

Registered number: 03088504

**The Great Eastern Hotel Company Limited**

**Directors' report and financial statements**

**For the year ended 31 December 2017**

TUESDAY



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**The Great Eastern Hotel Company Limited**

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**Company Information**

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**Directors** B O'Bryan (appointed 4 August 2017)  
R R Mangiarelli (appointed 11 August 2017)  
D A Peters (appointed 30 November 2017)

**Company secretary** Jordan Company Secretaries Limited

**Registered number** 03088504

**Registered office** First Floor  
Templeback  
10 Temple Back  
Bristol  
BS1 6FL

**Auditor** Deloitte LLP  
London  
United Kingdom

**Bankers** HSBC Bank plc  
West End Corporate Banking Centre  
70 Pall Mall  
London  
SW1Y 5EZ

Royal Bank of Scotland plc  
36 St Andrew Square  
Edinburgh  
EH2 2YB

Bank Mendes Gans N.V.  
BKMGNL2A  
Amsterdam  
Netherlands

**Solicitors** Howard Kennedy LLP  
No. 1 London Bridge  
London  
SE1 9BG

ReedSmith Richards Butler LLP  
Beaufort House  
15 St Botolph Street  
London  
EC3A 7EE

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**The Great Eastern Hotel Company Limited**

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## **The Great Eastern Hotel Company Limited**

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### **Strategic report For the year ended 31 December 2017**

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The directors present their Strategic report for the year ended 31 December 2017.

#### **Principal activities**

The Company's principal activity during the year was the ownership and operation of the Andaz London Hotel, at Liverpool Street, London. The hotel has 267 bedrooms, 5 restaurants, 5 bars, and extensive banquet facilities.

#### **Business review**

Performance in 2017 was not comparable to 2016 given that the results have been materially impacted by rooms' refurbishment and an upgrade programme; which limited the number of rooms available, leading to reduced turnover in 2017. Fixed assets including depreciation charges were restated for 2016; which ultimately reduced losses for 2016.

The directors' strategy in 2018 is to continue to drive economic success through focus on room rates, optimisation of Business Mix and further development of key existing and emerging feeder markets. The directors are confident that the refurbishments in conjunction with the operator's efforts will allow the company to meet its strategic objectives. There have been no events since the balance sheet date, other than those mentioned above, which materially affect the position of the company.

The key financial and other performance indicators during the year ended 31 December 2017 and the restated corresponding period to 31 December 2016 were as follows:

	2017 £000	Restated 2016 £000
Turnover	27,570	29,100
Operating (loss)/profit	(391)	4,178
EBITDA	5,291	6,847
Loss after tax	(3,982)	(413)
Shareholders' deficit	(10,622)	(6,663)

EBITDA is defined as Company earnings before charges for interest, taxation, depreciation and amortisation.

The hotel RevPAR (revenue per available room) for the year was £171 (2016 - £182).

The hotel ADR (average daily rate) for the year was £228 (2016 - £221).

The hotel Occupancy rate for the year was 74.7% (2016 - 82.4%).

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## **The Great Eastern Hotel Company Limited**

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### **Strategic report (continued) For the year ended 31 December 2017**

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#### **Principal risks and uncertainties**

##### **Competitive risks**

The directors review the hotel against a self selected group of competitor hotels. The daily and monthly report allow the hotel to compare accommodation occupancy percentage, average rate, RevPAR and its competitive position in market penetration, average rate and revenue generation against the competitive group.

##### **Currency risks**

The hotel business is affected by the strength of sterling, with strong sterling increasing the effective room rates to international guests.

##### **Legislative risks**

Health and safety regulations are constantly reviewed and to this effect the hotel has an appointed Health and Safety Manager to carry out all legally required training and to ensure all health and safety policies are communicated and adhered to.

#### **Other risks**

##### **Economic development**

The Company operates in a competitive environment influenced by both the UK and global economy. Adverse economic and financial market developments, including recession and currency fluctuations could lead to lower revenues and reduced income. Recent experience shows a recession lessens both leisure and business travel and negatively affects rooms' rates and/or occupancy levels and other income-generating activities such as food and beverage sales. This may result in the worsening of operating results and potentially reduce the value of properties.

Brexit will likely lead to substantial increase in economic and political uncertainty, which is projected to have a negative macroeconomic consequences. Macroeconomic consequences which may also result in worsening of operating results and potentially reduced the value of properties.

