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Registered number: FC007668

HOLIDAY INNS (U.K.), INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020



HOLIDAY INNS (U.K.), INC.

COMPANY INFORMATION

DIRECTORS

N Henfrey
D Llewellyn
H Wood

REGISTERED NUMBER

FC007668

REGISTERED OFFICE

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TN 37207
United States

TRADING ADDRESS

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HOLIDAY INNS (U.K.), INC.

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HOLIDAY INNS (U.K.), INC.

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020**

	<i>Note</i>	<i>2020 £000</i>	<i>2019 £000</i>
Administrative expenses		(5)	-
Operating loss		(5)	-
Income from fixed asset investment	3	5,066	-
Amounts written off investment	3	(1,459)	-
Profit before tax		3,602	-
Tax	2	1	-
Profit for the year		3,603	-

There were no recognised gains and losses for 2020 or 2019 other than those included in the income statement.

The notes on pages 4 to 9 form part of these financial statements.

HOLIDAY INNS (U.K.), INC.
REGISTERED NUMBER:FC007668

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	<i>Note</i>	<i>2020</i> <i>£000</i>	<i>2019</i> <i>£000</i>
Fixed assets			
Investments	3	1	1,460
Current assets			
Debtors: Amounts falling due within one year	4	4,494	-
Creditors: Amounts falling due within one year	5	(5)	(573)
Net current assets/(liabilities)		<u>4,489</u>	<u>(573)</u>
Net assets		<u><u>4,490</u></u>	<u><u>887</u></u>
Capital and reserves			
Called up share capital	6	1	1
Profit and loss account		<u>4,489</u>	<u>886</u>
Total equity		<u><u>4,490</u></u>	<u><u>887</u></u>

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



Director
Date: 23 September 2021

The notes on pages 4 to 9 form part of these financial statements.

HOLIDAY INNS (U.K.), INC.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	<i>Called up share capital</i> £000	<i>Profit and loss account</i> £000	<i>Total equity</i> £000
At 1 January 2019	1	886	887
Profit for the year	-	-	-
At 1 January 2020	1	886	887
Profit for the year	-	3,603	3,603
At 31 December 2020	1	4,489	4,490

The notes on pages 4 to 9 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. ACCOUNTING POLICIES

1.1 STATEMENT OF COMPLIANCE WITH FRS 101

Holiday Inns (U.K.), Inc. (the "Company") is incorporated in the United States of America.

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, which are prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the IASB and with IFRSs adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, are publicly available and may be obtained from the address given in note 7.

1.2 BASIS OF PREPARATION

These financial statements were prepared in accordance with Section 396 of the Overseas Companies Regulations 2009 and do not require an audit.

The Company is exempt by virtue of Section 402A of the Overseas Companies Regulations 2009 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.

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 adopted International Financial Reporting Standards.

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'.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. ACCOUNTING POLICIES (CONTINUED)

BASIS OF PREPARATION (continued)

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.

1.3 GOING CONCERN

As of 31 December 2020, the Company had net current assets of £4,489,000 (2019: £573,000 net current liabilities).

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 2022.

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 2020. 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 is also given in the Annual Report and Form 20-F 2020.

The impact of the Covid-19 pandemic on the hospitality industry has been severe, however the Group's fee based model and wide geographic spread mean that it is well placed to manage through these uncertain times. The Group took various actions during 2020 to manage cash outflows and strengthen its liquidity and has continued to manage cash outflows closely during 2021, resulting in a positive net cash flow from operations of \$173m for the first six months of the year. As at 30 June 2021 the Group had total liquidity of \$2,235m, comprising \$1,350m of undrawn bank facilities and \$885m of cash and cash equivalents (net of overdrafts and restricted cash).

