

Registration number: 3211009

Six Continents Holdings Limited

Annual Report and Financial Statements

for the year ended 31 December 2022

Six Continents Holdings Limited

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Six Continents Holdings Limited

Company Information

Directors	M Cockcroft M Glover M Renshaw
Company secretary	C Lindsay
Registered office	1 Windsor Dials Arthur Road Windsor Berkshire SL4 1RS
Independent auditors	PricewaterhouseCoopers LLP Donington Court Pegasus Business Park Castle Donington East Midlands DE74 2UZ

Six Continents Holdings Limited

Strategic Report for the year ended 31 December 2022

The directors present their report for the year ended 31 December 2022.

Principal activities and stakeholder engagement

Six Continents Holdings Limited's (the "Company") principal activity is that of an investment holding company.

The Company's principal activities, as set out above, determines its key stakeholder as fellow InterContinental Hotels group (consisting of InterContinental Hotels Group PLC and its subsidiaries) (the "Group") undertakings. Whilst the Company considers the interests and impact of its activities and strategy on its key stakeholder when making relevant decisions, it does not formulate its own policies and principles, rather as part of the Group, the Company is guided by the Group's policies and engagement practices.

Business review

During the year, the Company made a loss before tax of £54,000 (2021: profit of £12,963,000) and a loss after tax of £1,910,000 (2021: profit of £13,369,000). The loss before tax for the year is a result of a foreign exchange loss of £8,225,000 (2021: £12,323,000 gain) and net interest receivable of £8,171,000 (2021: £640,000).

As of 31 December 2022, the Company had net assets of £1,260,236,000 (2021: £1,262,146,000).

Principal risks and uncertainties

Primarily the Company's transactions are with fellow Group undertakings and as such there are not considered to be any significant risks and uncertainties impacting the Company. Any uncertainties impacting the Company would arise from internal decisions taken within the Group.

Directors' statement of compliance with duty to promote the success of the Company

A director of a Company must act in the way he or she considers, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole, and in doing so have regard, (amongst other matters), to:

- likely consequences of any decisions in the long-term;
- interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and environment;
- desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

In discharging their Section 172 duties, the directors of the Company consider that they have had regard in all material respects to the factors set out above.

The key stakeholders of the Company are other Group companies.

Six Continents Holdings Limited

Strategic Report for the year ended 31 December 2022 (continued)

Directors' statement of compliance with duty to promote the success of the Company (continued)

The Company delegates authority for day-to-day management to senior leaders, who set, approve and oversee the execution of the Company's activities. The Company has no employees, customers or suppliers, and as such the full range of Section 172 factors and stakeholder considerations have not been applied. Board meetings are held periodically where the directors consider Company activities, which was routine during this financial year, including renewals of powers of attorney to file tax returns and intercompany agreements. The Company follows Group policies and procedures, including those relating to standards of business conduct, employees, the environment, the community, and other stakeholders. As part of the Group, stakeholder engagement takes place at a group level and the Company looks to group initiatives for guidance and takes them into account in its decision making. More detail may be found in the InterContinental Hotels Group PLC 2022 Annual Report and Form 20-F (the "Group Annual Report").

In considering items of business the Company makes autonomous decisions on each transaction's own merits, after due consideration of the long-term success of the Company, Section 172 factors, where relevant, and the stakeholders impacted.

During the course of 2022, no significant decisions were made by the Company.

Approved by the Board on 8 August 2023 and signed on its behalf by:



M Renshaw
Director

Six Continents Holdings Limited

Directors' Report for the year ended 31 December 2022

The directors present their report and the audited financial statements for the year ended 31 December 2022.

Results and dividends

The loss for the year, after tax, amounted to £1,910,000 (2021: profit of £13,369,000).

The directors do not propose a dividend for the year ended 31 December 2022 (2021: £nil).

Directors of the Company

The directors of the Company, who held office during the year and up to the date of signing the financial statements were:

P Edgecliffe-Johnson (resigned 19 March 2023)

M Renshaw

H Wood (resigned 1 March 2023)

The following directors were appointed after the year end:

M Cockcroft (appointed 1 March 2023)

M Glover (appointed 20 March 2023)

Future developments

It is the intention of the directors that the Company will continue to operate as an investment holding company for the foreseeable future.