##### **Events that impact domestic or international travel**

Room rates and occupancy levels of the Company could be negatively affected by events that reduce domestic and/or international travel. These include events such as acts of terrorism, epidemics, travel-related industrial action and increased fuel costs all of which could result in a fall in both domestic and worldwide travel. Such events may lead to a fall in demand for hotel rooms that would have a subsequent impact on the Company's operations and financial results.

##### **Technology and systems**

The Company is reliant upon certain IT systems for the smooth and efficient running of its business and any disruption to those systems could have a detrimental effect on the running of the business.

This report was approved by the board on 26 November 2018 and signed on its behalf.



**B O'Bryan**  
Director

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## **The Great Eastern Hotel Company Limited**

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### **Directors' report For the year ended 31 December 2017**

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

#### **Results and dividends**

The loss for the year, after taxation, amounted to £3,962,000 (Restated 2016 - loss £413,000). The restatement in the prior year relates to an adjustment in the fixed assets. See note 8 for further details.

#### **Directors**

The directors who served during the year and up to the date of signing of this report were:

C L Ephraim (resigned 30 November 2017)  
S M Sokal (resigned 11 August 2017)  
B Karaba (resigned 4 August 2017)  
B O'Bryan (appointed 4 August 2017)  
R R Mangiarelli (appointed 11 August 2017)  
D A Peters (appointed 30 November 2017)

#### **Future developments**

The directors expect the hotel to improve profitability and benefit from an improving market in 2018.

#### **Financial risk management objectives and policies**

The activities of the Company expose it to a number of financial risks, including credit risk and liquidity risk.

##### ***Credit risk***

The Company's principal financial assets are bank balances and cash, trade and other receivables. The Company's credit risk is primarily attributable to its trade receivables, which are stated net of allowances for doubtful receivables and, where there is an identifiable loss, impairment.

Credit risk is spread over a large number of counterparties and customers.

##### ***Liquidity risk***

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses long term debt from an intermediate parent company within the Hyatt group.

#### **Going concern**

After making enquiries, the directors have a reasonable expectation that the Company and its parent group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Should the Company not be able to maintain their interest payments, or should the Company's lender request repayment of its loan, the Company would be unable to continue as a going concern without the support from its parent companies. The ultimate parent Company has confirmed its intention to provide continuing financial support for at least the next 12 months.

Further details of the adoption of the going concern basis can be found in the statement of accounting policies in the financial statements.

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**The Great Eastern Hotel Company Limited**

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**Directors' report (continued)  
For the year ended 31 December 2017**

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**Employee involvement**

Information on matters of concern to employees is given through information bulletins, meetings and reports. The same means are used to help employees achieve a common awareness of the financial and economic factors affecting the performance of the Company. Regular meetings between management and employees allow a free flow of information and ideas.

**Disabled employees**

The Company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the Company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

**Qualifying third party indemnity provisions**

The Company has made qualifying third party indemnity provisions for the benefit of its directors.

**Post balance sheet events**

There have been no significant events affecting the Company since the year end.

**Disclosure of information to the auditor**

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the 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**

Under section 487(2) of the Companies Act 2006, Deloitte LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 26 November 2018 and signed on its behalf.



**B O'Bryan**  
Director

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**The Great Eastern Hotel Company Limited**

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**Directors' responsibilities statement  
For the year ended 31 December 2017**

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

Company law requires the directors to prepare audited financial statements for each financial year. Under that law the directors have elected to prepare the audited financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the audited 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 audited financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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.



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**The Great Eastern Hotel Company Limited**

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**Independent auditor's report to the members of The Great Eastern Hotel Company Limited**

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

**Opinion**

In our opinion the financial statements of The Great Eastern Hotel Company Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework" and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 19.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

**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.

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 Financial Reporting Council's (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 are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

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**The Great Eastern Hotel Company Limited**

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**Independent auditor's report to the members of The Great Eastern Hotel Company Limited (continued)**

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**Other Information**

The directors are responsible for the other information. The other information comprises the information included in the Strategic report and Directors' report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our 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 this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor's responsibilities for the audit of the financial statements**

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

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

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**The Great Eastern Hotel Company Limited**

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**Independent auditor's report to the members of The Great Eastern Hotel Company Limited (continued)**

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**Report on other legal and regulatory requirements**

**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.

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 any material misstatements in the strategic report or the directors' report.

**Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

**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.



Anthony Morris (Senior statutory auditor)

For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
26 November 2018

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**The Great Eastern Hotel Company Limited**

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**Statement of comprehensive income  
For the year ended 31 December 2017**

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	Note	2017 £000	Restated 2016 £000
Turnover	2	27,570	29,100
Cost of sales		(2,300)	(2,381)
<b>Gross profit</b>		<b>25,270</b>	<b>26,719</b>
Administrative expenses		(25,661)	(22,541)
<b>Operating (loss)/profit</b>	3	<b>(391)</b>	<b>4,178</b>
Interest payable and expenses	6	(4,092)	(4,254)
<b>Loss before tax</b>		<b>(4,483)</b>	<b>(76)</b>
Tax on loss	7	521	(334)
<b>Loss for the financial year</b>		<b>(3,962)</b>	<b>(410)</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>(3,962)</b>	<b>(410)</b>

The notes on pages 12 to 26 form part of these financial statements.

**The Great Eastern Hotel Company Limited**  
**Registered number: 03088504**

**Statement of financial position**  
**As at 31 December 2017**

	Note	2017 £000	Restated 2016 £000
<b>Fixed assets</b>			
Tangible assets	8	61,627	57,873
Investments	9	9,416	9,416
		<u>71,043</u>	<u>67,289</u>
<b>Current assets</b>			
Stocks	10	183	140
Debtors: amounts falling due within one year	11	1,994	1,742
Cash at bank and in hand	12	3,856	23,026
		<u>6,033</u>	<u>24,908</u>
Creditors: amounts falling due within one year	13	(5,173)	(3,941)
<b>Net current assets</b>		<u>860</u>	<u>20,967</u>
<b>Total assets less current liabilities</b>		<u>71,903</u>	<u>88,256</u>
Creditors: amounts falling due after more than one year	14	(75,271)	(87,141)
		<u>(3,368)</u>	<u>1,115</u>
<b>Provisions for liabilities</b>			
Deferred taxation	16	(7,254)	(7,775)
<b>Net liabilities</b>		<u>(10,622)</u>	<u>(6,660)</u>
<b>Capital and reserves</b>			
Called up share capital	17	100	100
Profit and loss account		(10,722)	(6,760)
<b>Shareholders' deficit</b>		<u>(10,622)</u>	<u>(6,660)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 November 2018.

  
**B O Bryan**  
 Director

The notes on pages 12 to 26 form part of these financial statements.

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**The Great Eastern Hotel Company Limited**

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**Statement of changes in equity  
For the year ended 31 December 2017**

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	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2017 (Restated)	100	(6,760)	(6,660)
<b>Comprehensive expense for the year</b>			
Loss for the year	-	(3,962)	(3,962)
<b>Total comprehensive expense for the year</b>	-	(3,962)	(3,962)
<b>At 31 December 2017</b>	100	(10,722)	(10,622)

The notes on pages 12 to 26 form part of these financial statements.

**Statement of changes in equity  
For the year ended 31 December 2016**

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	Called up share capital £000	Restated Profit and loss account £000	Restated Total equity £000
At 1 January 2016	100	(10,155)	(10,055)
Prior year adjustment (Note 8)	-	3,805	3,805
At 1 January 2016 (as restated)	100	(6,350)	(6,250)
<b>Comprehensive expense for the year</b>			
Loss for the year (restated)	-	(410)	(410)
<b>Total comprehensive expense for the year (Restated)</b>	-	(410)	(410)
<b>At 31 December 2016 (Restated)</b>	100	(6,760)	(6,660)

The notes on pages 12 to 26 form part of these financial statements.

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## The Great Eastern Hotel Company Limited

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### Notes to the financial statements For the year ended 31 December 2017

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#### 1. Accounting policies

##### 1.1 Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of The Great Eastern Hotel Company Limited (the "Company") for the year ended 31 December 2017 were authorised for issue by the board of directors on 26 November 2018 and the Statement of financial position was signed on the board's behalf by B O'Bryan.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards and the Companies Act 2006. The Company has taken advantage of the exemption under Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as the results of The Great Eastern Hotel Company Limited are included in the consolidated financial statements of Hyatt Hotels Corporation which are available from 150 N. Riverside Plaza, Chicago, IL 60606.

The Great Eastern Hotel Company Limited is a private company limited by shares and is incorporated in the UK and domiciled in England and Wales.

The Company's financial statements are presented in Sterling and are rounded to the nearest thousand pounds (£000) except when otherwise stated and have been prepared under the historical cost convention.

The principal accounting policies adopted by the Company are set out below.

