

Registration number: 3130330

# IHG Hotels Limited

Annual Report and Financial Statements

for the year ended 31 December 2023

# **IHG Hotels Limited**

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# **IHG Hotels Limited**

## **Company Information**

**Directors** M Cockcroft  
N Henfrey  
D Llewellyn  
M Renshaw  
H Wood

**Company secretary** M Bennett

**Registered office** 1 Windsor Dials  
Arthur Road  
Windsor  
Berkshire  
SL4 1RS

**Independent auditors** PricewaterhouseCoopers LLP  
One Chamberlain Square  
Birmingham  
B3 3AX

# **IHG Hotels Limited**

## **Strategic Report for the year ended 31 December 2023**

### **Principal activities and stakeholder engagement**

IHG Hotels Limited's (the "Company") principal activities comprise acting as regional franchisor for hotels operating under the InterContinental Hotels group's (consisting of InterContinental Hotels Group PLC and its subsidiaries) (the "Group") brand names (InterContinental Hotels and Resorts, Crowne Plaza Hotels and Resorts, Hotel Indigo, Holiday Inn, Holiday Inn Express, Staybridge Suites, Kimpton and voco) in Europe and Africa. In addition, the Company is engaged in the management of a number of hotels in the United Kingdom. The Company also acts as an investment holding company, provides key strategic management and control services, and acts as an administrative support function to fellow revenue-generating subsidiary undertakings of the Group.

The Company's principal activities, as set out above, determine its key stakeholders as the Group, including the Company's own direct subsidiaries; the Group's employees, as well as its own direct employees; the hotel franchisees operating hotels under the Group's brand names in Europe and Africa; and hotel owners for whom the Company manages hotels in the United Kingdom. Whilst the Company autonomously considers the interests and impact of its activities and strategy on its key stakeholders 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**

The Company holds the intellectual property of the Group for Europe and Africa. The largest portion of rooms is operated under the franchise business model and consequently the Company generates a significant part of its revenues from franchise fees. The Company also generates revenue from the provision of management and administrative services to other Group companies.

During the year, the Company earned total revenue of £261,263,000 (2022: £229,892,000).

Operating profit for the year amounted to £72,175,000 (2022: £37,245,000), after charging operating exceptional items of £nil (2022: £35,212,000). In 2022, operating exceptional items comprised impairment charges on contract assets, provisions for litigation and the cost of ceasing operations in Russia.

An impairment charge of £12,955,000 (2022: £39,052,000) was recorded against investments in subsidiary companies in the year.

The profit for the year, after tax, amounted to £48,327,000 (2022: loss of £7,815,000).

As of 31 December 2023, the Company had net assets of £657,893,000 (2022: £607,064,000).

# **IHG Hotels Limited**

## **Strategic Report for the year ended 31 December 2023 (continued)**

### **Principal risks and uncertainties**

An overview of the key business risks that the Group faces is given in the InterContinental Hotels Group PLC Annual Report and Form 20-F 2023 (the “Group Annual Report”).

The following summarises the risks and uncertainties set out in the Group Annual Report that most significantly impact the Company:

- The Company is exposed to the risks of political and economic developments and other events that adversely impact domestic and/or international travel, including climate change, actual or threatened acts of terrorism or war and infectious diseases;
- The Company is exposed to the risk of financial market developments such as recession, inflation and commodity prices;
- The Company is reliant on the reputation of the Group's brands and the protection of its intellectual property rights. Any event that materially damages the reputation of one or more of the Group's brands and/or fails to sustain the appeal of the Group's brands to its customers may have an adverse impact on the value of the brand and subsequent revenues from hotel operations;
- The Company is exposed to the risks of overcapacity in the hotel industry;
- The Company is exposed to a variety of risks related to identifying, securing and retaining franchise and management agreements;
- The Company is subject to a competitive and changing industry;
- The Company is exposed to risks relating to cybersecurity and data privacy;
- The Company is exposed to increasing competition from online travel agents and intermediaries;
- The Company is reliant upon the resilience of the Group's reservation system and other key technology platforms;
- The Company is required to comply with existing and changing regulations; and
- The Company is exposed to the risks of failing to build and sustain a resilient corporate structure, failure to recruit or retain key personnel, unexpected loss of key senior employees, failures in the Company's succession planning and incentive plans, or failure to invest in the development of key skills.

### **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.

## **IHG Hotels Limited**

### **Strategic Report for the year ended 31 December 2023 (continued)**

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

The key stakeholders of the Company are the Group, including the Company's own direct subsidiaries, the Group's employees, as well as its own direct employees, and the hotel franchisees operating hotels under the Group's brand names in Europe and Africa, and hotel owners for whom the Company manages hotels in the UK.

The Company delegates authority for day-to-day management to senior leaders, who set, approve and oversee the execution of the Company's activities. Board meetings are held periodically where the directors consider Company business, including powers of attorney to file tax returns and signing of franchise and management 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 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 2023, the Company's Board considered and approved the Company's additional investment in Sustainable Luxury Mauritius Limited and InterContinental Hotels Managementgesellschaft mbH.

Approved by the Board on 27 June 2024 and signed on its behalf by:



M Renshaw  
Director

# **IHG Hotels Limited**

## **Directors' Report for the year ended 31 December 2023**

The directors present their report and the audited financial statements for the year ended 31 December 2023.

### **Results and dividends**

The profit for the year, after tax, amounted to £48,327,000 (2022: loss of £7,815,000).

The directors do not propose a dividend for the year ended 31 December 2023 (2022: £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:

M Cockcroft

N Henfrey

D Llewellyn

M Renshaw

H Wood

### **Engagement with employees**

As part of the Group, the Company's employees do not differentiate between their direct employment and their identification as being part of IHG. The Company does not prepare and provide its own employee principles and engagement forums, but instead follows Group-wide policies and engagement platforms, which include workforce engagement surveys, regular employee communications, performance metrics, and career development opportunities.

During 2023, the main communication channels to provide information of concern to employees included weekly newsletters, virtual town halls, CEO and regional leadership calls, podcasts, blogs, email broadcasts, videos and business function team meetings.

Employees have been consulted and given opportunities to express their views and concerns through participation in the employee engagement survey, Voice of the Employee feedback sessions, ERGs, Next events (interactive sessions relating to IHG's strategy and behaviours), quarterly performance, development and wellbeing meetings, team meetings and the Q&A session as part of the CEO quarterly business update call.

Employees have been made aware of the financial and economic factors affecting the performance of the Company through quarterly business update calls with the Group CEO, as well as business function team meetings, and other regional leadership calls.

The Chair and other Directors of the IHG Group have engaged with employees through a number of means, including direct interactions, Voice of the Employee sessions, Next events and a series of opportunities held during the year to meet Executive Directors via video meetings or in person.

Details of other initiatives and the impact on employees are set out in the Group Annual Report.

## **IHG Hotels Limited**

### **Directors' Report for the year ended 31 December 2023 (continued)**

#### **Employment of disabled persons**

IHG continues to focus on providing an inclusive environment, in which employees are valued for who they are and what they bring to the Group, and in which talented individuals are retained through all levels of the organisation.

