

Registration number: 6724223

InterContinental (PB) 1

Annual Report and Unaudited Financial Statements

for the year ended 31 December 2021

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InterContinental (PB) 1

Company Information

Directors M Renshaw
 N Watson
 H Wood

Company secretary C Lindsay

Registered office Broadwater Park
 Denham
 Buckinghamshire
 UB9 5HR

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Directors' Report for the year ended 31 December 2021

The directors present their report and the unaudited financial statements for the year ended 31 December 2021.

This report has been prepared in accordance with the special provisions of Section 381 of the Companies Act 2006 relating to small companies. The directors have taken exemption under this regime not to disclose the Strategic Report.

Principal activity

InterContinental (PB) 1's (the "Company") principal activity is that of a financing 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 tax, amounted to \$66,687,000 (2020: \$68,276,000).

The directors do not propose a dividend for the year ended 31 December 2021 (2020: \$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 Renshaw

N Watson

H Wood

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.

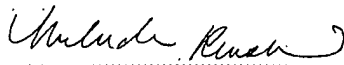
Directors' liabilities

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 Broadwater Park, Denham, Buckinghamshire, UB9 5HR.

Statement of Directors' Responsibilities

The Statement of Directors' Responsibilities can be found on page 3.

Approved by the Board on 5 September 2022 and signed on its behalf by:



M Renshaw
Director

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Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law). Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

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

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

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Income Statement for the year ended 31 December 2021

	Note	2021 \$ 000	2020 \$ 000
Income from fixed asset investments	8	2,774	-
Amounts written off investments	8	(2,618)	-
Interest receivable and similar income	5	83,259	85,791
Interest payable and similar charges	6	<u>(1)</u>	<u>(1)</u>
Profit before tax		83,414	85,790
Tax	7	<u>(16,727)</u>	<u>(17,514)</u>
Profit for the financial year		<u><u>66,687</u></u>	<u><u>68,276</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.

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(Registration number: 6724223)

Statement of Financial Position as at 31 December 2021

	Note	2021 \$ 000	2020 \$ 000
Fixed assets			
Investments	8	45	2,663
Current assets			
Debtors: amounts falling due after more than one year	9	1,994,514	2,002,919
Debtors: amounts falling due within one year	9	658,415	579,894
Cash at bank and in hand		75	76
		<u>2,653,004</u>	<u>2,582,889</u>
Creditors: amounts falling due within one year	10	<u>(29,636)</u>	<u>(28,826)</u>
Net current assets		<u>2,623,368</u>	<u>2,554,063</u>
Net assets		<u>2,623,413</u>	<u>2,556,726</u>
Capital and reserves			
Called up share capital	11	5	5
Share premium account	12	2,360,396	2,360,396
Profit and loss account		<u>263,012</u>	<u>196,325</u>
Total equity		<u>2,623,413</u>	<u>2,556,726</u>

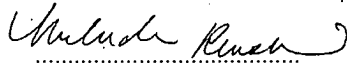
For the financial year ending 31 December 2021 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

Approved by the Board on 5 September 2022 and signed on its behalf by:



M Renshaw
Director

InterContinental (PB) 1**Statement of Changes in Equity for the year ended 31 December 2021**

	Called up share capital \$ 000	Share premium account \$ 000	Profit and loss account \$ 000	Total \$ 000
At 1 January 2020	5	2,360,396	128,049	2,488,450
Profit for the financial year	-	-	68,276	68,276
Total comprehensive income	-	-	68,276	68,276
At 31 December 2020	5	2,360,396	196,325	2,556,726
Profit for the financial year	-	-	66,687	66,687
Total comprehensive income	-	-	66,687	66,687
At 31 December 2021	5	2,360,396	263,012	2,623,413

The notes on pages 7 to 14 form an integral part of these financial statements.

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Notes to the Unaudited Financial Statements for the year ended 31 December 2021

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 United States dollars, which is the Company's functional and presentational currency, and all values are rounded to the nearest thousand dollars (\$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 14.

