately calculated, in compliance with the Group's internal policies and consistent with historical practice.

We checked whether there were any manual journal entries that transferred expenses to or from the System Fund to evaluate whether there was an appropriate rationale for any such journals and we determined whether the resulting classification of expenses was in line with the principles agreed with the IHG Owners Association.

Based on the procedures performed, we noted no material issues arising from our work.

We evaluated and tested the design and operation of key controls in place over the recognition of deferred tax assets and over the Group's forecasting process.

We evaluated the appropriateness of the assumptions reflected in the UK forecasts, including assessing the reasonableness of growth projections compared to historical experience and industry data. As part of this assessment, we benchmarked management's estimates to third-party sources, including consideration of how climate risk has been incorporated.

We deployed tax specialists to assess the appropriateness of tax overlay adjustments applied to the forecasts by reference to the requirements of tax principles, including the restriction of losses to 50% of annual UK taxable profits, and to assess whether the UK deferred tax assets met the recognition criteria of IAS 12.

We challenged the appropriateness of the recovery period of seven to ten years.

We assessed the appropriateness of the related disclosures in note 8 to the Group Financial Statements and note 5 to the Parent Company Financial Statements.

Based on the procedures performed, we noted no material issues arising from our work.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the Financial Statements as a whole, taking into account the structure of the Group and the Parent Company, the accounting processes and controls and the industry in which they operate.

The Group Financial Statements are a consolidation of over 600 reporting units. The Group operates a Global Business Service Centre ('BSC') in India which processes transactions for the majority of the Group's reporting units. We identified one aggregation of components in the US which required a full scope audit due to its size and because this aggregated component holds the IHG One Rewards loyalty programme and System Fund. We engaged a PwC component audit team in the US to carry out this audit. We also instructed our US component team to undertake specified procedures over certain balances and transactions in certain other US reporting units. We engaged a second PwC component audit team in India to undertake testing of transactions processed by the BSC encompassing all reporting units within the BSC's scope.

Where work was performed by component auditors, we determined the appropriate level of involvement we needed to have in that audit work to ensure that we could conclude that sufficient appropriate audit evidence had been obtained for the Group Financial Statements as a whole. In addition to instructing and reviewing the reporting from our component audit teams, we conducted file reviews and participated in key meetings with local management. We made one site visit to the US and three site visits to India to meet with our component teams and local management in person and we supplemented these site visits with regular dialogue with component teams throughout the year.

The Group consolidation, financial statement disclosures and certain balances and transactions processed centrally by management in the UK, including certain Parent Company balances and transactions that were included in Group audit scope, were audited by the Group audit team. This included taxation, treasury, impairment reviews and elements of expected credit losses on trade receivables. Taken together, the audit procedures carried out by the Group and component audit teams provided coverage of 87% of the Group's revenue, 81% of the Group's statutory profit before tax and 75% of the Group's profit before tax adjusted for exceptional items and the System Fund. This provided the evidence we needed for our opinion on the Group Financial Statements taken as a whole. This was before considering the contribution to our audit evidence from performing audit work at the Group level, including disaggregated analytical review procedures, which covered certain of the Group's smaller and lower risk components that were not directly included in our Group audit scope.

Our audit of the Parent Company Financial Statements was undertaken by the Group audit team and included substantive procedures over all material balances and transactions.

The impact of climate risk on our audit

As part of our audit, we made enquiries of management to understand the process that management adopted, with input from its third party expert on climate change, to assess the extent of the potential impact of climate risk on the Group's Financial Statements and to support the disclosures made within the Climate change section of the Accounting policies. Using our knowledge of the business and with assistance from our own climate change experts, we challenged the completeness of management's risk assessment. This included reading Carbon Disclosure Project submissions made by the Group and its competitors to ensure appropriate consistency with the judgements and disclosures reflected in the Financial Statements.

Management considers that there are no climate-related estimates or assumptions that have a material impact on the Financial Statements. We assessed that the key areas in the Financial Statements which are more likely to be materially impacted by climate change are impairment of non-financial assets, recognition of deferred tax assets and going concern. We tailored our audit approach to respond to the audit risks identified in these areas. In particular, we:

- Challenged management on how the Group's commitment to reduce emissions from its hotel estate by 46% by 2030 from a 2019 baseline will impact the assumptions within the discounted cash flows prepared by management that are used in the Group's impairment analysis, for assessing the recognition of deferred tax assets and for going concern purposes;
- Evaluated whether the impact of both physical and transition risks arising due to climate risk had been appropriately reflected by management in the estimates of the recoverable value of the Group's non-financial assets; and
- Checked whether the impact of climate risk in the Directors' assessments and disclosures related to going concern and viability were consistent with management's climate impact assessment.

We also considered the consistency of the disclosures in relation to climate change (including the disclosures in the Task Force on Climate-related Financial Disclosures (TCFD) section) in the Annual Report with the Financial Statements and with our knowledge obtained from our audit.

Our procedures did not identify any material impact in the context of our audit of the Financial Statements as a whole or on our key audit matters for the year ended 31 December 2022.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the Financial Statements as a whole.

Based on our professional judgement, we determined materiality for the Financial Statements as a whole as follows:

	Group Financial Statements	Parent Company Financial Statements
Overall materiality	\$37.0 million (2021: \$25.0 million)	£14.8 million (2021: £13.3 million)
How we determined it	Approximately 5% of profit before tax adjusted for exceptional items and the System Fund	Approximately 1% of net assets
Rationale for benchmark applied	The Group's principal measure of performance is operating profit from reportable segments, which excludes exceptional items and the System Fund result, in order to present results from operating activities on a consistent basis and to exclude the impact of the System Fund, which is not managed to generate a profit or loss for the Group over the longer term. We took this measure into account in determining our materiality as it is the metric against which the performance of the Group is most commonly assessed by management and reported to shareholders. From operating profit from reportable segments, we deducted net finance costs and fair value gains on contingent purchase consideration to arrive at adjusted profit before tax.	InterContinental Hotels Group PLC is the ultimate parent company which holds the Group's investments and bonds. The strength of the balance sheet is the key measure of financial health that is important to shareholders since the primary concern for the Parent Company is the payment of dividends. We therefore considered net assets to be an appropriate benchmark.

Independent Auditor's UK Report continued

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was approximately \$2.7 million to \$35.1 million.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2021: 75%) of overall materiality, amounting to \$27.7 million (2021: \$18.7 million) for the Group Financial Statements and £11.1 million (2021: £9.9 million) for the Parent Company Financial Statements.

In determining the performance materiality, we considered a number of factors, including the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls and we concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above \$1.8 million (Group audit) (2021: \$1.2 million) and £0.7 million (Parent Company audit) (2021: £0.6 million) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the Group's and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Evaluation and testing of key controls over the Group's budgeting process and the assessment of going concern;
- Evaluation of management's Base Case, Downside Case and Severe Downside Case scenarios and reverse stress testing calculations, understanding and evaluating the key assumptions, including assumptions related to RevPAR growth;
- Validation that the cash flow forecasts used to support management's impairment, deferred tax asset recoverability, going concern and viability assessments were consistent and in line with the Group's Board approved plan;
- Assessment of the historical accuracy and reasonableness of management's forecasting;
- Identification of RevPAR as the key assumption inherent in management's cash flow forecasts and validation of this assumption to industry sources;
- Consideration of the Group's available financing and debt maturity profile and evaluation of the reasonableness of management's assumption that bank facilities will remain undrawn over the period of the going concern assessment;
- Testing of the mathematical integrity of management's models and liquidity headroom, covenant compliance, sensitivity and reverse stress testing calculations;
- Assessment of the reasonableness of management's planned or potential mitigating actions;
- Consideration of whether climate change is expected to have any significant impact during the period of the going concern assessment; and
- Review of the related disclosures in the Annual Report.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the Financial Statements are authorised for issue.

In auditing the Financial Statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Parent Company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the Financial Statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the Financial Statements and our auditors' report thereon. The directors are responsible for the other information, which includes reporting based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Our opinion on the Financial Statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, to consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the Financial Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2022 is consistent with the Financial Statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Parent Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Parent Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement included within the Statement of compliance is materially consistent with the Financial Statements and our knowledge obtained during the audit and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the Financial Statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Group's and Parent Company's ability to continue to do so over a period of at least twelve months from the date of approval of the Financial Statements;
- The directors' explanation as to their assessment of the Group's and Parent Company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the Parent Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the Group and Parent Company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the Financial Statements and our knowledge and understanding of the Group and Parent Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the Financial Statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for the members to assess the Group's and Parent Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the Parent Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the Financial Statements and the audit

Responsibilities of the directors for the Financial Statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the Financial Statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the failure to comply with the Listing Rules, UK and overseas tax legislation, employment laws and regulations and health and safety legislation and we considered the extent to which non-compliance might have a material effect on the Financial Statements. We also considered those laws and regulations that have a direct impact on the Financial Statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the Financial Statements (including the risk of override of controls) and we determined that the principal risks were related to posting inappropriate journal entries and management bias in allocating expenses to the System Fund and in accounting for key estimates. The Group audit team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group audit team and/or component auditors included:

- Inquiries of management, internal audit and the Group's legal counsel, including considerations of known or suspected instances of non-compliance with laws and regulations and fraud;
- Review of correspondence received from regulators and consideration of the impact, if any, on our audit and the disclosures made in the Financial Statements;
- Evaluation and testing of the effectiveness of management's controls designed to prevent and detect irregularities;
- Assessment of matters reported on the Group's whistleblowing helpline and the results of management's investigation of such matters;

Independent Auditor's UK Report continued

- Identification and testing of significant manual journal entries, in particular any journal entries posted with unusual account combinations which resulted in an impact on revenue or the System Fund; and
- Challenging assumptions and judgements made by management in making significant accounting estimates.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the Financial Statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the Financial Statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Parent Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- We have not obtained all the information and explanations we require for our audit; or
- Adequate accounting records have not been kept by the Parent Company or returns adequate for our audit have not been received from branches not visited by us; or
- Certain disclosures of directors' remuneration specified by law are not made; or
- The Parent Company Financial Statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members at the Annual General Meeting on 7 May 2021 to audit the Financial Statements for the year ended 31 December 2021 and subsequent financial periods. The period of total uninterrupted engagement is two years, covering the years ended 31 December 2021 to 31 December 2022.

Other matters

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these Financial Statements will form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report will be prepared using the single electronic format specified in the ESEF RTS.

Giles Hannam (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
20 February 2023

Independent Auditor's US Report

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of InterContinental Hotels Group PLC

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying Group statement of financial position of InterContinental Hotels Group PLC and its subsidiaries (the 'Group') at 31 December 2022 and 31 December 2021 and the related Group income statement and Group statements of comprehensive income, changes in equity and cash flows for each of the two years in the period ended 31 December 2022, the Accounting policies and the related notes (collectively referred to as the 'Group Financial Statements'). We also have audited the Group's internal control over financial reporting at 31 December 2022, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the Group Financial Statements referred to above present fairly, in all material respects, the financial position of the Group at 31 December 2022 and 31 December 2021 and the results of its operations and its cash flows for each of the two years in the period ended 31 December 2022 in accordance with (i) International Financial Reporting Standards as issued by the International Accounting Standards Board and (ii) UK-adopted International Accounting Standards. Also in our opinion, the Group maintained, in all material respects, effective internal control over financial reporting at 31 December 2022, based on criteria established in Internal Control – Integrated Framework (2013) issued by the COSO.

Basis for Opinions

The Group's management is responsible for the Group Financial Statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's report on internal control over financial reporting on page 140. Our responsibility is to express opinions on the Group Financial Statements and on the Group's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Group in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the Group Financial Statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the Group Financial Statements included performing procedures to assess the risks of material misstatement of the Group Financial Statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the Group Financial Statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Group Financial Statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the Group Financial Statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the Group Financial Statements and (ii) involved our especially challenging, subjective or complex judgements. The communication of critical audit matters does not alter in any way our opinion on the Group Financial Statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Breakage assumption used to estimate IHG One Rewards loyalty programme deferred revenue

As described in the Estimates section of the Accounting policies and in note 3 to the Group Financial Statements, deferred revenue relating to the IHG One Rewards loyalty programme was \$1,411m at 31 December 2022. The hotel loyalty programme, IHG One Rewards, enables members to earn points, funded through hotel assessments, during each qualifying stay at an IHG branded hotel and consume points at a later date for free or reduced accommodation or other benefits. The Group recognises deferred revenue in an amount that reflects the Group's unsatisfied performance obligations, valued at the stand-alone selling price of the future benefit to the member. On an annual basis, the Group engages an external actuary who uses statistical formulae to assist in the estimate of the number of points that will never be consumed ('breakage'). The amount of revenue recognised and deferred is impacted by the estimate of breakage. Significant estimation uncertainty exists in projecting members' future consumption activity and how this may have been impacted by Covid-19.

Independent Auditor's US Report continued

The principal considerations for our determination that performing procedures relating to the breakage assumption used to estimate IHG One Rewards loyalty programme deferred revenue is a critical audit matter are the significant estimation uncertainty in projecting members' future consumption of points and how this may have been impacted by Covid-19. This in turn led to a high degree of auditor judgement, subjectivity, complexity and effort in performing procedures to evaluate the breakage assumption and the related audit evidence. The audit effort involved the use of professionals with specialised skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the Group Financial Statements. These procedures included testing the effectiveness of controls relating to management's determination of the breakage assumption. These procedures also included, among others, (i) testing a sample of data used by management's external actuary in deriving the breakage assumption to underlying records; (ii) assessing the competence and objectivity of management's actuary and understanding the methods and assumptions adopted by it in determining breakage; (iii) developing an independent expectation of a reasonably possible range for deferred revenue based on independently determined breakage assumptions; (iv) comparing the deferred revenue balance, which reflected management's assumptions about the ongoing impact of Covid-19 on points consumption, with our independently calculated range; and (v) assessing the appropriateness of the related disclosures including sensitivity analysis in the Group Financial Statements. Professionals with specialised skill and knowledge were used to assist in the evaluation of the breakage assumption.

Allocation of expenses to the System Fund

As described in the System Fund and other co-brand revenues section of the Accounting policies and in note 32 to the Group Financial Statements, the Group recorded System Fund expenses of \$1,322m for the year ended 31 December 2022. The Group operates a System Fund to collect and administer cash assessments from hotel owners for the specific purpose of use in marketing, the Guest Reservation System and hotel loyalty programme. Costs are incurred and allocated to the System Fund in accordance with the principles agreed with the IHG Owners Association.

The principal considerations for our determination that performing procedures relating to the allocation of expenses to the System Fund is a critical audit matter are the judgement involved in developing the Group's internal policies in order to apply the principles agreed with the IHG Owners Association to expenses incurred and the complexity in subsequently evaluating whether expenses are appropriately allocated to the System Fund in line with these internal policies. This in turn led to a high degree of auditor judgement, subjectivity and effort in performing procedures to evaluate management's classification of expenses.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the Group Financial Statements. These procedures included testing the effectiveness of controls relating to allocation of expenses to the System Fund. These procedures also included, among others, (i) understanding and assessing the internal policies that the Group has put in place in order to apply the principles agreed with the IHG Owners Association to expenses incurred; (ii) inspecting correspondence and minutes of meetings with the IHG Owners Association to identify whether allocations have been challenged or disputed; (iii) validating for a sample of cost centres the basis for any changes in the proportion of costs allocated to the System Fund compared to the prior year; (iv) testing expenses that had been allocated to the System Fund to assess whether they were accurately calculated, in compliance with the Group's internal policies and consistent with historical practice; and

(v) checking whether there were any manual journal entries that transferred expenses to or from the System Fund to evaluate whether there was an appropriate rationale for any such journals and to determine whether the resulting classification of the expenses was in line with the principles agreed with the IHG Owners Association.

Recognition of the UK deferred tax asset

As described in the Taxes section of the Accounting policies and in note 8 to the Group Financial Statements, a deferred tax asset of \$109m was recognised related to the UK tax group at 31 December 2022. Judgement is used when assessing the extent to which deferred tax assets, particularly in respect of tax losses, should be recognised. Deferred tax assets are only recognised to the extent that it is regarded as probable that there will be sufficient and suitable taxable profits or deferred tax liabilities in the relevant legal entity or tax group against which such assets can be utilised in the future. For this purpose, forecasts of future profits are considered by assessing estimated future cash flows. Tax assumptions are overlaid to these profit forecasts to estimate future taxable profits. This process has demonstrated that the UK deferred tax asset should reverse over a seven to ten year period, with the lower end of the range based on the Group's base case forecast and the upper end of the range based on the Group's severe downside case forecast. The losses do not expire, although they can only be offset against 50% of annual UK taxable profits. The Group's TCFD disclosures describe how physical and transitional climate risks present both risks and opportunities for IHG. The potential downside risks have been considered in the context of the UK deferred tax asset recoverability assessment, without taking account of opportunities or mitigating actions.

The principal considerations for our determination that performing procedures relating to recognition of the UK deferred tax asset is a critical audit matter are the significant estimation uncertainty involved in determining the future taxable profits of the UK tax group including the impact of climate risk. This in turn led to a high degree of auditor judgement, subjectivity and effort in evaluating audit evidence and in determining the reasonableness of the forecast seven to ten year period to recover this asset. In addition, the audit effort involved the use of professionals with specialised skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the Group Financial Statements. These procedures included testing the effectiveness of controls relating to the recognition of deferred tax assets and the Group's forecasting process. These procedures also included, among others, (i) evaluating the appropriateness of the assumptions reflected in the UK forecasts, including assessing the reasonableness of growth predictions compared to historical experience and industry data and benchmarking management's estimates to third-party sources, including consideration of how climate risk has been incorporated; (ii) assessing the appropriateness of tax overlay adjustments applied to the forecasts by reference to the requirements of tax principles, including the restriction of losses to 50% of annual UK taxable profits; (iii) assessing whether the UK deferred tax asset meets the recognition criteria of IAS 12; (iv) assessing the appropriateness of the forecast recovery period of seven to ten years; and (v) assessing the appropriateness of the related disclosures in the Group Financial Statements. Professionals with specialised skills and knowledge were used to assist in the evaluation of recognition of the UK deferred tax asset.

/s/PricewaterhouseCoopers LLP

London, United Kingdom
20 February 2023

We have served as the Group's auditor since 2021.

2020 Independent Auditor's US Report

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of InterContinental Hotels Group PLC

Opinion on the Financial Statements

We have audited the accompanying statements of income, comprehensive income, changes in equity and cash flows of InterContinental Hotels Group PLC (the 'Group') for the year ended 31 December 2020, and the related notes (collectively referred to as the 'Group Financial Statements'). In our opinion, the Group Financial Statements present fairly, in all material respects, the results of the Group's operations and the Group's cash flows for the year ended 31 December 2020, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

These Group Financial Statements are the responsibility of the Group's management. Our responsibility is to express an opinion on the Group's Financial Statements based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Group in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Group Financial Statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the Group Financial Statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the Group Financial Statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Group Financial Statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We served as auditors from the Group's listing in 2003 to 2021 and of the Group's predecessor businesses from 1988.
London, England
22 February 2021

Note that the report set out above is included for the purposes of InterContinental Hotels Group PLC's Annual Report on Form 20-F for 2022 only and does not form part of InterContinental Hotels Group PLC's Annual Report and Accounts for 2022.

Group Financial Statements

Group income statement

For the year ended 31 December 2022	Note	2022 \$m	2021 \$m	2020 \$m
Revenue from fee business	3	1,449	1,153	823
Revenue from owned, leased and managed lease hotels	3	394	237	169
System Fund revenues		1,217	928	765
Reimbursement of costs		832	589	637
Total revenue	2	3,892	2,907	2,394
Cost of sales		(648)	(486)	(354)
System Fund expenses		(1,322)	(939)	(867)
Reimbursed costs		(832)	(589)	(637)
Administrative expenses		(364)	(300)	(267)
Share of losses of associates and joint ventures	2, 6	(59)	(8)	(14)
Other operating income		29	11	16
Depreciation and amortisation	2	(68)	(98)	(110)
Impairment loss on financial assets		(5)	-	(88)
Other net impairment reversals/(charges)	6	5	(4)	(226)
Operating profit/(loss)	2	628	494	(153)
Operating profit/(loss) analysed as:				
Operating profit before System Fund and exceptional items		828	534	219
System Fund		(105)	(11)	(102)
Operating exceptional items	6	(95)	(29)	(270)
		628	494	(153)
Financial income	7	22	8	4
Financial expenses	7	(118)	(147)	(144)
Fair value gains on contingent purchase consideration	24	8	6	13
Profit/(loss) before tax		540	361	(280)
Tax	8	(164)	(96)	20
Profit/(loss) for the year from continuing operations		376	265	(260)
Attributable to:				
Equity holders of the parent		375	266	(260)
Non-controlling interest		1	(1)	-
		376	265	(260)
Earnings/(loss) per ordinary share				
	10			
Basic		207.2¢	145.4¢	(142.9)¢
Diluted		206.0¢	144.6¢	(142.9)¢

 Notes on pages 157 to 216 form an integral part of these Group Financial Statements.

Group statement of comprehensive income

For the year ended 31 December 2022	2022 \$m	2021 \$m	2020 \$m
Profit/(loss) for the year	376	265	(260)
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Gains/(losses) on cash flow hedges, including related tax credit of \$2m (2021: \$7m charge, 2020: \$4m credit)	35	(69)	3
Costs of hedging	3	2	(6)
Hedging (gains)/losses reclassified to financial expenses	(43)	96	(13)
Exchange gains/(losses) on retranslation of foreign operations, including related tax credit of \$5m (2021: \$4m charge, 2020: \$4m credit)	181	18	(85)
	176	47	(101)
Items that will not be reclassified to profit or loss:			
Gains/(losses) on equity instruments classified as fair value through other comprehensive income, including related tax credit of \$2m (2021: \$1m charge, 2020: \$4m credit)	1	14	(43)
Re-measurement gains/(losses) on defined benefit plans, net of related tax charge of \$6m (2021: \$nil, 2020: \$1m credit)	15	7	(7)
Tax related to pension contributions	-	1	1
	16	22	(49)
Total other comprehensive income/(loss) for the year	192	69	(150)
Total comprehensive income/(loss) for the year	568	334	(410)
Attributable to:			
Equity holders of the parent	568	335	(410)
Non-controlling interest	-	(1)	-
	568	334	(410)

 Notes on pages 157 to 216 form an integral part of these Group Financial Statements.

Group Financial Statements continued

Group statement of changes in equity

	Equity share capital \$m	Capital redemption reserve \$m	Shares held by employee share trusts \$m	Other reserves \$m	Fair value reserve \$m	Cash flow hedge reserves \$m	Currency translation reserve \$m	Retained earnings \$m	IHG shareholders' equity \$m	Non-controlling interest \$m	Total equity \$m
At 1 January 2022	154	10	(22)	(2,873)	25	5	316	904	(1,481)	7	(1,474)
Profit for the year	-	-	-	-	-	-	-	375	375	1	376
Other comprehensive income											
Items that may be subsequently reclassified to profit or loss:											
Gains on cash flow hedges	-	-	-	-	-	35	-	-	35	-	35
Costs of hedging	-	-	-	-	-	3	-	-	3	-	3
Hedging gains reclassified to financial expenses	-	-	-	-	-	(43)	-	-	(43)	-	(43)
Exchange gains on retranslation of foreign operations	-	-	-	-	-	-	182	-	182	(1)	181
	-	-	-	-	-	(5)	182	-	177	(1)	176
Items that will not be reclassified to profit or loss:											
Gains on equity instruments classified as fair value through other comprehensive income	-	-	-	-	1	-	-	-	1	-	1
Re-measurement gains on defined benefit plans	-	-	-	-	-	-	-	15	15	-	15
	-	-	-	-	1	-	-	15	16	-	16
Total other comprehensive income for the year	-	-	-	-	1	(5)	182	15	193	(1)	192
Total comprehensive income for the year	-	-	-	-	1	(5)	182	390	568	-	568
Repurchase of shares, including transaction costs	(1)	1	-	-	-	-	-	(513)	(513)	-	(513)
Purchase of own shares by employee share trusts	-	-	(1)	-	-	-	-	-	(1)	-	(1)
Transfer of treasury shares to employee share trusts	-	-	(26)	-	-	-	-	26	-	-	-
Release of own shares by employee share trusts	-	-	12	-	-	-	-	(12)	-	-	-
Equity-settled share-based cost	-	-	-	-	-	-	-	44	44	-	44
Tax related to share schemes	-	-	-	-	-	-	-	1	1	-	1
Equity dividends paid	-	-	-	-	-	-	-	(233)	(233)	-	(233)
Exchange adjustments	(16)	(1)	-	17	-	-	-	-	-	-	-
At 31 December 2022	137	10	(37)	(2,856)	26	-	498	607	(1,615)	7	(1,608)

All items within total comprehensive income are shown net of tax.

 Notes on pages 157 to 216 form an integral part of these Group Financial Statements.

	Equity share capital \$m	Capital redemption reserve \$m	Shares held by employee share trusts \$m	Other reserves \$m	Fair value reserve \$m	Cash flow hedge reserves \$m	Currency translation reserve \$m	Retained earnings \$m	IHG shareholders' equity \$m	Non-controlling interest \$m	Total equity \$m
At 1 January 2021	156	10	(1)	(2,875)	11	(24)	298	568	(1,857)	8	(1,849)
Profit for the year	-	-	-	-	-	-	-	266	266	(1)	265
Other comprehensive income											
Items that may be subsequently reclassified to profit or loss:											
Losses on cash flow hedges	-	-	-	-	-	(69)	-	-	(69)	-	(69)
Costs of hedging	-	-	-	-	-	2	-	-	2	-	2
Hedging losses reclassified to financial expenses	-	-	-	-	-	96	-	-	96	-	96
Exchange gains on retranslation of foreign operations	-	-	-	-	-	-	18	-	18	-	18
	-	-	-	-	-	29	18	-	47	-	47
Items that will not be reclassified to profit or loss:											
Gains on equity instruments classified as fair value through other comprehensive income	-	-	-	-	14	-	-	-	14	-	14
Re-measurement gains on defined benefit plans	-	-	-	-	-	-	-	7	7	-	7
Tax related to pension contributions	-	-	-	-	-	-	-	1	1	-	1
	-	-	-	-	14	-	-	8	22	-	22
Total other comprehensive income for the year	-	-	-	-	14	29	18	8	69	-	69
Total comprehensive income for the year	-	-	-	-	14	29	18	274	335	(1)	334
Transfer of treasury shares to employee share trusts	-	-	(34)	-	-	-	-	34	-	-	-
Release of own shares by employee share trusts	-	-	13	-	-	-	-	(13)	-	-	-
Equity-settled share-based cost	-	-	-	-	-	-	-	39	39	-	39
Tax related to share schemes	-	-	-	-	-	-	-	2	2	-	2
Exchange adjustments	(2)	-	-	2	-	-	-	-	-	-	-
At 31 December 2021	154	10	(22)	(2,873)	25	5	316	904	(1,481)	7	(1,474)

All items within total comprehensive income are shown net of tax.

 Notes on pages 157 to 216 form an integral part of these Group Financial Statements.