IHG looks to appoint the most appropriate person for the job and are committed to providing equality of opportunity to all employees without discrimination. Every effort is made to ensure that applications for employment from disabled employees are fully and fairly considered and that disabled employees have equal opportunities to training, career development and promotion.

#### **Engagement with suppliers, customers and other relationships**

The main customers of the Company are other Group subsidiaries, which includes providing corporate and system fund services, and franchisees and owners of managed hotels. The Group fosters relationships with them in accordance with the Group's policies and engagement practices. More information on the Group's engagement practices can be found in the Group Annual Report.

As part of the Group's strategic growth initiatives, the interests and relationships with a number of third-party suppliers and other business partners, such as lending institutions, are considered important when making commercial decisions, and this is cascaded down through the Group, and is in turn part of the Company's own decision-making considerations and engagement. The Company follows the Group's strategic initiatives, treasury and responsible procurement policies, including a Group-wide Supplier Code of Conduct, and a supply chain risk assurance programme. The policies provide support and leverage procurement platforms for suppliers directly contracted with the Group, including the Company. More information is set out in the Group Annual Report.

The Company, through the Group, complies with its statutory reporting duties on payment practices and performance and is a voluntary signatory of the UK Prompt Payment Code.

#### **Future developments**

It is the intention of the directors that the Company will continue to operate as the Europe and Africa regional franchisor and as an investment holding company for the foreseeable future, as well as managing a number of hotels in the United Kingdom. The Company will also continue to provide key strategic management and control services to fellow Group revenue-generating subsidiary undertakings.

The directors view the results as satisfactory for the current 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.

## **IHG Hotels Limited**

### **Directors' Report for the year ended 31 December 2023 (continued)**

#### **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.

#### **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 8.

Approved by the Board on 27 June 2024 and signed on its behalf by:



.....  
M Renshaw  
Director

## **IHG Hotels Limited**

### **Statement of Directors' Responsibilities**

The directors are responsible for preparing the Annual Report and 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 IHG Hotels Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, IHG Hotels Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2023 and of its profit 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 2023; the Income Statement and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

### 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 IHG Hotels 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 the 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 the Directors' Report***

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and the Directors' Report for the year ended 31 December 2023 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 the 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 IHG Hotels 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 corporate tax legislation in the United Kingdom, 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, including the improper creation or inclusion of transactions in revenue, 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 of 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 and which resulted in an impact on revenue;
- Challenging assumptions and judgements made by management in making significant accounting estimates, including validating to supporting evidence and considering possible alternatives; and
- Review of financial statement disclosures and agreeing 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

# Independent auditors' report to the members of IHG Hotels 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.



.....  
Liesal Ackerman (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Birmingham

27 June 2024

## IHG Hotels Limited

### Income Statement for the year ended 31 December 2023

	Note	2023 £ 000	2022 £ 000
Revenue	4	<u>261,263</u>	<u>229,892</u>
Administrative expenses		(189,103)	(157,445)
Operating exceptional items	5	<u>-</u>	<u>(35,212)</u>
<b>Total administrative expenses</b>		(189,103)	(192,657)
Other operating income		<u>15</u>	<u>10</u>
<b>Operating profit</b>	6	72,175	37,245
Amounts written off investments	16	(12,955)	(39,052)
Interest receivable and similar income	10	9,166	2,798
Interest payable and similar charges	11	<u>(792)</u>	<u>(760)</u>
<b>Profit before tax</b>		67,594	231
Tax	12	<u>(19,267)</u>	<u>(8,046)</u>
<b>Profit/(loss) for the financial year</b>		<u><u>48,327</u></u>	<u><u>(7,815)</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.

# IHG Hotels Limited

(Registration number: 3130330)

## Statement of Financial Position as at 31 December 2023

	Note	2023 £ 000	2022 £ 000
<b>Fixed assets</b>			
Intangible assets	13	276,510	276,481
Tangible assets	14	13,217	14,069
Right-of-use assets	15	18,045	19,493
Investments	16	106,536	90,700
		<u>414,308</u>	<u>400,743</u>
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	17	80,408	76,651
Debtors: amounts falling due within one year	17	294,832	268,374
Cash and cash equivalents	18	1,754	6,144
		<u>376,994</u>	<u>351,169</u>
Creditors: amounts falling due within one year	19	<u>(89,311)</u>	<u>(78,082)</u>
<b>Net current assets</b>		<u>287,683</u>	<u>273,087</u>
<b>Total assets less current liabilities</b>		701,991	673,830
Creditors: amounts falling due after more than one year	20	(23,248)	(24,173)
Provisions for liabilities	21	<u>(20,850)</u>	<u>(42,593)</u>
<b>Net assets</b>		<u>657,893</u>	<u>607,064</u>
<b>Capital and reserves</b>			
Called up share capital	25	50,797	50,797
Share premium account	26	306,752	306,752
Profit and loss account		<u>300,344</u>	<u>249,515</u>
<b>Total equity</b>		<u>657,893</u>	<u>607,064</u>

Approved by the Board on 27 June 2024 and signed on its behalf by:



M Renshaw  
Director

The notes on pages 16 to 48 form an integral part of these financial statements.

## IHG Hotels Limited

### Statement of Changes in Equity for the year ended 31 December 2023

	Note	Called up share capital £ 000	Share premium account £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2022		50,797	306,752	256,120	613,669
Loss for the financial year		-	-	(7,815)	(7,815)
Total comprehensive loss		-	-	(7,815)	(7,815)
Tax effect of share based payment transactions		-	-	129	129
Equity-settled share based payment cost	24	-	-	1,081	1,081
<b>At 31 December 2022</b>		<u>50,797</u>	<u>306,752</u>	<u>249,515</u>	<u>607,064</u>
Profit for the financial year		-	-	48,327	48,327
Total comprehensive income		-	-	48,327	48,327
Tax effect of share based payment transactions		-	-	600	600
Equity-settled share based payment cost	24	-	-	1,902	1,902
<b>At 31 December 2023</b>		<u>50,797</u>	<u>306,752</u>	<u>300,344</u>	<u>657,893</u>

The notes on pages 16 to 48 form an integral part of these financial statements.

# IHG Hotels Limited

## Notes to the Financial Statements for the year ended 31 December 2023

### 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 30.

#### 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 FRS 101 or equivalent disclosures have been provided in the consolidated financial statements of InterContinental Hotels Group PLC:

- Paragraphs 45(b) and 46 to 52 of IFRS 2 - 'Share-based Payment' (how the fair value of goods/services received or equity instruments granted was determined and details of the number and weighted average exercise prices of share options), as the consolidated financial statements of InterContinental Hotels Group PLC include the equivalent disclosures.
- 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.
- Paragraphs 88c and 88d of IAS 12 - 'Income Taxes', as the consolidated financial statements of InterContinental Hotels Group PLC include the equivalent disclosures.

