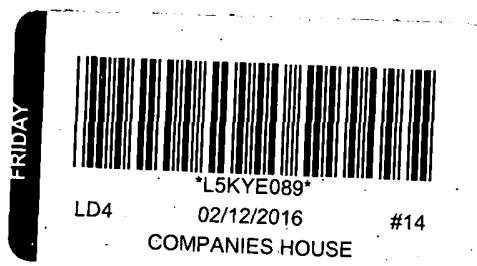


**Registered number: 3564855**

**Hyatt Holdings (UK) Limited**

**Directors' report and financial statements**

**for the year ended 31 December 2015**



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**Hyatt Holdings (UK) Limited**

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**Company Information**

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<b>Directors</b>	A Morales (resigned 11 December 2015) P Fulton P M Boeschon (appointed 10 March 2016)
<b>Company secretary</b>	Jordan Company Secretaries Limited
<b>Registered number</b>	3564855
<b>Registered office</b>	21 St Thomas Street Bristol BS1 6JS
<b>Independent auditor</b>	Deloitte LLP Chartered Accountants and Statutory Auditor 2 New Street Square London EC4A 3BZ
<b>Bankers</b>	Bank Mendes Gans PO Box 198 1000 AD Amsterdam Herengracht 619 The Netherlands  Deutsche Bank AG London Winchester House 1 Great Winchester Street London EC2N 2DB
<b>Solicitors</b>	Osborne Clark 2 Temple Back East Temple Quay Bristol BS1 6EG

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**Hyatt Holdings (UK) Limited**

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## Hyatt Holdings (UK) Limited

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### Strategic report For the year ended 31 December 2015

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#### Introduction

The directors present their Strategic report for the year ended 31 December 2015.

#### Principal activity

There were no significant changes to the Company's business in 2015. The revenues of the company are the management fees earned from the 3 operating hotels with which the Company has management agreements. In addition, the costs associated with individuals employed by the Company are charged to and are fully reimbursable by Hyatt Chain Services and Hyatt International EAME LLC.

#### Business review

The management agreement for the Hyatt Regency Birmingham started on 16 July 1990 and runs for an initial term of 30 years. This agreement was terminated effective 22 September 2015 upon the sale of the hotel to an unrelated 3rd party. The initial operating term for the agreement for Hyatt Regency London – The Churchill which started on 1 May 2004 has been extended in 2014 for a successive period of ten years and shall expire in 2024 and the agreement for the Andaz London started on 13 March 2006 and runs for an initial term of 30 years.

Most of the Company's revenues are management fees, the basic fees of which are calculated as a percentage of each hotel's revenues and the incentive fees of which are calculated as a percentage of Gross Operating Profit. The Directors analyse various KPI's of the hotels, including Revenue Per Available Room and profitability and work with the hotels to improve these metrics so as to maximise management fees income.

During the year the company transitioned from UK GAAP to FRS 101 - Reduced Disclosure Framework and has taken advantage of the reduced disclosure framework allowed under this standard. The Company's ultimate parent undertaking Hyatt Hotels Corporation, was notified of and did not object to the use of the EU-adopted IFRS disclosure exemptions. An explanation of how transition to FRS 101 has affected the reported financial position and financial performance is given in note 22.

The key financial and other performance indicators during the year ended 31 December 2015 and the corresponding period to 31 December 2014 were as follows:

	2015	2014
	£	£
Turnover	5,571,892	6,295,344
Operating (loss)/profit	(1,683,114)	1,393,578
EBITDA	(1,670,752)	1,403,081
Loss after tax	(1,674,863)	1,200,981
Shareholders' funds	563,740	6,238,603

EBITDA is defined as operating profit/(loss) adjusted to add back depreciation.

Loss after tax includes a £2.25m provision for legal claims as explained in note 16.

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**Hyatt Holdings (UK) Limited**

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**Strategic report (continued)**  
**For the year ended 31 December 2015**

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**Principal risks and uncertainties****Competitive risks**

Because we operate in a highly competitive industry, our revenues, profits or market share could be harmed if we are unable to compete effectively, and new distribution channels, alternatives to traditional hotels and industry consolidation among our competitors may negatively impact our business.

The segments of the hospitality industry in which we operate are subject to intense competition. Our principal competitors are other operators of full service properties, including other major hospitality chains with well-established and recognized brands. Some of these major hospitality chains are larger than we are based on the number of properties or rooms they manage, franchise or own or based on the number of geographic locations in which they operate. Some of our competitors also have significantly more members participating in their guest loyalty programs which may enable them to attract more customers and more effectively retain such guests. Our competitors may also have greater financial and marketing resources than we do, which could allow them to improve their properties and expand and improve their marketing efforts in ways that could adversely affect our ability to compete for guests effectively. In addition to these competitors, we also compete against smaller hotel chains and independent and local hotel owners and operators.

