

IHC MAY FAIR HOTEL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

MONDAY



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IHC MAY FAIR HOTEL LIMITED

COMPANY INFORMATION

DIRECTORS

M Cockcroft
M Glover
N Henfrey

COMPANY SECRETARY

F Littlebury-Cuttell

REGISTERED NUMBER

2323039

REGISTERED OFFICE

Broadwater Park
Denham
Buckinghamshire
UB9 5HR

AUDITOR

Ernst & Young LLP
One Colmore Square
Birmingham
B4 6HQ

IHC MAY FAIR HOTEL LIMITED

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IHC MAY FAIR HOTEL LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

The directors present their report and the financial statements for the year ended 31 December 2017.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

IHC May Fair Hotel Limited's (the "Company") principal activity is that of a financing company. Following the announcement on 3 May 2018 to enter into a conditional agreement to rebrand and operate a number of hotels in the UK, the Company will also become an investment holding company of a number of new legal entities going forward. It is the intention of the directors that the Company will operate in this capacity.

The directors view the results as satisfactory as are future prospects of the Company.

Primarily the Company's transactions are with fellow InterContinental Hotels group (consisting of InterContinental Hotels Group PLC and its subsidiaries) (the "Group") undertakings and as such there are not considered to be any significant risks and uncertainties impacting the Company. Any uncertainties impacting the Company would arise from internal decisions taken within the Group.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £55,000 (2016: £101,000).

The directors do not propose a dividend for the year ended 31 December 2017 (2016: £nil).

DIRECTORS

The directors who served during the year and since the year end were:

M Cockcroft
M Glover
N Henfrey
R Wheeler (resigned 27 February 2017)

EVENTS SINCE END OF THE YEAR

On 3 May 2018, the Group entered into a conditional agreement with Foncière des Régions to rebrand and operate 12 high quality open hotels and one pipeline hotel in the UK. The Group will operate the hotels under long-term 'managed leases' as part of its luxury and upscale portfolio. This transaction will result in the Company acquiring a number of new legal entities that will be party to the lease agreements and is expected to close during the second or third quarter of 2018.

IHC MAY FAIR HOTEL LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

GOING CONCERN

The Company operates its activities in conjunction with other companies within the Group and therefore relies on the Group for its continued existence.

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 2017. Information on the Group's treasury management policies, including information on covenants and debt facilities; processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to liquidity risk and credit risk is also given in the Annual Report and Form 20-F 2017. In March 2017, the Group extended the maturity of its \$1.275bn facility to March 2022.

At the end of 2017, the Group was trading significantly within its banking covenants and debt facilities.

The Group's fee-based model and wide geographic spread mean that it is well placed to manage through uncertain times, and our forecasts and sensitivity projections, based on a range of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities.

After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and, accordingly, they continue to adopt the going concern basis in preparing the financial statements.

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

A qualifying third party indemnity provision has been granted in favour of existing and former directors of the Company by InterContinental Hotels Limited, in accordance with Section 232 of the Companies Act 2006. A copy of this indemnity provision is available for inspection by the members of the Company at the Company's registered office at Broadwater Park, Denham, Buckinghamshire, UB9 5HR.

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

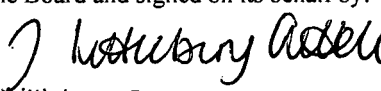
AUDITOR

The auditor, Ernst & Young LLP, will be proposed for reappointment in accordance with Section 485 of the Companies Act 2006.

This report has been prepared in accordance with the small companies exemption.

This report was approved by the Board and signed on its behalf by:

Secretary/Director
Date:


Fiona Littlebury-Cuttell
11 JUN 2018

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 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. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IHG MAY FAIR HOTEL LIMITED

OPINION

We have audited the financial statements of IHC May Fair Hotel Limited (the 'Company') for the year ended 31 December 2017 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 12, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IHC MAY FAIR HOTEL LIMITED (CONTINUED)

OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IHC MAY FAIR HOTEL LIMITED (CONTINUED)

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

AUDITOR'S 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 auditor's 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

USE OF OUR REPORT

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Lorna McNeil (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Birmingham

Date:

11 June 2018

IHC MAY FAIR HOTEL LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017**

	<i>Note</i>	<i>2017 £000</i>	<i>2016 £000</i>
Interest receivable	5	68	126
Profit before taxation		<u>68</u>	<u>126</u>
Taxation	6	(13)	(25)
Profit for the year		<u><u>55</u></u>	<u><u>101</u></u>

The notes on pages 10 to 14 form part of these financial statements.

There were no recognised gains and losses for the current or prior year other than those included in the Income Statement.

All amounts relate to continuing operations.

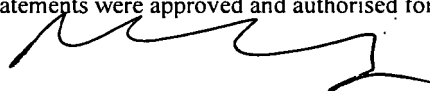
IHC MAY FAIR HOTEL LIMITED
REGISTERED NUMBER:2323039

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	<i>Note</i>	<i>2017</i> <i>£000</i>	<i>2016</i> <i>£000</i>
Current assets			
Debtors	7	42,486	42,476
Creditors: Amounts falling due within one year	8	(13)	(58)
Net assets		<u>42,473</u>	<u>42,418</u>
Capital and reserves			
Called up share capital	9	1	1
Share premium account	10	41,988	41,988
Profit and loss account		484	429
Total equity		<u>42,473</u>	<u>42,418</u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf by:

Director
Date:



Nicoletto Henfrey

11 JUN 2018

The notes on pages 10 to 14 form part of these financial statements.

