

Registered number: 2661055

SIX CONTINENTS OVERSEAS HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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SIX CONTINENTS OVERSEAS HOLDINGS LIMITED

COMPANY INFORMATION

DIRECTORS

M Cockcroft
N Henfrey
M Renshaw
H Wood

COMPANY SECRETARY

F Littlebury-Cuttell

REGISTERED NUMBER

2661055

REGISTERED OFFICE

Broadwater Park
Denham
Buckinghamshire
UB9 5HR

AUDITOR

Ernst & Young LLP
2 St. Peter's Square
Manchester
M2 3EY

SIX CONTINENTS OVERSEAS HOLDINGS LIMITED

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SIX CONTINENTS OVERSEAS HOLDINGS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

PRINCIPAL ACTIVITIES AND STAKEHOLDER ENGAGEMENT

Six Continents Overseas Holdings Limited's (the "Company") principal activity is that of an investment holding company. It is the intention of the directors that the Company will continue operating in this capacity.

The Company's principal activities, as set out above, determines its key stakeholder as the Group. Whilst the company considers the interests and impact of its activities and strategy on its key stakeholder when making relevant decisions, it does not formulate its own policies and principles, rather as part of the Group, the Company is guided by the Group's policies and engagement practices.

BUSINESS REVIEW

During the year, the Company made a pre-tax profit of £21,065,000 (2018: £24,644,000) and a profit after tax of £17,231,000 (2018: £17,851,000).

The directors view the results as satisfactory for the current year. The impact of the COVID-19 pandemic is discussed on page 4.

PRINCIPAL RISKS AND UNCERTAINTIES

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.

The Group's treasury function seeks to reduce the financial risk of the Group and manages liquidity to meet all foreseeable cash needs. The primary financial risks that are managed by treasury are market risk, liquidity risk, credit risk and capital risk management. Full disclosure of the Group's treasury management policies and the risk profile of the Group are set out in the consolidated financial statements of InterContinental Hotels Group PLC which are prepared under International Financial Reporting Standards.

SIX CONTINENTS OVERSEAS HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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 material respects to the factors set out above.

The Company delegates authority for day-to-day management to senior leaders, who set, approve and oversee the execution of the Company activities. Board meetings are held from time to time where the directors consider Company business, which was routine during this financial year, including renewals of powers of attorney to file tax returns. 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 InterContinental Hotels Group PLC 2019 Annual Report and Form 20-F.

However, 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 2019 no significant decisions were made by the Company.

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



Melinda Renshaw
Director
Date: 12 August 2020

SIX CONTINENTS OVERSEAS HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £17,231,000 (2018: £17,851,000).

The directors do not propose a dividend for the year ended 31 December 2019 (2018: £nil).

DIRECTORS

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

M Cockcroft
M Glover (resigned 31 July 2019)
N Henfrey
M Renshaw (appointed 24 February 2020)
G Turner (resigned 1 October 2019)
H Wood (appointed 31 July 2019)

FUTURE DEVELOPMENTS

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

The directors view the results as satisfactory for the current year. The impact of the COVID-19 pandemic is discussed below.

POST BALANCE SHEET EVENTS

The impact of the COVID-19 pandemic is discussed on page 4.

The Company has concluded that the COVID-19 crisis is a non-adjusting post balance sheet event as at 31 December 2019 on the basis that the World Health Organisation was first informed of cases of a new virus in Wuhan on 31 December and as such had not declared a global health emergency at that date. Consequently, no adjustments have been made to the Company's reported results or financial position as a result of COVID-19.

The future financial impact cannot presently be estimated as it is highly dependent on the severity and duration of the pandemic, but it could be material to the Company's results and could result in the revision of certain estimates, in particular the recoverable value of investments.

ENGAGEMENT WITH EMPLOYEES

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

SIX CONTINENTS OVERSEAS HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

GOING CONCERN

As of 31 December 2019, the Company had net current assets of £2,135,267,000 (2018: £2,118,036,000).

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 a period of at least 12 months from the date of approval of these financial statements.

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 2019. 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 2019.

On 11 March 2020, the World Health Organisation raised the public health emergency situation caused by the outbreak of the coronavirus (COVID-19) to an international pandemic. The rapid evolution of events, nationally and internationally, represents an unprecedented health crisis, which will impact the macroeconomic environment and the evolution of business. The Group's fee-based model and wide geographic spread mean that it is well placed to manage through uncertain times. However, during the COVID-19 crisis many of the Group's hotels have temporarily closed, while others are experiencing historically low levels of occupancy and room rates.