Group Financial Statements continued

Group statement of changes in equity continued

	Equity share capital \$m	Capital redemption reserve \$m	Shares held by employee share trusts \$m	Other reserves \$m	Fair value reserve \$m	Cash flow hedge reserves \$m	Currency translation reserve \$m	Retained earnings \$m	IHG shareholders' equity \$m	Non-controlling interest \$m	Total equity \$m
At 1 January 2020	151	10	(5)	(2,870)	57	(6)	381	809	(1,473)	8	(1,465)
Loss for the year	-	-	-	-	-	-	-	(260)	(260)	-	(260)
Other comprehensive income											
Items that may be subsequently reclassified to profit or loss:											
Losses on cash flow hedges	-	-	-	-	-	3	-	-	3	-	3
Costs of hedging	-	-	-	-	-	(6)	-	-	(6)	-	(6)
Hedging gains reclassified to financial expenses	-	-	-	-	-	(13)	-	-	(13)	-	(13)
Exchange losses on retranslation of foreign operations	-	-	-	-	-	(2)	(83)	-	(85)	-	(85)
	-	-	-	-	-	(18)	(83)	-	(101)	-	(101)
Items that will not be reclassified to profit or loss:											
Losses on equity instruments classified as fair value through other comprehensive income	-	-	-	-	(43)	-	-	-	(43)	-	(43)
Gains on equity instruments transferred to retained earnings on disposal	-	-	-	-	(3)	-	-	3	-	-	-
Re-measurement losses on defined benefit plans	-	-	-	-	-	-	-	(7)	(7)	-	(7)
Tax related to pension contributions	-	-	-	-	-	-	-	1	1	-	1
	-	-	-	-	(46)	-	-	(3)	(49)	-	(49)
Total other comprehensive loss for the year	-	-	-	-	(46)	(18)	(83)	(3)	(150)	-	(150)
Total comprehensive loss for the year	-	-	-	-	(46)	(18)	(83)	(263)	(410)	-	(410)
Transfer of treasury shares to employee share trusts	-	-	(14)	-	-	-	-	14	-	-	-
Release of own shares by employee share trusts	-	-	18	-	-	-	-	(18)	-	-	-
Equity-settled share-based cost, net of \$3m reclassification to cash-settled awards	-	-	-	-	-	-	-	27	27	-	27
Tax related to share schemes	-	-	-	-	-	-	-	(1)	(1)	-	(1)
Exchange adjustments	5	-	-	(5)	-	-	-	-	-	-	-
At 31 December 2020	156	10	(1)	(2,875)	11	(24)	298	568	(1,857)	8	(1,849)

All items within total comprehensive loss are shown net of tax.

 Notes on pages 157 to 216 form an integral part of these Group Financial Statements.

Group statement of financial position

31 December 2022	Note	2022 \$m	2021 \$m
ASSETS			
Goodwill and other intangible assets	12	1,144	1,195
Property, plant and equipment	13	157	137
Right-of-use assets	14	280	274
Investment in associates	15	36	77
Retirement benefit assets	26	2	2
Other financial assets	16	156	173
Derivative financial instruments	23	7	-
Deferred compensation plan investments		216	256
Non-current other receivables		3	1
Deferred tax assets	8	126	147
Contract costs	3	75	72
Contract assets	3	336	316
Total non-current assets		2,538	2,650
Inventories		4	4
Trade and other receivables	17	646	574
Current tax receivable		16	1
Other financial assets	16	-	2
Cash and cash equivalents	18	976	1,450
Contract costs	3	5	5
Contract assets	3	31	30
Total current assets		1,678	2,066
Total assets		4,216	4,716
LIABILITIES			
Loans and other borrowings	21	(55)	(292)
Lease liabilities	14	(26)	(35)
Trade and other payables	19	(697)	(579)
Deferred revenue	3	(681)	(617)
Provisions	20	(53)	(49)
Current tax payable		(32)	(52)
Total current liabilities		(1,544)	(1,624)
Loans and other borrowings	21	(2,341)	(2,553)
Lease liabilities	14	(401)	(384)
Derivative financial instruments	23	(11)	(62)
Retirement benefit obligations	26	(66)	(92)
Deferred compensation plan liabilities		(216)	(256)
Trade and other payables	19	(81)	(89)
Deferred revenue	3	(1,043)	(996)
Provisions	20	(43)	(41)
Deferred tax liabilities	8	(78)	(93)
Total non-current liabilities		(4,280)	(4,566)
Total liabilities		(5,824)	(6,190)
Net liabilities		(1,608)	(1,474)
EQUITY			
IHG shareholders' equity		(1,615)	(1,481)
Non-controlling interest		7	7
Total equity		(1,608)	(1,474)

Signed on behalf of the Board,

Paul Edgecliffe-Johnson

20 February 2023

 Notes on pages 157 to 216 form an integral part of these Group Financial Statements.

Group Financial Statements continued

Group statement of cash flows

For the year ended 31 December 2022	Note	2022 \$m	2021 \$m	2020 \$m
Profit/(loss) for the year		376	265	(260)
Adjustments reconciling profit/(loss) for the year to cash flow from operations	25	585	583	568
Cash flow from operations		961	848	308
Interest paid		(126)	(134)	(132)
Interest received		22	8	2
Tax paid	8	(211)	(86)	(41)
Net cash from operating activities		646	636	137
Cash flow from investing activities				
Purchase of property, plant and equipment		(54)	(17)	(26)
Purchase of intangible assets		(45)	(35)	(50)
Investment in associates		(1)	-	(2)
Investment in other financial assets		-	(5)	(5)
Deferred purchase consideration paid	24	-	(13)	-
Capitalised interest paid	7	-	-	(1)
Lease incentives received		6	-	-
Distributions from associates and joint ventures		-	-	5
Disposal of property, plant and equipment		3	-	-
Disposal of hotel assets, net of costs and cash disposed	11	-	44	1
Repayments of other financial assets		13	14	13
Disposal of equity securities		-	-	4
Net cash from investing activities		(78)	(12)	(61)
Cash flow from financing activities				
Repurchase of shares, including transaction costs	28	(482)	-	-
Purchase of own shares by employee share trusts		(1)	-	-
Dividends paid to shareholders	9	(233)	-	-
Issue of long-term bonds, including effect of currency swaps		-	-	1,093
(Repayment)/issue of commercial paper	22	-	(828)	738
Repayment of long-term bonds	22	(209)	-	(290)
Principal element of lease payments	22	(36)	(32)	(65)
Decrease in other borrowings		-	-	(125)
Proceeds from currency swaps		-	-	3
Net cash from financing activities		(961)	(860)	1,354
Net movement in cash and cash equivalents in the year		(393)	(236)	1,430
Cash and cash equivalents at beginning of the year	18	1,391	1,624	108
Exchange rate effects		(77)	3	86
Cash and cash equivalents at end of the year	18	921	1,391	1,624

 Notes on pages 157 to 216 form an integral part of these Group Financial Statements.

Accounting policies

General information

The Consolidated Financial Statements of InterContinental Hotels Group PLC (the 'Group' or 'IHG') for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Directors on 20 February 2023. InterContinental Hotels Group PLC (the 'Company') is incorporated and registered in England and Wales.

Basis of preparation

The Consolidated Financial Statements of IHG have been prepared on a going concern basis (see below) and under the historical cost convention, except for assets and liabilities measured at fair value under relevant accounting standards. The Consolidated Financial Statements have been prepared in accordance with UK-adopted international accounting standards and with applicable law and regulations and with International Financial Reporting Standards ('IFRSs') as issued by the International Accounting Standards Board ('IASB'). UK-adopted international accounting standards differ in certain respects from IFRSs as issued by the IASB. However, the differences have no impact on the Consolidated Financial Statements for the years presented.

Going concern

A period of 18 months has been used, from 1 January 2023 to 30 June 2024, to complete the going concern assessment.

In adopting the going concern basis for preparing the Consolidated Financial Statements, the Directors have considered a 'Base Case' scenario which assumes global RevPAR in 2023 around pre-pandemic levels boosted by resilient leisure travel and continued recovery in corporate and group demand. The assumptions applied in the Base Case scenario are consistent with those used for Group planning purposes, for impairment testing (impairment tests adjusted for factors specific to individual properties or portfolios) and for assessing recoverability of deferred tax assets.

The Directors have also reviewed a 'Downside Case' based on a recession scenario which assumes no RevPAR growth in 2023, with the recovery profile delayed by one year, and a 'Severe Downside Case' which is based on a severe but plausible scenario equivalent to the market conditions experienced through the 2008/2009 global financial crisis. This assumes that the performance during 2023 starts to worsen and then RevPAR decreases significantly by 17% in 2024.

A large number of the Group's principal risks would result in an impact on RevPAR which is one of the sensitivities assessed against the headroom available in the Base Case, Downside Case and Severe Downside Case scenarios. Climate risks are not considered to have a significant impact over the 18-month period of assessment. Other principal risks that could result in a large one-off incident that has a material impact on cash flow have also been considered, for example a cybersecurity event.

The Group's bank facilities were refinanced in April 2022 with a new revolving credit facility of \$1,350m maturing in 2027 which increased the Group's key covenant of net debt:EBITDA to 4.0x. See note 23 for additional information. There are no debt maturities in the period under consideration.

Under the Base Case, Downside Case and Severe Downside Case covenants are not breached. Under the Severe Downside Case, there is limited headroom to the bank covenants at 30 June 2024 to absorb multiple additional risks and uncertainties. However, the Directors reviewed a number of actions to reduce discretionary spend, creating substantial additional headroom. After these actions are taken, there is significant headroom to the bank covenants to absorb the principal risks and uncertainties which could be applicable. In this scenario the Group also has substantial levels of existing cash reserves available after additional actions are taken (over \$1.4bn at 30 June 2024) and is not expected to draw on the bank facility.

The Directors reviewed a reverse stress test scenario to determine what decrease in RevPAR would create a breach of the covenants, and the cash reserves that would be available to the Group at that time. The Directors concluded that the outcome of this reverse stress test showed that it was very unlikely the bank facility would need to be drawn.

The leverage and interest cover covenant tests up to 30 June 2024 (the last day of the assessment period), have been considered as part of the Base Case, Downside Case and Severe Downside Case scenarios. However, as the bank facility is unlikely to be drawn even in a scenario significantly worse than the Severe Downside Case scenario, the Group does not need to rely on the additional liquidity provided by the bank facility to remain a going concern. This means that in the event the covenant test was failed, the bank facility could be cancelled by the lenders but it would not trigger a repayment demand or create a cross-default risk. As a result, a covenant breach would not have any impact on the Group's going concern conclusion.

In the event that a covenant amendment was required, the Directors believe it is reasonable to expect that such an amendment could be obtained based on prior experience in negotiating the 2020 amendments, however the going concern conclusion is not dependent on this expectation. The Group also has alternative options to manage this risk including raising additional funding in the capital markets.

Having reviewed these scenarios, the Directors have a reasonable expectation that the Group has sufficient resources to continue operating until at least 30 June 2024. Accordingly, they continue to adopt the going concern basis in preparing the Financial Statements.

Presentational currency

The Consolidated Financial Statements are presented in millions of US dollars reflecting the profile of the Group's revenue and operating profit which are primarily generated in US dollars or US dollar-linked currencies.

In the Consolidated Financial Statements, equity share capital, the capital redemption reserve and shares held by employee share trusts are translated into US dollars at the relevant rate of exchange on the last day of the period; the resultant exchange differences are recorded in other reserves.

The functional currency of the Company is sterling since this is a non-trading holding company located in the United Kingdom that has sterling denominated share capital and whose primary activity is the payment and receipt of sterling dividends and of interest on sterling denominated external borrowings and intercompany balances.

Accounting policies continued

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

In determining and applying the Group's accounting policies, management are required to make judgements, estimates and assumptions. An accounting policy is considered to be critical if its selection or application could materially affect the reported amounts of assets and liabilities at the date of the Consolidated Financial Statements, or the reported amounts of revenues and expenses during the reporting period, or could do so within the next financial year.

Judgements

System Fund

The Group operates a System Fund (the 'Fund') to collect and administer cash assessments from hotel owners for the specific purpose of use in marketing, the Guest Reservation System and hotel loyalty programme. Assessments are generally levied as a percentage of hotel revenues.

The Fund is not managed to generate a surplus or deficit for IHG over the longer term, but is managed for the benefit of the IHG System with the objective of driving revenues for the hotels in the System.

In relation to marketing and reservation services, the Group's performance obligation under IFRS 15 'Revenue from Contracts with Customers' is determined to be the continuous performance of the services rather than the spending of the assessments received. Accordingly, assessment fees are recognised as hotel revenues occur, Fund expenses are charged to the Group income statement as incurred and no constructive obligation is deemed to exist under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'. Accordingly, no liability is recognised relating to the balance of unspent funds.

No other critical judgements have been made in applying the Group's accounting policies.

Estimates

Management consider that significant estimates and assumptions are used as described below. Estimates and assumptions are evaluated by management using historical experience and other factors believed to be reasonable based on current circumstances.

In the prior year, expected credit losses were disclosed as a significant estimate. In the current year, the estimate is not considered to have a significant risk of a material adjustment in the next financial year.

Loyalty programme

The hotel loyalty programme, IHG One Rewards, enables members to earn points, funded through hotel assessments, during each qualifying stay at an IHG branded hotel and consume points at a later date for free or reduced accommodation or other benefits. The Group recognises deferred revenue in an amount that reflects IHG's unsatisfied performance obligations, valued at the stand-alone selling price of the future benefit to the member. The amount of revenue recognised and deferred is impacted by 'breakage'. On an annual basis the Group engages an external actuary who uses statistical formulae to assist in the estimate of the number of points that will never be consumed ('breakage').

Significant estimation uncertainty exists in projecting members' future consumption activity and how this may be impacted by Covid-19. Management's expectation is that member behaviour will ultimately return to pre-pandemic levels over the longer term. In 2022 and 2021, the breakage estimate was formed using pre-Covid-19 behaviour patterns as a base, but giving some weight to activity since 2020 and incorporating the impact of 2022 programme changes. However, if future member behaviour deviates significantly from expectations, breakage estimates could increase or decrease. At 31 December 2022, deferred revenue relating to the loyalty programme was \$1,411m (2021: \$1,292m, 2020: \$1,245m). Based on the conditions existing at the balance sheet date, a one percentage point decrease/increase in the breakage estimate relating to earned points would increase/reduce this liability by \$63m.

Actuarial gains and losses would correspondingly adjust the amount of System Fund revenues recognised and deferred revenue in the Group statement of financial position.

Changes to the IHG One Rewards programme in the year, which allow members to earn Milestone Rewards in addition to points, do not result in any additional significant estimation uncertainty.

Significant accounting policies

Basis of consolidation

The Consolidated Financial Statements comprise the financial statements of the Parent Company and entities controlled by the Group. Control exists when the Group has:

- Power over an investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

All intra-group balances and transactions are eliminated on consolidation.

The assets, liabilities and results of those businesses acquired or disposed of are consolidated for the period during which they were under the Group's control.

Foreign currencies

Within the Group's subsidiaries, transactions in foreign currencies are translated to the subsidiary'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 subsidiary's functional currency at the relevant rates of exchange ruling on the last day of the period. On consolidation:

- The assets and liabilities of foreign operations of the Group's subsidiaries with a functional currency other than US dollars are translated into US dollars at the relevant rates of exchange ruling on the last day of the period. The revenues and expenses of foreign operations are translated into US dollars at average rates of exchange for each month of the reporting period. The Group treats specific intercompany loan balances, which are not intended to be repaid in the foreseeable future, as part of its net investment. The exchange differences arising on retranslation are taken to the currency translation reserve; and
- Exchange differences arising from the translation of borrowings that are designated as a hedge against a net investment in a foreign operation are taken to the currency translation reserve.

On disposal of a foreign operation, the cumulative amount recognised in the currency translation reserve relating to that particular foreign operation is recycled as part of the gain or loss on disposal.

Revenue recognition

Revenue is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer.

Fee business revenue

Under franchise agreements, the Group's performance obligation is to provide a licence to use IHG's trademarks and other intellectual property. Franchise royalty fees are typically charged as a percentage of hotel gross rooms revenues and are treated as variable consideration, recognised as the underlying hotel revenues occur.

Under management agreements, the Group's performance obligation is to provide hotel management services and a licence to use IHG's trademarks and other intellectual property. Base and incentive management fees are typically charged. Base management fees are typically a percentage of total hotel revenues and incentive management fees are generally based on the hotel's profitability or cash flows. Both are treated as variable consideration. Like franchise fees, base management fees are recognised as the underlying hotel revenues occur. Incentive management fees are recognised over time when it is considered highly probable that the related performance criteria for each annual period will be met, provided there is no expectation of a subsequent reversal of the revenue.

Application and re-licensing fees are not considered to be distinct from the franchise performance obligation and are recognised over the life of the related agreement.

Franchise and management agreements also contain a promise to provide technology support and network services to hotels. A monthly technology fee, based on either gross rooms revenues or the number of rooms in the hotel, is charged and recognised over time as these services are delivered. Technology fee income is included in Central revenue.

Technical service fees are received in relation to design and engineering support provided prior to the opening of certain hotel properties. These services are a distinct performance obligation and the fees are recognised as revenue over the pre-opening period in line with the Group's assessment of the stage of completion of the project, based on the latest expectation of hotel opening date and its knowledge and experience of the pattern of work performed on comparable projects.

IHG's global insurance programme provides coverage to managed hotels for certain risks. Premiums are payable by the hotels to the third-party insurance provider. Some of the risk is reinsured by the Group's captive insurance company (the 'Captive'), SCH Insurance Company; reinsurance premiums paid from the third-party insurance provider to the Captive are recognised within Central revenue as earned. This insurance revenue is outside the scope of IFRS 15.

The Group has applied the practical expedient in IFRS 15 not to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied as at the end of the reporting period for all amounts where the Group has a right to consideration in an amount that corresponds directly with the value to the customer of the Group's performance completed to date (including franchise and management fees).

Contract assets

Amounts paid to hotel owners to secure management and franchise agreements ('key money') are treated as consideration payable to a customer. A contract asset is recorded which is recognised as a deduction to revenue over the initial term of the agreement.

In limited cases loans can be provided to an owner, in such cases the initial credit risk will be low. The difference, if any, between the face and market value of the loan on inception is recognised as a contract asset.

In limited cases, the Group may provide performance guarantees to third-party hotel owners. The expected value of payments under performance guarantees reduces the overall transaction price and is recognised as a deduction to revenue over the term of the agreement.

Typically, contract assets are not financial assets as they represent amounts paid by the Group at the beginning of a contract, and so are tested for impairment based on value in use rather than with reference to expected credit losses. Contract assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If carrying values exceed the recoverable amount, determined by reference to estimated future cash flows discounted to their present value using a pre-tax discount rate, the contract assets are written down to the recoverable amount.

Deferred revenue

Deferred revenue is recognised when payment is received before the related performance obligation is satisfied.

Revenue is also deferred when key money is committed and is highly likely to be paid. The annual revenue deferral is equal to the reduction to revenue that would arise if the key money were paid at inception of the contract. When payment is made, a net contract asset is recorded which is amortised over the remaining initial term of the agreement.

Contract costs

Certain costs incurred to secure management and franchise agreements, typically developer commissions, are capitalised and amortised as an expense over the initial term of the related agreement. These costs are presented as contract costs in the Group statement of financial position.

Contract costs are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable with reference to the future expected cash flows from the contract.

Revenue from owned, leased and managed lease hotels

At its owned, leased and managed lease hotels, the Group's performance obligation is to provide accommodation and other goods and services to guests. Revenue includes rooms revenue and food and beverage sales, which are recognised when the rooms are occupied and food and beverages are sold. Guest deposits received in advance of hotel stays are recorded as deferred revenue in the Group statement of financial position. They are recognised as revenue along with any balancing payment from the guest when the associated stay occurs, or are returned to the customer in the event of a cancellation.

Accounting policies continued

Cost reimbursements

In a managed property, the Group typically acts as employer of the general manager and, in some cases, other employees at the hotel and is entitled to reimbursement of these costs. The performance obligation is satisfied over time as the employees perform their duties, consistent with when reimbursement is received.

Reimbursements for these services are shown as revenue with an equal matching employee cost, with no profit impact. Certain other costs relating to both managed and franchised hotels are also contractually reimbursable to IHG and, where IHG is deemed to be acting as principal in the provision of the related services, the revenue and cost are shown on a gross basis.

System Fund and other co-brand revenues

The Group operates the Fund to collect and administer cash assessments from hotel owners for the specific purpose of use in marketing, the Guest Reservation System and hotel loyalty programme. The Fund also benefits from proceeds from the sale of loyalty points under third-party co-branding arrangements. The Fund is not managed to generate a surplus or deficit for IHG over the longer term, but is managed for the benefit of the IHG System with the objective of driving revenues for the hotels in the System.

The growth in the IHG One Rewards programme means that, although assessments are received from hotels up front when a member earns points, more revenue is deferred each year than is recognised in the System Fund. This can lead to accounting losses in the System Fund each year as the deferred revenue balance grows.

Under both franchise and management agreements, the Group is required to provide marketing and reservations services, as well as other centrally managed programmes. These services are provided by the Fund and are funded by assessment fees. Costs are incurred and allocated to the Fund in accordance with the principles agreed with the IHG Owners Association. The Group acts as principal in the provision of the services as the related expenses primarily comprise payroll and marketing expenses under contracts entered into by the Group. The assessment fees from hotel owners are generally levied as a percentage of hotel revenues and are recognised as those hotel revenues occur.

Certain travel agency commission revenues within the Fund are recognised on a net basis, where it has been determined that IHG is acting as agent.

In respect of the loyalty programme, IHG One Rewards, the performance obligations are to arrange for the provision of future benefits to members on consumption of previously earned reward points and Milestone Rewards (following changes to the programme structure in the year). Points are exchanged for reward nights at an IHG hotel or other goods or services provided by third parties. Milestone Rewards comprise points or other benefits such as upgrades and food and beverage vouchers.

Under its franchise and management agreements, IHG receives assessment fees based on total qualifying hotel revenue from IHG One Rewards members' hotel stays.

The Group's performance obligation is not satisfied in full until the member has consumed the relevant benefits. Accordingly, loyalty assessments are allocated between points and Milestone Rewards and deferred in an amount that reflects the stand-alone selling price of the future benefit to the member. Revenue is impacted by a 'breakage' estimate of the benefits that will never be consumed. On an annual basis, the Group engages an external actuary who uses statistical formulae to assist in formulating this estimate, which is adjusted to reflect actual experience up to the reporting date.

As materially all of the awards will be either consumed at IHG managed or franchised hotels owned by third parties, or exchanged for awards provided by third parties, IHG is deemed to be acting as agent on consumption and therefore recognises the related revenue net of the cost of reimbursing the hotel or third party that is providing the benefit.

Performance obligations under the Group's co-brand credit card agreements comprise:

- a) Arranging for the provision of future benefits to members who have earned points or free night certificates;
- b) Marketing services; and
- c) Providing the co-brand partner with the right to access the loyalty programme.

Revenue from a) and b) are reported within System Fund revenues and revenue from c) is reported within fee business revenue.

Fees from these agreements comprise fixed amounts normally payable at the beginning of the contract, and variable amounts paid on a monthly basis. Variable amounts are typically based on the number of points and free night certificates issued to members and the marketing services performed by the Group. Total fees are allocated to the performance obligations based on their estimated stand-alone selling prices. Revenue allocated to marketing and licensing obligations is recognised on a monthly basis as the obligations are satisfied. Revenue relating to points and free night certificates is recognised when the member has consumed the points or certificates at a participating hotel or has selected a reward from a third party, net of the cost of reimbursing the hotel or third party that is providing the benefit.

Judgement is required in estimating the stand-alone selling prices which are based upon generally accepted valuation methodologies regarding the value of the licence provided and the number of points and certificates expected to be issued. However, the value of revenue recognised and the deferred revenue balance at the end of the year is not materially sensitive to changes in these assumptions.

Segmental information

The Group has four reportable segments reflecting its geographical regions (Americas, EMEA, Greater China) and its Central functions.

Central functions include technology, sales and marketing, finance, human resources and corporate services; Central revenue arises principally from technology fee income.

No operating segments are aggregated to form these reportable segments.

Management monitors the operating results of these reportable segments for the purpose of making decisions about resource allocation and performance assessment. Each of the geographical regions is led by its own Chief Executive Officer who reports to the Group Chief Executive Officer.

As the System Fund is not managed to generate a profit or loss for IHG over the longer term, its results are not regularly reviewed by the Chief Operating Decision Maker ('CODM') and it does not constitute an operating segment under IFRS 8 'Operating Segments'. Similarly, reimbursements of costs are not reported to the CODM and so are not included within the reportable segments.

Segmental performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the Group Financial Statements, excluding System Fund and exceptional items. Group financing activities, fair value gains or losses on contingent purchase consideration and income taxes are managed on a Group basis and are not allocated to reportable segments.

Government grants

The Group receives government support income relating to the Group's corporate office presence in certain countries and, as a result of Covid-19, has received support at certain of the Group's leased hotels.

Where grants are intended to compensate payroll costs they are recognised as an offset within staff costs; those which are unrelated to specific costs are presented within other operating income. As grants are recognised only where there is reasonable assurance that the grant will be received and all attached conditions will be complied with, the grants may be recognised in subsequent years.

Receiving support at leased hotels may result in additional variable rent; these amounts are not offset in the Group income statement.

Financial income and expenses

Financial income and expenses include income and charges on the Group's financial assets and liabilities and related hedging instruments, and foreign exchange gains/losses primarily related to the Group's internal funding structure.

Finance charges relating to bank and other borrowings, including transaction costs and any discount or premium on issue, are recognised in the Group income statement using the effective interest rate method.

Borrowing costs attributable to the acquisition or development of assets that necessarily take a substantial period of time to prepare for their intended use are capitalised as part of the asset cost.

In the Group statement of cash flows, interest paid and received is presented within cash from operating activities, including any fees and discounts on issuance or settlement of borrowings. Capitalised interest paid is presented within investing activities.

Exceptional items

The Group discloses certain financial information both including and excluding exceptional items. The presentation of information excluding exceptional items allows a better understanding of the underlying trading performance and trends of the Group and its reportable segments; and provides consistency with the Group's internal management reporting.

In determining whether an event or transaction is exceptional, quantitative and qualitative factors are considered. Exceptional items are identified by virtue of their size, nature, or incidence, with consideration given to consistency of treatment with prior years and between gains and losses.

The tax effect of exceptional items is also presented as exceptional.

Examples of exceptional items include, but are not restricted to, gains and losses on the disposal of assets, impairment charges and reversals, the costs of individually significant legal cases or commercial disputes and reorganisation costs. All exceptional items are subject to review by the Audit Committee.

Earnings per share

Basic earnings or loss per ordinary share is calculated by dividing the profit or loss for the year available for IHG equity holders by the weighted average number of ordinary shares, excluding investment in own shares, in issue during the year.

Diluted earnings or loss per ordinary share is calculated by adjusting basic earnings or loss per ordinary share to reflect the notional exercise of the weighted average number of dilutive ordinary share awards outstanding during the year. Where the effect of the notional exercise of outstanding ordinary share awards is anti-dilutive, these are excluded from the diluted earnings per share calculation.

Business combinations and goodwill

On the acquisition of a business, identifiable assets acquired and liabilities assumed are measured at their fair value. Contingent liabilities assumed are measured at fair value unless this cannot be measured reliably, in which case they are not recognised but are disclosed in the same manner as other contingent liabilities.

The measurement of deferred tax assets and liabilities arising on acquisition is as described in the general principles detailed within the 'Taxes' accounting policy note on page 166 with the exception that no deferred tax is provided on taxable temporary differences in connection with the initial recognition of goodwill.

The cost of an acquisition is measured as the aggregate of the fair value of the consideration transferred. Contingent purchase consideration is measured at fair value on the date of acquisition and is re-measured at fair value at each reporting date with changes in fair value recognised on the face of the Group income statement below operating profit. Deferred purchase consideration is measured at amortised cost and the effect of unwinding the discount is recorded in financial expenses.

Payments of contingent and deferred purchase consideration reduce the respective liabilities. In respect of contingent purchase consideration, the portion of each payment relating to its original estimate of fair value on acquisition is reported within cash flow from investing activities in the Group statement of cash flows and the portion of each payment relating to the increase or decrease in the liability since the acquisition date is reported within cash flow from operating activities. In respect of deferred purchase consideration, the cash paid in excess of the initial fair value is reported within interest paid, and the remainder is reported within cash flows from investing activities.

Goodwill is recorded at cost, being the difference between the fair value of the consideration and the fair value of net assets acquired. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses and is not amortised.

Transaction costs are expensed and are not included in the cost of acquisition.

Accounting policies continued

Intangible assets

Brands

Externally acquired brands are initially recorded at cost if separately acquired or fair value if acquired as part of a business combination, provided the brands are controlled through contractual or other legal rights, or are separable from the rest of the business.

Brands are tested for impairment at least annually if determined to have indefinite lives.

The costs of developing internally generated brands are expensed as incurred.

Management agreements

Management agreements acquired as part of a business combination are initially recognised at the fair value attributed to those contracts on acquisition and are subsequently amortised on a straight-line basis over the term of the agreements, including any extension periods at the Group's option.

Software

Substantially all software is internally generated; amounts capitalised include internal and third-party labour and consultancy costs.

Internally generated development costs are capitalised when all of the following can be demonstrated:

- The ability and intention to complete the project;
- That the completed software will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the project; and
- The ability to measure the expenditure.