Increasingly, we also face competition from new channels of distribution in the travel industry. Additional sources of competition include large companies that offer online travel services as part of their business model, search engines such as Google, and peer-to-peer inventory sources that allow travellers to book stays on websites that facilitate the short-term rental of homes and apartments from owners, thereby providing an alternative to hotel rooms, such as Airbnb and HomeAway.

The hospitality industry has experienced and is continuing to experience significant consolidation and we expect this trend to continue as companies attempt to strengthen or hold their market positions in a highly competitive and evolving industry. Consolidation by our competitors will give them increased scale and may enhance their capacity, abilities and resources and lower their cost structure, causing us to be at a competitive disadvantage. If we lose market share or are not able to successfully attract third-party hotel owners to our brands as a result of this consolidation, our results of operations, cash flow, business and overall financial condition could be materially adversely affected.

**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.

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**Hyatt Holdings (UK) Limited**

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**Strategic report (continued)**  
**For the year ended 31 December 2015**

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**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.

**Events that impact domestic or international travel**

Turnover 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.

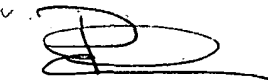
**Technology and systems**

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.

**Future developments**

The directors do not expect any changes in the activities of the Company in the near future.

This report was approved by the board on 1 December 2016 and signed on its behalf.



**P M Boeschen**  
Director

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**Hyatt Holdings (UK) Limited**

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**Directors' report  
For the year ended 31 December 2015**

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The directors present their report and the financial statements for the year ended 31 December 2015.

**Results and dividends**

The audited accounts for the year ended 31 December 2015 are set out on pages 9 to 28. The loss for the year, after taxation, amounted to £1,674,863 (2014 - profit £1,200,981).

The directors paid a dividend of £4,000,000 in the year (2014 - £nil).

**Directors**

The directors who served during the year were:

A Morales (resigned 11 December 2015)

P Fulton

P Boeschén (appointed 10 March 2016)

Qualifying third party indemnity provisions were in place for all directors of the Company for the current and preceding year.

**Going concern**

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in note 1.

**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.

**Directors' indemnities**

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

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**Hyatt Holdings (UK) Limited**

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**Directors' report (continued)  
For the year ended 31 December 2015**

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**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 the Company maintains sufficient cash balances to eliminate or reduce this risk.

**Matters covered in the strategic report**

Details of future developments can be found in the Strategic Report on page 3 and form part of this report by cross-reference.

**Post balance sheet events**

Hyatt Regency Birmingham management agreement with HHUK has been terminated effective 22 September 2015 upon the sale of the hotel to an unrelated 3rd party.

**Disclosure of information to auditor**

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

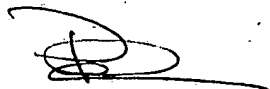
- so far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

**Auditors**

The auditor, Deloitte LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 1 December 2016 and signed on its behalf.



**P M Boeschen**  
Director



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**Hyatt Holdings (UK) Limited**

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**Directors' responsibilities statement  
For the year ended 31 December 2015**

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The directors are responsible for preparing the Strategic report, the Directors' 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 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 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 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;
- 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 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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## **Independent auditor's report to the members of Hyatt Holdings (UK) Limited**

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We have audited the financial statements of Hyatt Holdings (UK) Limited for the year ended 31 December 2015, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes 1 to 22. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' responsibilities statement on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic report, Directors' report and the financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion 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 those accounts. In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors Report.

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**Independent auditor's report to the members of Hyatt Holdings (UK) Limited (continued)**

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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.



Timothy Steel (Senior statutory auditor)

for and on behalf of

**Deloitte LLP**

Chartered Accountants and Statutory Auditor

London

Date: 01/02/2016

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**Hyatt Holdings (UK) Limited**

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**Statement of comprehensive income  
For the year ended 31 December 2015**

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	Note	2015 £	2014 £
Turnover	2	5,571,892	6,295,344
<b>Gross profit</b>		<u>5,571,892</u>	<u>6,295,344</u>
Administrative expenses		(7,255,006)	(4,901,766)
<b>Operating (loss)/profit</b>	3	<u>(1,683,114)</u>	<u>1,393,578</u>
Interest receivable and similar income	6	7,265	17,610
Interest payable and similar charges	7	(157)	(9)
<b>(Loss)/profit before tax</b>		<u>(1,676,006)</u>	<u>1,411,179</u>
Tax credit/(charge) on (loss)/profit on ordinary activities	8	1,143	(210,198)
<b>(Loss)/profit for the financial year</b>		<u>(1,674,863)</u>	<u>1,200,981</u>
<b>Other comprehensive income:</b>			
Other comprehensive income			
<b>Total comprehensive (loss)/income for the year</b>		<u>(1,674,863)</u>	<u>1,200,981</u>

There were no recognised gains and losses for 2015 or 2014 other than those included in the statement of comprehensive income.