# IHG Hotels Limited

## Notes to the Financial Statements for the year ended 31 December 2023 (continued)

### 2 Accounting policies (continued)

#### Summary of disclosure exemptions (continued)

- Second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 - 'Revenue from Contracts with Customers' (disaggregation of revenue, significant changes in contract assets and liabilities, details on transaction price allocation, timing of the satisfaction of performance obligations and significant judgements made in the application of IFRS 15).
- Paragraph 52 of IFRS 16 - 'Leases'.
- 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)
  - paragraph 73(e) of IAS 16, 'Property, plant and equipment' (reconciliations between the carrying amount at the beginning and end of the period)
  - paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount 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'.
- 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 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 'Impairment of Assets'.
- Paragraphs 134 to 136 of IAS 1 'Presentation of financial statements' (disclosures in respect of capital management).

# IHG Hotels Limited

## Notes to the Financial Statements for the year ended 31 December 2023 (continued)

### 2 Accounting policies (continued)

#### 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 30 June 2025.

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 2023 (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.

Two one-year extensions to the Group’s revolving credit facility of \$1,350m were exercised in 2023 and 2024. The facility now matures in 2029. The Group’s key covenant requires net debt:EBITDA below 4.0x. In November 2023 the Group issued a six-year €600m bond. The only debt maturity in the period under consideration is the €500m October 2024 bond which is assumed to be repaid with cash on maturity. At 31 December 2023 the Group had total liquidity of \$2,572m, comprising the undrawn \$1,350m bank facility and \$1,222m 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 (detailed in the Group Annual Report). Additional funding is not required and there is significant headroom to the bank covenants to absorb multiple additional risks and uncertainties in both scenarios.

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 30 June 2025 and the financial statements have been prepared on a going concern basis.

#### Exemption from preparing group accounts

The financial statements contain information about IHG Hotels 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 2023, 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 2023 have had a material effect on the financial statements.

# IHG Hotels Limited

## Notes to the Financial Statements for the year ended 31 December 2023 (continued)

### 2 Accounting policies (continued)

#### Revenue recognition

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

##### *Fee business revenue*

Under franchise agreements, the Company'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 room revenues and are treated as variable consideration, recognised as the underlying hotel revenues occur.

Under management agreements, the Company'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 contract.

Technical service fees are received in relation to design and engineering support provided prior to 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 Company'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.

##### *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.

Typically, contract assets are not financial assets as they represent amounts paid by the Company 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.

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 Company 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.

# IHG Hotels Limited

## Notes to the Financial Statements for the year ended 31 December 2023 (continued)

### 2 Accounting policies (continued)

#### Revenue recognition (continued)

##### *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 contract. These costs are presented as contract costs in the 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. 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 costs are written down to the recoverable amount.

##### *Contract liabilities*

Contract liabilities are recognised when payment is received before the related performance obligation is satisfied.

##### *Cost reimbursements*

In a managed property, the Company 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 the Company and, where the Company is deemed to be acting as principal in the provision of the related services, the revenue and cost are shown on a gross basis.

##### *Service charges*

Revenue comprises amounts charged to fellow Group undertakings for the provision of management and administrative services to the franchise, management and broader business activities of the Group and is recorded net of discounts. The amount charged to Group European management companies is based on the revenue of those companies (a resale minus approach). The Company is deemed to be principal in the provision of these services and revenue is recorded in the Income Statement.

The amount charged for the provision of all other management and administrative services is equal to the cost to the Company of providing the goods and services plus a mark-up, except to the extent that these costs include recharges of services originally provided by other Group undertakings where no mark-up is charged. The management and administrative services are provided on an integrated basis and so the Company is deemed to be principal in the provision of these services and revenue is recorded in the Income Statement.

The Company also acts as agent for certain services provided by other Group undertakings. Revenue is only recognised to the extent of any commission earned.

#### Exceptional items

Exceptional items are identified by virtue of either their size, nature or incidence so as to facilitate an understanding of the underlying financial performance of the Company.

# IHG Hotels Limited

## Notes to the Financial Statements for the year ended 31 December 2023 (continued)

### 2 Accounting policies (continued)

#### Interest income and expenses

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

Dividend income is recognised in the Income Statement on the date the Company's right to receive payments is established.

#### Foreign currency transactions and balances

Transactions in foreign currencies are translated to the Company's functional currency at the exchange 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.

Non-monetary items measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transactions and not retranslated.

#### 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.

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.

# IHG Hotels Limited

## Notes to the Financial Statements for the year ended 31 December 2023 (continued)

### 2 Accounting policies (continued)

#### Tax (continued)

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. The Company has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

#### Share-based payments

The Company rewards certain employees of the Company by awarding InterContinental Hotels Group PLC shares as part of their remuneration.

Where the Company's ultimate parent grants rights to its equity instruments to the Company's employees, which are accounted for as equity-settled in the consolidated financial statements of the ultimate parent, the Company also accounts for these share-based payments as equity-settled.

The cost of equity-settled share-based payment transactions with employees is measured by reference to fair value at the date at which the right to the shares is granted. Fair value is determined by an external valuer using option pricing models.

The cost of equity-settled share-based payment transactions is recognised, together with a corresponding increase in equity, over the period in which any performance or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date).

The Income Statement charge 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.

#### 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.

#### Intangible assets

##### *Software*

Software acquired by the Company is stated at cost less accumulated amortisation and less accumulated impairment losses.

# IHG Hotels Limited

## Notes to the Financial Statements for the year ended 31 December 2023 (continued)

### 2 Accounting policies (continued)

#### Intangible assets (continued)

##### *Intellectual property*

Acquired brands are capitalised at cost and, in the absence of any evidence to the contrary, deemed to have an indefinite life, as the brands are protected by trademarks and there are not believed to be any legal, regulatory or contractual provisions that limit their useful lives. Such assets are not amortised but are reviewed for impairment on an annual basis. As disclosed in note 13 to the financial statements, the recoverable amount of intellectual property has been determined based on value in use calculations, which represent the value of the estimated future cash flows expected to arise from continuing operations at a cash-generating unit level, which is deemed to be the individual hotel brands.

The UK Companies Act requires that intangible assets must be written off on a systematic basis over the useful economic life of the intangible asset. However, under IAS 38 'Intangible assets', intangible assets with an indefinite life are not amortised. Consequently, the Company does not amortise its intellectual property intangible asset, but reviews it for impairment on an annual basis or whenever there are indicators of impairment. The Company is therefore invoking a 'true and fair override'. The Company is not able to determine the financial effect of non-amortisation of its intellectual property, which has a carrying amount of £275,593,000 at 31 December 2023 and 31 December 2022.

##### *Other*

Other costs relate to other internally generated intangible assets. These assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged to the Income Statement on a straight-line basis over the estimated useful lives of the assets, which are estimated to be between three and five years.

#### Amortisation

Amortisation is provided on intangible assets in the Income Statement in order to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

<b>Asset class</b>	<b>Amortisation rate</b>
Intellectual property	Indefinite life
Software	Straight line over 3 - 5 years
Other	Straight line over 3 - 5 years

Amortisation methods, useful lives and residual values are re-assessed annually.