Following initial recognition, the asset is carried at cost less any accumulated amortisation and impairment losses. Costs are generally amortised over estimated useful lives of three to five years on a straight-line basis with the exception of the Guest Reservation System which is amortised over seven to 10 years (see page 186).

Costs incurred in the research phase are expensed. In addition, configuration and customisation costs relating to cloud computing arrangements are expensed.

Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation and any accumulated impairment.

Repairs and maintenance costs are expensed as incurred.

Land is not depreciated. All other property, plant and equipment are depreciated to a residual value over their estimated useful lives, namely:

- Buildings – over a maximum of 50 years; and
- Fixtures, fittings and equipment – three to 25 years.

All depreciation is charged on a straight-line basis. Residual value is reassessed annually.

Where the Group holds land or other property which it intends to occupy and provide hotel services, either as owner or manager, it is classified as property, plant and equipment.

Leases

The Group as lessee

On inception of a contract, the Group assesses whether it contains a lease. A contract contains a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The right to use the asset and the obligation under the lease to make payments are recognised in the Group statement of financial position as a right-of-use asset and a lease liability.

Lease contracts may contain both lease and non-lease components. The Group allocates payments in the contract to the lease and non-lease components based on their relative stand-alone prices and applies the lease accounting model only to lease components.

The right-of-use asset recognised at lease commencement includes the amount of lease liability recognised, initial direct costs incurred and lease payments made at or before the commencement date, less any lease incentives received. Right-of-use assets are depreciated to a residual value over the shorter of the asset's estimated useful life and the lease term. Right-of-use assets are also adjusted for any re-measurement of lease liabilities and are subject to impairment testing. Residual value is reassessed annually.

A lease liability is recorded when the leased asset is available for use by the Group and is initially measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments (including 'in-substance fixed' payments) and variable lease payments that depend on an index or a rate (initially measured using the index or rate at commencement), less any lease incentives receivable. 'In-substance fixed' payments are payments that may, in form, contain variability but that, in substance, are unavoidable. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease term includes periods subject to extension options which the Group is reasonably certain to exercise and excludes the effect of early termination options where the Group is reasonably certain that it will not exercise the option. Minimum lease payments include the cost of a purchase option if the Group is reasonably certain it will purchase the underlying asset after the lease term.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for lease payments made. The carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the 'in-substance fixed' lease payments or as a result of a rent review or change in the relevant index or rate.

Variable lease payments are payable under certain of the Group's hotel leases and arise where the Group is committed to making lease payments that are contingent on the performance of these hotels. Such lease payments that do not depend on an index or a rate are recognised as an expense in the period over which the event or condition that triggers the payment occurs.

The Group has opted not to apply the lease accounting model to intangible assets, leases of low-value assets or leases which have a term of less than 12 months. Costs associated with these leases are recognised as an expense on a straight-line basis over the lease term.

Payments and receipts are presented as follows in the Group statement of cash flows:

- Short-term lease payments, payments for leases of low-value assets and variable lease payments that are not included in the measurement of the lease liabilities are presented within cash flows from operating activities;
- Payments for the interest element of recognised lease liabilities are included in interest paid within cash flows from operating activities;
- Payments for the principal element of recognised lease liabilities are presented within cash flows from financing activities; and
- Lease incentives received are presented within cash flows from investing activities where they represent a reimbursement of initial fit-out costs.

The Group as lessor

Leases, including subleases, for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the lease is classified as a finance lease. All other leases are classified as operating leases. Where a leased property earns rentals under an operating sublease outside of the normal course of business, the Group's interest in the lease is classified as an investment property within right-of-use assets; these are subsequently measured under the cost model.

When the lease is classified as an operating lease, rental income arising is accounted for on a straight-line basis in the Group income statement.

When the lease is classified as a finance lease, the Group's interest in the lease is derecognised and is replaced by a finance lease receivable. Any difference between those amounts is recognised in the Group income statement. Finance lease receivables are presented within other receivables and are initially measured at the present value of lease payments receivable under the sublease plus any initial direct costs. Finance lease interest is recognised within financial income in the Group income statement.

Receipts are presented as follows in the Group statement of cash flows:

- Receipts from operating leases and investment properties are presented within cash flows from operating activities; and
- Receipts from finance leases are presented within cash flows from investing activities.

Associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity, but is not control or joint control over those policies. A joint venture exists when two or more parties have joint control over, and rights to the net assets of, the venture. Joint control is the contractually agreed sharing of control which only exists when decisions about the relevant activities require the unanimous consent of the parties sharing control.

In determining the extent of power or significant influence, consideration is given to other agreements between the Group, the investee entity, and the investing partners. This includes any related management or franchise agreements and the existence of any performance guarantees.

Associates and joint ventures are accounted for using the equity method unless the associate or joint venture is classified as held for sale. Under the equity method, the Group's investment is recorded at cost adjusted by the Group's share of post-acquisition profits and losses, and other movements in the investee's reserves, applying consistent accounting policies. When the Group's share of losses exceeds its interest in an associate or joint venture, the Group's carrying amount is reduced to \$nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate or joint venture.

If there is objective evidence that an associate or joint venture is impaired, an impairment charge is recognised if the carrying amount of the investment exceeds its recoverable amount.

Upon loss of significant influence over an associate or joint control of a joint venture, any retained investment is measured at fair value with any difference to carrying value recognised in the Group income statement.

Impairment of non-financial assets

Non-financial assets are tested for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable and, in the case of goodwill and brands with indefinite lives, at least annually.

Assets that do not generate independent cash inflows are allocated to the cash-generating unit ('CGU'), or group of CGUs, to which they belong. For impairment testing of hotel properties, each hotel is deemed to be a CGU.

If carrying values exceed their estimated recoverable amount, the assets or CGUs are written down to the recoverable amount. Recoverable amount is the greater of fair value less costs of disposal and value in use. Value in use is assessed based on estimated future cash flows, including the effect of inflation, discounted to their present value using a pre-tax nominal discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Accounting policies continued

With the exception of goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. A previously recognised impairment loss is reversed only if there has been a significant change in the assumptions used to determine the asset's recoverable amount since the impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years.

Impairment losses, and any subsequent reversals, are recognised in the Group income statement.

Financial assets

On initial recognition, the Group classifies its financial assets as being subsequently measured at amortised cost, fair value through other comprehensive income ('FVOCI') or fair value through profit or loss ('FVTPL').

Financial assets which are held to collect contractual cash flows and give rise to cash flows that are solely payments of principal and interest are subsequently measured at amortised cost. Interest on these assets is calculated using the effective interest rate method and is recognised in the Group income statement as financial income. The Group recognises a provision for expected credit losses for financial assets held at amortised cost. With the exception of trade receivables (see below), where there has not been a significant increase in credit risk since initial recognition, provision is made for defaults that are possible within the next 12 months, and where there has been a significant increase in credit risk since initial recognition, for example trade deposits and loans where the borrower is in financial difficulty or has not met repayments as they fall due, provision is made for credit losses expected over the remaining life of the asset.

The Group has elected to irrevocably designate equity investments as FVOCI as they mainly comprise strategic investments in entities that own hotels which the Group manages. Changes in their value are recognised within gains or losses on equity instruments classified as FVOCI in the Group statement of comprehensive income and are never recycled to the Group income statement. On disposal, any related balance within the fair value reserve is reclassified to retained earnings. Dividends from equity investments classified as FVOCI are recognised in the Group income statement as other operating income when the dividend has been declared, when receipt of the funds is probable and when the dividend is not a return of invested capital. Equity instruments classified as FVOCI are not subject to impairment assessment.

Financial assets not meeting the above criteria are measured at FVTPL. These include money market funds, investments which do not meet the definition of equity and other financial assets, including those which do not have a fixed date of repayment.

Trade receivables

A trade receivable is recorded when the Group has an unconditional right to receive payment. In respect of franchise fees, base and incentive management fees, Central revenue and revenues from owned, leased and managed lease hotels, the invoice is typically issued as the related performance obligations are satisfied, as described on page 159. Trade receivables typically do not bear interest and are generally on payment terms of up to 30 days.

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost. A provision for impairment is made for lifetime expected credit losses. The Group has established a provision matrix that is based on its historical credit loss experience by region and number of days past due. Where the historical experience is not relevant to defined owner groups, for example those in financial distress, the lifetime expected credit losses are calculated by reference to other sources of data.

Trade receivables are written off once determined to be uncollectable.

Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

Cash and cash equivalents comprise short-term deposits, money market funds and repurchase agreements that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. They generally have an original maturity of three months or less.

Cash and cash equivalents may include amounts which are subject to regulatory or other contractual restrictions and are not available for general use by the Group.

Cash balances are classified as other financial assets when the Group is not able to freely access the funds and they are subject to a specific charge or contractually ring-fenced for a specific purpose.

Money market funds

Money market funds are held at FVTPL, with distributions recognised in financial income.

Bank and other borrowings

Bank 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.

Borrowings are classified as non-current 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 Group 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.

Within the Group statement of cash flows, interest paid includes interest paid on the Group's bonds and the related derivative financial instruments.

Cash flow hedges

Financial instruments are designated as cash flow hedges when they hedge exposure to variability in cash flows that are attributable to either a highly probable forecast transaction or a particular risk associated with a recognised asset or liability.

Changes in the fair value are recorded in other comprehensive income and cash flow hedge reserves to the extent that the hedges are effective. When the hedged item is recognised, the cumulative gains and losses on the related hedging instrument are reclassified to the Group income statement, within financial expenses.

Net investment hedges

Financial instruments are designated as net investment hedges when they hedge the Group's net investment in foreign operations.

Changes in the fair value are recorded in other comprehensive income and the currency translation reserve to the extent that the hedges are effective. The cumulative gains and losses remain in equity until the relevant foreign operation is sold, at which point they are reclassified to the Group income statement as part of the gain or loss on disposal.

Fair value measurement

The Group measures each of the following at fair value on a recurring basis:

- Financial assets and liabilities at FVTPL;
- Financial assets measured at FVOCI; and
- Derivative financial instruments.

Other assets are measured at fair value when impaired or re-measured on classification as held for sale by reference to fair value less costs of disposal.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Fair value is measured by reference to the principal market for the asset or liability assuming that market participants act in their economic best interests.

The fair value of a non-financial asset assumes the asset is used in its highest and best use, either through continuing ownership or by selling it.

The Group uses valuation techniques that maximise the use of relevant observable inputs using the following valuation hierarchy:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

For assets and liabilities measured at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Further disclosures on the particular valuation techniques used by the Group are provided in note 24.

Where significant assets, such as property, are valued by reference to fair value less costs of disposal, an external valuation will normally be obtained using professional valuers who have appropriate market knowledge, reputation and independence.

Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the Group statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously. To meet these criteria, the right of set-off must not be contingent on a future event and must be legally enforceable in all of the following circumstances: the normal course of business; the event of default; and the event of insolvency or bankruptcy of the Group and all of the counterparties.

Accounting policies continued

Taxes

Current tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from, or paid to, the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period.

The calculation of the Group's current tax charge involves consideration of applicable tax laws and regulations in many jurisdictions throughout the world. From time to time, the Group is subject to tax audits and uncertainties in these jurisdictions. The issues involved can be complex and audits may take a number of years to conclude. Where the interpretation of local tax law is not clear, management relies on judgement and accounting estimates to ensure all uncertain tax positions are adequately provided for in the Group Financial Statements, in accordance with IFRIC 23 'Uncertainty over Income Tax Treatments', representing the Group's view of the most likely outcome or, where multiple issues are considered likely to be settled together, the probability weighted amounts of the range of possible outcomes.

This may involve consideration of some or all of the following factors:

- strength of technical argument, impact of case law and clarity of legislation;
- professional advice;
- experience of interactions, and precedents set, with the particular taxing authority; and
- agreements previously reached in other jurisdictions on comparable issues.

Deferred tax

Deferred tax assets and liabilities arise and are generally recognised in respect of temporary differences between the tax base and carrying value of assets and liabilities.

Deferred tax is calculated at the tax rates that are expected to apply in the periods in which the asset is released or the liability will be settled, based on tax rates and laws enacted or substantively enacted at the end of the reporting period.

Judgement is used when assessing the extent to which deferred tax assets, particularly in respect of tax losses, should be recognised. Deferred tax assets are only recognised to the extent that it is regarded as probable that there will be sufficient and suitable taxable profits or deferred tax liabilities in the relevant legal entity or tax group against which such assets can be utilised in the future. For this purpose, forecasts of future profits are considered by assessing estimated future cash flows, consistent with those disclosed on page 157 within 'Going concern'. Tax assumptions are overlaid to these profit forecasts to estimate the future taxable profits.

Deferred tax is not provided on temporary differences arising on investments in subsidiaries where the Group is able to control the timing of the reversal and it is probable that the temporary difference will not reverse in the foreseeable future.

Where deferred tax assets and liabilities arise in the same entity, or group of entities, and there would be a legal right to offset the assets and liabilities were they to reverse, the assets and liabilities are also offset in the Group statement of financial position.

Retirement benefits

Defined contribution plans

Payments to defined contribution plans are charged to the Group income statement as they fall due.

Defined benefit plans

Plan assets are measured at fair value and plan liabilities are measured on an actuarial basis using the projected unit credit method, discounted at an interest rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the plan liabilities. The difference between the value of plan assets and liabilities at the period-end date is the amount of surplus or deficit recorded in the Group statement of financial position as an asset or liability. An asset is recognised when the employer has an unconditional right to use the surplus at some point during the life of the plan or on its wind-up.

The service cost of providing pension benefits to employees, together with the net interest expense or income for the year, is charged to the Group income statement within administrative expenses. Net interest is calculated by applying the discount rate to the net defined benefit asset or liability, after any asset restriction.

Re-measurements comprise actuarial gains and losses, the return on plan assets and changes in the amount of any asset restrictions. Actuarial gains and losses may result from differences between the actuarial assumptions underlying the plan liabilities and actual experience during the year or changes in the actuarial assumptions used in the valuation of the plan liabilities. Re-measurement gains and losses, and taxation thereon, are recognised in other comprehensive income and are not reclassified to profit or loss in subsequent periods.

Actuarial valuations are carried out on a regular basis and are updated for material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the end of the reporting period.

Deferred compensation plan

The Group operates a deferred compensation plan in the US which allows certain employees to make additional provision for retirement through the deferral of salary with matching company contributions within a dedicated trust. The related assets and liabilities are recognised in the Group statement of financial position. The Group's obligation to employees under the plan is limited to the fair value of assets held by the plan and so the assets and liabilities are valued at the same amount, with no net impact on profit or loss.

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 Group income statement charge represents the movement in cumulative expense recognised at the beginning and end of that year. 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.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that a payment will be made and a reliable estimate of the amount payable can be made. If the effect of the time value of money is material, the provision is discounted using a current pre-tax discount rate that reflects the risks specific to the liability. No amounts are currently discounted.

Commercial litigation and disputes

A provision is made when management consider it probable that payment may occur and the amount can be reliably estimated even though the defence of the related claim may still be ongoing through the court process.

Insurance reserves

The Group holds insurance policies with third-party insurers against certain risks relating to its corporate operations and owned and leased properties. An element of these risks are reinsured through the Captive.

In addition, the Group's managed hotels obtain insurance from third-party insurers. The Group has agreements in place with the third-party insurers to reinsure certain risks through the Captive.

Both of these arrangements have the effect of reducing the cost of insurance.

In addition to the Captive obtaining regulatory approval, each line of insurance is subject to review and approval by the Insurance Executive Sub-Committee. The level of retained risk and expected loss is reviewed annually to balance the level of risk against external risk transfer costs.

Insurance reserves are held principally in the Captive, and are established using independent actuarial assessments, which reflects current expectations of the future economic outlook, or are based on past claims experience provided by third parties.

Amounts utilised are principally paid to third-party insurers or dedicated claims handlers for subsequent settlement with the claimant. In order to protect the third-party insurer against the solvency risk of the Captive, the Group has outstanding letters of credit (see note 30).

Contingent liabilities

In limited cases, the Group may guarantee part of mortgage loans made to facilitate third-party ownership of hotels under IHG management or franchise agreements. These guarantee arrangements are accounted for as insurance contracts as IHG is insuring the bank against default by the hotel, with a liability only being recognised in the event that a payout becomes probable.

Disposal of non-current assets

The Group recognises sales proceeds and any related gain or loss on disposal on completion of the sales process. In determining whether the gain or loss should be recorded, the Group considers whether it:

- Has a continuing managerial involvement to the degree associated with asset ownership;
- Has transferred the significant risks and rewards associated with asset ownership; and
- Can reliably measure and will actually receive the proceeds.

Equity share capital and reserves

Equity share capital

Equity share capital includes the total net proceeds (both nominal value and share premium) on issue of the Company's equity share capital. Share premium represents the amount of proceeds received for shares in excess of their nominal value.

Capital redemption reserve

The capital redemption reserve maintains the nominal value of the equity share capital of the Company when shares are repurchased and cancelled.

Shares held by employee share trusts

Shares held by employee share trusts comprise ordinary shares held by employee share trusts.

Other reserves

Other reserves comprise the merger and revaluation reserves previously recognised under UK GAAP, together with the reserve arising as a consequence of the Group's capital reorganisation in June 2005. The revaluation reserve relates to the previous revaluations of property, plant and equipment which were included at deemed cost on adoption of IFRS. Following the change in presentational currency to US dollars in 2008, this reserve also includes exchange differences arising on retranslation to period-end exchange rates of equity share capital, the capital redemption reserve and shares held by employee share trusts.

Fair value reserve

The fair value reserve comprises movements in the value of financial assets measured at fair value through other comprehensive income.

Cash flow hedge reserves

The cash flow hedge reserves comprise:

- Cash flow hedge reserve: the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss; and
- Cost of hedging reserve: the gain or loss which is excluded from the designated hedging instrument relating to the foreign currency basis spread of currency swaps.

Currency translation reserve

The currency translation reserve comprises the movement in exchange differences arising from the translation of foreign operations and exchange differences on foreign currency borrowings and derivative financial instruments that provide a hedge against net investments in foreign operations. On adoption of IFRS, cumulative exchange differences were deemed to be \$nil.

Non-controlling interest

A non-controlling interest is equity in a subsidiary of the Group not attributable, directly or indirectly, to the Group.

Accounting policies continued

Climate change

In preparing the Consolidated Financial Statements, the potential impacts of climate change have been considered. There are no climate-related estimates and assumptions that have a material impact. In particular, the following have been considered:

- In the case of goodwill, the number of years of Base Case forecasts required to recover the carrying value.
- The useful economic lives of assets and in the case of hotel assets (within property, plant and equipment, right-of-use assets, associates or other financial assets) whether they are sensitive to the impact of transitional risks or are susceptible to physical risks.
- In the case of the InterContinental Boston, for which the lease expires in 2105, current estimates of fair value less costs of disposal could withstand a 1.75ppt increase in pre-tax discount rate and terminal capitalisation rate before the asset would be impaired.
- The period of coverage of performance guarantees and owner loan guarantees.
- In the case of the recoverability of the UK deferred tax asset, the impact of the potential downside risk on the Group's forecasts.

Additionally, increasing operating costs over a medium term, for example energy, are not expected to have a material impact on any of the Group's assets.

While there is currently no material medium-term impact expected from climate change, the risks attached to climate change continue to evolve and these will continue to be assessed against the Group's judgements and estimates.

New accounting standards

Adoption of new accounting standards

The Group has applied the following amendments:

- IAS 37 – Onerous Contracts: Costs of Fulfilling a Contract;
- IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use; and
- Other existing standards arising from the Annual Improvements to IFRS 2018-2020 cycle.

There was no material impact on the Group's reported financial performance or position.

New standards issued but not yet effective

From 1 January 2023, the Group will apply the amendments to:

- IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies;
- IAS 8 – Definition of Accounting Estimates; and
- IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

From 1 January 2024, the Group will apply the amendments to:

- IAS 1 – Classification of Liabilities as Current or Non-Current;
- IAS 1 – Non-current Liabilities with Covenants; and
- IFRS 16 – Lease Liability in a Sale and Leaseback.

There is no anticipated material impact from these amendments on the Group's reported financial performance or position.

IFRS 17 'Insurance contracts'

From 1 January 2023, the Group will apply IFRS 17. The standard replaces IFRS 4 'Insurance Contracts' and introduces a new measurement and disclosure model for insurance contract arrangements.

The Group has assessed its performance guarantees provided to third-party hotel owners and concluded that current arrangements do not include significant insurance risk. They remain within the scope of the Group's existing revenue recognition accounting policies.

Under the transitional provisions of IFRS 17, the Group will no longer account for issued financial guarantee contracts as insurance contracts and will instead apply the requirements of IFRS 9 'Financial Instruments' to these arrangements. The fair value of financial guarantee liabilities under IFRS 9 is immaterial as at 1 January and 31 December 2022.

The Group's insurance obligations relating to managed hotels, currently included within provisions, will be included in the Group statement of financial position as a new line item 'Insurance liabilities'. As at 1 January 2022, this re-presentation totals \$25m. The impact of discounting is immaterial.

IAS 1 'Presentation of Financial Statements' requires separate presentation of insurance revenue and expense. The impact of this change in presentation is shown below.

Year ended 31 December 2022	\$m
Revenue from fee business	(15)
Insurance revenue	15
Total revenue	-
Administrative expenses	11
Insurance expenses	(11)
Operating profit	-

The estimated impact on the Group statement of financial position would have been as follows:

31 December 2022	\$m
Current liabilities	
Provisions	9
Insurance liabilities	(9)
Non-current liabilities	
Provisions	23
Insurance liabilities	(23)
Net assets	-

These estimates are subject to finalisation.

Other presentational changes

Restricted funds of \$12m (2021: \$7m) previously presented within other financial assets have been re-presented within cash and cash equivalents reflecting that although there are contractual or regulatory restrictions as to how these amounts are used the nature of the deposits are unchanged. The prior year impact was immaterial, accordingly the Group statement of financial position has not been restated.

Notes to the Group Financial Statements

1. Exchange rates

\$1 equivalent	2022		2021		2020	
	Average	Closing	Average	Closing	Average	Closing
Sterling	£0.81	£0.83	£0.73	£0.74	£0.78	£0.73
Euro	€0.95	€0.94	€0.85	€0.88	€0.88	€0.81

2. Segmental information

Revenue

Year ended 31 December	2022 \$m	2021 \$m	2020 \$m
Americas	1,005	774	512
EMEA	552	303	221
Greater China	87	116	77
Central	199	197	182
Revenue from reportable segments	1,843	1,390	992
System Fund revenues	1,217	928	765
Reimbursement of costs	832	589	637
Total revenue	3,892	2,907	2,394

Profit/(loss)

Year ended 31 December	2022 \$m	2021 \$m	2020 \$m
Americas	761	559	296
EMEA	152	5	(50)
Greater China	23	58	35
Central	(108)	(88)	(62)
Operating profit from reportable segments	828	534	219
System Fund	(105)	(11)	(102)
Operating exceptional items (note 6)	(95)	(29)	(270)
Operating profit/(loss)	628	494	(153)
Net financial expenses	(96)	(139)	(140)
Fair value gains on contingent purchase consideration	8	6	13
Profit/(loss) before tax	540	361	(280)
Tax	(164)	(96)	20
Profit/(loss) for the year	376	265	(260)

Operating profit from reportable segments includes the following, which are included within other operating income in the Group income statement:

- In 2022, \$6m relating to business insurance claims principally in the Americas region (see note 30) and \$16m government support income relating to the EMEA region. The net impact of government support income on operating profit from reportable segments is \$6m after deducting additional variable rent of \$10m which became payable as a direct result of the support received;
- In 2021, \$5m government support income relating to the EMEA region; and
- In 2020, \$4m business interruption insurance proceeds and \$4m favourable litigation settlement, both in the Americas region, and \$3m gain on disposal of hotel assets in the EMEA region.

In support of the Iberostar agreement signed in 2022, \$5m of costs were incurred within Central functions. The costs are presented within administrative expenses in the Group income statement.

Notes to the Group Financial Statements continued

2. Segmental information continued

Non-cash items included within operating profit from reportable segments

	Americas \$m	EMEAA \$m	Greater China \$m	Central \$m	Group \$m
Year ended 31 December 2022					
Depreciation and amortisation ^a	23	13	4	28	68
Equity-settled share-based payments cost	8	4	2	14	28
Share of profit of associates (excluding exceptional items)	(1)	-	-	-	(1)
Year ended 31 December 2021					
Depreciation and amortisation ^a	30	18	6	44	98
Equity-settled share-based payments cost	8	4	3	11	26
Share of losses of associates	7	1	-	-	8
Year ended 31 December 2020					
Depreciation and amortisation ^a	41	21	6	42	110
Equity-settled share-based payments cost	7	3	2	7	19
Share of losses of associates and joint ventures	14	-	-	-	14

^a Includes \$15m (2021: \$20m, 2020: \$29m) relating to cost of sales in owned, leased and managed lease hotels, and \$53m (2021: \$78m, 2020: \$81m) relating to other assets. A further \$86m (2021: \$94m, 2020: \$62m) was recorded within System Fund expenses.

Capital expenditure

	Americas \$m	EMEAA \$m	Greater China \$m	Central \$m	Group \$m
Year ended 31 December 2022					
Capital expenditure per management reporting	71	21	2	67	161
Contract acquisition costs, net of repayments	(47)	(16)	(1)	-	(64)
Lease incentives received	-	-	-	6	6
Timing differences and other adjustments	-	-	(1)	2	1
Additions per the Group Financial Statements	24	5	-	75	104
Comprising additions to:					
Goodwill and other intangible assets	-	-	-	46	46
Property, plant and equipment	23	5	-	29	57
Investment in associates	1	-	-	-	1
	24	5	-	75	104
Year ended 31 December 2021					
Capital expenditure per management reporting	35	25	1	39	100
Contract acquisition costs, net of repayments	(32)	(10)	(1)	-	(43)
Timing differences and other adjustments	3	(5)	-	4	2
Additions per the Group Financial Statements	6	10	-	43	59
Comprising additions to:					
Goodwill and other intangible assets	1	-	-	32	33
Property, plant and equipment	1	5	-	11	17
Investment in associates	4	-	-	-	4
Other financial assets	-	5	-	-	5
	6	10	-	43	59

2. Segmental information continued

Geographical information

Year ended 31 December	2022 \$m	2021 \$m	2020 \$m
Revenue			
United Kingdom	243	142	77
United States	1,659	1,263	1,067
Rest of World	773	574	485
	2,675	1,979	1,629
System Fund revenues (note 32)	1,217	928	765
	3,892	2,907	2,394

For the purposes of the above table, fee business, owned, leased and managed lease and reimbursable revenues are determined according to the location of the hotel and other revenue is attributed to the country of origin. In addition to the United Kingdom, revenue relating to an individual country is separately disclosed when it represents 10% or more of total revenue. System Fund revenues are not included in the geographical analysis as the Group does not monitor the Fund's revenue by location of the hotel, or in the case of the loyalty programme, according to the location where members consume their rewards.

31 December	2022 \$m	2021 \$m
Non-current assets		
United Kingdom	102	64
United States	1,308	1,346
Rest of World	621	661
	2,031	2,071

For the purposes of the above table, non-current assets comprise goodwill and other intangible assets, property, plant and equipment, right-of-use assets, investments in associates, non-current other receivables, non-current contract costs and non-current contract assets. In addition to the United Kingdom, non-current assets relating to an individual country are separately disclosed when they represent 10% or more of total non-current assets, as defined above.

