

**Company Registration No. 3564855**

**HYATT HOLDINGS (UK) LIMITED**

**Report and Financial Statements**

**31 December 2007**

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# **HYATT HOLDINGS (UK) LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2007**

### **CONTENTS**

### **Page**

<b>Officers and professional advisers</b>	<b>1</b>
<b>Directors' report</b>	<b>2</b>
<b>Statement of directors' responsibilities</b>	<b>4</b>
<b>Independent auditors' report</b>	<b>5</b>
<b>Profit and loss account</b>	<b>7</b>
<b>Balance sheet</b>	<b>8</b>
<b>Notes to the accounts</b>	<b>9</b>

# **HYATT HOLDINGS (UK) LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2007**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

A Morales  
R Sarna  
G Rainer

#### **SECRETARY**

Jordans Limited  
21 St Thomas Street  
Bristol  
BS1 6JS

#### **REGISTERED OFFICE**

21 St Thomas Street  
Bristol  
BS1 6JS

#### **BANKERS**

Bank of America  
P O Box 407  
London  
E1 8DE

#### **AUDITORS**

Deloitte & Touche LLP  
Chartered Accountants  
London

# HYATT HOLDINGS (UK) LIMITED

## DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2007

### PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The Company has entered into management agreements to provide assistance, management and marketing services to 3 hotels and 1 apartment residence located in the United Kingdom, as follows

Property Name	Start Date	Initial Term
Hyatt Regency Birmingham	16 07 1990	30 years
Hyatt Regency London - The Churchill	01 05 2004	10 years
Knightsbridge Apartments Residence	12 09 2006	5 years
The Great Eastern Hotel	13 03 2006	30 years

The directors expect these activities to continue in 2008. There have not been any significant changes in the Company's principal activities in the year under review and the directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

As shown in the Company's profit and loss account on page 7, the overall turnover has increased by £1,291,412, or 30%, to £5,588,262 (2006 £4,296,850). This increase mainly results from the fact that the management agreements for The Great Eastern Hotel and the Hyatt Regency Birmingham commenced during 2006 (in March and September respectively), hence the Company did not recognize a full year's management fees for those properties in that year. Management fees from the Hyatt Regency London - The Churchill increased by £270,925 in 2007 and a rooms renovation programme was completed in this hotel in August 2007.

The operating expenses increased by £848,579, or 22%, to £4,664,397 (2006 £3,815,818), mainly driven by the revenue levels of the managed hotels.

The operating result of the year is £923,865 (2006 £481,032). The 2007 profit on ordinary activities is £667,971 compared to £2,183,496 in 2006, due mainly to a one-off dividend of £1,856,063 received from London Hotel Management Limited in 2006.

The balance sheet on page 8 of the financial statements shows that the Company's financial position has further strengthened in the year.

### PRINCIPAL RISKS AND UNCERTAINTIES

It should be noted that the Company's activity depends on the results of the properties it manages and related underlying general economical factors. As London continues to be under threat of potential terrorist attacks and activities, the market remains volatile to that of terrorist activity. Although an impact is hard to predict, it would certainly affect business travel and would damage the leisure sector.

A significant portion of the Company's administrative expenses are incurred in US Dollars and Swiss Francs and the Company is therefore exposed to the movement of both US Dollar and Swiss Franc to Sterling exchange rate.

The Company has no related party or third party debt. It therefore has no interest rate exposure.

### RESULTS AND DIVIDENDS

The audited accounts for the year ended 31 December 2007 are set out on pages 7 to 16. The profit after taxation for the financial year was £667,971 (2006 profit of £2,183,496).

The directors do not recommend the payment of a dividend (2006 – £nil).

# HYATT HOLDINGS (UK) LIMITED

## DIRECTORS' REPORT

### DIRECTORS AND THEIR INTERESTS

The directors who served throughout the year except as noted were as follows

Name	Citizenship
A Morales	- Swiss citizen
R Sarna	- US citizen
G Rainer	- Austrian citizen

During the year the directors had no beneficial interests in the shares of the Company or any other group company

### AUDITORS

The Board re-elected Deloitte & Touche LLP on 21 November 2007, during the Annual General Meeting

### Provision of information to the auditors

Each of the persons who is a director at the date of approval of this report confirms that

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- (2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

Approved by the Board of Directors  
and signed on behalf of the Board

A Morales  
Director

30 June, 2008

## **HYATT HOLDINGS (UK) LIMITED**

### **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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, 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 proper accounting records that 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 1985. 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.