##### 1.2 Financial reporting standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

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**The Great Eastern Hotel Company Limited**

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**Notes to the financial statements  
For the year ended 31 December 2017**

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**1. Accounting policies (continued)**

**1.3 Judgements and key sources of estimation uncertainty**

The preparation of financial statements in compliance with FRS 101 requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The directors' do not believe there to be any critical judgements or key sources of estimation uncertainty which have a material impact on the amounts recognised in the financial statements.

**1.4 Going concern**

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report and Directors' Report.

The Company incurred a loss in the year and has net liabilities. The ultimate parent (Hyatt Hotels Corporation) has confirmed through a non-legally binding letter of support that its current intention is to provide financial support that the Company may require for its continued operations for the foreseeable future and for a period of not less than one year from the date of approval of these financial statements.

After making enquiries, although the confirmation from Hyatt Hotels Corporation is not a legally binding commitment to provide continuing support, the directors have a reasonable expectation that the Company and its parent group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

**1.5 Turnover**

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

**Sale of goods**

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.



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**The Great Eastern Hotel Company Limited**

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**Notes to the financial statements  
For the year ended 31 December 2017**

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**1. Accounting policies (continued)**

**1.5 Turnover (continued)**

**Rendering of services**

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**1.6 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, as follows.

Depreciation is provided on the following basis:

Long leasehold	- over the term of the lease
Property developments	- 50 years straight line
Plant & equipment	- 15 - 20 years (previously 25 years)
Fixtures & fittings	- 4 - 7 years (previously 4 - 10 years)

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date. The Company has reviewed the useful lives of its assets in the period as part of the ongoing renovation of the hotel and has adjusted these, as highlighted above, to reflect a more accurate estimation of the useful lives of these assets and to align these with the useful lives used within the wider Hyatt group. This change is accounted for prospectively as a change in estimate under IAS 8.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

**1.7 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**1.8 Stocks**

Stocks are valued at the lower of cost and net realisable value. All stocks are valued using the first-in, first out basis. Provision is made for obsolete, slow moving or defective items as appropriate.

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**The Great Eastern Hotel Company Limited**

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**Notes to the financial statements  
For the year ended 31 December 2017**

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**1. Accounting policies (continued)****1.9 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**1.10 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**1.11 Financial instruments**

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

**Financial assets**

The Company recognises its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired.

Other than the financial assets in a qualifying hedging relationship, the Company's accounting policy for each category is as follows:

**Fair value through profit or loss**

This category comprises only in-the-money derivatives. These are carried in the Statement of financial position at fair value with changes in fair value recognised in the Statement of comprehensive income.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Statement of comprehensive income. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

**Financial liabilities**

The Company classifies all of its financial liabilities as liabilities at amortised cost.

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**The Great Eastern Hotel Company Limited**

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**Notes to the financial statements  
For the year ended 31 December 2017**

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**1. Accounting policies (continued)**

**1.11 Financial instruments (continued)**

**At amortised cost**

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Statement of financial position.

**1.12 Creditors**

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**1.13 Finance costs**

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**1.14 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

**1.15 Pensions**

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

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**The Great Eastern Hotel Company Limited**

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**Notes to the financial statements  
For the year ended 31 December 2017**

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**1. Accounting policies (continued)**

**1.16 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

**1.17 Current and deferred taxation**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the statement of comprehensive income.

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**The Great Eastern Hotel Company Limited**

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**Notes to the financial statements  
For the year ended 31 December 2017**

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**2. Turnover**

An analysis of turnover by class of business is as follows:

	2017 £000	2016 £000
Rooms	16,174	17,359
Restaurants	11,226	11,159
Other	170	582
	<u>27,570</u>	<u>29,100</u>

All turnover arose within the United Kingdom.

**3. Operating (loss)/profit**

The operating (loss)/profit is stated after charging:

	2017 £000	Restated 2016 £000
Depreciation of tangible fixed assets - owned by the Company	<u>5,682</u>	<u>2,669</u>

**4. Auditor's remuneration**

The Company paid the following amounts to its auditor in respect of the audit of the financial statements:

	2017 £000	2016 £000
Fees for the audit of the Company	<u>45</u>	<u>43</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

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**The Great Eastern Hotel Company Limited**

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**Notes to the financial statements  
For the year ended 31 December 2017**

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**5. Employees**

Staff costs were as follows:

	2017 £000	2016 £000
Wages and salaries	8,819	8,779
Social security costs	673	663
Pension costs	17	64
	<u>9,509</u>	<u>9,506</u>

During the year, no director received any emoluments (2016 - £nil) in respect of services to the Company.