The notes on pages 12 to 28 form part of these financial statements.

**Hyatt Holdings (UK) Limited**  
**Registered number:3564855**

**Statement of financial position**  
**As at 31 December 2015**

	Note	£	2015 £	£	2014 £
<b>Fixed assets</b>					
Tangible assets	10		56,912		69,274
			<u>56,912</u>		<u>69,274</u>
<b>Current assets</b>					
Debtors: amounts falling due within one year	11	985,795		1,059,781	
Cash at bank and in hand	12	2,423,289		6,046,930	
		<u>3,409,084</u>		<u>7,106,711</u>	
Creditors: amounts falling due within one year	13	(652,256)		(937,382)	
<b>Net current assets</b>			<u>2,756,828</u>		<u>6,169,329</u>
Other provisions	16	(2,250,000)		-	
			<u>(2,250,000)</u>		<u>-</u>
<b>Net assets</b>			<u><u>563,740</u></u>		<u><u>6,238,603</u></u>
<b>Capital and reserves</b>					
Called up share capital	17		1,014,200		2,114,200
Profit and loss account			(450,460)		4,124,403
<b>Shareholders' funds</b>			<u><u>563,740</u></u>		<u><u>6,238,603</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 01/12/2016



**P M Boeschen**  
**Director**

The notes on pages 12 to 28 form part of these financial statements.

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**Hyatt Holdings (UK) Limited**

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**Statement of changes in equity  
For the year ended 31 December 2015**

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	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2015	2,114,200	4,124,403	6,238,603
<b>Comprehensive loss for the year</b>			
Loss for the year	-	(1,674,863)	(1,674,863)
<b>Total comprehensive loss for the year</b>	-	(1,674,863)	(1,674,863)
Dividends: Equity capital	-	(4,000,000)	(4,000,000)
Shares cancelled during the year (note 17)	(1,100,000)	1,100,000	-
<b>Total transactions with owners</b>	(1,100,000)	(2,900,000)	(4,000,000)
<b>At 31 December 2015</b>	<u>1,014,200</u>	<u>(450,460)</u>	<u>563,740</u>

**Statement of changes in equity  
For the year ended 31 December 2014**

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	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2014	2,114,200	2,923,422	5,037,622
<b>Comprehensive income for the year</b>			
Profit for the year	-	1,200,981	1,200,981
<b>Total comprehensive income for the year</b>	-	1,200,981	1,200,981
<b>Total transactions with owners</b>	-	-	-
<b>At 31 December 2014</b>	<u>2,114,200</u>	<u>4,124,403</u>	<u>6,238,603</u>

The notes on pages 12 to 28 form part of these financial statements.

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**Hyatt Holdings (UK) Limited**

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**Notes to the financial statements  
For the year ended 31 December 2015**

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**1. Accounting policies**

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

The financial statements of Hyatt Holdings (UK) Limited (the "Company") for the year ended 31 December 2015 were authorised for issue by the board of directors on and the statement of financial position was signed on the board's behalf by P M Boesch.

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 results of Hyatt Holdings (UK) Limited are included in the consolidated financial statements of Hyatt Hotels Corporation which are available from 71 South Wacker Drive, Chicago, Illinois 60606, United States of America.

Consent has been obtained from the Company's shareholders in order for the company to adopt FRS 101.

Hyatt Holdings (UK) Limited is incorporated and domiciled in England and Wales.

The Company's financial statements are presented in Sterling.

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

**1.2 Basis of preparation of financial statements**

The Company transitioned from previously extant UK GAAP to FRS 101 as at 1 January 2014. An explanation of how transition to FRS 101 has affected the reported financial position and financial performance is given in note 22.

The accounting policies which follow, set out those policies which apply in preparing the financial statements for the year ended 31 December 2015.