3. Revenue

Disaggregation of revenue

Year ended 31 December 2022	Americas \$m	EMEA \$m	Greater China \$m	Central \$m	Group \$m
Franchise and base management fees	861	215	71	-	1,147
Incentive management fees	18	69	16	-	103
Central revenue	-	-	-	199	199
Revenue from fee business	879	284	87	199	1,449
Revenue from owned, leased and managed lease hotels	126	268	-	-	394
	1,005	552	87	199	1,843
System Fund revenues (note 32)					1,217
Reimbursement of costs					832
Total revenue					3,892
Year ended 31 December 2021					
Franchise and base management fees	683	120	91	-	894
Incentive management fees	8	29	25	-	62
Central revenue	-	-	-	197	197
Revenue from fee business	691	149	116	197	1,153
Revenue from owned, leased and managed lease hotels	83	154	-	-	237
	774	303	116	197	1,390
System Fund revenues (note 32)					928
Reimbursement of costs					589
Total revenue					2,907

Notes to the Group Financial Statements continued

3. Revenue continued

Year ended 31 December 2020	Americas \$m	EMEA \$m	Greater China \$m	Central \$m	Group \$m
Franchise and base management fees	452	93	61	-	606
Incentive management fees	5	14	16	-	35
Central revenue	-	-	-	182	182
Revenue from fee business	457	107	77	182	823
Revenue from owned, leased and managed lease hotels	55	114	-	-	169
	512	221	77	182	992
System Fund revenues (note 32)					765
Reimbursement of costs					637
Total revenue					2,394

Contract balances

	2022 \$m	2021 \$m
Trade receivables (note 17)	493	399
Contract assets	367	346
Deferred revenue	(1,724)	(1,613)

Contract assets

	2022 \$m	2021 \$m
At 1 January	346	336
Additions	70	45
Recognised as a deduction to revenue	(32)	(35)
Impairment charges (note 6)	(5)	-
Impairment reversals (note 6)	3	-
Repayments	(3)	(1)
Exchange and other adjustments	(12)	1
At 31 December	367	346
Analysed as:		
Current	31	30
Non-current	336	316
	367	346

The Group also has future commitments for key money payments which are contingent upon future events and may reverse.

At 31 December 2022, the maximum exposure remaining under performance guarantees was \$75m (2021: \$85m).

3. Revenue continued

Deferred revenue

	Loyalty programme \$m	Other co-brand fees \$m	Application & re-licensing fees \$m	Other \$m	Total \$m
At 1 January 2021	1,245	55	166	103	1,569
Increase in deferred revenue	384	-	19	45	448
Recognised as revenue	(337)	(11)	(22)	(35)	(405)
Exchange and other adjustments	-	-	-	1	1
At 31 December 2021	1,292	44	163	114	1,613
Increase in deferred revenue	532	-	27	44	603
Recognised as revenue	(413)	(11)	(23)	(44)	(491)
Exchange and other adjustments	-	-	-	(1)	(1)
At 31 December 2022	1,411	33	167	113	1,724
Analysed as:					
Current	584	11	23	63	681
Non-current	827	22	144	50	1,043
	1,411	33	167	113	1,724
At 31 December 2021:					
Current	535	11	21	50	617
Non-current	757	33	142	64	996
	1,292	44	163	114	1,613

This table does not include amounts which were received and recognised as revenue in the same year. Amounts recognised as revenue were included in deferred revenue at the beginning of the year.

Loyalty programme revenues, shown gross in the table above, are presented net of the corresponding redemption cost in the Group income statement.

Other deferred revenue includes technical service fees and guest deposits received by owned, leased and managed lease hotels.

Transaction price allocated to remaining performance obligations

The expected timing of recognition of amounts received and not yet recognised relating to performance obligations that were unsatisfied at the year end are as follows:

	2022			2021		
	Loyalty and co-brand \$m	Other \$m	Total \$m	Loyalty and co-brand \$m	Other \$m	Total \$m
Less than one year	595	86	681	546	71	617
Between one and two years	339	46	385	406	45	451
Between two and three years	199	32	231	155	33	188
Between three and four years	114	27	141	98	25	123
Between four and five years	70	22	92	53	22	75
More than five years	127	67	194	78	81	159
	1,444	280	1,724	1,336	277	1,613

Contract costs

	2022 \$m	2021 \$m
At 1 January	77	75
Costs incurred	13	11
Charged to income statement	(8)	(9)
Exchange and other adjustments	(2)	-
At 31 December	80	77
Analysed as:		
Current	5	5
Non-current	75	72
	80	77

Notes to the Group Financial Statements continued

4. Staff costs and Directors' remuneration

Staff costs and average number of employees

Staff costs	2022 \$m	2021 \$m	2020 \$m
Wages and salaries	1,604	1,315	1,233
Social security costs	117	86	86
Pension and other post-retirement benefits:			
Defined benefit plans (note 26)	2	2	3
Defined contribution plans	53	41	36
	1,776	1,444	1,358
Analysed as:			
Costs borne by IHG ^a	646	569	500
Costs borne by the System Fund ^b	341	304	242
Costs reimbursed	789	571	616
	1,776	1,444	1,358

^a In 2022, includes \$1m classified as exceptional relating to the costs of ceasing operations in Russia. In 2020, included \$27m classified as exceptional relating to reorganisation programmes.

^b In 2020, included \$20m relating to the 2020 corporate reorganisation programme.

Staff costs are presented net of government support income of \$5m (2021: \$23m, 2020: \$36m). \$nil (2021: \$12m, 2020: \$28m) relates principally to employee costs at certain of the Group's leased hotels and \$5m (2021: \$11m, 2020: \$8m) relates to support received in the form of tax credits which relate to the Group's corporate office presence in certain countries. There are no unfulfilled conditions or other contingencies attached to these grants.

Monthly average number of employees, including part-time employees	2022	2021	2020
Employees whose costs are borne by IHG:			
Americas	1,556	1,481	1,931
EMEAA	3,711	2,808	4,088
Greater China	336	299	314
Central	1,444	1,425	1,813
	7,047	6,013	8,146
Employees whose costs are borne by the System Fund	5,655	4,508	4,686
Employees whose costs are reimbursed	13,178	11,807	15,980
	25,880	22,328	28,812

Directors' remuneration

	2022 \$m	2021 \$m	2020 \$m
Base salaries, fees, annual performance payments and benefits	7.9	8.4	4.2

More detailed information on the remuneration including pensions, share awards and shareholdings for each Director is shown in the Directors' Remuneration Report on pages 127 and 134. In addition, amounts received or receivable under long-term incentive schemes are shown on page 127.

5. Auditor's remuneration

	2022 \$m	2021 \$m	2020 \$m
Audit of the Financial Statements	6	4	4
Audit of subsidiaries	2	3	3
Other assurance services	1	1	1
	9	8	8
Under SEC regulations analysed as:			
Audit	8	7	7
Other audit-related	1	1	1
	9	8	8

In 2022 and 2021, auditor's remuneration was paid to PricewaterhouseCoopers LLP; in 2020 auditor's remuneration was paid to Ernst & Young LLP.

6. Exceptional items

	Note	2022 \$m	2021 \$m	2020 \$m
Cost of sales:				
Derecognition of right-of-use assets and lease liabilities	(a)(k)	-	-	22
Gain on lease termination	(b)	-	-	30
Provision for onerous contractual expenditure	(k)	-	-	(10)
Reorganisation costs	(c)(k)	-	-	(8)
		-	-	34
Administrative expenses:				
Costs of ceasing operations in Russia	(d)	(12)	-	-
Commercial litigation and disputes	(e)	(28)	(25)	(5)
Reorganisation costs	(c)	-	-	(19)
Integration costs	(f)	-	-	(6)
		(40)	(25)	(30)
Share of losses of associate	(g)	(60)	-	-
Impairment loss on financial assets	(h)	-	-	(48)
Other net impairment reversals/(charges):				
Management agreements – charge	12	-	-	(48)
– reversal	12	12	-	-
Property, plant and equipment – charge	13, (k)	(10)	-	(90)
– reversal	(k)	3	-	-
Right-of-use assets – charge	13	(2)	-	(16)
– reversal	14	2	-	-
Associates – charge	15	-	(4)	(19)
– reversal	15	2	-	-
Contract assets – charge	(i)	(5)	-	(53)
– reversal	(i)	3	-	-
		5	(4)	(226)
Operating exceptional items		(95)	(29)	(270)
Financial expenses	(j)	-	-	(14)
Fair value gains on contingent purchase consideration	(k)	-	-	21
Exceptional items before tax		(95)	(29)	(263)
Tax on exceptional items	(l)	26	3	52
Exceptional tax	(m)	-	26	-
Tax		26	29	52
Operating exceptional items analysed as:				
Americas		(46)	(22)	(118)
EMEA		(49)	(7)	(128)
Greater China		-	-	(5)
Central		-	-	(19)
		(95)	(29)	(270)

 The above items are defined by management as exceptional as further described on page 161.

Notes to the Group Financial Statements continued

6. Exceptional items continued

(a) Derecognition of right-of-use assets and lease liabilities

Related to right-of-use assets (\$49m) and lease liabilities (\$71m) associated with the UK portfolio and German leases which were derecognised following a reassessment of the leases as fully variable. The net gain of \$22m was presented as exceptional due to the size of the derecognised assets and liabilities.

(b) Gain on lease termination

Related to the termination of the InterContinental San Juan lease, which was part of the Service Properties Trust ('SVC') portfolio. The right-of-use assets (\$60m) and lease liabilities (\$90m) associated with this hotel were derecognised, resulting in a net gain of \$30m, which was presented as exceptional due to the value of the assets and liabilities derecognised and for consistency with the impairments of other assets related to the SVC portfolio.

(c) Reorganisation costs

Related to the UK portfolio, other owned and leased hotels and a corporate reorganisation reflecting the reassessment of near-term priorities and the resources needed to support reduced levels of demand. An additional \$20m related to the corporate restructuring was charged to the System Fund.

These charges were presented as exceptional as they related to a significant programme carried out in response to the impacts of Covid-19 which does not reflect normal, ongoing costs of the business.

(d) Costs of ceasing operations in Russia

On 27 June 2022, the Group announced it was in the process of ceasing all operations in Russia consistent with evolving UK, US and EU sanction regimes and the ongoing and increasing challenges of operating there. The costs associated with the cessation of corporate operations in Moscow and long-term management and franchise contracts are presented as exceptional due to the nature of the war in Ukraine which has driven the Group's response.

(e) Commercial litigation and disputes

From time to time, the Group is subject to legal proceedings, the ultimate outcome of each is always subject to many uncertainties inherent in litigation. The provision for commercial litigation and disputes as at 31 December 2022 principally relates to the EMEA region and includes the following uncertainties: timing of resolution, quantum of legal costs, quantum of interest and, in one case, the likelihood of the Group's appeal against an adverse opinion. Further information usually required by IAS 37 is not disclosed as such disclosure could prejudice seriously the outcome.

In 2021, related to the agreed costs to settle two commercial disputes, \$18m in the Americas region and \$7m in the EMEA region.

In 2020, related to the agreed cost of settlement of \$14m in the EMEA region, offset by a partial release in the Americas region.

These costs are presented as exceptional reflecting (i) quantum, (ii) the nature of the disputes, and (iii) in respect of releases, consistency with prior years.

(f) Integration costs

Related to the integration of Six Senses into the operations of the Group. Costs were presented as exceptional reflecting the fact that the acquisition of Six Senses is not a recurring event.

(g) Share of losses of associate

As part of an agreed settlement of the 2021 Americas commercial dispute in relation to the Barclay associate, in 2022 the Group was allocated expenses in excess of its actual percentage share which directly reduced the Group's current interest in the associate. This resulted in \$60m of additional expenses being allocated to the Group in 2022, with a current tax benefit of \$15m and, applying equity accounting to this additional share of expenses, reduced the Group's investment to \$nil. In addition, a liability of \$18m was recognised, reflecting an unavoidable obligation to repay this amount in certain circumstances. Should the hotel property increase in value in future periods, such revaluation gains will be attributed first to the Group up to the amount of the additional share of expenses; this would be reflected first as a reduction of the liability and subsequently as a trigger for impairment reversal of the associate. This charge is presented as exceptional by reason of its size and the nature of the agreement.

(h) Impairment loss on financial assets

Comprised \$33m and \$15m related to SVC and other trade deposits and loans respectively. The impairment losses were presented as exceptional as they related to the termination of a significant portfolio of over 100 management agreements and to significant changes in credit risk on other trade deposits and loans as a result of Covid-19.

(i) Impairment charge/reversals on contract assets

In 2022, the \$5m charge relates to key money pertaining to managed and franchised hotels in Russia. The \$3m reversal relates to impairments originally recorded in 2020 and arises as a result of the improved financial position of owners or performance of the related hotels.

In 2020, related primarily to deposits made to SVC of \$33m. The remaining impairment of \$20m related to key money and performance guarantee payments on individual properties which were tested with reference to future franchise and management fees.

These costs are presented as exceptional consistently with (d) and (h) above and, in respect of releases, consistently with the treatment applied in prior years.

(j) Financial expenses

In 2020, management undertook actions to strengthen liquidity and extend the maturity profile of the Group's debt. The Group issued a tender offer for its £400m 3.875% 2022 bonds resulting in a repayment of £227m and concurrently issued €500m 1.625% 2024 bonds and £400m 3.375% 2028 bonds. The exceptional charge included the premium on repayment and associated write-off of fees and discount. The charge was presented as exceptional primarily due to the size of the charge as well as the nature of the refinancing which was driven by increased liquidity requirements resulting from Covid-19.

6. Exceptional items continued**(k) Exceptional items relating to the UK portfolio**

Included within exceptional items are the following items relating to the UK portfolio:

	2022 \$m	2021 \$m	2020 \$m
Cost of sales:			
Derecognition of right-of-use assets and lease liabilities	-	-	18
Provision for onerous contractual expenditure	-	-	(10)
Reorganisation costs	-	-	(4)
	-	-	4
Other net impairment reversals/(charges):			
Property, plant and equipment	3	-	(50)
	3	-	(50)
Operating exceptional items	3	-	(46)
Fair value gains on contingent purchase consideration	-	-	21
Exceptional items before tax	3	-	(25)

In 2022, the Group agreed to restructure the UK portfolio leases (see note 14) resulting in a reversal of previous impairment of property, plant and equipment.

In 2020, the UK portfolio experienced hugely challenging trading conditions as a result of Covid-19, with all hotels within the portfolio closing for extended periods and experiencing historically low occupancies during periods of temporary reopenings. The following exceptional items were recorded:

- The right-of-use asset (\$22m) and lease liability (\$40m) relating to the UK portfolio were derecognised as a result of the re-estimation of the 'in-substance fixed' rent payable under the leases, resulting in a gain of \$18m; from 2020 the leases were considered to be fully variable.
- A \$10m provision was recognised to the extent the costs of contractual expenditure committed under the hotel leases exceeded the future economic benefits expected to be received under the leases.
- A total cost of \$4m to restructure hotel operations in response to the impact of Covid-19 on hotel occupancy and revenues.
- Impairment of property, plant and equipment (see note 13).
- A fair value gain on contingent purchase consideration (see note 24).

(l) Tax on exceptional items

The tax impacts of the exceptional items are shown in the table below:

	2022		2021		2020	
	Current tax \$m	Deferred tax \$m	Current tax \$m	Deferred tax \$m	Current tax \$m	Deferred tax \$m
Derecognition of right-of-use assets and lease liabilities	-	-	-	-	-	(4)
Provision for onerous contractual expenditure	-	-	-	-	-	2
Reorganisation costs	-	-	-	-	3	2
Costs of ceasing operations in Russia	3	-	-	-	-	-
Commercial litigation and disputes	8	(2)	-	4	-	-
Integration costs	-	-	-	-	1	-
Share of losses of associate	15	-	-	-	-	-
Impairment loss on financial assets	-	-	-	-	4	2
Other net impairment reversals/(charges)	1	(5)	-	1	6	37
Financial expenses	-	-	-	-	-	3
Fair value gains on contingent purchase consideration	-	-	-	-	-	(4)
Adjustments in respect of prior years ^a	6	-	(2)	-	-	-
	33	(7)	(2)	5	14	38
Total current and deferred tax		26		3		52

^a In 2022, relates to the release of tax contingencies no longer needed; one of these was as a result of the closure of a tax audit of the 2014 US federal income tax return. In 2021, the tax charge related to the same audit.

Notes to the Group Financial Statements continued

6. Exceptional items continued**(m) Exceptional tax**

Related to the enactment of a change to the UK rate of corporate income tax from 19% to 25%, effective 1 April 2023. The change resulted in the re-measurement of those UK deferred tax assets and liabilities which are forecast to be utilised or crystallise after this effective date, using the higher tax rate. A further credit of \$4m was recorded within the Group statement of comprehensive income in respect of movements in deferred tax assets and liabilities originally recorded there. The value attributable to unrecognised deferred tax assets increased by \$34m as a result of the rate change; this had no impact on the reported tax charge.

7. Financial income and expenses

	2022 \$m	2021 \$m	2020 \$m
Financial income			
Financial income on deposits and money market funds	17	2	2
Interest income on loans and other assets	5	6	2
	22	8	4
Financial expenses			
Interest expense on external borrowings	92	109	102
Interest expense on lease liabilities	29	29	37
Capitalised interest	-	-	(1)
Unwind of discount on deferred purchase consideration	-	1	1
Foreign exchange gains	(10)	-	-
Other charges	7	8	5
	118	147	144
Analysed as:			
Financial expenses before exceptional items	118	147	130
Exceptional financial expenses (note 6)	-	-	14
	118	147	144

Financial income comprises \$12m (2021: \$8m, 2020: \$4m) relating to financial assets held at amortised cost and \$10m (2021: \$nil, 2020: \$nil) relating to assets held at FVTPL.

Interest expense on external borrowings and unwind of discount on deferred purchase consideration relate to financial liabilities which are held at amortised cost. Other charges includes bank charges and non-bank interest expense.

In 2022, \$15m (2021: \$1m, 2020: \$3m) was payable to the IHG One Rewards loyalty programme relating to interest on the accumulated balance of cash received in advance of the consumption of points awarded. The expense and corresponding System Fund interest income are eliminated within financial expenses. On a net basis, financial income and expenses includes \$1m (2021: \$2m, 2020: \$nil) of other interest which is also attributable to the System Fund.

 Net interest payable as calculated for bank covenants can be found on page 201.

8. Tax

Tax on profit/(loss)

	United Kingdom			Other jurisdictions			Total		
	2022 \$m	2021 \$m	2020 \$m	2022 \$m	2021 \$m	2020 \$m	2022 \$m	2021 \$m	2020 \$m
Current tax									
Current period	6	1	-	177	138	43	183	139	43
Benefit of tax reliefs on which no deferred tax previously recognised	-	-	-	-	-	(2)	-	-	(2)
Adjustments in respect of prior periods	(2)	-	(2)	(5)	4	(5)	(7)	4	(7)
	4	1	(2)	172	142	36	176	143	34
Deferred tax									
Origination and reversal of temporary differences	(1)	(7)	(12)	(6)	(14)	(23)	(7)	(21)	(35)
Changes in tax rates and tax laws	-	(25)	(7)	-	-	(1)	-	(25)	(8)
Adjustments to estimated recoverable deferred tax assets ^a	(2)	2	(14)	-	-	-	(2)	2	(14)
Reduction in deferred tax expense by previously unrecognised tax assets	-	-	-	-	-	(1)	-	-	(1)
Adjustments in respect of prior periods	2	1	(1)	(5)	(4)	5	(3)	(3)	4
	(1)	(29)	(34)	(11)	(18)	(20)	(12)	(47)	(54)
Income tax charge/(credit) for the year	3	(28)	(36)	161	124	16	164	96	(20)
Analysed as tax relating to:									
Profit before exceptional items and foreign exchange gains ^b	11	(2)	(24)	183	127	56	194	125	32
Foreign exchange gains (note 7)	-	-	-	(4)	-	-	(4)	-	-
Exceptional items:									
Tax on exceptional items (note 6)	(8)	-	(12)	(18)	(3)	(40)	(26)	(3)	(52)
Exceptional tax (note 6)	-	(26)	-	-	-	-	-	(26)	-
	3	(28)	(36)	161	124	16	164	96	(20)

^a Represents a reassessment of the recovery of deferred taxes in line with the Group's profit forecasts.

^b 'Other jurisdictions' includes \$151m (2021: \$115m, 2020: \$41m) in respect of US taxes.

Notes to the Group Financial Statements continued

8. Tax continued

Reconciliation of tax charge

	Total			Before exceptional items, foreign exchange gains and System Fund		
	2022 %	2021 %	2020 %	2022 %	2021 %	2020 %
Tax at UK rate	19.0	19.0	19.0	19.0	19.0	19.0
Tax credits	(0.1)	(0.1)	0.5	(0.1)	(0.1)	(1.7)
System Fund ^a	3.1	0.4	(6.6)	(0.4)	(0.1)	(1.1)
Foreign exchange gains (note 7)	(0.9)	-	-	-	-	-
Other permanent differences ^b	0.5	1.4	(4.2)	0.4	1.2	12.1
Non-recoverable foreign taxes	3.5	3.5	(5.1)	2.5	3.1	16.9
Net effect of different rates of tax ^c	6.3	6.8	(4.5)	5.6	6.9	18.9
Effect of changes in UK tax rates and laws ^d	-	(7.0)	2.4	-	-	(7.9)
Effect of changes in other tax rates and laws	0.1	-	0.5	-	-	(1.7)
Reduction in current tax expense by previously unrecognised deferred tax assets	-	(0.1)	0.7	-	(0.1)	(2.4)
Items on which deferred tax arose but where no deferred tax is recognised ^e	1.2	2.0	(1.9)	0.4	1.3	5.1
Effect of adjustments to estimated recoverable deferred tax assets ^f	(0.4)	0.5	5.1	(0.3)	0.4	(16.9)
Reduction in deferred tax expense by previously unrecognised deferred tax assets	-	-	0.3	-	-	-
Adjustment to tax charge in respect of prior periods	(1.9)	0.2	0.9	(0.5)	(0.4)	(2.7)
	30.4	26.6	7.1	26.6	31.2	37.6

^a The System Fund is, in general, not subject to taxation.

^b Before exceptional items, foreign exchange gains and System Fund includes (0.8) percentage points (2021: (0.6) percentage points, 2020: (1.2) percentage points) in respect of the US Foreign-derived intangible income regime.

^c Before exceptional items, foreign exchange gains and System Fund includes 5.5 percentage points (2021: 6.7 percentage points, 2020: 18.9 percentage points) driven by the relatively high blended US rate, which includes US Federal and State taxes as well as Base Erosion and Anti-Avoidance Tax ('BEAT'). In 2020, the lower profitability resulted in a large impact of BEAT, and the trading results in the year led to a higher proportion of the Group's profit being taxed in the US.

^d In 2021, the UK Government enacted an increase to the UK rate of Corporation Tax from 19% to 25%. In 2020, the UK Government reversed a previously enacted drop to the UK rate of Corporation Tax.

^e Predominantly in respect of losses arising in the year.

^f In 2020, the Group simplified its Group structure which led to an increase to existing deferred tax assets within the UK.

A reconciliation between total tax rate and tax rate excluding the impact of foreign exchange gains, exceptional items and System Fund is shown below:

	2022			2021			2020		
	Profit before tax \$m	Tax \$m	Rate %	Profit before tax \$m	Tax \$m	Rate %	(Loss)/profit before tax \$m	Tax \$m	Rate %
Group income statement	540	164	30.4	361	96	26.6	(280)	(20)	7.1
Adjust for:									
Exceptional items (note 6)	95	26		29	29		263	52	
Foreign exchange gains (note 7)	(10)	4		-	-		-	-	
System Fund	105	-		11	-		102	-	
	730	194	26.6	401	125	31.2	85	32	37.6

 Information concerning Non-GAAP measures can be found in the Strategic Report.

Factors that may affect the future tax charge

Many factors will affect the Group's future tax rate, the main ones being future legislative developments, future profitability of underlying subsidiaries and tax uncertainties.

Worldwide tax reform continues, notably for the Group with the OECD's proposals in connection with the 'Pillar 2' Global Anti-Base Erosion Rules. At the balance sheet date, no country has substantively enacted legislation to fully implement Pillar 2. The Group expects further guidance and detailed legislation to be published in 2023 and will continue to assess potential impacts.

8. Tax continued

Tax paid

Total tax paid (net of refunds) is entirely in respect of operating activities. This comprises taxes paid directly by Group entities to taxing authorities and taxes withheld at source in respect of fees payable to the Group. Taxes withheld at source are paid by hotel owners to their local taxing authorities on behalf of the Group. The table below shows the territories to whom taxes are directly paid by the Group which exceed \$5m in the current or comparative periods, in addition to the UK, the Group's headquarter jurisdiction. The year-on-year increases are predominantly driven by corresponding increases to Group profitability and refunds received in 2020 and 2021 in respect of earlier periods.

	2022 \$m	2021 \$m	2020 \$m
China ^a	10	3	6
UK	3	(2)	2
USA ^b	165	68	-
Other jurisdictions	11	1	20
	189	70	28
Taxes withheld at source	22	16	13
Tax paid per cash flow	211	86	41

^a Tax payments are typically based upon the previous year's profits.

^b Includes refunds in respect of earlier periods of \$nil (2021: \$15m, 2020: \$24m).

A reconciliation of tax paid to the total current tax charge in the Group income statement is as follows:

	2022 \$m	2021 \$m	2020 \$m
Current tax charge in the Group income statement	176	143	34
Current tax (credit)/charge in the Group statement of comprehensive income	(2)	-	1
Total current tax charge	174	143	35
Movements to tax contingencies ^a	10	(4)	8
Timing differences of cash tax paid and foreign exchange differences ^b	27	(53)	(2)
Tax paid per cash flow	211	86	41

^a Tax contingency movements are included within the current tax charge but do not impact cash tax paid in the year. Settlements of tax contingencies are included within cash tax paid in the year but not recorded in the current year tax charge.

^b 2021 included \$20m of refunds in respect of earlier years, \$12m of other receivables which have been allocated to payments that otherwise would have been due and \$28m of payments due in 2022.

Notes to the Group Financial Statements continued

8. Tax continued

Deferred tax

	Property, plant, equipment and software \$m	Application fees \$m	Deferred gains on loan notes ^a \$m	Associates \$m	Losses ^b \$m	Employee benefits \$m	Deferred compensation \$m	Expected credit losses on trade receivables \$m	Intangible assets excluding software ^c \$m	Other short-term temporary differences ^{c,d} \$m	Total \$m
At 1 January 2021	(95)	42	(34)	(57)	61	34	42	22	(4)	7	18
Group income statement	15	(2)	-	2	21	4	6	(1)	(12)	14	47
Group statement of comprehensive income	-	-	-	-	4	-	-	-	-	(15)	(11)
Group statement of changes in equity	-	-	-	-	-	2	-	-	-	-	2
Exchange and other adjustments	(1)	-	-	-	(2)	(1)	-	(1)	-	3	(2)
At 31 December 2021	(81)	40	(34)	(55)	84	39	48	20	(16)	9	54
Group income statement	32	1	-	(4)	5	1	4	(5)	(21)	(1)	12
Group statement of comprehensive income	-	-	-	-	(1)	(6)	-	-	-	8	1
Group statement of changes in equity	-	-	-	-	-	1	-	-	-	-	1
Exchange and other adjustments	(4)	-	-	-	(9)	(3)	-	(1)	(3)	-	(20)
At 31 December 2022	(53)	41	(34)	(59)	79	32	52	14	(40)	16	48

^a Expected to become due in 2025.

^b Wholly in respect of revenue losses.

^c The above table has been re-presented in order that no balances exceeding \$20m are contained within 'Other short-term temporary differences'.

^d Primarily in respect of contract costs, right-of-use assets, lease liabilities and expenses for which tax relief has not yet been obtained.

The analysis of the deferred tax balance after considering the offset of assets and liabilities within entities where there is a legal right to do so and an analysis of the deferred tax balance showing all territories with balances greater than \$10m in either the current or prior year are as follows:

	2022 \$m	2021 \$m
Deferred tax assets	126	147
Deferred tax liabilities	(78)	(93)
	48	54
Analysed as:		
United Kingdom	109	127
United States	(73)	(87)
Other	12	14
	48	54

A deferred tax asset of \$107m (2021: \$120m) has been recognised in legal entities which have made a loss in the current or the previous year. Of this, \$102m (2021: \$114m) is within the UK tax group and predominantly represents revenue tax losses and future tax deductions for amortisation.

Additional UK deferred tax assets of \$7m (2021: \$13m) are recognised in legal entities which were profitable in both the current and previous years.

Recoverability of UK deferred tax assets

The Group has recognised UK deferred tax assets of \$109m (2021: \$127m), including revenue losses of \$73m (2021: \$73m). The deferred tax assets have been recognised following the consideration of both positive and negative evidence in respect of the probability of future taxable profits against which the assets could be recovered. The losses have arisen by identifiable non-recurring events, for example special contributions into a former Group pension scheme and the impact of Covid-19, absent which, the UK tax group would have been profitable. The losses do not expire, although they can only be offset against 50% of annual UK taxable profits. The UK deferred tax asset should reverse over a seven- to ten-year period (2021: seven- to ten-year period), with the lower end of this range based on the Group's Base Case forecast (see page 157 within 'Going concern') and the upper end of the range based on the Group's Severe Downside Case forecast.

