

Hyatt Holdings (UK) Limited

Accounts for the year to 31 December 1999
together with Director's and auditors' reports

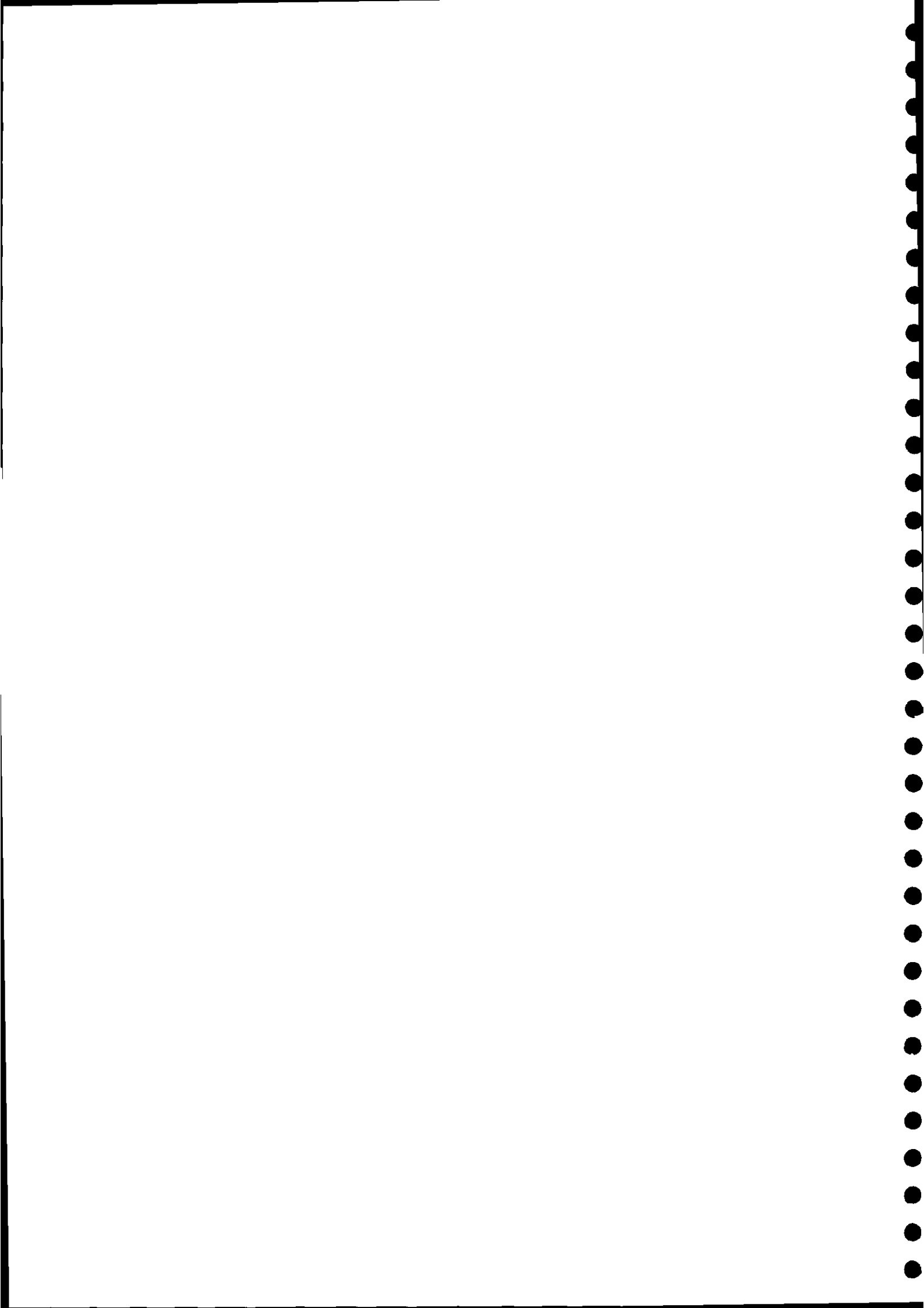
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Director's report

For the year ended 31 December 1999

The director presents his report on the affairs of the company, together with the accounts and auditors' report, for the year ended 31 December 1999.

Principal activity and business review

At the beginning of the year, the company's principal activity was as a holding company for the following entities: RC (Spain) Limited, Hyatt Investments Limited and London Hotel Management Limited.

During the year RC (Spain) went into voluntary liquidation, Hyatt Investments Limited and London Hotel Management were sold to Hyatt International Corporation, the company's immediate parent company. It is therefore the director's intention to make the company dormant in due course.