IHC MAY FAIR HOTEL LIMITED

**STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2017**

	<i>Called up share capital</i> £000	<i>Share premium account</i> £000	<i>Profit and loss account</i> £000	<i>Total equity</i> £000
At 1 January 2016	1	41,988	328	42,317
Profit for the year	-	-	101	101
At 1 January 2017	1	41,988	429	42,418
Profit for the year	-	-	55	55
At 31 December 2017	1	41,988	484	42,473

The notes on pages 10 to 14 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

1. ACCOUNTING POLICIES

1.1 STATEMENT OF COMPLIANCE WITH FRS 101

The Company is incorporated and domiciled in England and Wales.

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

These financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101').

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 are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are publicly available and may be obtained from the address given in note 12.

1.2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with FRS 101, as applied in accordance with the provisions of the Companies Act 2006. FRS 101 sets out a reduced disclosure framework for a "qualifying entity" as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU.

The following disclosures have not been provided as permitted by FRS 101:

- a Cash Flow Statement and related notes as required by IAS 7 'Statement of Cash Flows';
- a comparative period reconciliation for share capital as required by IAS 1 'Presentation of Financial Statements';
- disclosures in respect of transactions with wholly owned subsidiaries as required by IAS 24 'Related Party Disclosures';
- disclosures in respect of capital management as required by paragraphs 134 to 136 of IAS 1 'Presentation of Financial Statements';
- the effects of new but not yet effective IFRSs as required by paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'; and
- disclosures in respect of the compensation of Key Management Personnel as required by paragraph 17 of IAS 24 'Related Party Disclosures'.

As the consolidated financial statements of InterContinental Hotels Group PLC include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- the requirements of paragraphs 91 to 99 of IFRS 13 'Fair Value Measurement' and the disclosures required by IFRS 7 'Financial Instrument: Disclosures'.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

1. ACCOUNTING POLICIES (CONTINUED)

1.3 GOING CONCERN

The financial statements have been prepared on the going concern basis as the ultimate parent company, InterContinental Hotels Group PLC, and its subsidiaries intend to make funds available to the Company to enable it to meet its debts as they fall due.

1.4 NON DERIVATIVE FINANCIAL INSTRUMENTS

Non derivative financial instruments comprise amounts due from and amounts due to Group undertakings.

Amounts due from and amounts due to Group undertakings

Amounts due from and amounts due to Group undertakings are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. The carrying value is assessed at each reporting date to determine whether there is objective evidence that it is impaired. An impairment loss is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

1.5 INCOME

Interest receivable is recognised in the Income Statement as it accrues, using the effective interest rate method.

1.6 TAXATION

Tax on the profit or loss for the year comprises current 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, including interest. The tax rates and tax laws used to compute the amount are those 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.

IHC MAY FAIR HOTEL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. AUDITOR'S REMUNERATION

The Company incurred auditor's remuneration of £3,000 (2016: £3,000) which has been borne by a fellow Group undertaking in the current and preceding year.

3. DIRECTORS' REMUNERATION

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

4. STAFF COSTS

The Company has no employees (2016: no employees).

5. INTEREST RECEIVABLE

	2017 £000	2016 £000
Interest receivable from Group undertakings	68	126

6. TAXATION

	2017 £000	2016 £000
Corporation tax		
Current tax on profit for the year	13	25

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

There were no factors that affected the tax charge for the year which has been calculated on the profit before tax at the effective standard rate of corporation tax in the UK of 19.25% (2016: 20%).

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

A reduction to the rate of corporation tax to 17% (effective 1 April 2020) has now been enacted.

There is no provided or unprovided deferred tax.

IHC MAY FAIR HOTEL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

7. DEBTORS

	2017 £000	2016 £000
Due within one year		
Amounts owed by Group undertakings	42,486	42,476

8. CREDITORS: Amounts falling due within one year

	2017 £000	2016 £000
Amounts owed to Group undertakings	-	33
Corporation tax	13	25
	13	58

9. SHARE CAPITAL

	2017 £	2016 £
Allotted, called up and fully paid		
1,093 ordinary shares of £1 each	1,093	1,093

The Company no longer has an authorised share capital.

10. RESERVES**Share premium**

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

11. POST BALANCE SHEET EVENTS

On 3 May 2018, the Group entered into a conditional agreement with Foncière des Régions to rebrand and operate 12 high quality open hotels and one pipeline hotel in the UK. The Group will operate the hotels under long-term 'managed leases' as part of its luxury and upscale portfolio. This transaction will result in the Company acquiring a number of new legal entities that will be party to the lease agreements and is expected to close during the second or third quarter of 2018.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

12. CONTROLLING PARTY

As at 31 December 2017, 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 office of the ultimate parent undertaking is Broadwater Park, Denham, Buckinghamshire, UB9 5HR.

The largest and smallest group in which the results of the Company are consolidated is that headed by InterContinental Hotels Group PLC. 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 Limited, a company registered in England and Wales. The registered office of the immediate parent undertaking is Broadwater Park, Denham, Buckinghamshire, UB9 5HR.