The average monthly number of employees, including the directors, during the year was as follows:

	2017 No.	2016 No.
Rooms division	69	69
Restaurants and bars	153	166
Other operated departments	7	8
Overhead departments	50	33
	<u>279</u>	<u>276</u>

**6. Interest payable and similar expenses**

	2017 £000	2016 £000
Interest on loan from parent undertakings	<u>4,092</u>	<u>4,254</u>

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**The Great Eastern Hotel Company Limited**

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**Notes to the financial statements  
For the year ended 31 December 2017**

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**7. Taxation**

	2017 £000	Restated 2016 £000
<b>Corporation tax</b>		
Current tax on losses for the year	-	170
Adjustments in respect of previous periods	-	(11)
<b>Total current tax</b>	<u>-</u>	<u>159</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(590)	633
Effect of changes in tax rates	69	(521)
Adjustment in respect of previous periods	-	63
<b>Total deferred tax</b>	<u>(521)</u>	<u>175</u>
<b>Taxation on loss on ordinary activities</b>	<u>(521)</u>	<u>334</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2016 - higher than) the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

	2017 £000	Restated 2016 £000
Loss on ordinary activities before tax	<u>(4,483)</u>	<u>(76)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	(863)	(15)
<b>Effects of:</b>		
Adjustments in respect of prior periods	-	52
Expenses not deductible for tax purposes	272	818
Tax rate changes	70	(521)
<b>Total tax (credit) / charge for the year</b>	<u>(521)</u>	<u>334</u>

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**The Great Eastern Hotel Company Limited**

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**Notes to the financial statements  
For the year ended 31 December 2017**

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**7. Taxation (continued)**

**Factors that may affect future tax charges**

The Finance (No. 2) Act 2015 reduced the main rate of corporation tax to 19% from 1 April 2017 and to 18% from 1 April 2020. The Finance Act 2016 substantively enacted on 6 September 2016 reduced the rate further to 17% from 1 April 2020. As such the temporary differences are expected to reverse at the main rate of UK corporation tax of 17% being the substantively enacted rate at the balance sheet date and deferred tax has therefore been provided at this rate.

**8. Tangible fixed assets**

	Long leasehold £000	Property developments, plant and equipment £000	Fixtures and fittings £000	Constructions in progress £000	Total £000
<b>Cost or valuation</b>					
At 1 January 2017 (Restated)	6,945	70,654	20,074	946	98,619
Additions	-	6,305	2,966	165	9,436
Disposals	-	-	(13,356)	-	(13,356)
Project transfers	-	677	269	(946)	-
At 31 December 2017	6,945	77,636	9,953	165	94,699
<b>Depreciation</b>					
At 1 January 2017 (Restated)	897	23,674	16,175	-	40,746
Charge for the year on owned assets	56	4,561	1,065	-	5,682
Disposals	-	-	(13,356)	-	(13,356)
At 31 December 2017	953	28,235	3,884	-	33,072
<b>Net book value</b>					
At 31 December 2017	5,992	49,401	6,069	165	61,627
At 31 December 2016 (Restated)	6,048	46,980	3,899	946	57,873



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**The Great Eastern Hotel Company Limited**

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**Notes to the financial statements  
For the year ended 31 December 2017**

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**8. Tangible fixed assets (continued)****Prior year restatements****2015**

As a result of the renovation undertaken in the year, Management have performed a full evaluation of the fixed asset base and the carried forward book values. As a result of this, a restatement has arisen in both the cost (an increase of £9,000) and accumulated depreciation (a reduction of £3,796,000) balances as at 31 December 2015. This has reduced the deficit in the Profit and Loss account at 31 December 2015 by £3,805,000.

**2016**

A restatement has arisen in the depreciation charge (a reduction of £1,112,000) for 2016, consequently, losses before tax have reduced by the same amount, which has given rise to a revised tax computation (a tax charge increase predominantly due to deferred tax of £894,000). The deficit in the Profit and Loss account as at 31 December 2016 has therefore reduced by £4,023,000: the sum of £3,805,000 (net asset increase from 2015), £1,112,000 (depreciation charge reduction for 2016) and -£894,000 (tax charge increase for 2016).

The above has had a corresponding impact on the deferred tax liability. The impact is to increase the capital allowances in excess of depreciation as at 31 December 2016 by £879,000. The deferred tax credit in 2016 has been restated accordingly.