The directors view the results as satisfactory for the current year.

Engagement with employees

The Company is an investment holding company and has no employees and therefore has nothing to report in respect of employee engagement activity during the year.

Going concern

The financial statements have been prepared on a going concern basis. Further details regarding the adoption of the going concern basis can be found in note 2 to the financial statements.

Directors' liabilities

A qualifying third party indemnity provision in favour of existing and former directors of the Company, granted by InterContinental Hotels Limited in accordance with Section 234 of the Companies Act 2006, was in force during the year and up to the date of the approval of the financial statements. A copy of this indemnity provision is available for inspection by the members of the Company at the Company's registered office at 1 Windsor Dials, Arthur Road, Windsor, Berkshire, SL4 1RS.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. The directors confirm that they are not aware of any relevant information of which the auditors are unaware.

Six Continents Holdings Limited

Directors' Report for the year ended 31 December 2022 (continued)

Appointment of auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with Section 485 of the Companies Act 2006.

Statement of Directors' Responsibilities

The Statement of Directors' Responsibilities can be found on page 6.

Approved by the Board on 8 August 2023 and signed on its behalf by:



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M Renshaw
Director

Six Continents Holdings Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law). 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 of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Independent auditors' report to the members of Six Continents Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion, Six Continents Holdings Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- 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 Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2022; the Income Statement and Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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 Company 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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 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 Company's ability to continue as a going concern.

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

Independent auditors' report to the members of Six Continents Holdings Limited (continued)

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. 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, 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 Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

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 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 Company or to cease operations, or have no realistic alternative but to do so.

Independent auditors' report to the members of Six Continents Holdings Limited (continued)

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 Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries to manipulate financial results and potential management bias in significant accounting estimates and judgements. Audit procedures performed by the engagement team included:

- Inquiries of management throughout the audit, including considerations of known or suspected instances of non-compliance with laws and regulations and fraud;
- Evaluation and testing of the effectiveness of management's controls designed to prevent and detect irregularities;
- Review legal expense nominal ledger accounts and board minutes for indications of non-compliance with laws and regulations and fraud;
- Identification and testing of journal entries that meet our defined risk criteria, in particular any journal entries posted with unusual account combinations;
- Challenging assumptions and judgements made by management in making significant accounting estimates, including validating to supporting evidence and considering possible alternatives; and
- Review financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

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.

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.

Independent auditors' report to the members of Six Continents Holdings Limited (continued)

Use of this report

This report, including the opinions, has been prepared for and only for the 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 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 financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



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Rachel Cletheroe (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
8 August 2023

Six Continents Holdings Limited

Income Statement for the year ended 31 December 2022

	Note	2022 £ 000	2021 £ 000
Administrative (expenses)/income		<u>(8,225)</u>	<u>12,323</u>
Operating (loss)/profit	3	(8,225)	12,323
Interest receivable and similar income	7	10,270	2,389
Interest payable and similar charges	8	<u>(2,099)</u>	<u>(1,749)</u>
(Loss)/profit before tax		(54)	12,963
Tax	9	<u>(1,856)</u>	<u>406</u>
(Loss)/profit for the financial year		<u><u>(1,910)</u></u>	<u><u>13,369</u></u>

All amounts relate to continuing operations.

The Company has no other comprehensive income or loss for the current or prior year other than the results above.

Six Continents Holdings Limited

(Registration number: 3211009)

Statement of Financial Position as at 31 December 2022

	Note	2022 £ 000	2021 £ 000
Fixed assets			
Investments	10	860,394	860,394
Current assets			
Debtors: amounts falling due after more than one year	11	1,145	2,200
Debtors: amounts falling due within one year	11	560,756	567,816
		<u>561,901</u>	<u>570,016</u>
Creditors: amounts falling due within one year	12	<u>(162,059)</u>	<u>(168,264)</u>
Net current assets		<u>399,842</u>	<u>401,752</u>
Net assets		<u>1,260,236</u>	<u>1,262,146</u>
Capital and reserves			
Called up share capital	14	304,412	304,412
Share premium account	15	204,308	204,308
Capital contribution reserve	15	72,204	72,204
Revaluation reserve	15	433,122	433,122
Profit and loss account		<u>246,190</u>	<u>248,100</u>
Total equity		<u>1,260,236</u>	<u>1,262,146</u>

Approved by the Board on 8 August 2023 and signed on its behalf by:



M Renshaw
Director

The notes on pages 14 to 26 form an integral part of these financial statements.