#### Tangible assets

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

The cost of property, plant and equipment includes directly attributable incremental costs incurred relating to the acquisition and installation.

Repairs and maintenance costs are expensed as incurred.

# IHG Hotels Limited

## Notes to the Financial Statements for the year ended 31 December 2023 (continued)

### 2 Accounting policies (continued)

#### Depreciation

Depreciation is charged on a straight-line basis to the Income Statement in order to write off the cost of assets, over their estimated useful lives, as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Fixtures, fittings and equipment	Straight line over 3-15 years
Right-of-use assets	Straight line over the lives of the related leases

#### Leases

On inception of a contract, the Company 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 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 Company 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.

The lease liability 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 Company 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 Company is reasonably certain to exercise and excludes the effect of early termination options where the Company is reasonably certain that it will not exercise the option. Minimum lease payments include the cost of a purchase option if the Company 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. In addition, 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.

The Company 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.

# IHG Hotels Limited

## Notes to the Financial Statements for the year ended 31 December 2023 (continued)

### 2 Accounting policies (continued)

#### Impairment

Tangible and intangible assets and right-of-use assets are tested for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If carrying values exceed their estimated recoverable amount, the assets 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.

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 Income Statement.

#### Trade debtors

A trade debtor is recorded when the Company has an unconditional right to receive payment. The invoice is typically issued as the related performance obligations are satisfied. Trade debtors typically do not bear interest and are generally on payment terms of up to 30 days.

Trade debtors are initially recognised at fair value and subsequently measured at amortised cost less provision for expected credit losses. The Company has elected to apply the simplified version of the expected credit loss model permitted by IFRS 9 in respect of trade debtors, which involves assessing lifetime expected credit losses on all balances. The Company uses a provision matrix that is based on its historical credit loss experience and number of days past due. Adjustments are made where management's expectations of credit losses change.

Trade debtors are written off once determined to be uncollectable.

Movements in provisions for trade debtors are recognised in the Income Statement within administrative expenses.

#### 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.

#### Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash and cash equivalents comprise short-term deposits 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.

# **IHG Hotels Limited**

## **Notes to the Financial Statements for the year ended 31 December 2023 (continued)**

### **2 Accounting policies (continued)**

#### **Trade creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer).

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

#### **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.

#### **Provisions**

Provisions are recognised when the Company 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.

In respect of litigation and commercial 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.

#### **Defined contribution pension plan**

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and for which it has no legal or constructive obligation to pay further amounts.

Payments to defined contribution pension schemes are charged to the Income Statement as they fall due.

#### **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.

## **IHG Hotels Limited**

### **Notes to the Financial Statements for the year ended 31 December 2023 (continued)**

#### **3 Critical accounting judgements and key sources of estimation uncertainty**

In determining and applying the Company'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, disclosure of contingent assets and liabilities at the date of the financial statements or the reported amounts of revenues and expenses during the reporting period.

Estimates and assumptions are evaluated by management using historical experience and other factors believed to be reasonable based on current circumstances. Actual results could differ under different policies, judgements, estimates and assumptions or due to unforeseen circumstances.

Management consider that critical estimates and assumptions are used in impairment testing, as discussed in further detail below.

#### ***Impairment of investments in subsidiary companies***

The Company assesses whether there are any indications of impairment for investment in subsidiary companies at each reporting date to ensure that the carrying values of the investment in subsidiary companies does not exceed their recoverable amounts. The recoverable amount represents the value of the estimated future cash flows expected to arise from continuing operations. In determining the recoverable amount, judgement is exercised in estimating the future cash flows, terminal growth rate and discount rate as detailed further in note 16.

At 31 December 2023, the Company had investments in subsidiary companies of £106,536,000 (2022: £90,700,000). For the financial year ended 31 December 2023, impairment losses of £12,955,000 (2022: £39,052,000) were recognised against investments in subsidiaries in the income statement.

#### ***Impairment of intangible assets - intellectual property***

Intellectual property with an indefinite useful life is not amortised, but is tested for impairment on an annual basis as detailed in note 13. Other intangible assets are tested for impairment when events or circumstances indicate that their carrying value may not be recoverable.

The impairment testing of individual asset or cash-generating units requires an assessment of the recoverable amount of the asset or cash-generating unit. If the carrying value of the asset or cash-generating unit exceeds its estimated recoverable amount, the asset or cash-generating unit is written down to its 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 discounted to their present value using a pre-tax discount rate that is based on the Company's weighted average cost of capital adjusted to reflect the risks specific to the business model and territory of the cash-generating unit or asset being tested. The outcome of such an assessment is subjective, and the result sensitive to the future cash flows estimated to be generated by the cash-generating units or assets and discount rates applied in calculating the value in use.

At 31 December 2023, the Company had intellectual property of £275,593,000 (2022: £275,593,000). Impairment of intellectual property was not required at either 31 December 2023 or 31 December 2022.

## IHG Hotels Limited

### Notes to the Financial Statements for the year ended 31 December 2023 (continued)

#### 4 Revenue

The analysis of the Company's revenue for the year by class of business is as follows:

	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Franchise and base management fees	131,562	119,267
Provision of management and administrative services	128,127	109,594
Cost reimbursements	1,026	852
Incentive management fees	548	179
	<u>261,263</u>	<u>229,892</u>

The analysis of the Company's revenue for the year by market is as follows:

	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
United Kingdom and Ireland	88,520	82,376
Europe	80,026	62,368
United States	89,133	81,646
Rest of the world	3,584	3,502
	<u>261,263</u>	<u>229,892</u>

The Company has recognised the following assets and liabilities related to contracts with customers:

	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Trade debtors (note 17)	38,210	40,872
Amounts owed by Group undertakings	33,511	39,207
Contract assets (note 17)	83,933	79,305
Contract costs (note 17)	1,056	633
Contract liabilities (note 19)	<u>(1,547)</u>	<u>(1,169)</u>

#### **Contract liabilities**

Revenue of £199,000 (2022: £817,000) has been recognised in the current reporting year that was included in the contract liabilities balance at the beginning of the year.

## IHG Hotels Limited

### Notes to the Financial Statements for the year ended 31 December 2023 (continued)

#### 5 Operating exceptional items

	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Commercial litigation and disputes	-	23,018
Costs of ceasing operations in Russia	-	9,212
Impairment of contract assets	-	3,529
Reversal of impairment of contract assets	-	(547)
	<u>-</u>	<u>35,212</u>

Costs of commercial litigation and disputes were provided for during the year ended 31 December 2022 and included the following uncertainties: timing of resolution, quantum of legal costs, quantum of interest and the likelihood of the Group's appeal against an adverse opinion. In July 2023, the provision was utilised following settlement of the disputed matters.

In 2022, the Company incurred a total cost of £9,212,000 as a part of the group wide 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 were presented as exceptional due to the nature of the war in Ukraine which has driven the Group's response. Impairment charges of £3,529,000 related to key money pertaining to managed and franchised hotels in Russia.