**9. Fixed asset investments**

	Ordinary shares £000
<b>Cost or valuation</b>	
At 1 January 2017	9,416
At 31 December 2017	<u>9,416</u>
<b>Net book value</b>	
At 31 December 2017	<u>9,416</u>
At 31 December 2016	<u>9,416</u>

**Subsidiary undertaking**

Name	Country of incorporation	Class of shares	Holding	Principal activity
G.E.H. Properties Limited	England and Wales	Ordinary	100%	Property investment

The registered address of the Company is First Floor Templeback, 10 Temple Back, Bristol, BS1 6FL.

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**The Great Eastern Hotel Company Limited**

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**Notes to the financial statements  
For the year ended 31 December 2017**

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**10. Stocks**

	2017 £000	2016 £000
Raw materials and consumables	183	140

There is no material difference between the balance sheet value of stocks and their replacement cost.

**11. Debtors**

	2017 £000	2016 £000
Trade debtors	772	761
Amounts owed by group undertakings	20	20
Other debtors	5	-
Prepayments and accrued income	1,197	961
	<u>1,994</u>	<u>1,742</u>

**12. Cash and cash equivalents**

	2017 £000	2016 £000
Cash at bank and in hand	3,856	23,026

**13. Creditors: amounts falling due within one year**

	2017 £000	Restated 2016 £000
Trade creditors	2,564	1,468
Corporation tax	170	170
Other taxation and social security	158	634
Other creditors	54	30
Accruals and deferred income	2,227	1,639
	<u>5,173</u>	<u>3,941</u>

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**The Great Eastern Hotel Company Limited**

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**Notes to the financial statements  
For the year ended 31 December 2017**

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**14. Creditors: amounts falling due after more than one year**

	2017 £000	2016 £000
Amounts owed to group undertakings	75,271	87,141

**Secured loans**

The loan from the parent undertaking bears interest at LIBOR plus 510 basis points and interest is payable on the last day of the interest periods, being 31 March, 30 June, 30 September and 31 December. It may be agreed by both parties that interest in respect of any particular period shall not be paid, but shall continue to accrue until an agreed date, provided always that such accrued interest shall not itself bear interest. The original term of the loan matured on 30 September 2015 however the lender has confirmed it would not be called prior to 1 January 2019. As at the Balance Sheet date a letter was in place from the lender confirming that the loan would not be recalled before 1st January 2020.

**15. Financial instruments**

	2017 £000	Restated 2016 £000
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	3,856	23,026
Financial assets that are debt instruments measured at amortised cost	1,994	1,742
	<u>5,850</u>	<u>24,768</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>(80,443)</u>	<u>(91,083)</u>

Financial assets measured at fair value through profit or loss comprise cash and cash equivalents.

Financial assets measured at amortised cost comprise trade debtors, accrued interest due from subsidiaries, trade and other debtors and amounts owed by fellow group companies.

Financial liabilities measured at amortised cost comprise amounts owed to group undertakings, trade and other creditors and accruals and deferred income.

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**The Great Eastern Hotel Company Limited**

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**Notes to the financial statements  
For the year ended 31 December 2017**

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**16. Deferred taxation**

	2017 £000
At beginning of year (Restated)	(7,775)
Credited to profit or loss	521
<b>At end of year</b>	<b>(7,254)</b>

The provision for deferred taxation is made up as follows:

	2017 £000	Restated 2016 £000
Capital allowances in excess of depreciation	(7,254)	(7,775)

**17. Share capital**

	2017 £000	2016 £000
<b>Shares classified as equity</b>		
<b>Authorised, allotted, called up and fully paid</b>		
50,000 Ordinary 'A' shares of £1 each	50	50
50,000 Ordinary 'B' shares of £1 each	50	50
	<b>100</b>	<b>100</b>

**18. Pension commitments**

The Company provides a defined contribution retirement plan for its executives. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and is disclosed in note 5. Contributions totalling £nil (2016 - £nil) were payable to the fund at the balance sheet date.

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**The Great Eastern Hotel Company Limited**

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**Notes to the financial statements  
For the year ended 31 December 2017**

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**19. Controlling party**

The Company's immediate parent undertaking is The Great Eastern Hotel Holding Company Limited, which is incorporated in Great Britain and registered in England and Wales.

The Company's ultimate parent undertaking company and controlling party is Hyatt Hotels Corporation, incorporated in the United States of America. This is the largest and smallest group into which the results of the Company are consolidated. Copies of Hyatt Hotels Corporation's financial statements can be obtained from the registered office at 150 N. Riverside Plaza, Chicago, IL 60606.