# **HYATT HOLDINGS (UK) LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HYATT HOLDINGS (UK) LIMITED**

We have audited the financial statements of Hyatt Holdings (UK) Limited for the year ended 31 December 2007 which comprise the profit and loss account, the balance sheet and the related notes 1 to 17. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements.

## HYATT HOLDINGS (UK) LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HYATT HOLDINGS (UK) LIMITED (CONTINUED)

#### Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

*Deloitte & Touche LLP*

**Deloitte & Touche LLP**  
Chartered Accountants and Registered Auditors  
London, United Kingdom

*31 July* 2008



# HYATT HOLDINGS (UK) LIMITED

## PROFIT AND LOSS ACCOUNT Year ended 31 December 2007

	Note	2007 £	2006 £
<b>TURNOVER</b>	2	5,588,262	4,296,850
Administrative expenses		(4,664,397)	(3,815,818)
<b>OPERATING PROFIT</b>		<u>923,865</u>	<u>481,032</u>
Other gains and losses	3	37,713	8,189
Dividend income		-	1,856,063
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	4	<u>961,578</u>	<u>2,345,284</u>
Tax on profit on ordinary activities	6	(293,607)	(161,788)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>	13	<u><u>667,971</u></u>	<u><u>2,183,496</u></u>

All results in the current and preceding year have been derived from continuing operations

There are no recognised gains or losses other than stated above for the current or preceding financial year and accordingly no separate statement of total recognised gains and losses is presented

# HYATT HOLDINGS (UK) LIMITED

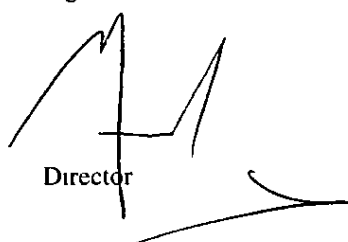
## BALANCE SHEET 31 December 2007

	Note	2007 £	2006 £
<b>FIXED ASSETS</b>			
Tangible assets	7	-	-
Investment in subsidiary	8	2	2
		<u>2</u>	<u>2</u>
<b>CURRENT ASSETS</b>			
Debtors due within one year	9	1,125,936	1,135,101
Cash at bank and in hand		1,635,144	1,148,567
		<u>2,761,080</u>	<u>2,283,668</u>
<b>CREDITORS: amounts falling due within one year</b>	10	(637,708)	(828,267)
<b>NET CURRENT ASSETS</b>		<u>2,123,372</u>	<u>1,455,401</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>2,123,374</u>	<u>1,455,403</u>
<b>NET ASSETS</b>		<u>2,123,374</u>	<u>1,455,403</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	2,114,200	2,114,200
Profit and loss account	13	9,174	(658,797)
<b>TOTAL SHAREHOLDERS' FUNDS</b>	11	<u>2,123,374</u>	<u>1,455,403</u>

These financial statements were approved by the Board of Directors and authorised for issue on

30 June, 2008

Signed on behalf of the Board of Directors

  
Director

# HYATT HOLDINGS (UK) LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 2007

### 1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The particular accounting policies adopted are described below. They have all been applied consistently throughout the year and preceding year.

#### **Basis of accounting**

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

#### **Group accounts**

The group is medium sized and as a result the Company has taken advantage of the exemption available to small or medium sized groups not to prepare consolidated financial statements under the Companies Act 1985, section 248. Accordingly these financial statements present information about the Company as an individual undertaking and not about its group.

#### **Foreign currency**

Transactions denominated in foreign currencies are recorded in sterling at actual exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is reported as an exchange gain or loss in the profit and loss account.

#### **Investment in subsidiary**

Fixed asset investment is shown at cost less provision for impairment.

#### **Leases**

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the year to review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter year is used.

#### **Cash flow**

The company has taken advantage of the exemption permitted by Financial Reporting Standard No. 1 (revised) whereby a cash flow statement need not be prepared by a wholly owned subsidiary of an ultimate parent undertaking which itself prepares a consolidated cash flow statement.