8. Tax continued

The Group's TCFD disclosures describe how physical and transitional climate risks present both risks and opportunities for IHG. The potential downside risk has been considered in the context of the UK deferred tax asset recoverability, without taking account of opportunities or mitigating actions, and could be absorbed within the sensitivities disclosed above.

Unrecognised deferred tax assets

The Group does not recognise deferred tax assets if it cannot anticipate being able to offset them against existing deferred tax liabilities or against future profits or gains.

The total unrecognised deferred tax position is as follows:

	Gross		Unrecognised deferred tax	
	2022 \$m	2021 \$m	2022 \$m	2021 \$m
Revenue losses	430	458	78	87
Capital losses	549	551	138	138
	979	1,009	216	225
Tax credits	25	10	25	10
Other ^a	31	16	8	3
	1,035	1,035	249	238

^a Primarily relates to costs incurred for which tax relief has not been obtained.

There is no expiry date to any of the above unrecognised assets other than for the losses and tax credits as shown in the table below:

Expiry date	Gross		Unrecognised deferred tax	
	2022 \$m	2021 \$m	2022 \$m	2021 \$m
2022	-	10	-	3
2023	1	2	-	-
2024	4	4	1	1
2025 ^a	9	100	1	25
2026	18	13	4	2
2027	3	-	-	-
2028	-	6	-	2
2029	10	10	10	10
After 2029	18	2	16	1

^a Following a change in law, \$91m of losses will no longer expire, but they continue to remain unrecognised as the Group does not anticipate being able to offset them against future profits.

Unprovided deferred tax liabilities

No deferred tax liability has been provided in respect of \$0.5bn (2021: \$0.4bn) of taxable temporary differences relating to subsidiaries (comprising undistributed earnings and net inherent gains).

Uncertain tax positions

Current tax payable includes \$9m (2021: \$24m) in respect of uncertain tax positions, with the largest single item not exceeding \$3m (2021: \$10m). There are no amounts recognised in relation to uncertain tax positions within deferred tax in either the current or prior year.

The Group's most material territories for tax are the USA and the UK and the Group carries provisions of \$3m (2021: \$13m) in respect of US federal and state tax uncertainties and \$nil (2021: \$2m) in respect of UK Corporation Tax uncertainties.

In the USA, the Internal Revenue Service ('IRS') has the right to commence a routine audit of a federal income tax return for up to three years following the filing of the return. In December 2022, the Group agreed the 2014 return which will result in federal and state tax outflows in 2023 of \$5m and a further \$3m in respect of interest. Surplus tax provisions related to this period of \$4m have been released within tax in the Group income statement. Following 31 December 2022, the IRS confirmed the 2015 and 2016 periods are also closed. The Group has therefore now agreed all federal tax returns up to and including 2017.

In the UK, HM Revenue and Customs ('HMRC') has the right to commence a routine audit of a UK Corporation Tax return for up to 12 months following the filing of the return. The Group has agreed all UK tax returns for periods up to and including 2015, and for 2020. The Group received a single question from HMRC in respect of the 2016 period in 2019, to which a response was provided also in 2019. Following 31 December 2022, the Group received a request for further information but still considers the risk of material adjustment to be low. In addition, a transfer pricing audit was initiated by HMRC in September 2019 in respect of 2017 onwards. In December 2022, the Group reached verbal agreement with HMRC that no adjustments to the filed returns were necessary and the Group expects to receive formal agreement of the closure of the 2017 to 2019 periods in early 2023. The Group has provisions of \$nil (2021: \$2m) in respect of UK Corporation Tax uncertainties.

Notes to the Group Financial Statements continued

9. Dividends

Paid during the year	2022		2021		2020	
	cents per share	\$m	cents per share	\$m	cents per share	\$m
Final (declared for previous year)	85.9	154	-	-	-	-
Interim	43.9	79	-	-	-	-
	129.8	233	-	-	-	-

The final dividend in respect of 2022 of 94.5¢ per ordinary share (amounting to \$165m) is proposed for approval at the AGM on 5 May 2023.

10. Earnings/(loss) per ordinary share

Basic earnings/(loss) per ordinary share	2022	2021	2020
Profit/(loss) available for equity holders (\$m)	375	266	(260)
Basic weighted average number of ordinary shares (millions)	181	183	182
Basic earnings/(loss) per ordinary share (cents)	207.2	145.4	(142.9)
Diluted earnings/(loss) per ordinary share			
Profit/(loss) available for equity holders (\$m)	375	266	(260)
Diluted weighted average number of ordinary shares (millions)	182	184	182
Diluted earnings/(loss) per ordinary share (cents)	206.0	144.6	(142.9)

Basic and diluted share denominators are calculated as follows:

	2022 millions	2021 millions	2020 millions
Weighted average number of ordinary shares in issue	187	187	187
Weighted average number of treasury shares	(6)	(4)	(5)
Basic weighted average number of ordinary shares	181	183	182
Dilutive potential ordinary shares	1	1	-
Diluted weighted average number of ordinary shares	182	184	182

On 9 August 2022, the Company announced a \$500m share buyback which commenced on the same day (see note 28). This share repurchase represents a reduction in share capital with a corresponding change in resources hence earnings per share has not been restated for prior periods.

11. Assets and liabilities sold

In 2021, three hotels in the Americas region were sold. Total cash consideration of \$46m was received with no gain or loss arising after charging disposal costs. Net assets of \$44m disposed comprised \$45m property, plant and equipment and \$2m right-of-use assets, less \$3m lease liabilities. The net cash inflow arising was \$44m.

In 2020, the Group sold one hotel in EMEAA, the Holiday Inn Melbourne Airport. Total consideration of \$2m was received with a total gain, net of disposal costs, of \$3m. The gain was included in other operating income in the Group income statement.

12. Goodwill and other intangible assets

	Goodwill \$m	Brands \$m	Software \$m	Management agreements \$m	Other intangibles \$m	Total \$m
Cost						
At 1 January 2021	537	439	886	122	25	2,009
Additions	-	-	32	-	1	33
Disposals	-	-	(40)	-	-	(40)
Exchange and other adjustments	(5)	-	-	-	-	(5)
At 31 December 2021	532	439	878	122	26	1,997
Additions	-	-	46	-	-	46
Fully amortised assets written off	-	-	(94)	-	-	(94)
Disposals	(8)	-	-	-	-	(8)
Exchange and other adjustments	(11)	-	(5)	-	-	(16)
At 31 December 2022	513	439	825	122	26	1,925
Amortisation and impairment						
At 1 January 2021	(191)	-	(402)	(112)	(11)	(716)
Provided	-	-	(30)	(1)	(1)	(32)
System Fund expense	-	-	(82)	-	(1)	(83)
Disposals	-	-	28	-	-	28
Exchange and other adjustments	-	-	1	-	-	1
At 31 December 2021	(191)	-	(485)	(113)	(13)	(802)
Provided	-	-	(20)	-	(3)	(23)
System Fund expense	-	-	(78)	-	(1)	(79)
Impairment reversal	-	-	-	12	-	12
Fully amortised assets written off	-	-	94	-	-	94
Disposals	8	-	-	-	-	8
Exchange and other adjustments	5	-	3	-	1	9
At 31 December 2022	(178)	-	(486)	(101)	(16)	(781)
Net book value						
At 31 December 2022	335	439	339	21	10	1,144
At 31 December 2021	341	439	393	9	13	1,195
At 1 January 2021	346	439	484	10	14	1,293

Goodwill and brands

Brands

Brands relate to the acquisitions of Kimpton (\$193m), Regent (\$57m) and Six Senses (\$189m). They are each considered to have an indefinite life given their strong brand awareness and reputation, and management's commitment to continued investment in their growth. The brands are protected by trademarks and there are not believed to be any legal, regulatory or contractual provisions that limit the useful lives of the brands. In the hotel industry there are a number of brands that have existed for many years and IHG has brands that are over 60 years old.

Allocation of goodwill and brands to CGUs

	At 1 January 2021 \$m	Exchange adjustments \$m	At 31 December 2021 \$m	Exchange adjustments \$m	At 31 December 2022 \$m	Analysed as:	
						Goodwill \$m	Brands \$m
Americas (group of CGUs)	421	(2)	419	-	419	132	287
EMEA (group of CGUs)	339	(2)	337	(6)	331	195	136
Greater China	25	(1)	24	-	24	8	16
	785	(5)	780	(6)	774	335	439

Notes to the Group Financial Statements continued

12. Goodwill and other intangible assets continued

The recoverable amounts of the CGUs, or groups of CGUs, have been determined from value in use calculations. The key assumptions are RevPAR growth (detailed on page 157 within 'Going concern'), terminal growth rates and pre-tax discount rates. Cash flows beyond the five-year period are extrapolated using terminal growth rates that do not exceed the average long-term growth rates for the relevant markets. Cash flow projections are discounted using pre-tax rates that are based on the Group's weighted average cost of capital and incorporate adjustments reflecting risks specific to the territory of the CGU.

The weighted average terminal growth rates and pre-tax discount rates are as follows:

	2022		2021	
	Terminal growth rate %	Pre-tax discount rate %	Terminal growth rate %	Pre-tax discount rate %
Americas	1.9	13.7	2.0	10.2
EMEA	2.5	16.2	2.2	12.8
Greater China	2.5	13.8	2.5	12.6

The increase in discount rates in 2022 in Americas and EMEA was primarily driven by increased equity risk premiums and long-term risk-free rates.

The recoverable amounts of the CGUs, or groups of CGUs, exceeded their carrying value such that no impairment has arisen. Assumptions were sensitised, including using the Downside Case scenario (detailed on page 157 within 'Going concern'), with no impairment arising reflecting the number of years of Base Case forecasts required to recover the carrying value.

Software

Software includes \$190m relating to the development of the next-generation Guest Reservation System with Amadeus. Internally developed software with an original cost of \$130m developed within the two phases of the project is being amortised over 10 years and seven years respectively, with six years remaining at 31 December 2022, reflecting the Group's experience of the long life of guest reservation systems and the initial term over which the Group is party to a technology agreement with Amadeus. The remaining project value relates to enhancements to existing systems as part of the project, which are amortised over five years.

In 2022 and 2021, no impairment was charged. In 2020, \$4m impairment was charged to the System Fund.

A loss on disposal of software assets of \$12m was recorded in 2021, relating to amounts previously capitalised in respect of costs incurred to implement cloud computing arrangements. These losses were recorded within depreciation and amortisation (\$8m) and System Fund depreciation and amortisation (\$4m) in the Group income statement.

Management agreements

Management agreements relate to contracts recognised at fair value on acquisition. The weighted average remaining amortisation period for all management agreements is 15 years (2021: 17 years).

2022 impairment reversal

The impairment reversal of \$12m relates to the Kimpton management agreement portfolio in the Americas region and arises due to strong trading conditions in 2022 and significantly improved industry forecasts. The key assumption is RevPAR growth which is approximately in line with the Group forecast detailed on page 157. Cash flows beyond the five-year period are extrapolated using a 1.8% long-term growth rate that does not exceed the average long-term growth rates for the relevant market.

The portfolio was valued at value in use (which exceeded fair value less costs of disposal) using discounted cash flow techniques that measure the present value of projected post-tax income flows. The post-tax discount rate used was 10.8% (rate used for 2020 impairment: 8.4%); the pre-tax equivalent rate is 14.8%.

2020 impairment

Impairment of \$48m related to the Kimpton (\$5m), Regent (\$2m) and Six Senses (\$41m) management agreement portfolios acquired in 2015, 2018 and 2019 respectively. The key assumption was RevPAR growth which assumed a recovery to 2019 levels over a five-year period from 2021.

Contracts were valued at the higher of value in use and fair value less costs of disposal, using discounted cash flow techniques. Where the recoverable amount was measured at fair value, this was categorised as a Level 3 fair value measurement.

13. Property, plant and equipment

	Land and buildings \$m	Fixtures, fittings and equipment \$m	Total \$m
Cost			
At 1 January 2021	208	322	530
Additions	-	17	17
Fully depreciated assets written off	-	(7)	(7)
Disposals	(103)	(29)	(132)
Exchange and other adjustments	-	(4)	(4)
At 31 December 2021	105	299	404
Additions	15	42	57
Fully depreciated assets written off	-	(30)	(30)
Disposals	(7)	(5)	(12)
Exchange and other adjustments	(1)	(14)	(15)
At 31 December 2022	112	292	404
Depreciation and impairment			
At 1 January 2021	(115)	(214)	(329)
Provided	(4)	(27)	(31)
System Fund expense	-	(4)	(4)
Fully depreciated assets written off	-	7	7
Disposals	66	21	87
Exchange and other adjustments	-	3	3
At 31 December 2021	(53)	(214)	(267)
Provided	(3)	(17)	(20)
System Fund expense	-	(4)	(4)
Impairment charge	-	(10)	(10)
Impairment reversal	-	3	3
Fully depreciated assets written off	-	30	30
Disposals	4	5	9
Exchange and other adjustments	1	11	12
At 31 December 2022	(51)	(196)	(247)
Net book value			
At 31 December 2022	61	96	157
At 31 December 2021	52	85	137
At 1 January 2021	93	108	201

The Group's property, plant and equipment mainly comprises buildings and leasehold improvements on 16 hotels (2021: 19 hotels), but also offices and computer hardware, throughout the world.

Net book value by operating segment

	Americas \$m	EMEA \$m	Greater China \$m	Central \$m	Total \$m
Land and buildings	53	1	-	7	61
Fixtures, fittings and equipment	33	5	-	58	96
	86	6	-	65	157

Impairment and impairment reversals

2022 impairment

An impairment charge of \$10m was recognised in the year on property, plant and equipment relating to one hotel in the EMEA region. A further \$2m impairment of right-of-use assets was recognised in relation to the same hotel. The charge arises, and is classed as exceptional, due to recent cost inflation which is impacting operating costs but also the projected variable rent payments. The assets were measured at value in use, using a discounted cash flow approach which is based on the hotel's five-year plan. Cash flows beyond the five-year period were extrapolated using a long-term growth rate which does not exceed the long-term average growth rate for the relevant country. Estimated future cash flows were discounted at a pre-tax rate of 9.6%. The recoverable amount was \$nil and the impairment charge is not sensitive to changes in assumptions.

Notes to the Group Financial Statements continued

13. Property, plant and equipment continued**2022 impairment reversal**

Impairment reversals of \$3m were recognised in relation to the UK portfolio (EMEA region) and arose as a result of the renegotiation of contractual agreements, as described on page 190, enhancing the cash-generating potential of those hotels. The recoverable amount was measured at value in use, using a discounted cash flow forecast used to assess the new deal with rentals based on the agreed contractual terms. A pre-tax discount rate of 14.2% was applied (rate used for 2020 impairment: 10.1%).

In both impairment tests, hotel specific plans were used which use the RevPAR forecasts described on page 157 adjusted for factors specific to the individual property (such as revenue from food and beverage facilities and the impact of renovations on occupancy and rate).

2020 impairment

Impairment of \$90m was recognised and a further \$5m was recognised in the System Fund, comprising:

- \$50m related to the UK portfolio. The recoverable amount was measured at value in use, using a discounted cash flow approach. The key assumptions were 2021 revenues and profits, and that the landlord would exercise a termination right such that the current leases would end in 2022.
- \$35m related to three premium-branded hotels in North America which were sold in 2021 (see note 11).
- \$3m related to three land sites held by the Group in the US which were measured at fair value. The sites were appraised by a professional external valuer using comparable sales data. Within the fair value hierarchy, this was categorised as a Level 3 measurement.
- \$7m related to the US corporate headquarters. \$5m of this impairment charge was borne by the System Fund.

14. Leases**Right-of-use assets**

	Land and buildings \$m	Investment property \$m	Other \$m	Total \$m
Cost				
At 1 January 2021	617	-	4	621
Additions and other re-measurements	4	-	-	4
Terminations and disposals	(9)	-	(1)	(10)
Exchange and other adjustments	(5)	-	-	(5)
At 31 December 2021	607	-	3	610
Additions and other re-measurements	40	-	-	40
Transfers to investment property	(50)	50	-	-
Transfers to finance lease receivable	(5)	-	-	(5)
Terminations	(9)	-	(1)	(10)
Exchange and other adjustments	(12)	-	-	(12)
At 31 December 2022	571	50	2	623
Depreciation and impairment				
At 1 January 2021	(316)	-	(2)	(318)
Provided	(26)	-	(1)	(27)
System Fund expense	(3)	-	-	(3)
System Fund impairment reversal	3	-	-	3
Terminations and disposals	5	-	1	6
Exchange and other adjustments	3	-	-	3
At 31 December 2021	(334)	-	(2)	(336)
Provided	(24)	-	(1)	(25)
System Fund expense	(3)	-	-	(3)
Impairment charge	(2)	-	-	(2)
Impairment reversal	2	-	-	2
Transfers to investment property	47	(47)	-	-
Transfers to finance lease receivable	3	-	-	3
Terminations	9	-	1	10
Exchange and other adjustments	8	-	-	8
At 31 December 2022	(294)	(47)	(2)	(343)
Net book value				
At 31 December 2022	277	3	-	280
At 31 December 2021	273	-	1	274
At 1 January 2021	301	-	2	303

14. Leases continued

The Group's leased assets mainly comprise hotels and offices. Leases contain a wide range of different terms and conditions. The term of property leases ranges from 1-99 years. The weighted average lease term remaining on the Group's top eight leases (which comprise 95% (2021: 94%) of the right-of-use asset net book value) is 56 years (2021: 56 years). The InterContinental Boston lease, expiring in 2105, has a significant impact on this weighted average lease term; excluding this lease the weighted average lease term is 9 years (2021: 8 years). Undiscounted cash flows on the Boston lease of \$3,233m (2021: \$3,252m) represent 94% (2021: 94%) of the total undiscounted cash flows relating to lease liabilities.

Many of the Group's property leases contain extension or early termination options, which are used for operational flexibility. The lease agreement over the US corporate headquarters contains a material extension option which is not included in the calculation of the lease asset and liability as the extension would not take effect before 2031 and there is no reasonable certainty the option will be exercised. The value of the undiscounted rental payments relating to this lease and not included in the value of the lease asset and liability is \$289m. Additionally, the Group has the option to extend the term of the InterContinental Boston lease for two additional 20-year terms, the first of which would take effect from 2105. These extension options have not been included in the calculation of the lease liability.

Impairment and impairment reversals

2022 impairment

Details of the \$2m impairment charge are contained in note 13.

2022 impairment reversal

Impairment reversals of \$2m were recognised in relation to one hotel in the EMEAA region and arose due to improved recovery forecasts as well as strong 2022 trading. The asset was measured at value in use, using a discounted cash flow for the remaining five-year lease term. Estimated future cash flows were discounted at a pre-tax rate of 17.6%. The recoverable amount was \$9m which represents the depreciated value of the original asset.

2021 impairment reversal

Impairment reversals of \$3m were recognised in relation to the US corporate headquarters and arose as a result of contractual agreements to sublease or surrender certain areas for the remainder of the lease term, removing uncertainty over future cash flows for those areas.

The recoverable amount was measured at value in use, using a discounted cash flow based on the agreed contractual terms. A pre-tax discount rate of 9.5% was applied.

The impairment reversal was substantially all recognised in the System Fund in line with existing principles for cost allocation relating to this facility.

2020 impairment

Impairment of \$16m was recognised and a further \$32m was recognised in the System Fund, comprising:

- \$5m related to one hotel in the EMEAA region, based on value in use calculations. Trading projections reflected a five-year RevPAR recovery period to 2019 levels.
- \$43m related to the US corporate headquarters. Future sublease rentals were expected to be lower than the head lease rentals which, together with the impact of the expected time taken and costs incurred to sublet the space, resulted in an impairment. Of the \$43m, \$32m was borne by the System Fund in line with the principles for cost allocation relating to this facility with the remaining \$11m recognised in the Americas region (\$5m) and Central (\$6m). An additional \$7m was recorded in property, plant and equipment. The recoverable amount was measured at fair value less costs of disposal. This was equivalent to value in use given subletting the floors was considered to represent the highest and best use of the asset and so the cash flows were the same in both scenarios.

Lease liabilities

The majority of the Group's lease liabilities are discounted at incremental borrowing rates of up to 11%. The rate implicit in the InterContinental Boston lease was 9.7% and was derived from a valuation of the hotel at lease inception in 2006.

Currency	2022 \$m	2021 \$m
US dollars	363	374
Sterling	31	6
Euros	5	5
Other	28	34
	427	419
Analysed as:		
Current	26	35
Non-current	401	384
	427	419

The maturity analysis of lease liabilities is disclosed in note 23.

The Group's lease liability is not materially sensitive to inflation as \$348m (2021: \$356m) relates to the InterContinental Boston and the US corporate headquarters, which both include fixed payments and are not subject to inflationary adjustments.

Notes to the Group Financial Statements continued

14. Leases continued

Amounts recognised in the Group income statement

	2022 \$m	2021 \$m	2020 \$m
Depreciation of right-of-use assets	25	27	35
System Fund depreciation of right-of-use assets	3	3	4
Net impairment (reversal)/charge	-	-	16
System Fund impairment (reversal)/charge	-	(3)	32
Derecognition of right-of-use assets and lease liabilities	-	-	(22)
Gain on lease termination	-	-	(30)
Expense relating to variable lease payments	47	31	7
Expense relating to short-term leases and low-value assets	1	1	2
Income from operating subleases of right-of-use assets	(1)	(1)	(1)
Recognised in operating profit/(loss)	75	58	43
Interest on lease liabilities	29	29	37
Total recognised in the Group income statement	104	87	80

Variable lease payments

In 2022, the Group agreed to restructure the UK portfolio leases with substantially lower rental payments. The revised portfolio comprises nine IHG-branded hotels, with the leases of three unbranded hotels terminated in the second half of 2022.

The structure of the revised leases is similar to the previous leases which contained guarantees that the Group will fund any shortfalls in lease payments up to an annual and cumulative cap. These caps limit the Group's exposure to trading losses, meaning that rental payments are reduced if insufficient cash flows are generated by the hotels. Since there is no floor to the rent reduction applicable under these leases, they are treated as fully variable. In the event that rent reductions are not applicable, annual base rental payments stabilise at £34m over the remaining lease term of 21 years. Additional performance-based rental payments are calculated using hotel revenues and net cash flows.

In addition, one German hotel lease is treated as fully variable. A further German hotel lease which was treated as fully variable was terminated in early 2022 following settlement of a commercial dispute. One further German hotel lease under a similar structure is expected to commence in 2024.

Sublease arrangements

At 31 December 2022, the Group's largest sublease arrangements relate to the Group's US corporate headquarters.

Operating subleases

	Less than 1 year \$m	Between 1 and 2 years \$m	Between 2 and 5 years \$m	Total \$m
Operating sublease payments receivable				
At 31 December 2022	2	2	5	9
At 31 December 2021	2	2	5	9

At 31 December 2020, the undiscounted future cash flows receivable from subleased properties amounted to \$2m.

Finance subleases

In 2022, the Group subleased a component of the US corporate headquarters for the remainder of the head lease term. No gain or loss arose.

	More than 5 years \$m	Total undiscounted lease receivable \$m	Unearned finance income \$m	Finance lease receivable \$m
Finance lease payments receivable				
At 31 December 2022	2	2	-	2

Amounts recognised in the Group statement of cash flows

	2022 \$m	2021 \$m	2020 \$m
Operating activities	72	55	39
Investing activities	(6)	-	-
Financing activities	36	32	65
Net cash paid	102	87	104

15. Investment in associates

	2022 \$m	2021 \$m
Cost		
At 1 January	132	136
Additions	1	4
Share of profits/(losses) ^a	(41)	(8)
System Fund share of losses	(1)	(2)
Dividends and distributions	(1)	-
Exchange and other adjustments	(1)	2
At 31 December	89	132
Impairment		
At 1 January	(55)	(55)
Impairment reversal	2	-
At 31 December	(53)	(55)
Net book value	36	77
Analysed as:		
Material associates	-	42
Other associates	36	35
	36	77

^a In 2022, comprises \$42m losses presented as exceptional (note 6) and \$1m share of profits from other associates. The total share of losses in the Group income statement includes a further \$18m recognised as a liability within other payables (note 19).

Barclay associate

The Group held one associate investment at 31 December 2022 which had a material impact on profit for the year, a 19.9% interest in 111 East 48th Street Holdings, LLC (the 'Barclay associate') which owns InterContinental New York Barclay, a hotel managed by the Group. The investment is classified as an associate and equity accounted. While the Group has the ability to exercise significant influence through certain decision rights, approval rights relating to the hotel's operating and capital budgets rest solely with the 80.1% majority member. The Group's ability to receive cash dividends is dependent on the hotel generating sufficient income to satisfy specified owner returns. \$18m was provided in 2021 in relation to settlement of a commercial dispute regarding owner returns during the pandemic.

Due to the significant trading impact of Covid-19 and resulting restrictions in New York, the hotel was closed for most of 2020 and Spring 2021. The closure period and the significant impact on RevPAR during the recovery period resulted in an impairment charge of \$13m in 2020. The recoverable amount of the investment was measured at fair value less costs of disposal, based on the Group's share of the market value of the hotel less debt in the associate. The hotel was appraised by a professional external valuer using an income capitalisation approach which is a discounted cash flow technique that measures the present value of projected income flows (over a 10-year period) and the property sale. Within the fair value hierarchy, this was categorised as a Level 3 fair value measurement. The external valuer assumed a return to 2019 RevPAR levels over a three- to four-year period, based on industry data specific to the New York market and supply factors in the luxury market located close to the InterContinental New York Barclay.

The 2020 impairment charge was presented net of a \$4m fair value gain on a put option over part of the Group's investment in the associate given there is an interdependency between the value of the option and the fair value of the associate investment. This fair value gain reversed in 2021.

Notes to the Group Financial Statements continued

15. Investment in associates continued

Summarised financial information in respect of the Barclay associate is set out below:

	2022 \$m	2021 \$m
Non-current assets	472	485
Current assets	64	38
Current liabilities	(33)	(32)
Non-current liabilities	(250)	(246)
Net assets	253	245
Group share of reported net assets at 19.9%	50	49
Adjustments to reflect impairment, capitalised costs, and additional rights and obligations under the shareholder agreement	(8)	(7)
Effect of specially allocated expenses (note 6)	(42)	-
Carrying amount	-	42

	2022 \$m	2021 \$m
Revenue	106	42
Profit/(loss) from continuing operations and total comprehensive income/(loss) for the year	8	(24)
Group's share of profit/(loss) for the year^a	(42)	(5)

^a Includes specially allocated expenses and the cost of funding owner returns.

In 2020, the Group's share of losses from the Barclay associate was \$13m.

Other associates

	Associates			Joint ventures		
	2022 \$m	2021 \$m	2020 \$m	2022 \$m	2021 \$m	2020 \$m
Profits/(losses) from continuing operations and total comprehensive income/(loss) for the year	1	(3)	(3)	-	-	2

In 2022, impairment reversal of \$2m relates to an associate in the Americas region and arises due to strong trading conditions in 2022 and significantly improved industry forecasts. The recoverable amount was measured at fair value less costs of disposal, using a discounted cash flow approach that measures the present value of projected income flows (over a 10-year period) and the property sale. The key assumptions are RevPAR growth (which is in line with the Group forecast detailed on page 157), discount rate of 9.75% and terminal capitalisation rate of 7.25%. The valuation is not significantly sensitive to changes in assumptions.

In 2020, impairment charges of \$8m and \$2m were recognised in relation to two associates in the Americas region and one associate which was liquidated with the corresponding charge recognised within Central costs.

16. Other financial assets

	2022 \$m	2021 \$m
Equity securities	103	106
Restricted funds:		
Shortfall reserve deposit ^a	-	6
Ring-fenced amounts to satisfy insurance claims:		
Cash ^a	2	4
Money market funds	3	8
Bank accounts pledged as security	39	42
Other	1	1
	45	61
Trade deposits and loans	8	8
	156	175
Analysed as:		
Current	-	2
Non-current	156	173
	156	175

^a As described on page 168, amounts within these lines have been re-presented as cash and cash equivalents.

16. Other financial assets continued

Equity securities

The methodology to calculate fair value and the sensitivities to the relevant significant unobservable inputs are detailed in note 24.