Summary of disclosure exemptions

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

- Disclosures required by IFRS 7 - 'Financial instruments: Disclosures' and paragraphs 91 to 99 of IFRS 13 - 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities), as the consolidated financial statements of InterContinental Hotels Group PLC include the equivalent disclosures.
- Paragraph 38 of IAS 1 - 'Presentation of financial statements' (comparative information requirements in respect of):
 - paragraph 79(a)(iv) of IAS 1 (reconciliation of number of shares at the beginning and end of the period)
- 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).

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Notes to the Unaudited Financial Statements for the year ended 31 December 2021 (continued)

2 Accounting policies (continued)

- Paragraph 17 of IAS 24 - 'Related party disclosures' (key management personnel compensation).
- IAS 24 'Related party disclosures' (to disclose related party transactions entered into between two or more members of a group).
- Paragraphs 134 to 136 of IAS 1 'Presentation of financial statements' (disclosures in respect of capital management).

Going concern

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

The Company operates its activities in conjunction with other companies within the Group and therefore relies on the Group for its continued existence. The directors have confirmed that the ultimate parent company, InterContinental Hotels Group PLC, intends to make funds available to the Company to enable it to meet its liabilities as they fall due for at least a period up to and including 31 December 2023.

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 2021 (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.

Trading in the first half of 2022 continued to recover with ongoing relaxation of travel restrictions supporting an increasing return of travel demand resulting in Group global RevPAR recovering to approximately 90% of 2019 levels. Continued focus on cash conversion led to reported net cash from operating activities in the first half of 2022 of \$175m. At 30 June 2022, the Group had total liquidity of \$2,613m, comprising \$1,350m of undrawn bank facilities and \$1,263m of cash and cash equivalents (net of overdrafts and restricted cash).

The Group's bank facilities were refinanced in April 2022, with a new revolving credit facility of \$1,350m which matures in 2027. Previously negotiated covenant relaxations and the \$400m liquidity covenant, which were applicable at 30 June and 31 December 2022 test dates, no longer apply and the leverage covenant has also been adjusted to incorporate the effects of IFRS 16 'Leases' and has been reset at 4.0x covenant net debt:covenant EBITDA.

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 a reverse stress test scenario which showed it was very unlikely the bank facilities would need to be drawn and therefore the Group is not reliant on the additional liquidity provided by the bank facilities to remain a going concern.

The Group's fee based model and wide geographic spread have been proved to leave it well-placed to manage through uncertain times. With consideration to the above, the Company's directors have satisfied themselves that InterContinental Hotels Group PLC is capable of providing support to the Company until at least 31 December 2023. Accordingly, these financial statements have been prepared on a going concern basis.

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Notes to the Unaudited Financial Statements for the year ended 31 December 2021 (continued)

2 Accounting policies (continued)

Exemption from preparing group accounts

The financial statements contain information about InterContinental (PB) 1 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

None of the standards, interpretations and amendments effective for the first time from 1 January 2021 have had a material effect on the financial statements.

Interest income and expenses

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

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

Foreign currency transactions

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

Tax

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

Current tax

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

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

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Notes to the Unaudited Financial Statements for the year ended 31 December 2021 (continued)

2 Accounting policies (continued)

Tax (continued)

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.

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

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

Amounts owed to Group undertakings

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

Share capital

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

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Notes to the Unaudited Financial Statements for the year ended 31 December 2021 (continued)

3 Employees

The Company has no employees (2020: no employees).

4 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.