Reversal of impairment of contract assets of £547,000 in 2022 related to an impairment originally recorded in 2020 and arose as a result of the improved financial position of the owner.

#### 6 Operating profit

Operating profit is stated after charging/(crediting)

	<b>Note</b>	<b>2023</b>	<b>2022</b>
		<b>£ 000</b>	<b>£ 000</b>
Amortisation of intangible assets	13	368	394
Depreciation of tangible assets	14	1,556	1,053
Depreciation of right-of-use assets	15	1,511	2,446
Bad debt (written back)/expense		(84)	2,097
Foreign exchange losses/(gains)		740	(2,880)
Operating exceptional items	5	-	35,212
Other operating income		<u>(15)</u>	<u>(10)</u>

## IHG Hotels Limited

### Notes to the Financial Statements for the year ended 31 December 2023 (continued)

#### 7 Auditors' remuneration

The Company incurred auditors' remuneration in respect of audit of the financial statements of £36,000 (2022: £14,000) which has been borne by a fellow Group undertaking in the current and preceding year.

#### 8 Employees

The aggregate payroll costs were as follows:

	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Wages and salaries	45,313	39,098
Social security costs	5,572	5,014
Defined contribution pension costs	4,115	3,661
	<u>55,000</u>	<u>47,773</u>

The average monthly number of persons employed by the Company during the year was as follows:

	<b>2023</b>	<b>2022</b>
	<b>No.</b>	<b>No.</b>
Administration and support	489	452
Managed hotel operations	6	4
	<u>495</u>	<u>456</u>

## IHG Hotels Limited

### Notes to the Financial Statements for the year ended 31 December 2023 (continued)

#### 9 Directors' remuneration

The directors' remuneration for the year was as follows:

	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Directors' emoluments	810	755
Amounts receivable under long-term incentive schemes in respect of qualifying services	252	234
Contributions paid to defined contribution pension scheme	11	5
	<u>1,073</u>	<u>994</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	<b>2023</b>	<b>2022</b>
	<b>No.</b>	<b>No.</b>
Directors in respect of whose qualifying services shares were received or receivable under long-term incentive schemes	2	2
Directors accruing benefits under defined contribution pension scheme	<u>2</u>	<u>2</u>

In respect of the highest paid director:

	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Basic salary, performance payment and benefits	531	482

Directors' remuneration disclosed above for the year ended 31 December 2023 represents payments to 2 directors (2022: 2). The directors are also directors of subsidiary undertakings within the Group and do not believe that it is practicable to apportion amounts between qualifying services as directors of the Company and their qualifying services as directors of other Group undertakings.

Directors' remuneration for 3 directors (2022: 3) are paid by fellow group company Six Continents Limited and no amounts are recharged to the Company (2022: £nil). The amount attributable to the qualifying services provided by the directors to the Company cannot be reliably estimated.

#### 10 Interest receivable and similar income

	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Interest receivable from Group undertakings	8,574	2,037
Other interest receivable	592	761
	<u>9,166</u>	<u>2,798</u>

## IHG Hotels Limited

### Notes to the Financial Statements for the year ended 31 December 2023 (continued)

#### 11 Interest payable and similar charges

	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
On facilities, bank loans and overdrafts	87	43
Interest expense on leases	705	717
	<u>792</u>	<u>760</u>

#### 12 Tax

Tax charged in the income statement

	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Current tax</b>		
UK corporation tax	16,372	5,915
Adjustments in respect of prior periods	(33)	118
Foreign tax	1,437	406
<b>Total current tax</b>	<u>17,776</u>	<u>6,439</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	1,677	1,519
Effects of different tax rates	(58)	(32)
Adjustments in respect of prior periods	(128)	120
Total deferred tax	<u>1,491</u>	<u>1,607</u>
<b>Tax charge for the year</b>	<u>19,267</u>	<u>8,046</u>

## IHG Hotels Limited

### Notes to the Financial Statements for the year ended 31 December 2023 (continued)

#### 12 Tax (continued)

The tax on profit before tax for the year is higher than (2022: higher than) the effective standard rate of corporation tax in the UK of 23.5% (2022: 19%).

The differences are reconciled below:

	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Profit before tax	<u>67,594</u>	<u>231</u>
Corporation tax at effective standard rate	15,885	44
<b>Effects of:</b>		
Expenses not deductible for tax purposes	386	376
Adjustments in respect of prior periods	(161)	238
Increase in current tax from unrecognised temporary difference from a prior period	171	-
Effects of different tax rates	(58)	(32)
Impairment of fixed assets investments	<u>3,044</u>	<u>7,420</u>
<b>Tax charge for the year</b>	<u><u>19,267</u></u>	<u><u>8,046</u></u>

The tax charge comprises a tax charge on profit before exceptional items of £19,267,000 (2022: £13,206,000) and a tax credit on exceptional items of £nil (2022: £5,160,000).

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.

## IHG Hotels Limited

### Notes to the Financial Statements for the year ended 31 December 2023 (continued)

#### 13 Intangible assets

	<b>Intellectual property £ 000</b>	<b>Software £ 000</b>	<b>Other intangible assets £ 000</b>	<b>Total £ 000</b>
<b>Cost</b>				
At 1 January 2023	275,593	1,770	1,710	279,073
Disposals	-	(8)	-	(8)
Transfers	-	405	-	405
At 31 December 2023	<u>275,593</u>	<u>2,167</u>	<u>1,710</u>	<u>279,470</u>
<b>Amortisation and impairment</b>				
At 1 January 2023	-	1,021	1,571	2,592
Amortisation charge	-	270	98	368
At 31 December 2023	<u>-</u>	<u>1,291</u>	<u>1,669</u>	<u>2,960</u>
<b>Net book value</b>				
<b>At 31 December 2023</b>	<u>275,593</u>	<u>876</u>	<u>41</u>	<u>276,510</u>
<b>At 31 December 2022</b>	<u>275,593</u>	<u>749</u>	<u>139</u>	<u>276,481</u>

Intellectual property relates to the rights to use brand licenses including InterContinental, Crowne Plaza, Hotel Indigo, Holiday Inn, Staybridge Suites, Holiday Inn Express and Kimpton licenses in United Kingdom, Europe and Africa.

Intellectual property with a net book value of £275,593,000 (2022: £275,593,000) has an indefinite life, as having considered all relevant factors there is not considered to be a foreseeable limit to the period over which the brand licences are expected to generate net cash flows to the Company. On this basis the asset is not amortised and is reviewed for impairment on an annual basis.

For impairment testing purposes, the recoverable amount of the intellectual property is determined from value in use calculations. These calculations use pre-tax cash flow forecasts derived from the most recent financial budgets and strategic plans approved by management covering a five-year period and using growth rates based on management's past experience and industry growth forecasts. Cash flow projections beyond the next five year period have been extrapolated using a terminal growth rate of 1.48% (2022: 1.68%). These rates do not exceed the average long-term growth rates for the relevant markets. Cash flow projections are discounted using a pre-tax rate of 13.40% (2022: 14.20%). Impairment of intellectual property was not required at either 31 December 2023 or 31 December 2022.