The significant investments are as follows:

	2022		2021	
	Fair value \$m	Dividend income \$m	Fair value \$m	Dividend income \$m
Investment in entity which owns:				
InterContinental The Willard Washington DC	27	-	25	-
InterContinental San Francisco	16	-	17	-
InterContinental Grand Stanford Hong Kong	35	-	35	-

Restricted funds

The shortfall reserve deposit is held for the specific purpose of funding shortfalls in owner returns relating to the Barclay associate. Any shortfalls funded are subject to potential clawback in future years. The maximum length of time for which the restricted funds will be held is the life of the hotel management agreement. In 2021, \$3m was withdrawn from the deposit to fund working capital requirements. In 2022, the remaining balance was reclassified to cash and cash equivalents reflecting the Group's ability to access these funds although they are held for a defined purpose under the management agreement. The prior year amount is immaterial and has not been re-presented.

Amounts ring-fenced to satisfy insurance claims are principally held in the Group's Captive, which is a regulated entity.

The bank accounts pledged as security (£31m) are subject to a charge in favour of the members of the UK unfunded pension arrangement (see note 26). The amounts pledged as security may change in future years subject to the trustees' agreement and updated actuarial valuations. The bank accounts will continue to be pledged as security until the date at which the UK unfunded pension liabilities have been fully discharged, unless otherwise agreed with the trustees.

Expected credit losses

Other financial assets with a total value of \$50m (2021: \$61m) are subject to the expected credit loss model requirements of IFRS 9. Equity securities, money market funds and other amounts measured at fair value are excluded. With the exception of the expected credit loss arising on trade deposits and loans (see below), expected credit losses are considered to be immaterial.

	2022			2021		
	Gross \$m	Credit loss allowance \$m	Net \$m	Gross \$m	Credit loss allowance \$m	Net \$m
Trade deposits and loans						
Amounts due with no significant increase in credit risk since initial recognition	8	-	8	6	-	6
Amounts due with significant increase in credit risk since initial recognition:						
Not past due	1	(1)	-	7	(5)	2
Past due	11	(11)	-	10	(10)	-
	20	(12)	8	23	(15)	8

	2022 \$m	2021 ^a \$m
Movement in the allowance for expected credit losses		
At 1 January	(15)	(15)
Amounts written off	2	-
Exchange and other adjustments	1	-
At 31 December	(12)	(15)

^a In 2021, \$4m was collected in respect of an asset which was measured at \$nil at initial recognition as part of a business acquisition. This did not impact the allowance for expected credit losses.

Credit risk

Restricted funds are held with bank counterparties which are rated at least A+ based on Standard and Poor's ratings.

The maximum exposure to credit risk of other financial assets at the end of the reporting period by geographic region is as follows:

	2022 \$m	2021 \$m
Americas	54	66
EMEA	62	67
Greater China	40	42
	156	175

Notes to the Group Financial Statements continued

17. Trade and other receivables

	2022 \$m	2021 \$m
Trade receivables	493	399
Other receivables	49	102
Prepayments	104	73
	646	574

In 2021, other receivables included \$53m relating to the UK portfolio rent. The Group had deferred certain rent payments due since 1 April 2020 with consideration given to the UK Government and other commercial tenant protection measures which were in place up to 31 March 2022. A rent reconciliation was finalised in 2022 as part of the restructuring of the UK portfolio leases which resulted in the settlement of outstanding receivables and payables.

Expected credit losses

The ageing of trade receivables shown below reflects the initial terms under the invoice rather than the revised terms where payment flexibility has been provided to owners. The net balances presented in the table below could result in additional credit losses if they are ultimately found to be uncollectable. Expected credit losses relating to other receivables following their initial recognition are immaterial.

	2022			2021		
	Gross \$m	Credit loss allowance \$m	Net \$m	Gross \$m	Credit loss allowance \$m	Net \$m
Not past due	307	(1)	306	249	(2)	247
Past due 1 to 30 days	76	(7)	69	66	(5)	61
Past due 31 to 90 days	57	(6)	51	52	(7)	45
Past due 91 to 180 days	46	(9)	37	36	(9)	27
Past due 181 to 360 days	34	(11)	23	38	(21)	17
Past due more than 361 days	90	(83)	7	91	(89)	2
	610	(117)	493	532	(133)	399

	2022 \$m	2021 \$m
Movement in the allowance for expected lifetime credit losses		
At 1 January	(133)	(78)
Fully provided receivables reinstated ^a	-	(60)
Reclassification to other receivables ^b	9	-
Impairment loss ^c	(5)	(4)
System Fund impairment (loss)/reversal	(7)	6
Amounts written off	17	8
Exchange and other adjustments	2	(5)
At 31 December	(117)	(133)

^a In 2021, fully provided receivables were reinstated reflecting the Group's increased focus on older receivables. There was no impact to total amounts receivable, total credit loss provisions or the impairment loss recorded in the Group income statement.

^b In 2022, net receivables of \$1m relating to finance charges on overdue receivables have been reclassified to other receivables. Provisions of \$9m, which includes expected credit losses at initial recognition, associated with these receivables have been removed from the reconciliation. Expected credit losses following initial recognition are immaterial.

^c In 2021, the impairment loss on financial assets disclosed on the face of the Group income statement also included a gain of \$4m related to trade deposits and loans.

As a result of recent collection experience of older balances for some owner groups in Greater China the regional provision matrix has been extended, with \$4m (2021: \$nil) of the net balance past due more than 361 days relating to Greater China.

If the regional provision matrix was applied to all owner groups (rather than by reference to other sources of data), the provision would reduce by \$15m, or \$12m if the regional provision matrix had not been extended (2021: \$16m).

Credit risk

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The maximum exposure to credit risk for trade and other receivables, excluding prepayments, at the end of the reporting period by geographic region is as follows:

	2022 \$m	2021 \$m
Americas	318	275
EMEA	152	172
Greater China	72	54
	542	501

18. Cash and cash equivalents

	2022 \$m	2021 \$m
Cash at bank and in hand	165	124
Short-term deposits	421	301
Money market funds	360	1,025
Repurchase agreements	30	–
Cash and cash equivalents as recorded in the Group statement of financial position	976	1,450
Bank overdrafts (note 21)	(55)	(59)
Cash and cash equivalents as recorded in the Group statement of cash flows	921	1,391

Cash at bank and in hand includes bank balances of \$86m (2021: \$67m) which are matched by bank overdrafts of \$55m (2021: \$59m) under the Group's cash pooling arrangements. Under these arrangements, each pool contains a number of bank accounts with the same financial institution and the Group pays interest on net overdraft balances within each pool. The cash pools are used for day-to-day cash management purposes and are managed as closely as possible to a zero balance on a net basis for each pool. Overseas subsidiaries are typically in a cash-positive position with the matching overdrafts held by the Group's central treasury company in the UK. Accordingly, bank overdrafts are included within cash and cash equivalents for the purposes of the cash flow statement.

Cash and cash equivalents with restrictions on use

	2022 \$m	2021 \$m
Countries with restrictions on repatriation	24	77
Capital expenditure under lease agreements	11	9
Other restrictions	12	–
	47	86

Details of the credit risk on cash and cash equivalents is included in note 23.

19. Trade and other payables

	2022 \$m	2021 \$m
Current		
Trade payables	152	109
Other tax and social security payable	37	29
Other payables	173	119
Accruals	335	322
	697	579
Non-current		
Other payables	4	4
Deferred purchase consideration	12	12
Contingent purchase consideration (note 24)	65	73
	81	89

In 2022, current other payables includes \$29m and current accruals includes \$2m relating to the outstanding portion of the share repurchase programme. Of the total, \$20m relates to the unavoidable contractual cost of shares to be repurchased and \$11m to the associated performance fee. Current other payables also includes \$18m relating to obligations created by the special allocation of expenses from an associate investment (note 6).

In 2021, other payables included \$29m relating to the UK portfolio rent (see note 17).

Notes to the Group Financial Statements continued

20. Provisions

	Commercial litigation and disputes \$m	Insurance reserves \$m	Onerous contractual expenditure \$m	Dilapidations and other \$m	Total \$m
At 31 December 2021	37	39	8	6	90
Provided, of which \$28m is recorded within exceptional items (note 6)	28	18	2	6	54
Utilised	(31)	(7)	(7)	-	(45)
Released	(1)	-	-	-	(1)
Exchange and other adjustments	-	-	(2)	-	(2)
At 31 December 2022	33	50	1	12	96
Analysed as:					
Current	32	15	1	5	53
Non-current	1	35	-	7	43
	33	50	1	12	96

Commercial litigation and disputes

The utilisation of the provision principally reflects the settlement of commercial litigation and disputes in the Americas and EMEA regions which were fully provided for in the prior year. The remaining balance includes \$4m relating to management's best estimate of settlements required in respect of lawsuits filed against the Group in the Americas region. Settlement terms have been agreed and, in addition to payments in 2022, final amounts are expected to be paid in 2023. There are certain amounts that the Group will pursue in relation to these matters, \$1m has been recognised within administrative expenses in 2022 reflecting those amounts which are virtually certain.

Insurance reserves

	Incurred but not reported claims ('IBNR') ^a		Reported but not yet settled claims		Total	
	2022 \$m	2021 \$m	2022 \$m	2021 \$m	2022 \$m	2021 \$m
Corporate operations and owned and leased properties	11	11	7	3	18	14
Managed hotels	25	19	7	6	32	25
	36	30	14	9	50	39

^a Includes unallocated loss expenses.

Of the total reserves, \$19m relates to international general liability principally for managed hotels. The utilisation of IBNR reserves is dependent on the timing of claims being reported and ultimately being settled; based on historical experience this is expected to be approximately five years. The maximum liabilities of the last five policy years is \$36m for corporate operations and owned and leased properties and \$42m for managed hotels, noting that actual claims did not significantly differ to estimates in 2022 or 2021.

In respect of managed hotels, the Group recognised reinsurance profits of \$4m (2021: \$3m, 2020: \$3m).

21. Loans and other borrowings

	Maturity date	Discount at issue %	2022 \$m	2021 \$m
Current				
Bank overdrafts (note 18)	n/a	n/a	55	59
£173m 3.875% bonds 2022	28 November 2022	1.213	-	233
			55	292
Non-current				
€500m 1.625% bonds 2024	8 October 2024	0.437	534	565
£300m 3.75% bonds 2025	14 August 2025	0.986	365	408
£350m 2.125% bonds 2026	24 August 2026	0.550	423	473
€500m 2.125% bonds 2027	15 May 2027	0.470	539	570
£400m 3.375% bonds 2028	8 October 2028	1.034	480	537
			2,341	2,553
Total loans and other borrowings			2,396	2,845
Denominated in the following currencies:				
Sterling			1,269	1,652
US dollars			53	57
Euros			1,073	1,135
Other			1	1
			2,396	2,845

Bonds

Interest is payable annually on the dates in the table, at the rates stated.

Revolving Credit Facility

There were no amounts drawn as at 31 December 2022 or 31 December 2021.

In April 2022, the Group's \$1,275m revolving syndicated bank facility and \$75m revolving bilateral facility were refinanced with a \$1,350m Revolving Credit Facility ('RCF'). The facility matures in 2027, with options to extend for a further two years. A variable rate of interest is payable on amounts drawn. No amounts were drawn throughout 2022 (2021: both facilities were undrawn).

In addition to the RCF, the Group has access to \$30m of uncommitted facilities (2021: \$50m) which were also undrawn at 31 December 2022 and 31 December 2021.

Notes to the Group Financial Statements continued

22. Net debt

	2022 \$m	2021 \$m
Cash and cash equivalents	976	1,450
Loans and other borrowings – current	(55)	(292)
– non-current	(2,341)	(2,553)
Lease liabilities – current	(26)	(35)
– non-current	(401)	(384)
Derivative financial instruments hedging debt values (note 23)	(4)	(67)
Net debt	(1,851)	(1,881)

	2022 \$m	2021 \$m
Movement in net debt		
Net decrease in cash and cash equivalents, net of overdrafts	(393)	(236)
Add back financing cash flows in respect of other components of net debt:		
Principal element of lease payments	36	32
Repayment of £600m commercial paper ^a	-	828
Repayment of long-term bonds	209	-
	245	860
(Increase)/decrease in net debt arising from cash flows	(148)	624
Other movements:		
Lease liabilities	(48)	(7)
Increase in accrued interest	(1)	(1)
Disposals	-	3
Exchange and other adjustments	227	29
	178	24
Decrease in net debt	30	648
Net debt at beginning of the year	(1,881)	(2,529)
Net debt at end of the year	(1,851)	(1,881)

^a Under the UK Government's Covid Corporate Financing Facility ('CCFF').

 Information concerning Non-GAAP measures can be found in the Strategic Report.

 Net debt as calculated for bank covenants can be found on page 201.

22. Net debt continued

Loans and other borrowings (excluding bank overdrafts), lease liabilities and currency swaps comprise the liabilities included in the financing activities section of the Group statement of cash flows and their movements are analysed as follows:

	At 1 January 2022 \$m	Financing cash flows \$m	Exchange adjustments \$m	Disposal \$m	Other ^{a,b} \$m	At 31 December 2022 \$m
Lease liabilities	419	(36)	(4)	-	48	427
£173m 3.875% bonds 2022	233	(209)	(24)	-	-	-
€500m 1.625% bonds 2024	565	-	(32)	-	1	534
£300m 3.75% bonds 2025	408	-	(45)	-	2	365
£350m 2.125% bonds 2026	473	-	(50)	-	-	423
€500m 2.125% bonds 2027	570	-	(32)	-	1	539
£400m 3.375% bonds 2028	537	-	(57)	-	-	480
	3,205	(245)	(244)	-	52	2,768
Currency swaps	62	-	-	-	(58)	4
	3,267	(245)	(244)	-	(6)	2,772

	At 1 January 2021 \$m	Financing cash flows \$m	Exchange adjustments \$m	Disposal \$m	Other ^b \$m	At 31 December 2021 \$m
Lease liabilities	450	(32)	(3)	(3)	7	419
£173m 3.875% bonds 2022	235	-	(3)	-	1	233
€500m 1.625% bonds 2024	611	-	(48)	-	2	565
£300m 3.75% bonds 2025	413	-	(5)	-	-	408
£350m 2.125% bonds 2026	479	-	(6)	-	-	473
€500m 2.125% bonds 2027	618	-	(48)	-	-	570
£400m 3.375% bonds 2028	542	-	(7)	-	2	537
Commercial paper	818	(828)	13	-	(3)	-
	4,166	(860)	(107)	(3)	9	3,205
Currency swaps	17	-	-	-	45	62
	4,183	(860)	(107)	(3)	54	3,267

^a The non-cash increase in lease liabilities principally arises from additions.

^b The change in value of currency swaps represents fair value movements.

23. Financial risk management and derivative financial instruments

Overview

The Group is exposed to financial risks that arise in relation to underlying business activities. These risks include: market risk, liquidity risk, credit risk and capital risk. There are Board approved policies in place to manage these risks. Treasury activities to manage these risks may include money market funds, repurchase agreements, spot and forward foreign exchange instruments, currency swaps, interest rate swaps and forward rate agreements.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises: foreign exchange risk and interest rate risk. Financial instruments affected by market risk include loans and other borrowings, cash and cash equivalents, debt and equity investments and derivatives.

Foreign exchange risk

The US dollar is the predominant currency of the Group's revenue and cash flows. Movements in foreign exchange rates can affect the Group's reported profit or loss, net liabilities and its interest cover. The most significant exposures of the Group are in currencies that are freely convertible. The Group's reported debt has an exposure to borrowings held in sterling and euros. After the effect of currency swaps, the Group holds its bond debt in sterling which is the primary currency of shareholder returns. US dollars are also borrowed when required to reflect the predominant trading currency and act as a net investment hedge of US dollar denominated assets.

The Group transacted currency swaps at the same time as the €500m 2.125% 2027 and €500m 1.625% 2024 bonds were issued in November 2018 and October 2020 respectively in order to swap the bonds' proceeds and interest flows into sterling (see page 200).

Interest rate risk

The Group is exposed to interest rate risk in relation to its fixed and floating rate borrowings. The Group's policy requires a minimum of 50% fixed rate debt over the next 12 months. With the exception of overdrafts, 100% of borrowings were fixed rate debt at 31 December 2022 (2021: 100%).

Notes to the Group Financial Statements continued

23. Financial risk management and derivative financial instruments continued**Derivative financial instruments**

Derivatives are recorded in the Group statement of financial position at fair value (see note 24) as follows:

Derivatives	2022 \$m	2021 \$m
Currency swaps	(4)	(62)
Analysed as:		
Non-current assets	7	-
Non-current liabilities	(11)	(62)
	(4)	(62)

The carrying amount of currency swaps comprises \$4m loss (2021: \$67m loss) relating to exchange movements on the underlying principal, included within net debt (see note 22), and \$nil (2021: \$5m gain) relating to other fair value movements.

Details of the credit risk on derivative financial instruments are included on page 202.

Cash flow hedges

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	Risk	Hedge type	Hedged item
November 2018	£436m	3.5%	€500m	2.125%	May 2027	Foreign exchange	Cash flow	€500m 2.125% bonds 2027
October 2020	£454m	2.7%	€500m	1.625%	October 2024	Foreign exchange	Cash flow	€500m 1.625% bonds 2024

There is an economic relationship between the hedged item and the hedging instrument as the critical terms are aligned, such that the hedge ratio is 1:1.

The change in the fair value of hedging instruments used to measure hedge ineffectiveness in the period mirrors that of the hypothetical derivative (hedged item) and was \$48m gain (2021: \$40m loss).

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, and may be due to any opening fair value of the hedging instrument, or a change in the credit risk of the Group or counterparty. There was no cumulative ineffectiveness in 2022 or 2021.

Amounts recognised in the cash flow hedge reserves are analysed in note 28.

Net investment hedges

The Group designates the following as net investment hedges of its foreign operations, being the net assets of certain Group subsidiaries with a US dollar functional currency:

- Borrowings under the RCF; and
- Short-dated foreign exchange swaps.

The designated risk is the spot foreign exchange risk and interest on these financial instruments is taken through financial income or expense.

Short-dated foreign exchange swaps are used when needed to manage sterling surplus cash and reduce US dollar borrowings while maintaining operational flexibility.

There is an economic relationship between the hedged item and the hedging instrument as the net investment creates a foreign exchange risk that will match the foreign exchange risk on the short-dated foreign exchange swaps. The Group has established a hedge ratio of 1:1 as the underlying risk of the hedging instrument is identical to the hedged risk component.

The change in value of hedging instruments recognised in the currency translation reserve through other comprehensive income was a loss of \$6m (2021: \$nil). There was no ineffectiveness recognised in the Group income statement during the current or prior year.

23. Financial risk management and derivative financial instruments continued

Interest and foreign exchange risk sensitivities

The following table shows the impact of a general strengthening in the US dollar against sterling and euro on the Group's profit or loss before tax and net liabilities, and the impact of a rise in US dollar, euro and sterling interest rates on the Group's profit or loss before tax. The impact of the strengthening in the euro against sterling on net liabilities is also shown, as this impacts the fair value of the currency swaps.

		2022 \$m	2021 \$m	2020 \$m
Increase in profit before tax				
Sterling: US dollar exchange rate	\$0.05 fall	(2.9)	7.0	5.9
Euro: US dollar exchange rate	\$0.05 fall	(0.3)	0.2	0.3
US dollar interest rates	1% increase	4.2	7.1	2.2
Sterling interest rates	1% increase	3.6	5.2	12.9
Decrease in net liabilities				
Sterling: US dollar exchange rate	\$0.05 fall	26.5	29.1	30.2
Euro: US dollar exchange rate	\$0.05 fall	49.6	49.7	50.6
Sterling: euro exchange rate	€0.05 fall	60.2	67.4	68.2

Interest rate sensitivity relates to cash balances and would only be realised to the extent deposit rates increase by 1%.

Interest rate sensitivities include the impact of hedging and are calculated based on the year-end net debt position.

Liquidity risk

Group policy ensures sufficient liquidity is maintained to meet all foreseeable medium-term cash requirements and provide headroom against unforeseen obligations.

Cash and cash equivalents are held in short-term deposits, repurchase agreements and cash funds which allow daily withdrawals of cash. Most of the Group's funds are held in the UK or US, although \$24m (2021: \$77m) is held in countries where repatriation is restricted (see note 18).

Medium- and long-term borrowing requirements are met through committed bank facilities and bonds as detailed in note 21.

The new RCF (see note 21) contains two financial covenants: interest cover (Covenant EBITDA: Covenant interest payable) and a leverage ratio (Covenant net debt: Covenant EBITDA). These are tested at half year and full year on a trailing 12-month basis.

In 2021 and 2020, covenant measures were reported on a frozen GAAP basis excluding the effect of IFRS 16, an adjustment which has been eliminated under the new facility.

	31 December 2022	31 December 2020 and 2021
Covenant test levels for RCF		
Leverage	<4.0x	waived
Interest cover	>3.5x	waived
Liquidity	n/a	\$400m ^a

^a Defined as unrestricted cash and cash equivalents (net of bank overdrafts) plus undrawn facilities with a remaining term of at least six months.

	2022	2021 ^a	2020 ^a
Covenant measures			
Covenant EBITDA (\$m)	896	601	272
Covenant net debt (\$m)	1,898	1,801	2,375
Covenant interest payable (\$m)	109	133	111
Leverage	2.12	3.00	8.73
Interest cover	8.22	4.52	2.45
Liquidity (\$m)	n/a	2,655	2,925

^a At 31 December 2021 and 2020, the leverage and interest covenants under the previous facilities were waived and replaced with a liquidity requirement of \$400m.

The interest margin payable on the RCF is linked to the Group's credit rating and is currently 0.60%.

Notes to the Group Financial Statements continued

23. Financial risk management and derivative financial instruments continued

The following are the undiscounted contractual cash flows of financial liabilities, including interest payments. Liabilities relating to the Group's deferred compensation plan are excluded; their settlement is funded entirely by the realisation of the related deferred compensation plan investments and no net cash flow arises.

	Less than 1 year \$m	Between 1 and 2 years \$m	Between 2 and 5 years \$m	More than 5 years \$m	Total \$m
31 December 2022					
Non-derivative financial liabilities:					
Bank overdrafts	55	-	-	-	55
€500m 1.625% bonds 2024	9	543	-	-	552
£300m 3.75% bonds 2025	14	14	375	-	403
£350m 2.125% bonds 2026	9	9	439	-	457
€500m 2.125% bonds 2027	11	11	568	-	590
£400m 3.375% bonds 2028	16	16	49	498	579
Lease liabilities	53	50	126	3,201	3,430
Trade and other payables (excluding deferred and contingent purchase consideration)	660	1	1	2	664
Deferred and contingent purchase consideration	-	13	39	42	94
Derivative financial liabilities:					
Currency swaps hedging €500m 1.625% bonds 2024 outflows	14	561	-	-	575
Currency swaps hedging €500m 1.625% bonds 2024 inflows	(9)	(543)	-	-	(552)
Currency swaps hedging €500m 2.125% bonds 2027 outflows	18	18	571	-	607
Currency swaps hedging €500m 2.125% bonds 2027 inflows	(11)	(11)	(568)	-	(590)
31 December 2021					
Non-derivative financial liabilities:					
Bank overdrafts	59	-	-	-	59
£173m 3.875% bonds 2022	241	-	-	-	241
€500m 1.625% bonds 2024	9	9	575	-	593
£300m 3.75% bonds 2025	15	15	435	-	465
£350m 2.125% bonds 2026	10	10	502	-	522
€500m 2.125% bonds 2027	12	12	36	578	638
£400m 3.375% bonds 2028	18	18	55	575	666
Lease liabilities	58	49	123	3,212	3,442
Trade and other payables (excluding deferred and contingent purchase consideration)	550	2	1	2	555
Deferred and contingent purchase consideration	-	-	52	42	94
Derivative financial liabilities:					
Currency swaps hedging €500m 1.625% bonds 2024 outflows	16	16	628	-	660
Currency swaps hedging €500m 1.625% bonds 2024 inflows	(9)	(9)	(575)	-	(593)
Currency swaps hedging €500m 2.125% bonds 2027 outflows	21	21	62	598	702
Currency swaps hedging €500m 2.125% bonds 2027 inflows	(12)	(12)	(36)	(578)	(638)

Credit risk

Credit risk on cash and cash equivalents is minimised by operating a policy on the investment of surplus cash that generally restricts counterparties to those with a BBB- credit rating or better or those providing adequate security. The Group uses long-term credit ratings from Standard and Poor's, Moody's and Fitch Ratings as a basis for setting its counterparty limits.

In order to manage the Group's credit risk exposure, the treasury function sets counterparty exposure limits using metrics including credit ratings, the relative placing of credit default swap pricings, tier 1 capital and share price volatility of the relevant counterparty.

Repurchase agreements are fully collateralised investments, with a maturity of three months or less. The Group accepts only government or supranational bonds where the lowest credit rating is AA- or better as collateral. In the event of default, ownership of these securities would revert to the Group. The securities held as collateral are to protect against default by the counterparty.

The Group's exposure to credit risk arises from default of the counterparty, with the maximum exposure equal to the carrying amount of each financial asset, including derivative financial instruments. The expected credit loss on cash and cash equivalents is considered to be immaterial.

23. Financial risk management and derivative financial instruments *continued*

The table below analyses the Group's short-term deposits, money market funds and repurchase agreement collateral classified as cash and cash equivalents by counterparty credit rating:

	AAA \$m	AA+ \$m	AA \$m	AA- \$m	A+ \$m	A \$m	A- \$m	BBB+ and below \$m	Total \$m
31 December 2022									
Short-term deposits	-	-	-	66	127	141	50	37	421
Money market funds	360	-	-	-	-	-	-	-	360
Repurchase agreement collateral	22	2	6	-	-	-	-	-	30
31 December 2021	AAA \$m	AA+ \$m	AA \$m	AA- \$m	A+ \$m	A \$m	A- \$m	BBB+ \$m	Total \$m
Short-term deposits	-	-	-	87	45	169	-	-	301
Money market funds	1,025	-	-	-	-	-	-	-	1,025

Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern. The capital structure consists of net debt, issued share capital and reserves. The structure is managed with the objective of maintaining an investment grade credit rating, to provide ongoing returns to shareholders and to service debt obligations, while maintaining maximum operational flexibility. A key characteristic of IHG's managed and franchised business model is that it is highly cash generative, with a high return on capital employed. Surplus cash is either reinvested in the business, used to repay debt or returned to shareholders.

The Group's debt is monitored on the basis of a cash flow leverage ratio, being net debt divided by adjusted EBITDA. The Group has a stated aim of maintaining this ratio at 2.5x to 3.0x. The ratio at 31 December 2022 (which differs from the ratio as calculated for covenant tests) was 2.07 (2021: 2.98).

The Group currently has a senior unsecured long-term credit rating of BBB from Standard and Poor's. In the event this rating was downgraded below BBB- (a downgrade of two levels) there would be an additional step-up coupon of 1.25% payable on the bonds which would result in additional interest of approximately \$29m per year.

24. Classification and measurement of financial instruments

Accounting classification and fair value hierarchy

	Hierarchy of fair value measurement	2022				2021			
		Fair value ^a \$m	Amortised cost \$m	Not categorised as a financial instrument \$m	Total \$m	Fair value ^a \$m	Amortised cost \$m	Not categorised as a financial instrument \$m	Total \$m
Financial assets									
Other financial assets	1,3 ^b	106	50	-	156	114	61	-	175
Cash and cash equivalents	1	360	616	-	976	1,025	425	-	1,450
Derivative financial instruments	2	7	-	-	7	-	-	-	-
Deferred compensation plan investments	1	216	-	-	216	256	-	-	256
Trade and other receivables	-	-	542	104	646	-	501	73	574
Financial liabilities									
Derivative financial instruments	2	(11)	-	-	(11)	(62)	-	-	(62)
Deferred compensation plan liabilities	1	(216)	-	-	(216)	(256)	-	-	(256)
Loans and other borrowings	-	-	(2,396)	-	(2,396)	-	(2,845)	-	(2,845)
Trade and other payables	3	(83)	(658)	(37)	(778)	(73)	(566)	(29)	(668)

^a With the exception of equity securities of \$88m (2021: \$106m) measured at fair value through other comprehensive income, all are measured at fair value through profit or loss. Of those, the financial assets related to the deferred compensation plan investments were designated as such upon initial recognition.