There remains a wide range of possible planning scenarios over the going concern period. The Board of InterContinental Hotels Group PLC, in assessing the Group's going concern status and longer-term viability, considered a number of scenarios including a reverse stress test through to 31 December 2022, which concluded that it was very unlikely bank facilities would need to be drawn and the Group does not need to rely on the additional liquidity provided by the bank facilities to remain a going concern. This means that in the event the covenant tests on the bank facilities were failed, the bank facilities could be cancelled by the lenders but this would not trigger a repayment demand or create a cross-default risk. Further details of the scenarios considered and stress testing performed are disclosed in the InterContinental Hotels Group PLC Interim Results to 30 June 2021.

With consideration to the above, the directors have satisfied themselves that InterContinental Hotels Group PLC is capable of providing support to the Company until at least 31 December 2022. Accordingly, these financial statements have been prepared on a going concern basis.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. ACCOUNTING POLICIES (CONTINUED)

1.4 NON DERIVATIVE FINANCIAL INSTRUMENTS

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.

1.5 INTEREST INCOME

Interest income is recognised in profit or loss using the effective interest method.

1.6 TAX

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. 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 tax 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.

HOLIDAY INNS (U.K.), INC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. TAXATION

	2020 £000	2019 £000
Corporation tax		
Current tax on profits for the year	(1)	-

FACTORS AFFECTING TAX CREDIT FOR THE YEAR

The tax assessed for the year is lower than (2019: the same as) the effective standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £000	2019 £000
Profit before tax	3,602	-
Profit multiplied by effective standard rate of corporation tax in the UK of 19% (2019: 19%)	684	-
Income received from fixed asset investment	(962)	-
Impairment of fixed asset investment	277	-
Total tax credit for the year	(1)	-

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

Legislation to hold the standard rate of corporation tax at 19%, effective from 1 April 2020, was substantively enacted on 17 March 2020.

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, after the balance sheet date.

There is no provided or unprovided deferred tax.

HOLIDAY INNS (U.K.), INC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

3. FIXED ASSET INVESTMENTS

	<i>Investments in subsidiary companies £000</i>
Cost	
At 1 January 2020 and 31 December 2020	1,460
Impairment	
At 1 January 2020	-
Charge for the period	1,459
At 31 December 2020	1,459
Net book value	
At 31 December 2020	1
At 31 December 2019	1,460

Principal operating subsidiary undertakings

At 31 December 2020, the Company was the beneficial owner of all (unless specified) of the ordinary share capital, either itself or through subsidiary undertakings, of the following companies:

Directly held
Holiday Inns of America (UK) Limited (a)
Holiday Inns (England) Limited (a)
H.I. (Ireland) Limited (b)*

(a) Incorporated in England and Wales. The registered office of both companies is Two Snowhill, Snow Hill, Queensway, Birmingham, B4 6GA.

(b) Incorporated in Eire. The registered office is 29 Earlsfort Terrace, Dublin 2, DO2 AY28, Ireland.

*The Company directly owns 99% of the ordinary share capital with 1% owned by a subsidiary undertaking above. The company was dissolved on 23 June 2021.

During the year, dividend income of £5,066,000 was received from a subsidiary undertaking. As a result of this dividend income, an impairment of £1,459,000 was recorded against the carrying value of the investment.

HOLIDAY INNS (U.K.), INC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

4. DEBTORS

	2020 £000	2019 £000
Amounts falling due within one year		
Amounts owed by Group undertakings	4,493	-
Corporation tax	1	-
	<u>4,494</u>	<u>-</u>

5. CREDITORS: Amounts falling due within one year

	2020 £000	2019 £000
Amounts owed to Group undertakings	<u>5</u>	<u>573</u>

6. SHARE CAPITAL

	2020 £	2019 £
Allotted, called up and fully paid		
2,685 ordinary shares of \$1 each	<u>1,140</u>	<u>1,140</u>

The Company has 10,000 ordinary shares of \$1 each as authorised share capital.

7. CONTROLLING PARTY

As at 31 December 2020, 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 InterContinental Hotels Group Operating Corp., a company registered in the United States of America. The registered office of the immediate parent undertaking is 3411 Silverside Road, Tatnall Building #104, Wilmington, DE 19810, USA.