Six Continents Holdings Limited

Statement of Changes in Equity for the year ended 31 December 2022

	Called up share capital £ 000	Share premium account £ 000	Capital contribution reserve £ 000	Revaluation reserve £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2021	304,412	204,308	72,204	433,122	234,731	1,248,777
Profit for the financial year	-	-	-	-	13,369	13,369
Total comprehensive income	-	-	-	-	13,369	13,369
At 31 December 2021	<u>304,412</u>	<u>204,308</u>	<u>72,204</u>	<u>433,122</u>	<u>248,100</u>	<u>1,262,146</u>
Loss for the financial year	-	-	-	-	(1,910)	(1,910)
Total comprehensive expense	-	-	-	-	(1,910)	(1,910)
At 31 December 2022	<u>304,412</u>	<u>204,308</u>	<u>72,204</u>	<u>433,122</u>	<u>246,190</u>	<u>1,260,236</u>

The notes on pages 14 to 26 form an integral part of these financial statements.

Six Continents Holdings Limited

Notes to the Financial Statements for the year ended 31 December 2022

1 General information

The Company is a private company limited by share capital, incorporated and registered in England and Wales.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101"). The financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 2006.

The Company's financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£'000), except where otherwise indicated.

The Company's ultimate parent undertaking, InterContinental Hotels Group PLC, includes the Company in its consolidated financial statements. The consolidated financial statements of InterContinental Hotels Group PLC, which are prepared in accordance with UK-adopted international accounting standards, with applicable law and regulations and with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board, are publicly available and may be obtained from the address given in note 16.

Summary of disclosure exemptions

FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of UK-adopted IFRSs. In these financial statements, disclosures required by the following standards have not been provided as permitted by FRS101 or equivalent disclosures have been provided in the consolidated financial statements of InterContinental Hotels Group PLC:

- Disclosures required by IFRS 7 - 'Financial instruments: Disclosures' and paragraphs 91 to 99 of IFRS 13 - 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities), as the consolidated financial statements of InterContinental Hotels Group PLC include the equivalent disclosures.
- Paragraph 38 of IAS 1 - 'Presentation of financial statements' (comparative information requirements in respect of):
 - paragraph 79(a)(iv) of IAS 1 (reconciliation of number of shares at the beginning and end of the period)
- The following paragraphs of IAS 1 - 'Presentation of financial statements' (removing the requirement to present):
 - 10(d) (statement of cash flows);
 - 16 (statement of compliance with all IFRS);
 - 111 (cash flow statement information).
- IAS 7 - 'Statement of cash flows'.

Six Continents Holdings Limited

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

2 Accounting policies (continued)

Summary of disclosure exemptions (continued)

- Paragraphs 30 and 31 of IAS 8 - ‘Accounting policies, changes in accounting estimates and errors’ (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24 - ‘Related party disclosures’ (key management personnel compensation).
- IAS 24 ‘Related party disclosures’ (to disclose related party transactions entered into between two or more members of a group).
- Paragraphs 134 to 136 of IAS 1 ‘Presentation of financial statements’ (disclosures in respect of capital management).

Going concern

The financial statements have been prepared on a going concern basis.

The Company operates its activities in conjunction with other companies within the Group and therefore relies on the Group for its continued existence. The directors have confirmed that the ultimate parent company, InterContinental Hotels Group PLC, intends to make funds available to the Company to enable it to meet its liabilities as they fall due for at least a period up to and including 31 December 2024.

An overview of the business activities of the Group, including a review of the key business risks that the Group faces, is given in the Strategic Report in the InterContinental Hotels Group PLC Annual Report and Form 20-F 2022 (the “Group Annual Report”). Information on the Group’s liquidity and financial resources, including information on covenants and debt facilities; its capital and financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to liquidity risk and credit risk are also given in the Group Annual Report.

In adopting the going concern basis for preparing the condensed interim financial statements of InterContinental Hotels Group PLC for the six months ended 30 June 2023, the Group directors considered a ‘Base Case’ scenario which assumes continued growth in RevPAR in 2023 and 2024 boosted by strength in the US and the elimination of Covid-19 related restrictions in China, balanced against wider macro uncertainties.