The company has taken advantage of the provisions of the Companies Act 1985, which allows small companies not to produce consolidated group accounts.

Going concern

The accounts have been prepared on a going concern basis, despite the company's loss during the year and net liabilities at 31 December 1999. The company is reliant on support from its parent companies but no guarantee of continuing financial support has been provided and the ability of the company to continue as a going concern is therefore uncertain.

Results and dividends

The audited accounts for the year ended 31 December 1999 are set out on pages 4 to 9. The loss for the financial year was £410,957 (1998 – loss of £2,271,521).

The directors do not recommend the payment of a dividend (1998 - £nil).

Director and his interests

The director who served during the year was:

L. Stoga - US citizen

During the year the director had no beneficial interests in the shares of the company.

Year 2000

The Director confirms that an internal review of all computer systems (hardware and software) and the implementation of a Millennium compliance programme were successfully completed prior to the end of December 1999. No significant problems have been encountered. However, the Director continues to monitor the position.

The costs associated with the compliance programme were not significant to the company.

Director's report (continued)

Director's responsibilities

Company law requires the director to prepare accounts for each financial year which 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 year. In preparing those accounts, the director is required to:

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

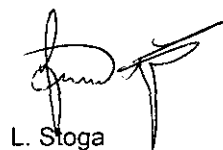
The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 1985. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The Director will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

2 Cadogan Place
London
SW1X 9PY

By order of the Board,



L. Stoga
Director

17 July 2000

To the Shareholder of Hyatt Holdings (UK) Limited:

We have audited the accounts on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of the director and the auditors

As described on page 2 the company's director is responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the accounts and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Going concern basis

The accounts have been prepared on a going concern basis. However, as explained in note 1(a) to the accounts, at 31 December 1999, the company's liabilities, which include amounts payable to other group companies of £568,401, exceeded its assets by £568,278. The company is therefore reliant on support from its parent companies, but no guarantee of continuing financial support has been provided by the parent companies, and the ability of the company to continue as a going concern is therefore uncertain.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 December 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen
Chartered Accountants and Registered Auditors

1 Surrey Street
London
WC2R 2PS

17 July 2000

Profit and loss account

For the year ended 31 December 1999

	Notes	1999 £	1998 £
Write off investment in, receivables due from RC (Spain) Limited		(365,405)	(2,254,200)
Operating expenses	2	<u>(45,552)</u>	<u>(17,460)</u>
Operating loss		(410,957)	(2,271,660)
Interest receivable		<u>-</u>	<u>139</u>
Loss for the financial year	6	<u>(410,957)</u>	<u>(2,271,521)</u>
Accumulated deficit, at beginning of period		<u>(2,271,521)</u>	<u>-</u>
Accumulated deficit, at end of period		<u>(2,682,478)</u>	<u>(2,271,521)</u>

All results in the current year have been derived from discontinued operations. All results from prior period have been derived from acquisitions during the period.

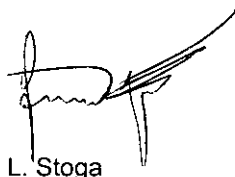
There are no recognised gains or losses in either period other than the losses for that period. Accordingly no statement of total recognised gains and losses has been prepared.

The accompanying notes are an integral part of these accounts.

Balance sheet
31 December 1999

	Notes	1999 £	1998 £
Fixed assets: Investments	3	-	102
Current assets: Cash at bank and in hand		123	122
Creditors: Amounts falling due within one year	4	(568,401)	(894,887)
Net current liabilities		(568,278)	(894,765)
Total assets less current liabilities		(568,278)	(894,663)
Creditors: Amounts falling due after more than one year	4	-	(1,558)
Net liabilities		(568,278)	(896,221)
Equity capital and reserves			
Called-up equity share capital	5	2,114,200	1,375,300
Profit and loss account		(2,682,478)	(2,271,521)
Equity shareholder's deficit	6	(568,278)	(896,221)

The accounts on pages 4 to 9 were approved by the board of directors and signed on its behalf by:



L. Stoga
Director

17 July 2000

The accompanying notes are an integral part of this balance sheet.

Notes to accounts

31 December 1999

1 Statement of Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the current year and preceding period, is set out below.

a) Going concern

The accounts have been prepared on a going concern basis. However, the company's liabilities, which include amounts payable to other group companies of £568,401, exceeded its assets by £568,278. The company is therefore reliant on support from its parent companies, but no guarantee of continuing financial support has been provided. The ability of the company to continue as a going concern is therefore uncertain.

