

Registration number: 575108

# InterContinental Hotels Group Services Company

Annual Report and Financial Statements

for the year ended 31 December 2021

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# **InterContinental Hotels Group Services Company**

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## **InterContinental Hotels Group Services Company**

### **Company Information**

<b>Directors</b>	M Cockcroft M Renshaw H Wood
<b>Company secretary</b>	C Lindsay
<b>Registered office</b>	Broadwater Park Denham Buckinghamshire UB9 5HR
<b>Independent auditors</b>	PricewaterhouseCoopers LLP One Chamberlain Square Birmingham B3 3AX

## **InterContinental Hotels Group Services Company**

### **Directors' Report for the year ended 31 December 2021**

The directors present their report and the audited 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 Hotels Group Services Company's (the "Company") principal activity is the operation of a branch in Switzerland. The branch is engaged in the management of hotels in Switzerland. The Company also operated a branch in Sweden, which ceased activity during the year.

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 £65,000 (2020: £61,000).

On 15 July 2021, the Company cancelled £81,469,000 of its share premium account and credited it to the profit and loss account. Subsequently, the Company paid an interim dividend of £105,000,000 (2020: £nil).

The directors do not propose a final 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 Cockcroft

M Renshaw

H Wood

#### **Future developments**

It is the intention of the directors that the Company will continue to provide hotel management services in Switzerland for the foreseeable future.

#### **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.

#### **Disclosure of information to the auditors**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. The directors confirm that they are not aware of any relevant information of which the auditors are unaware.

## **InterContinental Hotels Group Services Company**

### **Directors' Report for the year ended 31 December 2021 (continued)**

#### **Appointment of auditors**

On 26 March 2021 the Company's predecessor auditor, Ernst & Young LLP, resigned and PricewaterhouseCoopers LLP were appointed as the statutory auditor for the financial year ending 31 December 2021. PricewaterhouseCoopers LLP will be proposed for reappointment in accordance with Section 485 of the Companies Act 2006.

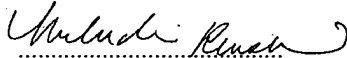
#### **Small companies provision statement**

This report has been prepared in accordance with the small companies regime under the Companies Act 2006.

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

The Statement of Directors' Responsibilities can be found on page 4.

Approved by the Board on 10 August 2022 and signed on its behalf by:



M Renshaw  
Director

## **InterContinental Hotels Group Services Company**

### **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.

## **Independent auditors' report to the members of InterContinental Hotels Group Services Company**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion, InterContinental Hotels Group Services Company's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report") which comprise: the Statement of Financial Position as at 31 December 2021; the Income Statement and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### **Conclusions relating to going concern**

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **Independent auditors' report to the members of InterContinental Hotels Group Services Company (continued)**

### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### ***Directors' Report***

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

### **Responsibilities for the financial statements and the audit**

#### ***Responsibilities of the directors for the financial statements***

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error:

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### ***Auditors' responsibilities for the audit of the financial statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



## **Independent auditors' report to the members of InterContinental Hotels Group Services Company (continued)**

### ***Auditors' responsibilities for the audit of the financial statements (continued)***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to direct tax legislation in the United Kingdom and health and safety and employment legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the reporting framework (FRS 101) and the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries to manipulate financial results and potential management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Obtaining an understanding of the legal and regulatory frameworks that are applicable to the Company as outlined in the above paragraph;
- Review of legal expense accounts and board minutes for indications of non-compliance with laws and regulations;
- Obtaining an understanding of the internal control environment in relation to revenue recognition;
- Obtaining an understanding of the internal control environment in relation to journal entries, and substantive testing of manual journals that meet our defined risk criteria; and
- Reviewing accounting estimates for bias and validating the support behind the assumptions and judgements made by management including challenging against possible alternatives.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### ***Use of this report***

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**Independent auditors' report to the members of InterContinental Hotels Group  
Services Company (continued)**

**Other required reporting**

**Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- We have not obtained all the information and explanations we require for our audit; or
- Adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- Certain disclosures of directors' remuneration specified by law are not made; or
- The financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

**Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption from preparing a Strategic Report. We have no exceptions to report arising from this responsibility.

*Sarah Phillips*

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

10 August 2022

Date:.....