The Group’s bank facilities include a key covenant of net debt:EBITDA of 4.0x. In April 2023, the maturity date of the Group’s \$1,350m revolving syndicated bank facility was extended to April 2028. At 30 June 2023 the Group had total liquidity of \$1,970m, comprising the undrawn \$1,350m bank facility and \$620m of cash and cash equivalents (net of overdrafts and restricted cash).

When assessing the Group’s going concern status and agreeing to provide continued support to the Company, the directors of InterContinental Hotels Group PLC reviewed Base Case and Severe Downside scenarios. They also reviewed a reverse stress test scenario which showed it was very unlikely a single risk or combination of the risks considered could create the sustained RevPAR impact required to breach the bank covenants except for a significant global event.

With consideration given to the above, the Company’s directors have satisfied themselves that InterContinental Hotels Group PLC is capable of providing support to the Company until at least 31 December 2024 and the financial statements have been prepared on a going concern basis.

Six Continents Holdings Limited

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

2 Accounting policies (continued)

Exemption from preparing group accounts

The financial statements contain information about Six Continents Holdings Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, InterContinental Hotels Group PLC, a company incorporated in England and Wales.

New accounting standards

With effect from 1 January 2022, the Company has adopted the Amendments to IAS 12: International Tax Reform - Pillar Two Model Rules.

None of the other standards, interpretations and amendments effective for the first time from 1 January 2022 have had a material effect on the financial statements.

Interest income and expenses

Interest receivable and interest payable are recognised in the Income Statement as they accrue, using the effective interest rate method.

Foreign currency transactions

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the Company's functional currency at the rates prevailing on the reporting period date.

Tax

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

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 taxation liabilities of certain Group entities are reduced wholly or in part by the surrender of losses by fellow Group undertakings, with these losses normally being paid for at the effective standard UK tax rate applying for the period in question. The impacts of such surrenders are recognised in the financial statements of both the surrendering and recipient companies.

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.

Six Continents Holdings Limited

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

2 Accounting policies (continued)

Tax (continued)

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 (including the future release of deferred tax liabilities) against which such assets can be utilised in the future. For this purpose, forecasts of future profits are considered by assessing the Group's forecast revenue and profit models, taking into account future growth predictions and operating cost assumptions. Accordingly, changes in assumptions to the Group's forecasts may have an impact on the amount of future taxable profits and therefore the period over which any deferred tax assets might be recovered.

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.

Investments in equity securities

Investments in subsidiaries are carried at cost less impairment. The carrying amount is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the Income Statement.

Business combinations under common control

When businesses are acquired such that the ultimate controlling parties have not changed as a result of the acquisition, they are accounted for as a business combination under common control.

Assets and liabilities of the acquired business are recognised at their previous carrying amounts. No adjustments are made to reflect fair values and no new assets and liabilities are recognised at the date of the transaction.

Any difference between the consideration paid and the net assets acquired is reflected within equity.

Six Continents Holdings Limited

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

2 Accounting policies (continued)

Amounts owed by Group undertakings

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

Movements in provisions for amounts owed by Group undertakings are recognised in the Income Statement within administrative expenses.

Amounts owed to Group undertakings

Amounts owed to Group undertakings are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Amounts owed to Group undertakings are unsecured, interest bearing and are repayable on demand.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

3 Operating (loss)/profit

Operating (loss)/profit is stated after charging/(crediting)

	2022	2021
	£ 000	£ 000
Foreign exchange losses/(gains)	<u>8,225</u>	<u>(12,323)</u>

4 Auditors' remuneration

The Company incurred auditors' remuneration of £3,000 (2021: £3,000) which has been borne by a fellow Group undertaking in the current and preceding year.

5 Employees

The Company has no employees (2021: no employees).

6 Directors' remuneration

The directors are also directors of other subsidiary undertakings within the Group and their remuneration, including share-based payment charges, for the year was paid by other undertakings. The directors did not receive any remuneration in relation to the Company as the qualifying services provided to the Company were incidental to the qualifying services provided to other subsidiary undertakings.