## IHG Hotels Limited

### Notes to the Financial Statements for the year ended 31 December 2023 (continued)

#### 14 Tangible assets

	<b>Fixtures, fittings and equipment £ 000</b>
<b>Cost</b>	
At 1 January 2023	16,450
Additions	1,109
Disposals	(185)
Transfers	(405)
At 31 December 2023	<u>16,969</u>
<b>Depreciation and impairment</b>	
At 1 January 2023	2,381
Charge for the year	1,556
Eliminated on disposal	(185)
At 31 December 2023	<u>3,752</u>
<b>Net book value</b>	
<b>At 31 December 2023</b>	<u><u>13,217</u></u>
<b>At 31 December 2022</b>	<u><u>14,069</u></u>

## IHG Hotels Limited

### Notes to the Financial Statements for the year ended 31 December 2023 (continued)

#### 15 Right-of-use assets

	<b>Total £ 000</b>
<b>Cost</b>	
At 1 January 2023	28,399
Additions	63
Disposals	<u>(7,472)</u>
At 31 December 2023	<u>20,990</u>
<b>Depreciation and impairment</b>	
At 1 January 2023	8,906
Charge for the year	1,511
Eliminated on disposal	<u>(7,472)</u>
At 31 December 2023	<u>2,945</u>
<b>Net book value</b>	
<b>At 31 December 2023</b>	<u><u>18,045</u></u>
<b>At 31 December 2022</b>	<u><u>19,493</u></u>

## IHG Hotels Limited

### Notes to the Financial Statements for the year ended 31 December 2023 (continued)

#### 16 Investments

	<b>Investments in subsidiary companies £ 000</b>
<b>Cost</b>	
At 1 January 2022	404,222
Additions	921
At 31 December 2022	405,143
Additions	28,791
At 31 December 2023	433,934
<b>Impairment</b>	
At 1 January 2022	275,391
Provision	39,052
At 31 December 2022	314,443
Provision	12,955
At 31 December 2023	327,398
<b>Net book value</b>	
<b>At 31 December 2023</b>	<u>106,536</u>
<b>At 31 December 2022</b>	<u>90,700</u>
At 1 January 2022	<u>128,831</u>

In March 2023, the Company acquired a further 10,000 newly issued shares in Sustainable Luxury Mauritius Limited, a company incorporated in Mauritius, for consideration of £15,836,000. The investment was impaired in 2022, by £26,108,000. For impairment testing purposes, the recoverable amount of the investment has been determined based on a value in use calculation. The calculation used post-tax cash flow forecasts derived from the most recent financial budgets and strategic plans approved by management covering a five-year period (2022: five-year period), incorporating revenue per available room ("RevPAR") growth rates based on management's experience and industry growth forecasts. Cash flows have been discounted using a post-tax discount rate of 11.0% (2022: 11.4%). Cash flows have been extrapolated using a terminal growth rate of 2.8% (2022: 3.1%); this does not exceed the average long-term growth rate for the relevant market. Impairment of this investment was not required at 31 December 2023 (2022: £26,108,000). Neither a 1% increase in the discount rate or a 1% decrease in the long term growth rate would have resulted in impairment at 31 December 2023.

## IHG Hotels Limited

### Notes to the Financial Statements for the year ended 31 December 2023 (continued)

#### 16 Investments (continued)

In November 2023, the Company recapitalised its investment in InterContinental Hotels Managementgesellschaft mbH, a company incorporated in Germany, by £12,955,000 and the investment was impaired by £12,955,000.

Total income from fixed asset investments in 2023 amounted to £nil (2022: £nil).

A full list of related undertakings is disclosed in note 31.

#### 17 Debtors

	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Due after more than one year</b>		
Other debtors	1,870	2,412
Contract assets	77,514	73,629
Contract costs	1,024	610
	<u>80,408</u>	<u>76,651</u>
<b>Due within one year</b>		
Trade debtors	38,210	40,872
Amounts owed by Group undertakings	246,165	216,460
Other debtors	996	2,772
Other prepayments	3,010	2,571
Contract assets	6,419	5,676
Contract costs	32	23
	<u>294,832</u>	<u>268,374</u>

Trade debtors are stated after provisions for impairment of £3,562,000 (2022: £3,694,000).

Other debtors are stated after provisions for impairment of £nil (2022: £nil).

## IHG Hotels Limited

### Notes to the Financial Statements for the year ended 31 December 2023 (continued)

#### 17 Debtors (continued)

	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Changes in contract assets balance</b>		
Balance at 1 January	79,305	77,554
Key money paid	11,426	11,549
Recognised as a deduction to revenue	(6,354)	(5,579)
Disposals	(444)	(1,237)
Impairment charge	-	(3,529)
Reversal of impairment charge	-	547
Balance at 31 December	<u>83,933</u>	<u>79,305</u>

	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Changes in contract costs balance</b>		
Balance at 1 January	633	225
Costs incurred	467	417
Costs amortised	(44)	(9)
Balance at 31 December	<u>1,056</u>	<u>633</u>

#### 18 Cash and cash equivalents

	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Cash and cash equivalents	<u>1,754</u>	<u>6,144</u>

## IHG Hotels Limited

### Notes to the Financial Statements for the year ended 31 December 2023 (continued)

#### 19 Creditors: amounts falling due within one year

	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Trade creditors	6,214	7,275
Amounts owed to Group undertakings	42,443	42,803
Current tax	16,069	4,119
Other tax and social security	3,417	1,178
Lease liabilities (note 23)	1,364	829
Other creditors	3,576	6,756
Accrued expenses	15,303	14,508
Contract liabilities	925	614
	<u>89,311</u>	<u>78,082</u>

	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Changes in contract liabilities balance</b>		
Balance at 1 January	1,169	1,462
Amounts invoiced	2,486	1,797
Recognised as revenue	<u>(2,108)</u>	<u>(2,090)</u>
Balance at 31 December	<u>1,547</u>	<u>1,169</u>

#### 20 Creditors: amounts falling due after more than one year

	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Lease liabilities (note 23)	22,626	23,618
Contract liabilities (note 19)	<u>622</u>	<u>555</u>
	<u>23,248</u>	<u>24,173</u>

## IHG Hotels Limited

### Notes to the Financial Statements for the year ended 31 December 2023 (continued)

#### 21 Provisions for liabilities

	<b>Commercial litigation and disputes £ 000</b>	<b>Deferred tax £ 000</b>	<b>Dilapidations £ 000</b>	<b>Total £ 000</b>
At 1 January 2023	23,018	15,505	4,070	42,593
(Credited)/charged to Income Statement	(1,298)	1,491	104	297
Credited to Statement of changes in equity	-	(320)	-	(320)
Utilised	<u>(21,720)</u>	<u>-</u>	<u>-</u>	<u>(21,720)</u>
At 31 December 2023	<u>-</u>	<u>16,676</u>	<u>4,174</u>	<u>20,850</u>

#### Commercial litigation and disputes

A provision of £23,018,000 was recognised in 2022. In July 2023, the provision was utilised following settlement of the disputed matters for £21,720,000, with amount unutilised released to the Income Statement.