## **InterContinental Hotels Group Services Company**

### **Income Statement for the year ended 31 December 2021**

	Note	2021 £ 000	2020 £ 000
Revenue	3	668	1,181
Administrative expenses		<u>(596)</u>	<u>(1,133)</u>
<b>Operating profit</b>	4	72	48
Interest receivable and similar income	8	<u>8</u>	<u>180</u>
<b>Profit before tax</b>		80	228
Tax	9	<u>(15)</u>	<u>(167)</u>
<b>Profit for the financial year</b>		<u><u>65</u></u>	<u><u>61</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.

## InterContinental Hotels Group Services Company

(Registration number: 575108)

### Statement of Financial Position as at 31 December 2021

	Note	2021 £ 000	2020 £ 000
<b>Current assets</b>			
Debtors: amounts falling due within one year	10	9,384	117,121
Cash at bank and in hand		<u>363</u>	<u>314</u>
		9,747	117,435
Creditors: amounts falling due within one year	11	<u>(4,316)</u>	<u>(7,069)</u>
<b>Net assets</b>		<u>5,431</u>	<u>110,366</u>
<b>Capital and reserves</b>			
Called up share capital	13	482	482
Share premium account	14	-	81,469
Profit and loss account		<u>4,949</u>	<u>28,415</u>
<b>Total equity</b>		<u>5,431</u>	<u>110,366</u>

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

Approved by the Board on 10 August 2022 and signed on its behalf by:



M Renshaw  
Director

The notes on pages 12 to 20 form an integral part of these financial statements.

## InterContinental Hotels Group Services Company

### 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	482	81,469	28,354	110,305
Profit for the financial year	-	-	61	61
Total comprehensive income	-	-	61	61
<b>At 31 December 2020</b>	<b>482</b>	<b>81,469</b>	<b>28,415</b>	<b>110,366</b>
Profit for the financial year	-	-	65	65
Total comprehensive income	-	-	65	65
Share premium cancellation (note 14)	-	(81,469)	81,469	-
Dividends (note 12)	-	-	(105,000)	(105,000)
<b>At 31 December 2021</b>	<b>482</b>	<b>-</b>	<b>4,949</b>	<b>5,431</b>

The notes on pages 12 to 20 form an integral part of these financial statements.

# **InterContinental Hotels Group Services Company**

## **Notes to the 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 sterling and all values are rounded to the nearest thousand pounds (£'000), except where otherwise indicated.

The Company's ultimate parent undertaking, InterContinental Hotels Group PLC, includes the Company in its consolidated financial statements. The consolidated financial statements of InterContinental Hotels Group PLC, which are prepared in accordance with UK-adopted international accounting standards, with applicable law and regulations and with International Financial Reporting Standards ('IFRSs') as issued by the International Accounting Standards Board, are publicly available and may be obtained from the address given in note 15.

#### **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.
- Second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 - 'Revenue from Contracts with Customers' (disaggregation of revenue, significant changes in contract assets and liabilities, details on transaction price allocation, timing of the satisfaction of performance obligations and significant judgements made in the application of IFRS 15).
- Paragraph 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'.

## **InterContinental Hotels Group Services Company**

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

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

- Paragraphs 30 and 31 of IAS 8 - 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24 - 'Related party disclosures' (key management personnel compensation).
- IAS 24 'Related party disclosures' (to disclose related party transactions entered into between two or more members of a group).
- Paragraphs 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.

## **InterContinental Hotels Group Services Company**

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

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

##### **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.

##### **Revenue recognition**

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

##### *Cost reimbursements*

In a managed property, the Company typically acts as employer of the general manager of the hotel and is entitled to reimbursement of these costs. The performance obligation is satisfied over time as the employees perform their duties, consistent with when reimbursement is received. Reimbursements for these services are shown as revenue with an equal matching employee cost, with no profit impact.

##### *Service charges*

Revenue comprises amounts charged to fellow Group undertakings for the provision of management and administrative services and is recorded net of discounts. The amount charged for the provision of these services is equal to the cost of the goods and services transacted by the Company plus a mark-up. The Company is deemed to be principal in the provision of these services and revenue is therefore recorded gross in the Income Statement.

##### *Base management fees*

In respect of base management fees which are paid over to another Group entity as a royalty fee, the Company is deemed to be acting as agent in the provision of these services such that no revenue is recognised in the Income Statement.

##### **Interest income**

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

##### **Foreign currency transactions and balances**

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

Non-monetary items measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transactions and not retranslated. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rate prevailing on the reporting date.