7 Interest receivable and similar income

	2022	2021
	£ 000	£ 000
Interest receivable from Group undertakings	<u>10,270</u>	<u>2,389</u>

Six Continents Holdings Limited

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

8 Interest payable and similar charges

	2022 £ 000	2021 £ 000
Interest payable to Group undertakings	<u>2,099</u>	<u>1,749</u>

9 Tax

Tax charged/(credited) in the income statement

	2022 £ 000	2021 £ 000
Current tax		
UK corporation tax	<u>801</u>	<u>-</u>
Total current income tax	<u>801</u>	<u>-</u>
Deferred tax		
Origination and reversal of temporary differences	1,055	122
Changes to tax rate	<u>-</u>	<u>(528)</u>
Total deferred tax	<u>1,055</u>	<u>(406)</u>
Tax charge/(credit) for the year	<u>1,856</u>	<u>(406)</u>

Six Continents Holdings Limited

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

9 Tax (continued)

The tax on (loss)/profit before tax for the year is higher than (2021: lower than) the effective standard rate of corporation tax in the UK of 19% (2021: 19%).

The differences are reconciled below:

	2022	2021
	£ 000	£ 000
(Loss)/profit before tax	<u>(54)</u>	<u>12,963</u>
Corporation tax at effective standard rate	(10)	2,463
Effects of:		
Non-taxable loss/(gain)	1,563	(2,341)
Income from fixed assets	-	(2,533)
Changes to tax rate	-	(528)
Net effect of different rates of tax	253	-
Profit attributable to partnership interests	<u>50</u>	<u>2,533</u>
Tax charge/(credit) for the year	<u><u>1,856</u></u>	<u><u>(406)</u></u>

In his budget of 2021, the Chancellor of the Exchequer proposed to increase the standard rate of corporation tax from the current rate of 19%, to 25%, effective from 1 April 2023. The change was substantively enacted on 24 May 2021; the impact of any resulting changes to the valuation of deferred tax assets and liabilities is reflected within the financial statements.

On 20 June 2023, Finance (No. 2) Act 2023 was substantively enacted. The legislation introduces a domestic minimum tax, effective for accounting periods commencing on or after 31 December 2023. The Company has applied the exception within IAS 12 to recognising and disclosing information about deferred tax assets and liabilities related to this minimum tax.

Six Continents Holdings Limited

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

10 Investments

	Investments in subsidiary companies £ 000
Cost	
At 1 January 2022 and 31 December 2022	<u>868,596</u>
At 31 December 2022	<u>868,596</u>
Impairment	
At 1 January 2022 and 31 December 2022	<u>8,202</u>
At 31 December 2022	<u>8,202</u>
Net book value	
At 31 December 2021 and at 31 December 2022	<u><u>860,394</u></u>

A full list of related undertakings is included in note 17.

11 Debtors

	2022	2021
	£ 000	£ 000
Due after more than one year		
Deferred tax asset (note 13)	<u>1,145</u>	<u>2,200</u>
Due within one year		
Amounts owed by Group undertakings	<u>560,756</u>	<u>567,816</u>

Amounts owed by Group undertakings are unsecured, interest-bearing, have no fixed date of repayment and are repayable on demand.

Six Continents Holdings Limited

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

12 Creditors: amounts falling due within one year

	2022 £ 000	2021 £ 000
Amounts owed to Group undertakings	161,750	168,264
Current tax	309	-
	<u>162,059</u>	<u>168,264</u>

Amounts owed to Group undertakings are unsecured, interest-bearing, have no fixed date of repayment and are repayable on demand.

13 Deferred tax

Deferred tax movement during the year:

	At 1 January 2022 £ 000	Recognised in income statement £ 000	At 31 December 2022 £ 000
Tax losses	<u>2,200</u>	<u>(1,055)</u>	<u>1,145</u>

Deferred tax movement during the prior year:

	At 1 January 2021 £ 000	Recognised in income statement £ 000	At 31 December 2021 £ 000
Tax losses	<u>1,794</u>	<u>406</u>	<u>2,200</u>

The deferred tax is recognised in respect of revenue tax losses on the basis of an expectation of future profits within the Group against which the revenue tax losses may be deducted.

Deferred tax in respect of capital tax losses of £1,216,000 (2021: £1,216,000) was not recognised as their use is uncertain or not anticipated. These would have been recognised if there was certainty of their use in the longer term.