On 27 April 2020, InterContinental Hotels Group PLC announced a financing update which included a waiver of existing covenants on its syndicated revolving credit facility until 31 December 2021 and the issuance of £600m commercial paper under the UK's Covid Corporate Finance Facility "CCFF" (maturing in March 2021), providing total available liquidity for the Group of approximately \$2bn. The covenant waiver agreement was subsequently extended to the bilateral facility and introduces a minimum liquidity covenant of \$400m tested at half year and full year until 30 June 2021.

On 7 May 2020, the Group announced a further financing update which included the extension of the maturity of the Group's \$1.275bn syndicated revolving credit facility for 18 months to September 2023. The Group's \$75m bilateral facility was also subsequently extended for 18 months to September 2023.

The Group's condensed interim financial statements issued on 11 August 2020 were prepared on a going concern basis and contain a summary of the scenarios considered by the Board of InterContinental Hotels Group PLC to support the Group's ability to continue operating within the \$400m liquidity covenant.

These include a scenario consistent with a five year RevPAR recovery period, plausible risks to this scenario, and reverse stress testing under a theoretical 'zero occupancy' downside scenario. The 'zero occupancy' scenario assumes that the CCFF is either rolled over or refinanced, and that additional cost savings to operating and capital expenditure would be made in the event of a prolonged downturn. Without refinancing or rolling over the CCFF, but still assuming additional cost savings, revenue comparable with that earned during the second quarter of 2020 would be required to operate within the minimum liquidity covenant.

The directors have given consideration to the above and have made enquiries to satisfy themselves that InterContinental Hotels Group PLC is capable of providing support to the Company for at least 12 months. Accordingly, these financial statements have been prepared on a going concern basis.

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.

SIX CONTINENTS OVERSEAS HOLDINGS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

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.

In accordance with regulations mandating a Group audit tender for the 2021 financial year, the Group conducted an audit tender in 2019. In August 2019, the Group announced the Board's intention to propose to shareholders at the 2021 Annual General Meeting that PricewaterhouseCoopers LLP be appointed as the Group's statutory auditor for the financial year ending 31 December 2021.

Ernst & Young LLP will remain the Group's and Company's auditor for the financial year ending 31 December 2020.

In accordance with the Companies Act 2006 Section 414C(11), the disclosure of principal risks and uncertainties has been included in the Strategic Report.

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



Melinda Renshaw
Director
Date: 12 August 2020

SIX CONTINENTS OVERSEAS HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors are responsible for preparing the Strategic Report, 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 of 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 judgements 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 SIX CONTINENTS OVERSEAS HOLDINGS LIMITED

OPINION

We have audited the financial statements of Six Continents Overseas Holdings Limited (the 'Company') for the year ended 31 December 2019 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 15, 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 2019 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 SIX CONTINENTS OVERSEAS HOLDINGS LIMITED (CONTINUED)

EMPHASIS OF MATTER - DISCLOSURES IN RELATION TO THE EFFECTS OF COVID-19

We draw attention to note 1.3 and note 13 of the financial statements, which describe the economic consequences the Company is facing as a result of COVID-19 which is impacting consumer demand across the wider InterContinental Hotels group. Our opinion is not modified in respect of this matter.

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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have 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 Strategic Report or 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.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SIX CONTINENTS OVERSEAS HOLDINGS LIMITED (CONTINUED)

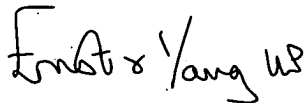
AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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.



Julian Yates (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor

Manchester

Date: 13/8/20

SIX CONTINENTS OVERSEAS HOLDINGS LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

	<i>Note</i>	<i>2019 £000</i>	<i>2018 £000</i>
Interest receivable	5	21,065	24,644
Profit before taxation		21,065	24,644
Taxation	6	(3,834)	(6,793)
Profit for the year		17,231	17,851

The notes on pages 13 to 21 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.

SIX CONTINENTS OVERSEAS HOLDINGS LIMITED
REGISTERED NUMBER:2661055

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	<i>Note</i>	<i>2019</i> <i>£000</i>	<i>2018</i> <i>£000</i>
Fixed assets			
Investments	7	79,480	79,480
Current assets			
Debtors	8	2,138,080	2,119,853
Creditors: amounts falling due within one year	9	(2,813)	(1,817)
Net current assets		<u>2,135,267</u>	<u>2,118,036</u>
Net assets		<u>2,214,747</u>	<u>2,197,516</u>
Capital and reserves			
Share premium account	12	1,318,762	1,318,762
Profit and loss account		895,985	878,754
		<u>2,214,747</u>	<u>2,197,516</u>

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



Melinda Renshaw

Director

Date: 12 August 2020

The notes on pages 13 to 21 form part of these financial statements.