Having considered these factors, the director considers the going concern basis is appropriate.

b) Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The company has not prepared consolidated accounts in accordance with the exemptions allowed under the Companies Act 1985 for small companies.

c) Investments

Investments in the subsidiary undertakings are stated at cost. Provisions are made for permanent impairments in value.

d) Foreign Currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

e) Cash flow

The company has not prepared a cash flow statement in accordance with the exemptions provided to small companies in Financial Reporting Standard No. 1 (Revised).

f) Related party transactions

The nature of related party transactions and any balances outstanding at year end are disclosed in the relevant note to the accounts.

Notes to accounts (continued)

2 Operating expenses

	1999 £	1998 £
Auditors' remuneration		
- audit fees	9,424	2,476
- non-audit fees	-	8,544
Administrative expenses	36,128	6,440
	<u>45,552</u>	<u>17,460</u>

The company employs no staff and the director receives no remuneration for his services to the company. The director has no interest in the share capital of the company.

3 Fixed asset investments

	London Hotel Management Limited £	Hyatt Investments Limited £	RC Spain Limited £	Total £
Cost				
At 1 January 1999	2	100	1,375,300	1,375,402
Additions	-	-	1,244,600	1,244,600
Disposals	(2)	(100)	-	(102)
At 31 December 1999	<u>-</u>	<u>-</u>	<u>2,619,900</u>	<u>2,619,900</u>
Amounts written off				
At 1 January 1999	-	-	1,375,300	1,375,300
Written off	-	-	1,244,600	1,244,600
At 31 December 1999	<u>-</u>	<u>-</u>	<u>2,619,900</u>	<u>2,619,900</u>
Net book value				
31 December 1999	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
31 December 1998	<u>2</u>	<u>100</u>	<u>-</u>	<u>102</u>

RC (Spain) Limited

On 25 September 1998, RC (Spain) Limited signed a Joint Venture Agreement with Inmogolf S.A. ("Inmogolf") to acquire 80% of the share capital of the La Manga Casino S.A. ("LMCC"). On 31 December 1998, the directors of RC (Spain) Limited terminated the Joint Venture Agreement for which a termination fee of £738,900 was payable.

3 Fixed asset investments (continued)

Consequently, RC (Spain) Limited has entered into voluntary liquidation. To enable RC (Spain) Limited to meet its liabilities, the company increased its holding in RC (Spain) Limited by £1,375,300 in the prior period, and by a further £1,244,600 in the current year. In view of the liquidation the carrying value of the investment has been written-off. £878,900 had been provided against this investment within accruals at 31 December 1998.

London Hotel Management Limited & Hyatt Investments Limited

On 31 August 1999 the company transferred its 100% interests in the ordinary share capital of London Hotel Management and Hyatt Investments Limited, at cost, to Hyatt International Corporation, the company's immediate parent.

4 Creditors:

	1999 £	1998 £
Amounts falling due within one year:		
Amounts owed to group undertakings	568,401	15,987
Accruals	-	878,900
	<u>568,401</u>	<u>894,887</u>
Amounts falling due after more than one year:		
Amounts owed to group undertakings	-	1,558

5 Called-up share capital

	1999 £	1998 £
<i>Authorised</i>		
1,000,000 ordinary shares of £100 each	<u>100,000,000</u>	<u>100,000,000</u>
<i>Allotted, called-up and fully-paid</i>		
21,142 ordinary shares of £100 each (1998 – 13,753 ordinary shares)	<u>2,114,200</u>	<u>1,375,300</u>

Notes to accounts (continued)

6 Reconciliation of movement in equity shareholder's deficit

	1999 £	1998 £
Loss for the financial period	(410,957)	(2,271,521)
New shares issued	738,900	1,375,300
Net addition/(withdrawal) from shareholder's funds	327,943	(896,221)
Opening shareholder's deficit	(896,221)	(896,221)
Closing shareholder's deficit	(568,278)	(896,221)

7 Related party transactions

Amounts owed to group undertakings are disclosed in note 4. These amounts all relate to short-term loans.

8 Ultimate parent company and controlling party

The company's ultimate parent company and controlling party is Marmon Holdings Inc., incorporated in the United States of America.

The largest group in which the results of Hyatt Holdings (UK) Ltd are consolidated is that headed by Marmon Holdings Inc., and the smallest group in which they are consolidated is that headed by its immediate parent company, Hyatt International Corporation, incorporated in the United States of America. The consolidated accounts of these groups are not available to the public.