^b Of those measured at fair value, \$3m (2021: \$8m) are Level 1 and \$103m (2021: \$106m) are Level 3.

Notes to the Group Financial Statements continued

24. Classification and measurement of financial instruments continued

Financial assets and liabilities measured at amortised cost whose carrying amount is not a reasonable approximation of fair value are as follows:

	Hierarchy of fair value measurement	2022		2021	
		Carrying value \$m	Fair value \$m	Carrying value \$m	Fair value \$m
£173m 3.875% bonds 2022	1	-	-	(233)	(239)
€500m 1.625% bonds 2024	1	(534)	(511)	(565)	(585)
£300m 3.75% bonds 2025	1	(365)	(344)	(408)	(428)
£350m 2.125% bonds 2026	1	(423)	(367)	(473)	(471)
€500m 2.125% bonds 2027	1	(539)	(492)	(570)	(601)
£400m 3.375% bonds 2028	1	(480)	(417)	(537)	(566)

Right of offset

Other than in relation to cash pooling arrangements (see note 18), there are no financial instruments with a significant fair value subject to enforceable master netting arrangements and other similar agreements that are not offset in the Group statement of financial position.

Valuation techniques**Money market funds, deferred compensation plan investments and bonds**

The fair value of money market funds, deferred compensation plan investments and bonds is based on their quoted market price.

Unquoted equity securities

Unquoted equity securities are fair valued using a discounted cash flow model, either internally or using professional external valuers. The significant unobservable inputs used to determine the fair value of the equity securities are RevPAR growth (based on the market-specific growth assumptions used by external valuers), pre-tax discount rate which ranged from 6.3% to 10.0% (2021: 6.3% to 9.3%), and a non-marketability factor which ranged from 20.0% to 30.0% (2021: 20.0% to 30.0%).

Applying a one-year slower/faster RevPAR recovery period would result in a \$5m/\$7m (2021: \$7m) (decrease)/increase in fair value respectively. A one percentage point increase/decrease in the discount rate would result in a \$8m/\$9m (2021: \$9m) (decrease)/increase in fair value respectively. A five percentage point increase/decrease in the non-marketability factor would result in a \$6m (2021: \$6m) (decrease)/increase in fair value.

Derivative financial instruments and other payables

Currency swaps are measured at the present value of future cash flows discounted back based on quoted forward exchange rates and the applicable yield curves derived from quoted interest rates. Adjustments for credit risk use observable credit default swap spreads.

The put option over part of the Group's investment in the Barclay associate was valued at \$nil at 31 December 2022 and 2021. The value is equal to the excess of the amount receivable under the option (which is based on the Group's capital invested to date) over fair value. The fair value of the hotel was derived from a pricing opinion provided by a professional external valuer. In 2022, the value of the put option is also affected by specially allocated expenses which results in an obligation valued at \$18m (see note 6) recorded within other payables. For the purposes of valuing these instruments, the fair value of the hotel was derived from a pricing opinion provided by a professional external valuer which is categorised as a Level 3 fair value measurement.

Deferred purchase consideration

Deferred purchase consideration arose in respect of the acquisition of Regent, and comprises the present value of \$13m payable in 2024. The first instalment of \$13m was paid in 2021. The discount rate applied is based on observable US corporate bond rates of similar term to the expected payment date.

Contingent purchase consideration**Regent \$65m (2021: \$73m)**

In 2018, the Group acquired a 51% controlling interest in Regent Hospitality Worldwide, Inc ('RHW'), with put and call options existing over the remaining 49% shareholding exercisable in a phased manner from 2026 to 2033. The Group has a present ownership interest in the remaining shares and the acquisition was accounted for as 100% owned with no non-controlling interest recognised and contingent purchase consideration comprising the present value of the expected amounts payable on exercise of the options based on the annual trailing revenue of RHW in the year preceding exercise with a floor applied.

The value of the contingent purchase consideration is subject to periodic reassessment as interest rates and RHW revenue expectations change. At 31 December 2022, it is assumed that \$39m will be paid in 2026 to acquire an additional 25% of RHW with the remaining 24% acquired in 2028 for \$42m. This assumes that the options will be exercised at the earliest permissible date which is consistent with the assumption made on acquisition. The amount recognised is the discounted value of the total expected amount payable of \$81m. The discount rate applied is based on observable US corporate bond rates of similar term to the expected payment dates. The range of possible outcomes remains unchanged from the date of acquisition at \$81m to \$261m (undiscounted).

The significant unobservable inputs used to determine the fair value of the contingent purchase consideration are the projected trailing revenues of RHW and the date of exercising the options. If the annual trailing revenue of RHW were to exceed the floor by 10%, the amount of the contingent purchase consideration recognised in the Group Financial Statements would increase by \$6m (2021: \$7m). If the date for exercising the options is assumed to be 2033, the amount of the undiscounted contingent purchase consideration would be \$86m (2021: \$86m).

24. Classification and measurement of financial instruments continued**UK portfolio \$nil (2021: \$nil)**

As the leases were restructured in 2022 and were subject to significant rental reductions, there is no longer any contingent purchase consideration in relation to the UK portfolio hotels.

In relation to the leases signed on acquisition of the portfolio, the contingent purchase consideration comprised the present value of the above-market element of the expected lease payments to the lessor. In 2020, a fair value adjustment of \$21m was recognised which reduced the value of the liability arising mainly from a reduction in expected future rentals payable.

Level 3 reconciliation

	Other financial assets \$m	Derivative financial instruments \$m	Other payables \$m	Contingent purchase consideration \$m
At 1 January 2021	88	4	-	(79)
Additions	3	-	-	-
Valuation gains recognised in other comprehensive income	15	-	-	-
Unrealised changes in fair value ^a	-	(4)	-	6
At 31 December 2021	106	-	-	(73)
Valuation losses recognised in other comprehensive income	(1)	-	-	-
Unrealised changes in fair value ^b	-	-	(18)	8
Exchange adjustments	(2)	-	-	-
At 31 December 2022	103	-	(18)	(65)

^a The change in the fair value of derivative financial instruments was recognised within other net impairment charges in the Group income statement and was presented as an exceptional item.

^b The change in the fair value of other payables was recognised within share of losses from associates in the Group income statement and is presented as an exceptional item.

Notes to the Group Financial Statements continued

25. Reconciliation of profit/(loss) for the year to cash flow from operations

	2022 \$m	2021 \$m	2020 \$m
Profit/(loss) for the year	376	265	(260)
Adjustments for:			
Net financial expenses	96	139	140
Fair value gains on contingent purchase consideration	(8)	(6)	(13)
Income tax charge/(credit)	164	96	(20)
Operating profit adjustments:			
Impairment loss on financial assets	5	-	88
Other net impairment (reversals)/charges	(5)	4	226
Other operating exceptional items	100	25	(4)
Depreciation and amortisation	68	98	110
	168	127	420
Contract assets deduction in revenue	32	35	25
Share-based payments cost	30	28	21
Share of (profits)/losses of associates and joint ventures (before exceptional items)	(1)	8	14
	61	71	60
System Fund adjustments:			
Depreciation and amortisation	86	94	62
Impairment loss/(reversal) on financial assets	7	(6)	24
Other impairment (reversals)/charges	-	(3)	41
Other operating exceptional items	-	-	20
Share-based payments cost	16	13	11
Share of losses of associates	1	2	1
	110	100	159
Working capital and other adjustments:			
Increase in deferred revenue	108	39	1
Decrease in inventories	-	1	1
(Increase)/decrease in trade and other receivables	(132)	(75)	38
Increase/(decrease) in trade and other payables	121	153	(69)
Other adjustments	4	(8)	2
	101	110	(27)
Cash flows relating to exceptional items	(43)	(12)	(87)
Contract acquisition costs, net of repayments	(64)	(42)	(64)
Total adjustments	585	583	568
Cash flow from operations	961	848	308

26. Retirement benefits

UK

Since 2014, UK retirement and death in service benefits are provided for eligible employees by the IHG UK Defined Contribution Pension Plan. Members are provided with defined contribution arrangements under this plan; benefits are based on each individual member's personal account. The plan is HM Revenue & Customs registered and governed by an independent trustee, assisted by professional advisers as and when required. The overall operation of the plan is subject to the oversight of The Pensions Regulator.

The former defined benefit plan, the InterContinental Hotels UK Pension Plan, was wound up in 2015 following the completion of the buy-out and transfer of the defined benefit obligations to Rothersey Life.

Residual defined benefit obligations remain in respect of additional benefits provided to members of an unfunded pension arrangement ('UK plan') who were affected by lifetime or annual allowances under the former defined benefit arrangements. Accrual under this arrangement ceased with effect from 1 July 2013 and a cash-out offer in 2014 resulted in the extinguishment of approximately 70% of the unfunded pension obligations. The Group meets the benefit payment obligations of the remaining members as they fall due. A charge over certain ring-fenced bank accounts totalling \$39m (£31m) at 31 December 2022 (see note 16) is currently held as security on behalf of the remaining members.

26. Retirement benefits continued

US

During 2018, the Group completed a termination of the US funded Inter-Continental Hotels Pension Plan, which involved certain qualifying members receiving lump-sum cash-out payments with the remaining pension obligations subject to a buy-out by Banner Life Insurance Company, a subsidiary of Legal & General America.

The Group continues to maintain the unfunded Inter-Continental Hotels Non-qualified Pension Plans ('US plans') and unfunded Inter-Continental Hotels Corporation Postretirement Medical, Dental, Vision and Death Benefit Plan ('US post-retirement plan'), both of which are defined benefit plans. Both plans are closed to new members. A Retirement Committee, comprising senior Group employees and assisted by professional advisers as and when required, has responsibility for oversight of the plans.

Movement in UK and US retirement benefit obligations

	Defined benefit obligation			Fair value of plan assets			Net defined benefit obligation		
	2022 \$m	2021 \$m	2020 \$m	2022 \$m	2021 \$m	2020 \$m	2022 \$m	2021 \$m	2020 \$m
At 1 January	92	103	96	-	-	-	92	103	96
Recognised in profit or loss									
Interest expense	2	2	3	-	-	-	2	2	3
	2	2	3	-	-	-	2	2	3
Recognised in other comprehensive income									
Actuarial (gain)/loss arising from changes in:									
Demographic assumptions	(1)	(3)	(3)	-	-	-	(1)	(3)	(3)
Financial assumptions	(22)	(3)	10	-	-	-	(22)	(3)	10
Experience adjustments	2	(1)	1	-	-	-	2	(1)	1
Re-measurement (gain)/loss	(21)	(7)	8	-	-	-	(21)	(7)	8
Exchange adjustments	(2)	(1)	2	-	-	-	(2)	(1)	2
	(23)	(8)	10	-	-	-	(23)	(8)	10
Other									
Group contributions	-	-	-	(5)	(5)	(6)	(5)	(5)	(6)
Benefits paid	(5)	(5)	(6)	5	5	6	-	-	-
	(5)	(5)	(6)	-	-	-	(5)	(5)	(6)
At 31 December	66	92	103	-	-	-	66	92	103
Comprising:									
UK plan	18	30	31	-	-	-	18	30	31
US plans	35	45	50	-	-	-	35	45	50
US post-retirement plan	13	17	22	-	-	-	13	17	22
	66	92	103	-	-	-	66	92	103

Assumptions

The principal financial assumptions used by the actuaries to determine the defined benefit obligations are:

	2022 %	2021 %	2020 %
UK plan only:			
Pension increases	3.2	3.4	3.0
Inflation rate	3.2	3.4	3.0
Discount rate:			
UK plan	5.0	1.8	1.4
US plans	4.9	2.4	1.9
US post-retirement plan	4.9	2.4	2.0
US healthcare cost trend rate assumed for the next year:			
Pre-65 (ultimate rate reached in 2032)	6.9	6.2	6.4
Post-65 (ultimate rate reached in 2032)	7.3	6.5	6.8
Ultimate rate that the cost rate trends to	4.5	4.5	4.5

Mortality is the most significant demographic assumption. The current assumptions for the UK are based on the S3PA 'light' year of birth tables with projected mortality improvements using the CMI_2021 model and a 1.25% per annum long-term trend and a smoothing parameter ('s-kappa') of 7.5 with weightings of 95% and 88% for pensioners and 90% and 88% for non-pensioners, male and female respectively. In the US, the current assumptions use rates from the Pri-2012 Mortality Study and Generationally Projected with Scale MP-2021 mortality tables.

Notes to the Group Financial Statements continued

26. Retirement benefits continued

The assumptions applied to the UK plan and US plans for life expectancy at retirement age are as follows:

	UK			US		
	2022 years	2021 years	2020 years	2022 years	2021 years	2020 years
Current pensioners at 65 ^a – male	24	24	24	22	22	22
– female	26	26	26	23	23	23
Future pensioners at 65 ^b – male	25	25	25	23	23	23
– female	27	28	28	25	25	24

^a Relates to assumptions based on longevity following retirement at the end of the reporting period.

^b Relates to assumptions based on longevity relating to an employee retiring in 2042.

The assumptions allow for expected increases in longevity.

Sensitivities

Changes in assumptions used for determining retirement benefit costs and obligations may have an impact on the Group income statement and the Group statement of financial position. The key assumptions are the discount rate, the rate of inflation, the assumed mortality rate and the healthcare costs trend rate. The sensitivity analysis below relates to the increase/(decrease) in the benefit obligation and is based on extrapolating reasonable changes in these assumptions, using year-end conditions and assuming no interdependency between the assumptions:

		2022 \$m	2021 ^a \$m
Discount rate	1% decrease	6.6	11.4
	1% increase	(5.4)	(11.2)
Inflation rate	0.25% decrease	(0.5)	(1.2)
	0.25% increase	0.6	1.3
Mortality rate	One-year increase	2.5	5.1
Healthcare costs trend rate	1% decrease	(0.8)	(1.2)
	1% increase	0.8	1.3

^a 2021 sensitivities have been re-presented to show the effect of a 1% change in discount rate, consistent with 2022.

Estimated future benefit payments

	2022 \$m	2021 \$m
Within one year	5	5
Between one and five years	20	21
More than five years	89	96
	114	122

Average duration of pension obligations

	2022 years	2021 years
UK plan	14.0	19.0
US plans	7.6	9.0
US post-retirement plan	8.0	9.4

Other pension plans**Philippines**

The Group maintains a further, immaterial, pension plan for employees in the Philippines which is accounted for as a defined benefit plan.

At 31 December 2022, the net retirement benefit asset was \$2m (2021: \$2m) comprising plan assets of \$9m (2021: \$9m) and a defined benefit obligation of \$7m (2021: \$7m). Plan assets comprise \$6m (2021: \$7m) domestic government securities, \$2m (2021: \$2m) domestic equity investments and \$1m (2021: \$nil) money market funds.

Contributions in the year were \$1m (2021: \$1m); the charge to the Group income statement was \$1m and all other movements were less than \$1m (2021: less than \$1m).

Key assumptions used in the valuation are the discount rate of 7.0% (2021: 5.0%) and the rate of salary increases of 6.0% (2021: 7.0% after 2022). The weighted average duration of liabilities is 11 years (2021: 13 years); estimated future benefit payments are less than \$1m in all years.

Defined contribution plans

The Group also operates a number of smaller pension plans outside the UK, the most significant of which is a defined contribution plan in the US.

27. Share-based payments

Annual Performance Plan

Under the IHG Annual Performance Plan ('APP'), eligible employees (including Executive Directors) receive all or part of their bonus in the form of deferred shares and/or receive one-off awards of shares. Deferred shares in relation to bonus plans are released on the third anniversary of the award date. Awards under the APP are conditional on the participants remaining in the employment of a participating company or leaving for a qualifying reason as per the plan rules. The grant of deferred shares under the APP is at the discretion of the Remuneration Committee.

The number of shares is calculated by dividing a specific percentage of the participant's annual performance-related award by the average of the middle market quoted prices on the three consecutive business days following the announcement of the Group's results for the relevant financial year.

Long Term Incentive Plan

The Long Term Incentive Plan ('LTIP') allows Executive Directors and eligible employees to receive conditional share awards, which normally have a vesting period of three years. In addition, certain awards to Executive Directors are subject to a further two-year holding period after vesting.

Performance-related awards: Executive Directors and other eligible employees are granted share awards containing performance-based vesting conditions set by the Remuneration Committee, which are normally measured over the vesting period.

Restricted stock units: Awards to eligible employees are granted subject to continued employment.

Awards are normally made annually and, except in exceptional circumstances, will not exceed 3.5 times salary for eligible employees under the current plan rules.

Colleague Share Plan

The Colleague Share Plan gives eligible corporate employees the opportunity to purchase shares up to an annual limit. After the end of the plan year, the participant will be awarded the right to receive one matching share for every purchased share (subject to continued employment). If the participant holds the purchased shares until the second anniversary of the end of the plan year, the conditional right to matching shares vests.

The total fair value of the Colleague Share Plan is not significant.

 More detailed information on the performance measures for awards to Executive Directors is shown in the Directors' Remuneration Report on pages 114 to 136.

Costs relating to share-based payment transactions

	2022 \$m	2021 \$m	2020 \$m
Equity-settled			
Operating profit before System Fund and exceptional items	28	26	19
System Fund	16	13	11
	44	39	30
Cash-settled			
Operating profit before System Fund and exceptional items	2	2	2
	46	41	32

No consideration was received in respect of ordinary shares issued under option schemes during 2022, 2021 or 2020.

Option pricing models, assumptions and movements in awards outstanding

Option pricing models and assumptions	APP			LTIP		
	Binomial valuation model			Monte Carlo Simulation, Binomial and Finnerly valuation models		
	2022	2021	2020	2022	2021	2020
Weighted average share price (pence)	5,018.3	5,009.0	3,771.0	4,875.0	4,980.0	3,450.0
Expected dividend yield				2.29% to 2.67%	1.11%	1.48%
Risk-free interest rate				1.29%	0.09%	0.02%
Volatility ^a				35% to 45%	43%	33%
Term (years)	1.7	1.5	3.0	3.0	3.0	3.0

^a The expected volatility was determined by calculating the historical volatility of the Company's share price corresponding to the expected life of the share award.

Notes to the Group Financial Statements continued

27. Share-based payments continued

Number of share awards (thousands)	APP	Performance-related awards	LTIP
			Restricted stock units
Outstanding at 1 January 2020	496	695	1,275
Granted	138	383	696
Vested	(188)	(179)	(413)
Lapsed or cancelled	(33)	(85)	(137)
Outstanding at 31 December 2020	413	814	1,421
Granted	90	281	442
Vested	(147)	(70)	(391)
Lapsed or cancelled	(8)	(153)	(122)
Outstanding at 31 December 2021	348	872	1,350
Granted	236	323	706
Vested	(254)	(23)	(391)
Lapsed or cancelled	(9)	(239)	(90)
Outstanding at 31 December 2022	321	933	1,575
Fair value of awards granted during the year (cents)			
2022	6,180.2	3,770.0	5,656.4
2021	6,888.5	4,676.3	6,559.7
2020	4,965.9	2,473.5	4,397.5
Weighted average remaining contract life (years)			
At 31 December 2022	1.0	1.1	1.2
At 31 December 2021	0.5	1.2	1.2
At 31 December 2020	1.0	1.4	1.3

The above awards do not vest until the performance and service conditions have been met.

The weighted average share price at the date of exercise for share awards vested during the year was 4,950.5p (2021: 5,081.2p). The closing share price on 31 December 2022 was 4,744.0p (31 December 2021: 4,781.0p) and the range during the year was 4,193.0p to 5,338.0p (2021: 4,399.0p to 5,336.0p).

28. Equity

Equity share capital

Allotted, called up and fully paid	Number of shares millions	Nominal value \$m	Share premium \$m	Equity share capital \$m
At 1 January 2020 (ordinary shares of 20 ³⁴⁰ / ₃₉₉ p each)	187	52	99	151
Exchange adjustments	-	1	4	5
At 31 December 2020 (ordinary shares of 20 ³⁴⁰ / ₃₉₉ p each)	187	53	103	156
Exchange adjustments	-	-	(2)	(2)
At 31 December 2021 (ordinary shares of 20 ³⁴⁰ / ₃₉₉ p each)	187	53	101	154
Repurchased and cancelled under share repurchase programme	(4)	(1)	-	(1)
Exchange adjustments	-	(6)	(10)	(16)
At 31 December 2022 (ordinary shares of 20³⁴⁰/₃₉₉p each)	183	46	91	137

Under the authority given to the Company by shareholders at the AGM held on 6 May 2022 to purchase its own shares, on 9 August 2022 the Company announced a \$500m return of funds via a share repurchase programme. In the year ended 31 December 2022, 9.1m shares were repurchased for total consideration of \$482m including \$2m transaction costs, 4.5m are held as treasury shares and 4.6m were cancelled. The cost of treasury shares and related transaction costs have been deducted from retained earnings. A liability, reflecting outstanding amounts payable under the repurchase plan and associated transaction costs, is recognised within current other payables (see note 19). The share repurchase programme was completed on 31 January 2023.

When approving shareholder returns in 2022 and 2023, the Board first reviewed the Parent Company Financial Statements to confirm availability of sufficient distributable reserves.

The authority to repurchase shares remains valid and, in February 2023, the Board approved a further \$750m share buyback programme. A resolution to renew the authority will be put to shareholders at the AGM on 5 May 2023.

The Company no longer has an authorised share capital.

28. Equity continued**Shares held by employee share trusts**

	Number of shares millions	Carrying value \$m	Market value \$m
31 December 2022	1.1	37.0	62.8
31 December 2021	0.9	21.7	57.3
31 December 2020	0.1	1.4	3.1

Shares held by employee share trusts includes 0.2m shares held in a nominee account on behalf of participants.

Treasury shares

	Number of shares millions	Nominal value \$m
At 1 January 2020	5.7	1.6
Transferred to employee share trusts	(0.6)	(0.2)
At 31 December 2020	5.1	1.4
Transferred to employee share trusts	(1.4)	(0.4)
At 31 December 2021	3.7	1.0
Transferred to employee share trusts	(0.7)	(0.2)
Repurchased under share repurchase programme	4.5	1.1
At 31 December 2022	7.5	1.9

Cash flow hedge reserves

	Cash flow hedge reserve \$m	Cost of hedging reserve \$m	Total \$m
At 1 January 2020	1	(7)	(6)
Costs of hedging deferred and recognised in other comprehensive income	-	(6)	(6)
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	(13)	-	(13)
Deferred tax	4	-	4
Exchange adjustments	(2)	-	(2)
At 31 December 2020	(11)	(13)	(24)
Costs of hedging deferred and recognised in other comprehensive income	-	2	2
Change in fair value of currency swaps recognised in other comprehensive income	(62)	-	(62)
Reclassified from other comprehensive income to profit or loss – included in financial expenses	96	-	96
Deferred tax	(7)	-	(7)
At 31 December 2021	16	(11)	5
Costs of hedging deferred and recognised in other comprehensive income	-	3	3
Change in fair value of currency swaps recognised in other comprehensive income	33	-	33
Reclassified from other comprehensive income to profit or loss – included in financial expenses	(43)	-	(43)
Deferred tax	2	-	2
At 31 December 2022	8	(8)	-

Amounts reclassified from other comprehensive income to financial expenses comprise \$14m (2021: \$15m, 2020: \$9m) net interest payable on the currency swaps and an exchange gain of \$57m (2021: \$81m loss, 2020: \$22m gain) which offsets a corresponding gain or loss on the hedged bonds.

29. Capital and other commitments

	2022 \$m	2021 \$m
Contracts placed for expenditure not provided in the Group Financial Statements		
Property, plant and equipment	5	13
Intangible assets	1	4
	6	17

The Group has also committed to invest a further \$6m (2021: \$6m) in one of its associates.

Notes to the Group Financial Statements continued

30. Contingencies and guarantees

2022 criminal unauthorised access to technology systems

On 6 September 2022, the Group announced that parts of the Group's technology systems had been subject to unauthorised activity causing disruption to IHG's booking channels and other applications. No evidence of unauthorised access to systems storing guest data was identified and precautionary regulatory notifications were filed and have been closed.

A class action has been filed, although alleged damages have not been specified. Given the uncertainty around the timing of the legal process and the quantum of any damages, it is not practicable to make a reliable estimate of the possible financial effect of any claims on the Group at this time.

The Group holds third-party insurance policies in respect of cyber risks and reinsures \$5m through the Captive. This is fully provided for in the Group's insurance reserves (see note 20). It is expected that any payment of claims above the Captive's exposure will be recoverable under insurance policies, subject to specific agreement with the insurance providers.

Litigation

From time to time, the Group is subject to legal proceedings the ultimate outcome of each being always subject to many uncertainties inherent in litigation. These legal claims and proceedings are in various stages and include disputes related to specific hotels where the potential materiality is not yet known; such proceedings, either individually or in the aggregate, have not in the recent past and are not likely to have a material effect on the Group's financial position or profitability. In 2022, in the EMEAA region, one such dispute has been found in the Group's favour with no liability arising; a provision has been recorded against a further matter in the EMEAA region which includes a number of uncertainties (see note 6). Other contingent liabilities previously reported have been resolved or are considered remote.

The Group has also given warranties in respect of the disposal of certain of its former subsidiaries. It is the view of the Directors that, other than to the extent that liabilities have been provided for in these Group Financial Statements (see note 20), it is not possible to quantify any loss to which these proceedings or claims under these warranties may give rise, however, as at the date of reporting, the Group does not believe that the outcome of these matters will have a material effect on the Group's financial position.

Third-party bank loans

At 31 December 2022, there were guarantees of up to \$50m in place (2021: \$69m). The likelihood of a payment under any of the guarantees is currently considered to be not probable. The largest guarantee is \$21m and the underlying loan matures in 2029. Should the Group fund any amount under the guarantee, there is a cross-indemnity that the Group would seek to pursue for the other parties' share.

Other

At 31 December 2022, the Group had outstanding letters of credit of \$55m (2021: \$45m) mainly relating to the Group's Captive. The letters of credit do not have set expiry dates, but are reviewed and amended as required.

In 2020, the Group made business insurance claims in relation to a small number of owned, leased and managed properties relating to the impact of Covid-19. These claims are ongoing and although \$6m has been recognised in other operating income in the current year, it is not currently possible to determine the final amounts which may ultimately be recovered.

31. Related party disclosures

Key management personnel

	2022 \$m	2021 \$m	2020 \$m
Total compensation			
Short-term employment benefits	18.7	19.3	10.5
Contributions to defined contribution pension plans	0.5	0.5	0.3
Equity compensation benefits ^a	13.4	8.1	2.3
	32.6	27.9	13.1

^a As measured in accordance with IFRS 2 'Share-based Payment'.

There were no other transactions with key management personnel, defined as the Board and Executive Committee, during the years ended 31 December 2022, 2021 or 2020.

Associates and joint ventures

	2022 \$m	2021 \$m	2020 \$m
Fee revenue	9	3	1
Amounts receivable	10	11	11
Amounts payable	-	-	(4)

The Group has a performance guarantee with a maximum exposure remaining of \$10m (2021: \$10m) for one associate. In 2021, the Group had an outstanding guarantee of \$12m against the bank loan of another associate (see note 30).

The Group funds shortfalls in owner returns relating to the Barclay associate (see note 16). In addition, loans both to and from the Barclay associate of \$237m (2021: \$237m) are offset in accordance with the provisions of IAS 32 'Financial Instruments: Presentation' and presented net in the Group statement of financial position. Interest payable and receivable under the loans is equivalent. The loans have an average interest rate of 2.7% (2021: 0.9%) and interest is presented net in the Group income statement. Notes 6 and 15 contain details of other transactions with the Barclay associate.

32. System Fund

System Fund revenues comprise:

	2022 \$m	2021 \$m	2020 \$m
Assessment fees and contributions received from hotels and other revenues	989	727	490
Loyalty programme revenues, net of the cost of point redemptions	228	201	275
	1,217	928	765

System Fund expenses include:

	2022 \$m	2021 \$m	2020 \$m
Marketing	408	147	109
Staff costs (note 4)	341	304	242
Depreciation and amortisation	86	94	62
Impairment loss/(reversal) on trade receivables (note 17)	7	(6)	24
Other net impairment (reversals)/charges	-	(3)	41

Notes to the Group Financial Statements continued

33. Group companies

In accordance with Section 409 of the Companies Act 2006, a full list of entities in which the Group has an interest of greater than or equal to 20%, the registered office and effective percentage of equity owned as at 31 December 2022 are disclosed below. Unless otherwise stated, the ownership interest disclosed comprises either ordinary shares, certificated or un-certificated membership interests which are indirectly held by InterContinental Hotels Group PLC.