**Notes to the financial statements  
For the year ended 31 December 2015**

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**1. Accounting policies (continued)**

**1.3 Financial reporting standard 101 - reduced disclosure exemptions**

In the current year, the Company has applied a new Interpretation issued by the International Accounting Standards Board (IASB) that is mandatorily effective for an accounting period that begins on or after 1 January 2015. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

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;
- 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 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

**1.4 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 estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

During this period the directors do not believe there are any critical judgments that the directors have made in the process of applying the Company's accounting policies.

During this period the directors do not believe there are any key sources of estimation uncertainty impacting the financial statements except for the potential legal claims which have been provided for as discussed in note 16.

The following principal accounting policies were applied:



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**Hyatt Holdings (UK) Limited**

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**Notes to the financial statements  
For the year ended 31 December 2015**

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**1. Accounting policies (continued)****1.5 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 the directors report.

The current economic conditions create uncertainty particularly over (a) the level of demand for hotels, and (b) the exchange rate between sterling and US dollars and Swiss Francs and thus the consequence for the cost of the Company's administrative expenses. The legal claims disclosed in note 16 also create uncertainty.

However the Company has several years' track record of profitable trading and is cash generative. The directors have also been able to adjust to the current climate and reduce the negative effect on profitability through actively managing costs.

A parent company has confirmed its intention to provide or procure continuing financial support for at least the next 12 months, although it has not provided a commitment to this effect.

After making enquiries, the directors have a reasonable expectation that the Company 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 financial statements.

**1.6 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:

**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.

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**Hyatt Holdings (UK) Limited**

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**Notes to the financial statements  
For the year ended 31 December 2015**

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**1. Accounting policies (continued)****1.7 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:

Fixtures and fittings	-	7 years straight line
Computer equipment	-	3 years straight line

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.

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

**1.8 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.

**1.9 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.

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**Hyatt Holdings (UK) Limited**

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**Notes to the financial statements  
For the year ended 31 December 2015**

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**1. Accounting policies (continued)****1.10 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:

**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. 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.

**1.11 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.

**Notes to the financial statements  
For the year ended 31 December 2015**

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**1. Accounting policies (continued)**

**1.12 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'other operating income'.

**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 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

**1.15 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.

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**Hyatt Holdings (UK) Limited**

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**Notes to the financial statements  
For the year ended 31 December 2015**

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**1. Accounting policies (continued)****1.16 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 payments 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.

**1.17 Interest Income**

Interest income is recognised in the statement of comprehensive income using the effective interest method.

**1.18 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.

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**Hyatt Holdings (UK) Limited**

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**Notes to the financial statements  
For the year ended 31 December 2015**

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**1. Accounting policies (continued)****1.19 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.

**2. Turnover**

	2015 £	2014 £
<b>Management fees</b>		
Great Eastern Hotel	744,099	708,462
Hyatt Regency London - The Churchill	1,042,007	2,131,644
Hyatt Regency Birmingham	739,534	670,565
<b>Total</b>	<b>2,525,640</b>	<b>3,510,671</b>

Hyatt Regency Birmingham management agreement with HHUK has been terminated effective 22 September 2015 upon the sale of the hotel to an unrelated 3rd party.

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**Hyatt Holdings (UK) Limited**

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**Notes to the financial statements  
For the year ended 31 December 2015**

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**2. Turnover (continued)**

	2015 £	2014 £
<b>Other</b>		
Hyatt Chain Services	2,062,865	1,835,923
Hyatt Chain Services Markup Income	102,829	91,497
Reimbursement Hyatt Regency London - The Churchill	466,089	526,319
Other Income	414,469	330,934
<b>Total</b>	<b>3,046,252</b>	<b>2,784,673</b>

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

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

	2015 £	2014 £
Depreciation of tangible fixed assets	12,362	9,503
Provision for liability	2,250,000	-
Exchange differences	41,395	-
Defined contribution pension cost	84,911	76,745
Operating lease payments: - minimum lease payments	223,693	208,025
Management service and royalty fees payable to an affiliated company	1,970,910	2,129,622
Amortisation - key money	-	36,667

During the year, no director received any emoluments from the Company (2014 - £NIL).

**4. Auditors' remuneration**

The company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Company:

	2015 £	2014 £
Fees for the audit of the Company	24,700	19,150

Amounts payable to Deloitte LLP by the Company in respect of non-audit services were £NIL (2014 - £NIL).

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**Hyatt Holdings (UK) Limited**

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**Notes to the financial statements  
For the year ended 31 December 2015**

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**5. Employees**

Staff costs were as follows:

	2015 £	2014 £
Wages and salaries	1,296,611	1,254,584
Social security costs	191,176	179,991
Cost of defined contribution pension scheme	84,911	76,745
	<u>1,572,698</u>	<u>1,511,320</u>

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

	2015 No.	2014 No.
Sales and general management	<u>17</u>	<u>15</u>

The directors discharge their duties mainly outside the UK and received no emoluments in respect of services to the Company in the year (2014 - £NIL).