Six Continents Holdings Limited

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

14 Share capital

Allotted, called up and fully paid shares

	2022		2021	
	No.	£ 000	No.	£ 000
Ordinary shares of £1 each	<u>304,411,765</u>	<u>304,412</u>	<u>304,411,765</u>	<u>304,412</u>

Rights, preferences and restrictions

The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the Company. There are no restrictions attached to the ordinary shares.

15 Reserves

Share premium account

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

Revaluation reserve

Where investments in subsidiaries have previously been revalued, the cumulative increase in the fair value of the investment in excess of cost less any previous impairment losses is included in the revaluation reserve.

Capital contribution reserve

The balance classified as capital contribution reserve represents the difference of consideration paid over the value of net assets acquired from business combinations under common control.

16 Parent and ultimate parent undertaking

As at 31 December 2022, InterContinental Hotels Group PLC, a company incorporated and registered in England and Wales, was the ultimate parent undertaking and controlling party of the Company. The registered address of the ultimate parent undertaking is 1 Windsor Dials, Arthur Road, Windsor, Berkshire, SL4 1RS.

The largest and smallest group in which the results of the Company are consolidated is that headed by InterContinental Hotels Group PLC, a company incorporated and registered in England and Wales. Consolidated financial statements of InterContinental Hotels Group PLC are available from the following address:

Companies House, Crown Way, Cardiff, CF14 3UZ.

The immediate parent undertakings are Six Continents Limited and Asia Pacific Holdings Limited, companies registered in England and Wales. The registered office of both immediate parent undertakings is 1 Windsor Dials, Arthur Road, Windsor, Berkshire, SL4 1RS.

Six Continents Holdings Limited

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

17 Related undertakings

In accordance with Section 409 of the Companies Act 2006 a full list of entities in which the Company 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 share capital disclosed comprises ordinary shares which are indirectly held by Six Continents Holdings Limited.

BHR Holdings B.V. (a) (g)
HH France Holdings SAS (h)
Holiday Inns (Courtalín) Holding SAS (a) (h)
Holiday Inns (Courtalín) SAS (h)
Holiday Inns Holdings (Australia) Pty Limited (i)
Hotel InterContinental London (Holdings) Limited (a) (f)
IC Hotelbetriebsführungs GmbH (j)
IC Hotels Management (Portugal) Unipessoal, Lda (k)
IHC London (Holdings) (f)
IHG (Marseille) SAS (h)
IHG Amsterdam Management BV (g)
IHG ANA Hotels Group Japan LLC (74.66%) (o)
IHG ANA Hotels Holdings Co., Ltd. (66.00%) (o)
IHG Hotels Limited (a) (f)
IHG Hotels Management (Australia) Pty Limited (b) (i)
IHG Hotels Nigeria Limited (m)
IHG Hotels South Africa (Pty) Limited (n)
IHG Istanbul Otel Yönetim Limited Sirketi (w)
IHG Japan (Management), LLC (o)
IHG Japan (Osaka), LLC (o)
IHG Management (Netherlands) B.V. (g)
IHG Management d.o.o. Beograd (z)
IHG Management SL d.o.o. (u)
IHG Systems Pty Ltd. (b) (i)
IHG Szalloda Budapest Szolgaltato Kft. (p)
InterContinental Gestion Hotelera SLU (x)
InterContinental Hotel Berlin GmbH (q)
InterContinental Hotels Group (Australia) Pty Limited (i)
InterContinental Hotels Group Customer Services Limited (f)
InterContinental Hotels Group Services Company (f)
InterContinental Hotels Italia, S.r.L. (s)
InterContinental Hotels Management GmbH (r)
InterContinental Hotels Management Montenegro d.o.o. (ab)
InterContinental Management AM, LLC (ac)
InterContinental Management Bulgaria EOOD (v)
InterContinental Management France SAS (h)
InterContinental Management Poland sp. Z.o.o (ad)