#### Dilapidations

A provision of £3,208,000 which was charged to operating profit in December 2020 is expected to be utilised during 2024.

A provision of £966,000 is expected to be utilised in over five years.

#### Deferred tax

The movements in the deferred tax balance are summarised in note 22.

## IHG Hotels Limited

### Notes to the Financial Statements for the year ended 31 December 2023 (continued)

#### 22 Deferred tax

Deferred tax movement during the year:

	<b>At 1 January 2023 £ 000</b>	<b>Recognised in income £ 000</b>	<b>Recognised in equity £ 000</b>	<b>At 31 December 2023 £ 000</b>
Intangible assets	23,456	1,921	-	25,377
Fixed assets	(6,773)	(10)	-	(6,783)
Share-based payment	(1,104)	(453)	(320)	(1,877)
Other items	(74)	33	-	(41)
Deferred tax liabilities	<u>15,505</u>	<u>1,491</u>	<u>(320)</u>	<u>16,676</u>

Deferred tax movement during the prior year:

	<b>At 1 January 2022 £ 000</b>	<b>Recognised in income £ 000</b>	<b>Recognised in equity £ 000</b>	<b>At 31 December 2022 £ 000</b>
Intangible assets	21,732	1,724	-	23,456
Fixed assets	(6,511)	(262)	-	(6,773)
Share-based payment	(861)	(176)	(67)	(1,104)
Leases	(80)	80	-	-
Other items	(315)	241	-	(74)
Deferred tax liabilities	<u>13,965</u>	<u>1,607</u>	<u>(67)</u>	<u>15,505</u>

The deferred tax liability principally relates to intangible fixed assets which are deemed to have an indefinite life for accounting purposes. For the purposes of corporation tax the Company is entitled to tax amortisation on a proportion of these assets.

A deferred tax asset arising in respect of gross capital losses of £1,039,000 (2022: £1,039,000) has not been recognised as use of the loss is uncertain or not currently anticipated. The unrecognised deferred tax asset would be recognised if the Company realised gains against which these capital losses could be offset.

## IHG Hotels Limited

### Notes to the Financial Statements for the year ended 31 December 2023 (continued)

#### 23 Leases

##### Leases included in creditors

	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Falling due within one year	1,364	829
Falling due after more than one year	22,626	23,618
	<u>23,990</u>	<u>24,447</u>

The following amounts have been recognised in profit or loss:

	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Depreciation of right-of-use assets	1,511	2,446
Low value lease expense	-	3
Interest expense on leases	705	717
Short-term lease expense	-	9
	<u>2,216</u>	<u>3,175</u>

In 2021, the Group signed an agreement to lease a new global head office in the UK for a period of 15 years at an average annual rental of approximately £2,000,000. The lease was signed and commenced in January 2022.

#### 24 Share-based payments

The Company rewards certain of its employees by awarding InterContinental Hotels Group PLC ("IHG") shares as part of their remuneration. The Company recognised a cost of £1,902,000 (2022: £1,081,000) in operating profit related to these equity-settled share-based payment transactions during the year.

In 2023, the new Deferred Award Plan rules ('DAP') replaced the IHG Annual Performance Plan ('APP') and Long Term Incentive Plan ('LTIP') as a simplified, combined set of plan rules which govern the Company's discretionary incentive plans. Awards granted under the DAP can consist of Deferred Annual Incentive ('DAI'), Long-Term Incentive ('LTI'), Restricted Stock Unit ('RSU') and other ad hoc awards.

The DAP rules were approved at the Group's AGM on 5 May 2023, with all LTI and RSU awards granted after this date and DAI awards granted in respect of 2024 and future APP years being subject to the rules of the DAP. All previously granted awards will still be subject to the LTIP and APP rules respectively. In the transition to the DAP, there have been no changes to accounting for the awards.

Under the IHG DAI plan, eligible employees may 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 annual performance-related bonus plans are released on the third anniversary of the award date. Awards are conditional on the participants remaining in the employment of a participating company or leaving for a qualifying reason. The grant of deferred shares is at the discretion of the Remuneration Committee.

## IHG Hotels Limited

### Notes to the Financial Statements for the year ended 31 December 2023 (continued)

#### 24 Share-based payments (continued)

Under the LTI and RSU plan eligible employees may receive conditional share awards, which normally have a vesting period of three years, subject to continued employment. LTIs granted to eligible employees contain performance-based vesting conditions set by the Remuneration Committee, which are normally measured over the vesting period. Awards are normally made annually and, except in exceptional circumstances, will not exceed 3.5 or 5 times salary for eligible employees under the LTIP or DAP rules respectively.

The Colleague Share Plan gives eligible 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 weighted average share price at the date of exercise of share awards vested during the year was £54.59 (2022: £49.43). The closing share price on 31 December 2023 was £70.90 and the range during the year was £48.32 to £71.18.

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

The share awards outstanding at the year end have a weighted average contractual life of 1.4 years (2022: 0.8 years) for the APP scheme, 1.3 years (2022: 1.1 years) for performance-related awards and 1.3 years (2022: 1.2 years) for restricted stock units.

#### 25 Share capital

##### Allotted, called up and fully paid shares

	2023		2022	
	No.	£ 000	No.	£ 000
Ordinary shares of £1 each	<u>50,797,204</u>	<u>50,797</u>	<u>50,797,204</u>	<u>50,797</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.

## **IHG Hotels Limited**

### **Notes to the Financial Statements for the year ended 31 December 2023 (continued)**

#### **26 Reserves**

##### **Share premium account**

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

#### **27 Other financial commitments**

The Company has entered into a composite guarantee with Citibank NA to guarantee amounts due on overdrafts of other companies in the Group to the extent of any credit balance of the Company held by Citibank NA. At 31 December 2023, the maximum liability under the guarantee amounted to £24,128,000 (2022: £36,810,000).

#### **28 Capital commitments**

The total amount contracted for but not provided in the financial statements was £nil (2022: £443,000).

#### **29 Non adjusting events after the financial period**

On 24 May 2024, the Company agreed to further recapitalise its investment in InterContinental Hotels Managementgesellschaft mbH, a company incorporated in Germany, for €15,000,000.

On 15 April 2024 the Company and NOVUM Hospitality signed a long-term agreement that will double IHG's presence in Germany to more than 200 hotels in almost 100 cities through a Holiday Inn – the niu brand collaboration and European debuts for IHG's Garner and Candlewood Suites brands.

As part of this agreement, up to 108 NOVUM Hospitality open hotels (15,334 rooms) and 11 hotels under development (2,369 rooms) are expected to join IHG's system between 2024 and 2028. Conversion of the hotels to IHG's system will happen in phases beginning in 2024, with the majority to take place over the next 24 months.

Under the agreement, the Company and various affiliates will receive franchise fees after the phased conversion of existing properties and upon the opening of the hotels under development. The Company together with its affiliates will contribute key money capital expenditure that will reflect the phased conversion and timing of openings of this major portfolio of hotels.