SIX CONTINENTS OVERSEAS HOLDINGS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	<i>Share premium £000</i>	<i>Retained earnings £000</i>	<i>Total equity £000</i>
At 1 January 2018	1,318,762	860,903	2,179,665
Profit for the year	-	17,851	17,851
At 1 January 2019	1,318,762	878,754	2,197,516
Profit for the year	-	17,231	17,231
At 31 December 2019	<u>1,318,762</u>	<u>895,985</u>	<u>2,214,747</u>

The notes on pages 13 to 21 form part of these financial statements.

SIX CONTINENTS OVERSEAS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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 is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements as it is a wholly owned subsidiary of InterContinental Hotels Group PLC, which prepares consolidated financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

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 14.

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 paragraph 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.

SIX CONTINENTS OVERSEAS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES (CONTINUED)

1.3 GOING CONCERN

As of 31 December 2019, the Company had net current assets of £2,135,267,000 (2018: £2,118,036,000).

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 a period of at least 12 months from the date of approval of these financial statements.

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 2019. 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 2019.

On 11 March 2020, the World Health Organisation raised the public health emergency situation caused by the outbreak of the coronavirus (COVID-19) to an international pandemic. The rapid evolution of events, nationally and internationally, represents an unprecedented health crisis, which will impact the macroeconomic environment and the evolution of business. The Group's fee-based model and wide geographic spread mean that it is well placed to manage through uncertain times. However, during the COVID-19 crisis many of the Group's hotels have temporarily closed, while others are experiencing historically low levels of occupancy and room rates.

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On 7 May 2020, the Group announced a further financing update which included the extension of the maturity of the Group's \$1.275bn syndicated revolving credit facility for 18 months to September 2023. The Group's \$75m bilateral facility was also subsequently extended for 18 months to September 2023.

The Group's condensed interim financial statements issued on 11 August 2020 were prepared on a going concern basis and contain a summary of the scenarios considered by the Board of InterContinental Hotels Group PLC to support the Group's ability to continue operating within the \$400m liquidity covenant.

These include a scenario consistent with a five year RevPAR recovery period, plausible risks to this scenario, and reverse stress testing under a theoretical 'zero occupancy' downside scenario. The 'zero occupancy' scenario assumes that the CCFF is either rolled over or refinanced, and that additional cost savings to operating and capital expenditure would be made in the event of a prolonged downturn. Without refinancing or rolling over the CCFF, but still assuming additional cost savings, revenue comparable with that earned during the second quarter of 2020 would be required to operate within the minimum liquidity covenant.

The directors have given consideration to the above and have made enquiries to satisfy themselves that InterContinental Hotels Group PLC is capable of providing support to the Company for at least 12 months. Accordingly, these financial statements have been prepared on a going concern basis.

SIX CONTINENTS OVERSEAS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES (CONTINUED)

1.4 NON DERIVATIVE FINANCIAL INSTRUMENTS

Non derivative financial instruments comprise investments in equity securities and amounts owed by Group undertakings.

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.

Amounts owed by Group undertakings

Amounts owed by Group undertakings are recorded at their original amount less provision for expected credit losses. The carrying amount of the receivable is reduced through the use of a provision account and movements in the provision are recognised in the Income Statement within administrative expenses.

1.5 INCOME AND EXPENSES

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

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

SIX CONTINENTS OVERSEAS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES (CONTINUED)

1.6 TAXATION

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, including interest. 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 are recognised in respect of temporary differences between the tax base and carrying value of assets and liabilities.

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

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

The Company has provided deferred tax in relation to temporary differences associated with post-acquisition undistributed earnings of subsidiaries only to the extent that it is either probable that it will reverse in the foreseeable future or where the Company cannot control the timing of the reversal.

2. AUDITOR'S REMUNERATION

The Company incurred auditor's remuneration of £3,000 (2018: £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 were incidental to the qualifying services provided to other subsidiary undertakings.

SIX CONTINENTS OVERSEAS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

4. EMPLOYEES

The Company has no employees (2018: no employees).

5. INTEREST RECEIVABLE

	2019 £000	2018 £000
Interest receivable from Group undertakings	21,065	24,644

6. TAXATION

	2019 £000	2018 £000
Corporation tax		
Current tax on profit for the year	2,001	1,867
Adjustments in respect of previous periods	494	870
Total current tax	2,495	2,737
Deferred tax		
Origination and reversal of timing differences	2,001	2,815
Adjustments in respect of previous periods	(504)	761
Changes in tax rates	(158)	480
Total deferred tax	1,339	4,056
Total tax charge on profit	3,834	6,793

SIX CONTINENTS OVERSEAS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

6. TAXATION (CONTINUED)**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is lower than (2018: higher than) the effective standard rate of corporation tax in the UK of 19.00% (2018: 19.00%). The differences are explained below:

	2019 £000	2018 £000
Profit before tax	21,065	24,644
Profit multiplied by effective standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	4,002	4,682
Effects of:		
Changes in tax rates	(158)	480
Adjustments to tax charge in respect of prior periods	(10)	1,631
Total tax charge for the year	3,834	6,793

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

A reduction in the rate of corporation tax to 17% (effective 1 April 2020) was enacted in 2016. The impact of any resulting changes to the valuation of deferred tax assets and liabilities is reflected within the financial statements.