Six Continents Holdings Limited

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

17 Related undertakings (continued)

Kimpton Hotel Frankfurt GmbH (r)
Luxury Resorts and Spas (France) SAS (ag)
Nuevas Fronteras S.A. (23.66%) (aa)
Regent Berlin GmbH (ae)
SLC Sustainable Luxury Cyprus Limited (af)
Sustainable Luxury Gravity Global Private Limited (51.00%) (d) (y)
Sustainable Luxury Holding (Thailand) Limited (49.00%) (c) (e) (ah)
Sustainable Luxury Hospitality (Thailand) Limited (73.99%) (c) (e) (ah)
Sustainable Luxury Maldives Private Limited (99.00%) (ai)
Sustainable Luxury Management (Thailand) Limited (73.99%) (c) (e) (ah)
Sustainable Luxury Mauritius Limited (t)
Sustainable Luxury Operations (Thailand) Ltd. (99.99%) (e) (ah)
Sustainable Luxury Singapore Private Limited (l)
Sustainable Luxury UK Limited (f)

- (a) Directly owned by Six Continents Holdings Limited
- (b) Ordinary shares and preference shares
- (c) Ordinary A and ordinary B shares
- (d) Accounted for as associates and joint ventures due to IHG's decision-making rights contained in the partnership agreement
- (e) Minority interest relates to one or more individual shareholders who are employed or were previously employed by the entity

Registered addresses

- (f) 1 Windsor Dials, Arthur Road, Windsor, Berkshire, SL4 1RS, UK
- (g) Kingsfordweg 151, 1043 GR Amsterdam, The Netherlands
- (h) 31-33 rue Mogador, 75009 Paris, France
- (i) Level 11, 20 Bond Street, Sydney NSW 2000, Australia
- (j) QBC 4 - Am Belvedere 4, 1100, Vienna, Austria
- (k) Avenida da Republica, no 52 - 9, 1069 - 211, Lisbon, Portugal
- (l) 230 Victoria Street, #13-00 Bugis Junction Towers, 188024, Singapore
- (m) 1, Murtala Muhammed Drive, Ikoyi, Lagos, Nigeria
- (n) Central Office Park Unit 4, 257 Jean Avenue, Centurion 0157, South Africa
- (o) 20th Floor, Toranomom Kotoshira Tower, 2-8, Toranomom 1-chom, Minato-ku, Tokyo, Japan
- (p) 1052 Budapest, Apáczai Csere János u. 12-14A, Hungary
- (q) Budapester Str. 2, 10787 Berlin, Germany
- (r) Thurn-und-Taxis-Platz 6 - 60313 Frankfurt am Main, Germany
- (s) Viale Monte Nero n.84, 20135 Milano, Italy
- (t) Venture Corporate Services (Mauritius) Ltd, Level 3, Tower 1, Nexteracom Towers, Cybercity, Ebene, Mauritius
- (u) Cesta v Mestni log 1, 1000 Ljubljana, Slovenia
- (v) 37A Professor Fridtjof Nansen Street, 5th Floor, District Sredets, Sofia, 1142, Bulgaria
- (w) Eski Büyükdere Cd. Park Plaza No:14 K:4 Maslak - Sariyer, Istanbul, Turkey
- (x) Paseo de Recoletos 37 - 41, 28004 Madrid, Spain
- (y) B-11515 Bhikaj Cama Place, New Delhi, South Delhi, India 110066
- (z) Krunska 73, Beograd, 11000, Serbia
- (aa) Moreno 809 2 Piso, C1091AAQ Buenos Aires, Argentina
- (ab) Bulevar Svetog Petra Cetinjskog 149 - 81000 Podgorica, Montenegro
- (ac) 23/6 D, Anahaght Str., Yerevan, 0069, Armenia
- (ad) Generation Park Z - ul. Towarowa 28, 00-839 Warsaw, Poland

Six Continents Holdings Limited

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

17 Related undertakings (continued)

(ae) Charlottenstrasse 49, 10117 Berlin, Germany

(af) ATS Services Limited, Capital Center, 9th Floor, 2-4 Arch, Makarios III Ave., 1065 Nicosia, Cyprus

(ag) 95 Blvd. Berthier, 75017 Paris, France

(ah) 57, 9th Floor, Park Ventures Ecoplex, Unit 902-904, Wireless Road, Limpini, Pathum Wan Bangkok 103330, Thailand

(ai) Premier Chambers, M. Lux Lodge, 1st Floor, Orchid Magu, Male, Republic of Maldives