Fully owned subsidiaries

10000 Champion Acquisition LLC (k)	IHC Buckhead, LLC (ci)	InterContinental Hotels Group (Canada) Inc. (o)
24th Street Operator Sub, LLC (k)	IHC Hopkins (Holdings) Corp. (k)	InterContinental Hotels Group (España) SAU (by)
36th Street IHG Sub, LLC (k)	IHC Hotel Limited (n)	InterContinental Hotels Group (Greater China) Limited (ac)
426 Main Ave, LLC (k)	IHC Inter-Continental (Holdings) Corp. (k)	InterContinental Hotels Group (India) Pvt. Ltd. (aq)
46 Nevins Street Associates, LLC (k)	IHC London (Holdings) (n)	InterContinental Hotels Group (Japan) Inc. (l)
2250 Blake Street Hotel, LLC (k)	IHC May Fair (Holdings) Limited (cb)	InterContinental Hotels Group (New Zealand) Limited (an)
Alpha Kimball Hotel, LLC (k)	IHC May Fair Hotel Limited (n)	InterContinental Hotels Group (Shanghai) Ltd. (bb)
Asia Pacific Holdings Limited (n)	IHC M-H (Holdings) Corp. (k)	InterContinental Hotels Group (Vietnam) Company Limited (q)
Barclay Operating Corp. (cj)	IHC Overseas (U.K.) Limited (n)	InterContinental Hotels Group Customer Services Limited (n)
BHMC Canada Inc. (o)	IHC United States (Holdings) Corp. (b) (k)	InterContinental Hotels Group do Brasil Limitada (bc)
BHR Holdings B.V. (p)	IHC Willard (Holdings) Corp. (k)	InterContinental Hotels Group Healthcare Trustee Limited (n)
BHR Pacific Holdings, Inc. (k)	IHG (Marseille) SAS (x)	InterContinental Hotels Group Operating Corp. (e) (k)
BHTC Canada Inc. (o)	IHG (Myanmar) Limited (ah)	InterContinental Hotels Group Resources, LLC (b) (k)
Blythwood Square Glasgow Hotel OpCo Ltd. (n)	IHG (Thailand) Limited (bu)	InterContinental Hotels Group Services Company (n)
BOC Barclay Sub, LLC (cj)	IHG Amsterdam Management BV (p)	InterContinental Hotels Italia, S.r.L. (be)
Bristol Oakbrook Tenant Company (k)	IHG Bangkok Ltd. (v)	InterContinental Hotels Limited (a) (n)
Cambridge Lodging, LLC (k)	IHG Brasil Administracao de Hoteis e Servicos Ltd (ak)	InterContinental Hotels Management GmbH (bf)
Capital Lodging, LLC (k)	IHG Commissions Services SRL (co)	InterContinental Hotels Management Montenegro d.o.o. (ce)
CECNY Land Holdings, LLC (k)	IHG de Argentina SA (al)	InterContinental Hotels Nevada Corporation (ck)
CF Irving Owner, LLC (k)	IHG ECS (Barbados) SRL (co)	InterContinental Hotels of San Francisco Inc. (k)
CF McKinney Owner, LLC (k)	IHG Franchising Brasil Ltda. (bd)	InterContinental IOHC (Mauritius) Limited (bg)
Compañía Inter-Continental De Hoteles El Salvador SA (n)	IHG Franchising DR Corporation (k)	InterContinental Management AM, LLC (cm)
Crowne Plaza, LLC (k)	IHG Franchising, LLC (k)	InterContinental Management Bulgaria EOOD (bp)
Cumberland Akers Hotel, LLC (k)	IHG Hotels (New Zealand) Limited (an)	InterContinental Management France SAS (x)
Dunwoody Operations, LLC (k)	IHG Hotels Limited (n)	InterContinental Management Poland sp. Z.o.o (cn)
Edinburgh George Street Hotel OpCo Ltd. (n)	IHG Hotels Management (Australia) Pty Limited (b) (aa)	InterContinental Overseas Holdings, LLC (k)
Edinburgh IC Limited (cr)	IHG Hotels Nigeria Limited (ao)	KG Benefits, LLC (aj)
EVEN Real Estate Holding, LLC (k)	IHG Hotels South Africa (Pty) Limited (ap)	KG Gift Card Inc. (aj)
General Innkeeping Acceptance Corporation (b) (l)	IHG International Partnership (n)	KG Liability, LLC (k)
Grand Central Glasgow Hotel OpCo Limited (n)	IHG Istanbul Otel Yönetim Limited Sirketi (bx)	KG Technology, LLC (k)
Guangzhou SC Hotels Services Ltd. (t)	IHG Japan (Management), LLC (ar)	KHRG 851, LLC (k)
Hawthorne Land Holdings LLC (k)	IHG Japan (Osaka), LLC (ar)	KHRG Aertson, LLC (k)
H.I. Soaltee Management Company Ltd. (ac)	IHG Management (Maryland), LLC (as)	KHRG Allegro, LLC (k)
HC International Holdings, Inc. (w)	IHG Management (Netherlands) B.V. (p)	KHRG Argyle, LLC (k)
HH France Holdings SAS (x)	IHG Management d.o.o. Beograd (cc)	KHRG Atlanta Midtown, LLC (k)
HH Hotels (EMEA) B.V. (p)	IHG Management MD Barclay Sub, LLC (cj)	KHRG Austin Beverage Company, LLC (k)
HH Hotels (Romania) SRL (y)	IHG Management SL d.o.o. (bo)	KHRG Baltimore, LLC (k)
HIM (Aruba) NV (z)	IHG Mexico Operaciones SA de CV (ab)	KHRG Born, LLC (k)
Hoft Properties, LLC (k)	IHG Middle East Management Consultancies LLC (br)	KHRG Boston Hotel, LLC (k)
Holiday Hospitality Franchising, LLC (k)	IHG Peru SRL (cf)	KHRG Bozeman, LLC (k)
Holiday Inn Mexicana S.A. de C.V. (ab)	IHG PS Nominees Limited (n)	KHRG Buckhead, LLC (k)
Holiday Inns (China) Ltd. (ac)	IHG Sermex SA de CV (ab)	KHRG Canary, LLC (k)
Holiday Inns (Courtalin) Holding SAS (x)	IHG Systems Pty Ltd. (b) (aa)	KHRG Cayman, LLC (k)
Holiday Inns (Courtalin) SAS (x)	IHG Szalloda Budapest Szolgaltato Kft. (at)	KHRG Cayman Employer Ltd. (k)
Holiday Inns (England) Limited (cy) (dissolved on 2 February 2023)	IHG Technology Solutions, LLC (k)	KHRG Dallas, LLC (k)
Holiday Inns (Germany), LLC (l)	InterContinental Berlin Service Company GmbH (au)	KHRG Dallas Beverage Company, LLC (k)
Holiday Inns (Jamaica) Inc. (l)	InterContinental (Branston) 1 Limited (c) (cy)	KHRG Employer, LLC (k)
Holiday Inns (Middle East) Limited (ac)	InterContinental (PB) 1 (n)	KHRG Charlottesville LLC (k)
Holiday Inns (Philippines), Inc. (l)	InterContinental (PB) 3 Limited (n)	KHRG Goleta, LLC (k)
Holiday Inns (Saudi Arabia), Inc. (l)	Intercontinental D.C. Operating Corp. (k)	KHRG Gray, LLC (k)
Holiday Inns (Thailand) Limited (ac)	Inter-Continental Florida Investment Corp. (k)	KHRG Gray U2, LLC (k)
Holiday Inns (UK), Inc. (l)	Inter-Continental Florida Partner Corp. (k)	KHRG Huntington Beach, LLC (k)
Holiday Inns Crowne Plaza (Hong Kong), Inc. (l)	InterContinental Gestion Hotelera SLU (by)	KHRG Key West, LLC (k)
Holiday Inns Holdings (Australia) Pty Limited (aa)	Intercontinental Hospitality Corporation (k)	KHRG King Street, LLC (k)
Holiday Inns Inc. (k)	InterContinental Hotel Berlin GmbH (au)	KHRG La Peer, LLC (k)
Holiday Inns Investment (Nepal) Limited (ac)	Inter-Continental Hoteleira Limitada (aw)	KHRG Miami Beach, LLC (k)
Holiday Inns of America (UK) Limited (cb)	Inter-Continental Hotels (Montreal) Operating Corp. (ax)	KHRG Muse, LLC (k)
Holiday Inns of Belgium N.V. (ad)	Inter-Continental Hotels (Montreal) Owning Corp. (ax)	KHRG New Orleans, LLC (k)
Holiday Pacific Equity Corporation (k)	InterContinental Hotels (Puerto Rico) Inc. (az)	KHRG NPC, LLC (k)
Holiday Pacific, LLC (k)	Inter-Continental Hotels (Singapore) Pte. Ltd. (ai)	KHRG Palladian, LLC (k)
Holiday Pacific Partners, LP (k)	Inter-Continental Hotels Corporation (k)	KHRG Palomar Phoenix, LLC (k)
Hotel InterContinental London (Holdings) Limited (n)	Intercontinental Hotels Corporation de Venezuela C.A. (ba)	KHRG Philly Monaco, LLC (k)
Hotel Inter-Continental London Limited (n)	Intercontinental Hotels Corporation Limited (b) (m)	KHRG Pittsburgh, LLC (k)
Hoteles Y Turismo HIH SRL (n)	InterContinental Hotels Group (Asia Pacific) Pte Ltd. (ai)	KHRG Porsche Drive, LLC (k)
IC Hotelbetriebsführungs GmbH (ae)	InterContinental Hotels Group (Australia) Pty Limited (aa)	KHRG Reynolds, LLC (k)
IC Hotels Management (Portugal) Unipessoal, Lda (af)		
IC International Hotels Limited Liability Company (ag)		
IHC Arabia for Management, LLC (u)		

33. Group companies continued**Fully owned subsidiaries** continued

KHRG Riverplace, LLC (k)
 KHRG Sacramento, LLC (k)
 KHRG Schofield, LLC (k)
 KHRG SFD, LLC (k)
 KHRG SF Wharf, LLC (k)
 KHRG SF Wharf U2, LLC (k)
 KHRG South Beach, LLC (k)
 KHRG State Street, LLC (k)
 KHRG Sutter, LLC (k)
 KHRG Sutter Union, LLC (k)
 KHRG Taconic, LLC (k)
 KHRG Tariff, LLC (k)
 KHRG Texas Hospitality, LLC (k)
 KHRG Texas Operations, LLC (k)
 KHRG Tryon, LLC (k)
 KHRG Vero Beach, LLC (k)
 KHRG Vintage Park, LLC (k)
 KHRG VZ Austin, LLC (k)
 KHRG Wabash, LLC (k)
 KHRG Westwood, LLC (k)
 KHRG Wilshire, LLC (k)
 Kimpton Hollywood Licenses, LLC (k)
 Kimpton Hotel & Restaurant Group, LLC (k)
 Kimpton Hotel Frankfurt GmbH (bf)
 Kimpton Phoenix Licenses Holdings, LLC (k)
 Louisiana Acquisitions Corp. (k)
 Luxury Resorts and Spas (France) SAS (ct)
 Manchester Oxford Street Hotel OpCo Limited (n)
 Mercer Fairview Holdings, LLC (k)
 Met Leeds Hotel OpCo Limited (n)
 MH Lodging, LLC (k)
 Oxford Spires Hotel OpCo Limited (n)
 Oxford Thames Hotel OpCo Limited (n)
 PML Services, LLC (as)
 Pollstrong Limited (n)
 Powell Pine, Inc. (k)
 Priscilla Holiday of Texas, Inc. (cl)
 PT Regent Indonesia (bh)
 PT SC Hotels & Resorts Indonesia (bh)
 Raison d'Etre Holdings (BVI) Limited (v)
 Raison d'Etre Services (BVI) Limited (v)
 Raison d'Etre Spas, Sweden AB (db)
 Regent Asia Pacific Hotel Management Ltd. (bw)
 Regent Asia Pacific Management Ltd. (cp)
 Regent Berlin GmbH (cq)
 Regent International Hotels Ltd (bw)
 Resort Services International (Cayo Largo) L.P. (ci)
 Roxburghe Hotel Edinburgh OpCo Limited (n)
 Russell London Hotel OpCo Limited (n)
 SBS Maryland Beverage Company, LLC (as)
 SC Hotels International Services, Inc. (k)
 SC Leisure Group Limited (n)
 SC NAS 2 Limited (n)
 SC Quest Limited (n)
 SC Reservations (Philippines) Inc. (l)
 SCH Insurance Company (bi)
 Semiramis for training of Hotel Personnel and Hotels Management SAE (ch)
 SF MH Acquisition, LLC (k)
 Six Continents Holdings Limited (n)
 Six Continents Hotels de Colombia SA (bj)
 Six Continents Hotels International Limited (n)
 Six Continents Hotels, Inc. (k)
 Six Continents International Holdings B.V. (p)
 Six Continents Investments Limited (f) (n)
 Six Continents Limited (n)
 Six Continents Overseas Holdings Limited (n)
 Six Continents Restaurants Limited (cy)
 SixCo North America, Inc (w)
 Six Senses Americas IP, LLC (k)
 Six Senses North America Management, LLC (k)
 SLC Sustainable Luxury Cyprus Limited (cs)
 SPHC Management Ltd. (bq)
 St David's Cardiff Hotel OpCo Limited (n)
 Sustainable Luxury Holdings (BVI) Limited (v)
 Sustainable Luxury Lanka Pvt. Ltd (cv)

Sustainable Luxury Maldives Private Limited (cw)
 Sustainable Luxury Mauritius Limited (cx)
 Sustainable Luxury Services (BVI) Limited (v)
 Sustainable Luxury Singapore Private Limited (ai)
 Sustainable Luxury UK Limited (n)
 The Grand Central Hotel Glasgow Limited (n)
 The Met Hotel Leeds Limited (n)
 The Principal Edinburgh George Street Limited (n)
 The Principal London Limited (n)
 The Principal Manchester Limited (n)
 The Principal York Limited (n)
 The Roxburghe Hotel Edinburgh Limited (s)
 White Shield Company Limited (bk)
 Wotton House Hotel OpCo Limited (n)
 WY BLL Owner, LLC (k)
 York Station Road Hotel OpCo Limited (n)

Subsidiaries where the effective interest is less than 100%

IHG ANA Hotels Group Japan LLC (74.66%) (ar)
 IHG ANA Hotels Holdings Co., Ltd. (66%) (ar)
 Regent Hospitality Worldwide, Inc. (51%) (bt)
 Sustainable Luxury Holding (Thailand) Limited (49%) (c) (j) (cu)
 Sustainable Luxury Hospitality (Thailand) Limited (73.99%) (c) (j) (cu)
 Sustainable Luxury Management (Thailand) Limited (73.99%) (c) (j) (cu)
 Sustainable Luxury Operations (Thailand) Ltd. (99.99%) (j) (cu)
 Universal de Hoteles SA (99.99%) (j) (bj)
 World Trade Centre Montreal Hotel Corporation (74.11%) (bl)

Associates, joint ventures and other

111 East 48th Street Holdings LLC (19.9%) (g) (h) (k)
 Alkoer, Sociedad de Responsabilidad Limitada de Capital Variable (50%) (h) (cg)
 Beijing Orient Express Hotel Co., Ltd. (16.25%) (bm)
 Blue Blood (Tianjin) Equity Investment Management Co., Limited (30.05%) (bn)
 Carr Clark SWW Subventure, LLC (26.67%) (g) (ca)
 Carr Waterfront Hotel, LLC (11.46%) (g) (h) (ca)
 China Hotel Investment Limited (30.05%) (i) (am)
 Desarrollo Alkoer Irapuato S. de R.L. de C.V. (50%) (cg)
 Desarrollo Alkoer Saltillo S. de R.L. de C.V. (50%) (cg)
 Desarrollo Alkoer Silao S. de R.L. de C.V. (50%) (cg)
 EDG Alpharetta EH, LLC (0%) (d) (h) (r)
 Gestion Hotelera Gestel, C.A. (50%) (c) (h) (ba)
 Groups360, LLC (10.60%) (h) (da)
 Inter-Continental Hotels Saudi Arabia Limited (40%) (bs)
 NF III Seattle, LLC (25%) (g) (r)
 NF III Seattle Op Co, LLC (25%) (g) (r)
 Nuevas Fronteras S.A. (23.66%) (cd)
 President Hotel & Tower Co Ltd. (30%) (bu)
 Shanghai Yuhuan Industrial Development Co., Ltd. (1%) (da)
 Sustainable Luxury Gravity Global Private Limited (51%) (h) (bz)
 SURF-Samui Pte. Ltd. (49%) (ay)
 Tianjin ICBCI IHG Equity Investment Fund Management Co., Limited (21.04%) (bv)

Key

- (a) Directly owned by InterContinental Hotels Group PLC
- (b) Ordinary shares and preference shares
- (c) Ordinary A and ordinary B shares
- (d) 8% cumulative preference shares
- (e) ¼ vote ordinary shares and ordinary shares
- (f) Ordinary shares, 5% cumulative preference shares and 7% cumulative preference shares
- (g) The entities do not have share capital and are governed by an operating agreement
- (h) Accounted for as associates and joint ventures due to IHG's decision-making rights contained in the partnership agreement
- (i) Accounted for as an other financial asset due to IHG being unable to exercise significant influence over the financial and operating policy decisions of the entity
- (j) Minority interest relates to one or more individual shareholders who are employed or were previously employed by the entity

Notes to the Group Financial Statements continued

33. Group companies continued

Registered addresses

(k)	3411 Silverside Road, Tatnall Building #104, Wilmington, DE 19810, USA	(aq)	11th Floor, Building No. 10, Tower C, DLF Phase-II, DLF Cyber City, Gurgaon, Haryana-122002, India	(bw)	14th Floor, South China Building, 1-3 Wyndham Street, Hong Kong, SAR
(l)	205 Powell Place, 37027 Brentwood, TN 37027, USA	(ar)	20th Floor, Toranomon Kotoshira Tower, 2-8, Toranomon 1-chom, Minato-ku, 105-0001, Tokyo, Japan	(bx)	Eski Büyükdere Cd. Park Plaza No:14 K:4 Maslak – Sariyer, 34398, Istanbul, Turkey
(m)	Clarendon House, 2 Church Street, Hamilton HM11, Bermuda	(as)	2 Wisconsin Circle #700, Chevy Chase, MD, 20815, USA	(by)	Paseo de Recoletos 37 – 41, 28004 Madrid, Spain
(n)	Broadwater Park, Denham, Buckinghamhamshire, UB9 5RH, UK – on 1 January 2023 all entities with this corresponding mailing address changed address to 1 Windsor Dials, Arthur Road, Windsor, Berkshire, SL4 1RS, UK	(at)	1052 Budapest, Apáczai Csere János u. 12-14A, Hungary	(bz)	B-11515 Bhikaj Cama Place, New Delhi, South Delhi, 110066 India
(o)	333 Bay Street, Suite 400, Toronto M5H 2R2, Ontario, Canada	(au)	Budapester Str. 2, 10787 Berlin, Germany	(ca)	Carr Hospitality, LLC, 1455 Pennsylvania Avenue, NW, Suite 100, Washington, DC 20004, USA
(p)	Kingsfordweg 151, 1043 GR Amsterdam, The Netherlands	(av)	Grevgatan 13, 11453 Stockholm, Sweden	(cb)	Two Snowhill, Snow Hill, Queensway, Birmingham, B4 6GA, UK
(q)	Room No. 38, Floor 16, Saigon Tower Building, No. 29 Le Duan Street, Ben Nghe Ward, District I, Ho Chi Minh City, Vietnam	(aw)	Alameda Jau 536, Suite 3S-E, 01420-000 São Paulo, Brazil	(cc)	Krunska 73, Beograd, 11000, Serbia
(r)	The Corporation Trust Centre, 1209 Orange Street, Wilmington, DE 19801, USA	(ax)	1980 Pérodeau Street, Vaudreuil-Dorion, J7V 8P7, Quebec, Canada	(cd)	Moreno 809 2 Piso, C1091AAQ Buenos Aires, Argentina
(s)	Caledonian Exchange, 19a Canning Street, Edinburgh, EH3 8HE, UK	(ay)	168 Robinson Road, #16-01 SIF Building, 068899, Singapore	(ce)	Bulevar Svetog Petra Cetinjskog 149 – 81000 Podgorica, Montenegro
(t)	Building 4, No 13 Xiao Gang Zhong Ma Road, Zhuhai District, Guangzhou, Guangdong, P.R. China	(az)	361 San Francisco Street Penthouse, San Juan, PR 00901, Puerto Rico	(cf)	Bernard Monteagudo 201, 15076, Lima, Peru
(u)	Level 6, Akaria Plaza, North Wing, Gate D, Olaya Street, PO Box 93228, Riyadh 1148, Saudi Arabia	(ba)	Hotel Tamanaco Inter-Continental, Final Av. Ppal, Mercedes, Caracas, Venezuela	(cg)	Avenida Ejercito Nacional Mexicano No. 769, Torre B Piso 8, Granada, Miguel Hidalgo, Ciudad de Mexico, CP 11520, Mexico
(v)	Flemming House, Wickhams Cay, P.O. Box 662, Road Town, Tortola VG1110, British Virgin Islands	(bb)	22nd Floor, Citigroup Tower, No. 33 Huayanshiqiao Road, Pudong, 200120, Shanghai, P.R. China	(ch)	Ground Floor, Al Kamel Law Building, Plot 52-b, Banks Area, Six of October City, Egypt
(w)	Wilmington Trust SP Services, Inc. 1105 North Market Street, Suite 1300, Wilmington, DE 19801, USA	(bc)	Alameda Jau 536, Suite 3S-C, 01420-000 São Paulo, Brazil	(ci)	2985 Gordy Parkway, 1st Floor, Marietta, GA 30066, USA
(x)	31-33 rue Mogador, 75009 Paris, France	(bd)	Alameda Jau 536, Suite 3S-D, 01420-000 São Paulo, Brazil	(cj)	600 Mamaroneck Avenue #400, 10528 Harrison, NY 10528, USA
(y)	Bucharest 011015, 1st District, 50-52 Buzesti St, 83 module, 11 floor, Romania	(be)	Viale Monte Nero n.84, 20135 Milano, Italy	(ck)	8275 South Eastern Avenue #200, Las Vegas, NV 89123, USA
(z)	230 J E Irausquin Boulevard, 11025 Palm Beach, Aruba	(bf)	Thurn-und-Taxis-Platz 6 – 60313 Frankfurt am Main, Germany	(cl)	5444 Westheimer #1000, Houston, TX 77056, USA
(aa)	Level 11, 20 Bond Street, Sydney NSW 2000, Australia	(bg)	Juris Tax Services Ltd. Level 12, NeX Teracom Tower II, Ebene, Mauritius	(cm)	23/6 D, Anhaght Str., Yerevan, 0069, Armenia
(ab)	Ontario # 1050, Col. Providencia, Guadalajara, Jalisco CP44630, Mexico	(bh)	Menara Imperium 22nd Floor, Suite D, Jl. HR. Rasuna Said Kav.1, Guntur Sub-district, Setiabudi District, South Jakarta 12980, Indonesia	(cn)	Generation Park Z – ul. Towarowa 28, 00-839 Warsaw, Poland
(ac)	5/F, Manulife Place, 348 Kwung Tong Road, Kowloon, Hong Kong	(bi)	Primmer Piper Eggleston & Cramer PC, 30 Main St., Suite 500, P.O. Box 1489, Burlington, VT 05402-1489, USA	(co)	Suite 1, Ground Floor, The Financial Services Centre, Bishops Court Hill, St. Michael, BB14004, Barbados
(ad)	Rond-Point Robert Schuman 11, 1040 Brussels, Belgium	(bj)	Calle 49, Sur 45 A 300, Oficina 1102, 055422 Envigado, Antioquia, Colombia	(cp)	Brumby Centre, Lot 42, Jalan Muhibbah, 87000 Labuan F.T., Malaysia
(ae)	QBC 4 – Am Belvedere 4, 1100, Vienna, Austria	(bk)	21 Engineer Lane, Gibraltar, GX11 1AA, Gibraltar	(cq)	Charlottenstrasse 49, 10117 Berlin, Germany
(af)	Avenida da Republica, no 52 – 9, 1069 – 211, Lisbon, Portugal	(bl)	Suite 2500, 1000 de La Gauchetiere St. West, Montreal C H3B 0A2, Canada	(cr)	C/O BDO LLP, 4 Atlantic Quay, 70 York Street, Glasgow, G2 8JX, UK
(ag)	Room 60, Section 11 Floor 3 Premises I, Building 1, House 125, Varshavskoye shosse Str, Vn.Ter.G. Municipal District Severnoye Chertanovo, Moscow City, 117587, Russia	(bm)	Room 311, Building 1, No. 6 East Wen Hua Yuan Road, Beijing Economy and Technology Development Zone, Beijing, P.R. China	(cs)	ATS Services Limited, Capital Center, 9th Floor, 2-4 Arch, Makarios III Ave., 1065 Nicosia, Cyprus
(ah)	No. 84, Pan Haliain Street, Unit #1, Level 8, Uniteam Marine Office Building, Sanchuang Township, Yangon, Myanmar	(bn)	Room N306, 3rd Floor, Building 6, Binhai Financial Street, No. 52 West Xincheng Road, Tianjin Economy and Technology Development Zone, Tianjin, P.R. China	(ct)	95 Blvd. Berthier, 75017 Paris, France
(ai)	230 Victoria Street, #13-00 Bugis Junction Towers, 188024, Singapore	(bo)	Cesta v Mestni log 1, 1000 Ljubljana, Slovenia	(cu)	57, 9th Floor, Park Ventures Ecoplex, Unit 902-904, Wireless Road, Limpini, Pathum Wan Bangkok 103330, Thailand
(aj)	4640 Admiralty Way, 5th Floor, Marina del Rey, CA 90292, USA	(bp)	37A Professor Fridtjof Nansen Street, 5th Floor, District Sredets, Sofia, 1142, Bulgaria	(cv)	Shop No. L3-6, Amity Building, No. 125, High Level Road, Maharagama, Colombo, Sri Lanka
(ak)	Alameda Jau 536, Suite 3S-E, 01420-000 Sao Paulo, Brasil	(bq)	C/o Holiday Inn & Suites, Cnr Waigani Drive & Wards Road, Port Moresby, National Capital District, Papua New Guinea	(cw)	Premier Chambers, M. Lux Lodge, 1st Floor, Orchid Magu, Male, Republic of Maldives
(al)	Avenida Cordoba 1547, piso 8, oficina A, 1055 Buenos Aires, Argentina	(br)	Suite 2201, Festival Tower, Dubai Festival City, Al Rebbat St., P.O. Box 58191, Dubai, United Arab Emirates	(cx)	Venture Corporate Services (Mauritius) Ltd, Level 3, Tower 1, Nexteracom Towers, Cybercity, Ebene, Mauritius
(am)	The Phoenix Centre, George Street, Belleville St. Michael, Barbados	(bs)	Madinah Road, Jeddah, P.O Box 9456, Post Code 21413, Jeddah, Saudi Arabia	(cy)	5 Temple Square, Temple Street, Liverpool, L2 5RH, UK
(an)	Level 10, 55 Shortland Street, Auckland Central, Auckland 1010, New Zealand	(bt)	Maples Corporate Services Ltd. – PO Box 309, Uglund House, Grand Cayman – KY-1104, Cayman Islands	(cz)	1st Floor, No. 68, Zhupan Road, Zhuqiao Town, Pudong New Area, Shanghai, P.R. China
(ao)	1, Murtala Muhammed Drive, Ikoyi, Lagos, Nigeria	(bu)	971, 973 Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330, Thailand	(da)	251 Little Falls Drive, Suite 400, Wilmington, New Castle County, DE 19808, USA
(ap)	Central Office Park Unit 4, 257 Jean Avenue, Centurion 0157, South Africa	(bv)	Room R316, 3rd Floor, Building 6, Binhai Financial Street, No. 52 West Xincheng Road, Tianjin Economy and Technology Development Zone, Tianjin, P.R. China		