#### **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.

# HYATT HOLDINGS (UK) LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 2007

### 1 ACCOUNTING POLICIES (continued)

#### **Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in years different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

#### **Pension costs**

The Company participates in a defined contribution scheme. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

#### **Turnover**

Turnover represents fee income earned under the hotels and residence management agreements plus the reimbursement of costs incurred in providing services to the Hyatt chain of hotels.

Profit is recognised on long term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated by reference to the value of work performed to date as a proportion of the total contract value.

#### **Tangible fixed assets**

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over five years, which is not considered to be materially different to useful economic life.

# HYATT HOLDINGS (UK) LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 2007

### 2. SEGMENT INFORMATION

Turnover, which includes management fees earned in providing technical, management and marketing services, in accordance with the provisions of long-term management contracts, is derived as follows

	2007 £	2006 £
Management fees		
Great Eastern Hotel	925,192	702,004
Hyatt Regency London - The Churchill	901,295	630,370
Hyatt Regency Birmingham	845,194	344,258
The Knightsbridge	282,000	291,731
	<u>2,953,681</u>	<u>1,968,363</u>
Hyatt Chain Services	933,644	927,484
Hyatt Chain Services Markup Income	46,682	45,625
Reimbursement The Knightsbridge	1,130,267	873,563
Reimbursement Hyatt Regency London - The Churchill	312,206	276,300
Other Income	211,782	205,514
	<u>5,588,262</u>	<u>4,296,849</u>

### 3. NET INTEREST RECEIVABLE

	2007 £	2006 £
Interest receivable and similar income	37,713	8,491
Exchange loss on foreign currency balance	-	(302)
	<u>37,713</u>	<u>8,189</u>

### 4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging

	2007 £	2006 £
Depreciation - owned assets	-	1,700
Amortisation - pre contract costs (see note 9)	110,000	110,000
Auditors' remuneration for statutory audit services	23,500	23,342
Operating lease rentals	57,862	55,708
Management service and royalty fees payable to an affiliated company	1,837,208	1,271,506

Amounts payable to Deloitte & Touche LLP by the Company in respect of non-audit services were £12,500 (2006 - £15,000) These non-audit services included tax compliance and advisory services

# HYATT HOLDINGS (UK) LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 2007

### 5. STAFF COSTS

The average monthly number of persons employed by the Company was 58 (2006 – 43)

Employee cost during the year amounted to

	2007 £	2006 £
Wages and salaries	1,517,725	1,263,965
Social security costs	207,298	160,687
Other pension costs	42,454	36,756
	<u>1,767,477</u>	<u>1,461,408</u>

The directors discharged their duties mainly outside the UK and received no emoluments in respect of services to the Company in the year (2006 - £nil) The directors have no direct or indirect interests in the share capital of the Company (2006 – £nil)

### 6. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge for the year comprises

	2007 £	2006 £
UK corporation tax at 30%	290,551	161,788
Under provision in respect of prior periods	3,057	-
	<u>293,608</u>	<u>161,788</u>

# HYATT HOLDINGS (UK) LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 2007

### 6. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

The difference between the total current tax shown and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows

	2007 £	2006 £
Profit on ordinary activities before taxation	961,578	2,345,284
Tax on profit on ordinary activities at 30%	(288,473)	(703,585)
<i>Factors affecting the tax charge</i>		
Capital allowance in excess of depreciation	3,073	3,261
Expenses not deductible for tax purposes	(5,150)	(18,283)
Under provision in respect of prior periods	(3,057)	-
UK dividend income not subject to taxation	-	556,819
	(293,607)	(161,788)

There are no recognised or unprovided deferred tax assets or liabilities as at 31 December 2007 (2006 £nil)

### 7. TANGIBLE FIXED ASSETS

	2007 £
<b>Cost</b>	
As at 1 January 2007	5,100
Additions	-
As at 31 December 2007	5,100
<b>Depreciation</b>	
At 1 January 2007	5,100
Charge for the year	-
At 31 December 2007	5,100
<b>Net book value</b>	
At 31 December 2007	-
At 31 December 2006	-

# HYATT HOLDINGS (UK) LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 2007

### 8. INVESTMENTS

	Shares in subsidiary £
<b>Cost and net book value</b>	
At 1 January 2007 and 31 December 2007	<u>2</u>

Investment held as fixed asset constitutes shares in subsidiary undertaking acquired on 11 March 2005 which is listed below