5 Interest receivable and similar income

	2021 \$ 000	2020 \$ 000
Interest receivable from Group undertakings	<u>83,259</u>	<u>85,791</u>

6 Interest payable and similar charges

	2021 \$ 000	2020 \$ 000
On facilities, bank loans and overdrafts	<u>1</u>	<u>1</u>

7 Tax

Tax charged in the income statement

	2021 \$ 000	2020 \$ 000
Current tax		
UK corporation tax	16,686	17,514
Adjustments in respect of prior periods	<u>41</u>	<u>-</u>
Total current tax	<u>16,727</u>	<u>17,514</u>

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Notes to the Unaudited Financial Statements for the year ended 31 December 2021 (continued)

7 Tax (continued)

The tax on profit before tax for the year is higher than (2020: higher than) the effective standard rate of corporation tax in the UK of 19% (2020: 19%).

The differences are reconciled below:

	2021 \$ 000	2020 \$ 000
Profit before tax	83,414	85,790
Corporation tax at effective standard rate	15,849	16,300
Effects of:		
Adjustments in respect of prior periods	41	-
Impairment of fixed asset investments	497	-
Non-taxable foreign exchange differences on Group relief payment	867	1,214
Income received from fixed asset investments	(527)	-
Tax charge for the year	16,727	17,514

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 rate increase was substantively enacted on 24 May 2021.

There is no provided or unprovided deferred tax.

8 Investments

	Investments in subsidiary companies \$ 000
Cost	
At 1 January 2021	2,663
At 31 December 2021	2,663
Impairment	
At 1 January 2021	-
Provision	2,618
At 31 December 2021	2,618
Net book value	
At 31 December 2021	45
At 31 December 2020	2,663

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Notes to the Unaudited Financial Statements for the year ended 31 December 2021 (continued)

8 Investments (continued)

At 31 December 2021, the Company owned all the ordinary share capital of InterContinental (Branston) 1 Limited, a company incorporated in England and Wales. The registered office of the company is Broadwater Park, Denham, Buckinghamshire, UB9 5HR.

During the year, a subsidiary undertaking was impaired by \$2,618,000 following a dividend received of \$2,774,000 as part of the restructuring of the subsidiary undertaking prior to it being liquidated.

9 Debtors

	2021	2020
	\$ 000	\$ 000
Due after more than one year		
Amounts owed by Group undertakings	1,994,514	2,002,919

	2021	2020
	\$ 000	\$ 000
Due within one year		
Amounts owed by Group undertakings	658,415	579,894

On 16 December 2013, the Company entered into a loan agreement with a fellow group company InterContinental Hotels Group Operating Corp (IHGOP), amounting to \$500,000,000 for a period of ten years at a fixed interest rate of 4.54%.

On 15 December 2014, the Company acquired a \$250,000,000 loan note from another Group undertaking with a principal value of \$250,000,000. The loan note matures on 15 December 2023 and has a fixed interest rate of 4.54%.

On 26 October 2017, the Company acquired \$1,294,500,000 of loan notes from another Group undertaking (principal value of \$1,236,500,000 plus accrued interest \$6,393,000 and premium \$51,607,000). The loan notes mature on 15 December 2023 and have a fixed interest rate of 4.54%.

10 Creditors: amounts falling due within one year

	2021	2020
	\$ 000	\$ 000
Amounts owed to Group undertakings	13,817	13,585
Current tax	15,819	15,241
	29,636	28,826

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Notes to the Unaudited Financial Statements for the year ended 31 December 2021 (continued)

11 Share capital

Allotted, called up and fully paid shares

	2021		2020	
	No.	\$ 000	No.	\$ 000
Ordinary shares of \$1 each	<u>4,504</u>	<u>5</u>	<u>4,504</u>	<u>5</u>

12 Reserves

Share premium account

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

13 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 2021, the maximum liability under the guarantee amounted to \$48,573,000 (2020: \$43,072,000).

14 Parent and ultimate parent undertaking

As at 31 December 2021, 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 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, a company incorporated and registered in England and Wales. Consolidated financial statements of InterContinental Hotels Group PLC are available from the following address:

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

The immediate parent undertaking is Asia Pacific Holdings Limited, a company registered in England and Wales. The registered office of the immediate parent undertaking is Broadwater Park, Denham, Buckinghamshire, UB9 5HR.