In his budget of 2020, the Chancellor of the Exchequer proposed measures to hold the rate of corporation tax at 19%, effective 1 April 2020. The change was substantively enacted on 17 March 2020, after the balance sheet date and therefore does not impact on the carrying value of deferred tax assets and liabilities in the financial statements. However, the forecast impact would be a £322,000 increase in the carrying value of the Company's deferred tax asset.

SIX CONTINENTS OVERSEAS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

7. FIXED ASSET INVESTMENTS

	<i>Investments in subsidiary companies £000</i>
Cost	
At 1 January 2019 and 31 December 2019	<u>1,185,366</u>
Impairment	
At 1 January 2019 and 31 December 2019	<u>1,105,886</u>
Net book value	
At 31 December 2019	<u>79,480</u>
At 31 December 2018	<u>79,480</u>

A full list of related undertakings is given in note 15.

8. DEBTORS

	<i>2019 £000</i>	<i>2018 £000</i>
Due after more than one year		
Deferred tax asset (note 10)	2,734	4,073
Due within one year		
Amounts owed by Group undertakings	<u>2,135,346</u>	<u>2,115,780</u>
	<u>2,138,080</u>	<u>2,119,853</u>

Amounts owed by Group undertakings are unsecured, interest bearing and are repayable on demand.

9. CREDITORS: Amounts falling due within one year

	<i>2019 £000</i>	<i>2018 £000</i>
Corporation tax	<u>2,813</u>	<u>1,817</u>

SIX CONTINENTS OVERSEAS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

10. DEFERRED TAXATION

*Tax losses
carried
forward
£000*

The deferred tax asset is comprised as follows:

At 1 January 2019	4,073
Income statement	(1,339)
At 31 December 2019	2,734

Deferred tax assets are recognised on the basis of an expectation of sufficient future profits within the Group in the short term against which the future reversal of the timing difference may be deducted.

There is no unprovided deferred tax.

11. SHARE CAPITAL

	2019 £	2018 £
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	100	100

The Company no longer has an authorised share capital.

12. RESERVES

Share premium

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

13. POST BALANCE SHEET EVENTS

The impact of the COVID-19 pandemic is discussed on page 14.

The Company has concluded that the COVID-19 crisis is a non-adjusting post balance sheet event as at 31 December 2019 on the basis that the World Health Organisation was first informed of cases of a new virus in Wuhan on 31 December and as such had not declared a global health emergency at that date. Consequently, no adjustments have been made to the Company's reported results or financial position as a result of COVID-19.

The future financial impact cannot presently be estimated as it is highly dependent on the severity and duration of the pandemic, but it could be material to the Company's results and could result in the revision of certain estimates, in particular the recoverable value of investments.

SIX CONTINENTS OVERSEAS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

14. CONTROLLING PARTY

As at 31 December 2019, 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.

15. 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 2019 are disclosed below. Unless otherwise stated the share capital disclosed comprises ordinary shares which are indirectly held by Six Continents Overseas Holdings Limited.

HH Hotels (EMEA) B.V. (d)
HH Hotels (Romania) SRL (e)
HIM (Aruba) NV (f)
Holiday Inns (Germany), LLC (b) (c)
Holiday Inns of Belgium N.V. (g)
InterContinental Hotels (Puerto Rico) Inc. (h)
InterContinental Hotels Group (Espana) SA (i)
Six Continents International Holdings B.V. (a) (d)

(a) Directly owned by Six Continents Overseas Holdings Limited
(b) The entities do not have share capital and are governed by an operating agreement

Registered addresses:

(c) 2908 Poston Avenue, Nashville, TN 37203, USA
(d) Kingsfordweg 151, 1043 GR Amsterdam, The Netherlands
(e) Bucharest, 1st District, 50-52 Buzesti St, 83 module, 11 floor, Romania
(f) 230 J E Irausquin Boulevard, Palm Beach, Aruba
(g) Rond Punt Schumanplein 11, 1040 Brussels, Belgium
(h) 361 San Francisco Street Penthouse, San Juan, PR 00901, Puerto Rico
(i) Paseo de la Castellana 49, 28046 Madrid, Spain