The agreement has a term of 30 years and the option to renew for an additional term. This agreement is expected to have an immaterial impact to the income statement of the Company in 2024.

## **IHG Hotels Limited**

### **Notes to the Financial Statements for the year ended 31 December 2023 (continued)**

#### **30 Parent and ultimate parent undertaking**

As at 31 December 2023, 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 United Kingdom. Consolidated financial statements of InterContinental Hotels Group PLC are available from the following address:

Companies House, Crown Way, Cardiff, CF14 3UZ

The immediate parent undertaking is Six Continents Holdings Limited, a company registered in England and Wales. The registered office of the immediate parent undertaking is 1 Windsor Dials, Arthur Road, Windsor, Berkshire, SL4 1RS.

## IHG Hotels Limited

### Notes to the Financial Statements for the year ended 31 December 2023 (continued)

#### 31 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 2023 are disclosed below. Unless otherwise stated the share capital disclosed comprises ordinary shares which are indirectly held by IHG Hotels Limited.

#### Name of Entity

BHR Holdings B.V. (70%) (a) (b)  
Holiday Inns Holdings (Australia) Pty Limited (a) (c)  
IC Hotelbetriebsführungs GmbH (70%) (d)  
IC Hotels Management (Portugal) Unipessoal, Lda (a) (e)  
IHC London (Holdings) (70%) (f)  
IHG Amsterdam Management BV (70%) (b)  
IHG ANA Hotels Group Japan LLC (75%) (g)  
IHG ANA Hotels Holdings Co., Limited (66%) (g)  
IHG Hotels Management (Australia) Pty Limited (c)  
IHG Hotels Nigeria Limited (a) (h)  
IHG Hotels South Africa (Pty) Limited (a) (i)  
IHG Istanbul Otel Yönetim Limited Sirketi (a) (j)  
IHG Japan (Management), LLC (a) (g)  
IHG Japan (Osaka), LLC (g)  
IHG Management (Netherlands) B.V. (70%) (b)  
IHG Management d.o.o. Beograd (70%) (k)  
IHG Management SL d.o.o. (a) (l)  
IHG Systems Pty Ltd. (c)  
IHG Szalloda Budapest Szolgaltato Kft. (a) (m)  
InterContinental Gestion Hotelera SLU (70%) (n)  
InterContinental Hotel Berlin GmbH (o)  
InterContinental Hotels Group (Australia) Pty Limited (c)  
InterContinental Hotels Group Services Company (a) (f)  
InterContinental Hotels Italia, S.r.L. (a) (q)  
InterContinental Hotels Managementgesellschaft mbH (a) (r)  
InterContinental Hotels Management Montenegro d.o.o. (a) (s)  
InterContinental Management AM, LLC (a) (t)  
InterContinental Management Bulgaria EOOD (a) (u)  
InterContinental Management Poland sp. Z.o.o (a) (v)  
Kimpton Hotel Frankfurt GmbH (r)  
Luxury Resorts and Spas (France) SAS (w)  
Raison d'Etire Spas, Sweden AB (a) (p)  
Regent Berlin GmbH (x)  
SLC Sustainable Luxury Cyprus Limited (y)  
Sustainable Luxury Gravity Global Private Limited (51%) (z)  
Sustainable Luxury Holding (Thailand) Limited (49%) (aa)  
Sustainable Luxury Hospitality (Thailand) Limited (74%) (aa)

## IHG Hotels Limited

### Notes to the Financial Statements for the year ended 31 December 2023 (continued)

#### 31 Related undertakings (continued)

##### Name of Entity (continued)

Sustainable Luxury Maldives Private Limited (99%) (ab)  
Sustainable Luxury Management (Thailand) Limited (74%) (aa)  
Sustainable Luxury Mauritius Limited (a) (ac)  
Sustainable Luxury Operations (Thailand) Limited (aa)  
Sustainable Luxury Singapore Private Limited (ad)  
Sustainable Luxury UK Limited (f)

(a) Directly owned by IHG Hotels Limited

##### Registered addresses

(b) Kingsfordweg 151, 1043 GR Amsterdam, The Netherlands  
(c) Level 11, 20 Bond Street, Sydney, NSW 2000, Australia  
(d) QBC 4 - Am Belvedere 4, 1100, Vienna, Austria  
(e) Avenida da Republica, no 52-9, 1069-211, Lisbon, Portugal  
(f) 1 Windsor Dials, Arthur Road, Windsor, Berkshire, SL4 1RS, UK  
(g) 20th Floor, Toranomon Kotoshira Tower, 2-8, Toranomon 1-chom, Minato-ku, 105-0001, Tokyo, Japan  
(h) 1, Murtala Muhammed Drive, Ikoyi, Lagos, Nigeria  
(i) Central Office Park Unit 4, 257 Jean Avenue, Centurion O157, South Africa  
(j) Maslak Mah. Eski Büyükdere Cad. Orjin Maslak IŞ, Merkezi Sitesi No: 27 IC Kapil No: 4 Sariyer/Istanbul, Turkey  
(k) Krunska 73, 3rd floor, office no.3, Vračar, 11000 Belgrade, Serbia  
(l) Cesta v Mestni log 1, 1000 Ljubljana, Slovenia  
(m) 1052 Budapest, Apáczai Csere János u. 12-14A, Hungary  
(n) Paseo de Recoletos 37-41, 28004 Madrid, Spain  
(o) Budapester Str.2, 10787 Berlin, Germany  
(p) Grevgatan 13, 11453 Stockholm, Sweden  
(q) Viale Monte Nero n.84, 20135 Milano, Italy  
(r) Thurn-und-Taxis-Platz 6 - 60313 Frankfurt am Main, Germany  
(s) Bulevar Svetog Petra Cetinjskog 149-81000 Podgorica, Montenegro  
(t) 23/6 D, Anghat Str., Yerevan, 0069, Armenia  
(u) 37A Professor Fridtjof Nansen Street, 5th Floor, District Sredets, Sofia, 1142, Bulgaria  
(v) Generation Park Z - ul. Towarowa 28, 00-839 Warsaw, Poland  
(w) 95 Blvd. Berthier, 75017 Paris, France  
(x) Charlottenstrasse 49, 10117 Berlin, Germany  
(y) ATS Services Limited, Capital Center, 9th Floor, 2-4 Arch, Makarios III Ave., 1065 Nicosia, Cyprus  
(z) B-11515 Bhikaj Cama Place, New Delhi, South Delhi, 110066 India  
(aa) 57, 9th Floor, Park Ventures Ecoplex, Unit 902-904, Wireless Road, Limpini, Pathum Wan Bangkok 103330, Thailand  
(ab) Premier Chambers, M. Lux Lodge, 1st Floor, Orchid Magu, Male, Republic of Maldives  
(ac) Venture Corporate Services (Mauritius) Ltd, Level 3, Tower 1, Nexteracom Towers, Cybercity, Ebene, Mauritius  
(ad) 230 Victoria Street, #13-00 Bugis Junction Towers, 188024, Singapore