## **InterContinental Hotels Group Services Company**

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

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

##### **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.

##### **Trade debtors**

A trade debtor is recorded when the Company has an unconditional right to receive payment. The invoice is typically issued as the related performance obligations are satisfied. Trade debtors are non-interest-bearing and are generally on payment terms of up to 30 days.

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

Trade debtors are written off once determined to be uncollectable.

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

##### **Amounts owed by Group undertakings**

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

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

##### **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.

## InterContinental Hotels Group Services Company

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

#### 2 Accounting policies (continued)

##### Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

##### 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.

#### 3 Revenue

Revenue primarily arose from the reimbursement of costs associated with the management of hotels. Revenue excludes VAT and similar taxes and trade discounts.

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

	2021 £ 000	2020 £ 000
Switzerland	507	1,075
United States of America	161	106
	<u>668</u>	<u>1,181</u>

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

	2021 £ 000	2020 £ 000
Provision of management and administrative services	161	106
Cost reimbursements	507	1,075
	<u>668</u>	<u>1,181</u>

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

	2021 £ 000	2020 £ 000
Trade debtors	186	86
Amounts owed by Group undertakings	<u>27</u>	<u>388</u>

#### 4 Operating profit

Operating profit is stated after charging

	2021 £ 000	2020 £ 000
Foreign exchange losses	<u>17</u>	<u>10</u>

## InterContinental Hotels Group Services Company

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

#### 5 Auditors' remuneration

The Company incurred auditors' remuneration of £11,000 (2020: £11,000) which has been borne by a fellow Group undertaking in the current and preceding year.

#### 6 Employees

The aggregate payroll costs were as follows:

	2021 £ 000	2020 £ 000
Wages and salaries	452	935
Social security costs	53	110
Defined contribution pension costs	45	101
	<u>550</u>	<u>1,146</u>

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

	2021 No.	2020 No.
Administrative support	1	1
Hotel operations	2	4
	<u>3</u>	<u>5</u>

#### 7 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.

#### 8 Interest receivable and similar income

	2021 £ 000	2020 £ 000
Interest receivable from Group undertakings	<u>8</u>	<u>180</u>

## InterContinental Hotels Group Services Company

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

#### 9 Tax

Tax charged in the income statement

	2021 £ 000	2020 £ 000
<b>Current tax</b>		
UK corporation tax	(3)	22
Adjustments in respect of prior periods	6	124
<b>Total current tax</b>	3	146
Foreign tax	12	21
<b>Tax charge for the year</b>	15	167

The tax on profit before tax for the year is same as (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	80	228
Corporation tax at effective standard rate	15	43
<b>Effects of:</b>		
Adjustments in respect of prior periods	6	124
Expenses not deductible for tax purposes	(6)	-
<b>Tax charge for the year</b>	15	167

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.

# InterContinental Hotels Group Services Company

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

### 10 Debtors

	2021 £ 000	2020 £ 000
Due within one year		
Trade debtors	186	86
Amounts owed by Group undertakings	9,065	116,873
Other debtors	133	162
	<u>9,384</u>	<u>117,121</u>

Trade debtors are stated after provisions for impairment of £nil (2020: £nil).

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

	2021 £ 000	2020 £ 000
Trade creditors	6	11
Amounts owed to Group undertakings	2,576	4,638
Current tax	1,711	2,402
Other tax and social security	18	17
Accrued expenses	5	1
	<u>4,316</u>	<u>7,069</u>

### 12 Dividends

	2021 £ 000	2020 £ 000
Interim dividend of £218.02 (2020: £Nil) per ordinary share	<u>105,000</u>	<u>-</u>

The directors do not propose a final dividend for the year ended 31 December 2021 (2020: £nil).

### 13 Share capital

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

	2021		2020	
	No.	£ 000	No.	£ 000
Ordinary shares of £1 each	<u>481,601</u>	<u>482</u>	<u>481,601</u>	<u>482</u>

## **InterContinental Hotels Group Services Company**

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

#### **14 Reserves**

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

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

On 15 July 2021, the Company cancelled £81,469,000 of its share premium account and credited it to the profit and loss account.

#### **15 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 IHG Hotels Limited, a company registered in England and Wales. The registered office of the immediate parent undertaking is Broadwater Park, Denham, Buckinghamshire, UB9 5HR.