Subsidiary undertaking	Business Description	Country of incorporation	% of equity held
London Hotel Management Limited	Management Company	Great Britain	100.00%

London Hotel Management Limited entered into Members' Voluntary Liquidation commencing 17 January 2007

### 9 DEBTORS

	2007 £	2006 £
<u>Amounts falling due within one year</u>		
Trade debtors	343,101	302,362
Amounts owed by other group undertakings	75,895	10,217
Deposits	8,716	8,886
Prepayments and accrued income	698,224	813,636
	<u>1,125,936</u>	<u>1,135,101</u>

Prepayments include pre-contract costs of £696,667 (2006 £806,667). Total costs of £1,100,000 were incurred in connection with entering into the Management Agreement of a London hotel, The Churchill Hotel, and are being amortised over the ten years of the initial term of the agreement.



# HYATT HOLDINGS (UK) LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 2007

### 10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £	2006 £
Trade creditors	25,410	11,890
Amounts owed to other group undertakings < 1 year	131,000	332,000
UK corporation tax payable	55,707	161,788
Social security and PAYE	55,540	42,469
VAT payable	251,016	212,654
Accruals	119,035	67,466
	<u>637,708</u>	<u>828,267</u>

### 11. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2006 £	2005 £
Profit for the financial year	667,971	2,183,496
Opening shareholders' funds / (deficit)	1,455,403	(728,092)
Closing shareholders' funds	<u>2,123,374</u>	<u>1,455,403</u>

### 12. CALLED UP SHARE CAPITAL

	2007 £	2006 £
<b>Authorised:</b>		
1,000,000 ordinary shares of £100 each	<u>100,000,000</u>	<u>100,000,000</u>
<b>Called up, allotted and fully paid:</b>		
21,142 ordinary shares of £100 each (2006 – 21,142 ordinary shares)	<u>2,114,200</u>	<u>2,114,200</u>

### 13. RESERVES

	Profit & Loss £
At 1 January 2007 - deficit	(658,797)
Profit for the year	<u>667,971</u>
At 31 December 2007	<u>9,174</u>

# HYATT HOLDINGS (UK) LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 2007

### 14 OTHER FINANCIAL COMMITMENTS

#### Capital commitments

The Company had no capital commitments at 31 December 2007 (2006 - £nil)

#### Lease commitments

As at 31 December 2007 the Company was committed to making the following payments during the next year in respect of operating leases

	Land and buildings		Other	
	2007	2006	2007	2006
	£	£	£	£
Expiry Date				
- between two and five years	29,500	29,500	3,379	3,379
	<u>29,500</u>	<u>29,500</u>	<u>3,379</u>	<u>3,379</u>

The lease of the office premises is subject to rent reviews at specified intervals. It provides for the lessee to pay all insurance, maintenance and repair costs.

#### Contingencies

In the course of 2006, two floods occurred in the Knightsbridge Apartments Residence which is managed by the Company, causing damages which are likely to amount to over £2,500,000, in excess of the property's insurance coverage. The insurance provider is currently trying to investigate the possibility of recovering this excess from the Company. In the event the Company is liable, the directors believe this amount should be covered by Global Hyatt Corporation's umbrella liability insurance, and accordingly the directors have not deemed it probable that any liability will occur.

### 15. PENSION OBLIGATIONS

The Company makes pension contributions for certain employees to the Hyatt International Hotels Retirement Plan, a defined contribution scheme. The assets of the scheme are held separately from those of the Company in an independently administered trust. The pension cost charge represents contributions payable by the Company to the fund and any potential tax payable on the contributions, which amounted to £60,818 (2006 £49,445).

### 16. RELATED PARTY TRANSACTIONS

Amounts owed by group undertakings disclosed in note 9 are owed by Hyatt Chain Services Limited and are related to trading balances. Amounts owed to group undertakings disclosed in note 10 are payable to Hyatt International Corporation and relate to a short-term loan.

### 17. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The Company's ultimate parent Company and controlling party is Global Hyatt Corporation, incorporated in the United States of America.

The largest group into which the results of Hyatt Holdings (UK) Limited are consolidated is that headed by Global Hyatt Corporation, and the smallest group into which they are consolidated is that headed by HI Holdings Luxembourg SARL, incorporated in Luxembourg. The consolidated accounts of HI Holdings Luxembourg SARL are available to the public.