**6. Interest receivable and similar income**

	2015 £	2014 £
Other interest receivable	7,265	17,610
	<u>7,265</u>	<u>17,610</u>

**7. Interest payable and similar charges**

	2015 £	2014 £
Other interest payable	157	9
	<u>157</u>	<u>9</u>



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**Hyatt Holdings (UK) Limited**

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**Notes to the financial statements  
For the year ended 31 December 2015**

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**8. Taxation**

	2015 £	2014 £
<b>Corporation tax</b>		
Adjustments in respect of previous periods	-	208,887
	-	208,887
<b>Total current tax</b>	-	208,887
<b>Deferred tax</b>		
Current year	1,776	1,409
Adjustment in respect of previous periods	(3,446)	-
Effect of changes in tax rates	527	(98)
<b>Total deferred tax</b>	(1,143)	1,311
<b>Tax (credit)/charge on (loss)/profit on ordinary activities</b>	(1,143)	210,198

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2014 -lower than) the standard rate of corporation tax in the UK of 20.25% (2014 -21.5%). The differences are explained below:

	2015 £	2014 £
(Loss)/profit on ordinary activities before tax	(1,676,006)	1,411,179
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 -21.5%)	(339,391)	303,403
<b>Effects of:</b>		
Expenses not deductible for tax purposes	467,109	6,484
Adjustments in respect of prior periods	(3,446)	208,887
Tax rate changes	527	(98)
Effects of group relief/other reliefs	(125,942)	(308,478)
<b>Total tax (credit)/charge for the year</b>	(1,143)	210,198

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**Hyatt Holdings (UK) Limited**

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**Notes to the financial statements  
For the year ended 31 December 2015**

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**8. Taxation (continued)****Factors that may affect future tax charges**

The Finance (No.2) Act 2015 reduced the rate of Corporation Tax from 1 April 2017 to 19% and by a further 1% to 18% from 1 April 2020. In the 2016 Budget, it was announced that the rate of Corporation tax from 1 April 2020 will be reduced further to 17%, however this had not yet been substantively enacted as of 31 December 2015. This rate subsequently received Royal Assent on 15 September 2016. As such the temporary differences are expected to reverse at the main rate of UK Corporation Tax of 18% and deferred tax has therefore been provided at this rate.

**9. Dividends**

	2015 £	2014 £
Dividends paid on equity	4,000,000	-
	<u>4,000,000</u>	<u>-</u>

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**Hyatt Holdings (UK) Limited**

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**Notes to the financial statements  
For the year ended 31 December 2015**

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**10. Tangible fixed assets**

	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>			
At 1 January 2015	72,958	5,819	78,777
At 31 December 2015	72,958	5,819	78,777
<b>Depreciation</b>			
At 1 January 2015	7,563	1,940	9,503
Charge owned for the period	10,422	1,940	12,362
At 31 December 2015	17,985	3,880	21,865
<b>Net book value</b>			
At 31 December 2015	54,973	1,939	56,912
At 31 December 2014	65,395	3,879	69,274

**11. Debtors**

	2015 £	2014 £
Trade debtors	316,562	448,444
Amounts owed by group undertakings	454,405	450,568
Other debtors	209,893	156,977
Deferred taxation (note 15)	4,935	3,792
	985,795	1,059,781

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**Hyatt Holdings (UK) Limited**

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**Notes to the financial statements  
For the year ended 31 December 2015**

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**12. Cash and cash equivalents**

	2015 £	2014 £
Cash at bank and in hand	2,423,289	6,046,930
	<u>2,423,289</u>	<u>6,046,930</u>

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

	2015 £	2014 £
Trade creditors	24,494	18,608
Amounts owed to group undertakings	322,366	503,310
Taxation and social security	143,684	226,716
Accruals and deferred income	161,712	188,748
	<u>652,256</u>	<u>937,382</u>

**14. Financial instruments**

	2015 £	2014 £
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	980,860	1,055,989
	<u>980,860</u>	<u>1,055,989</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	(508,572)	(710,666)
	<u>(508,572)</u>	<u>(710,666)</u>

Financial assets measured at amortised cost comprise of trade debtors, amounts owed by group undertakings and other debtors.

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

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**Hyatt Holdings (UK) Limited**

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**Notes to the financial statements  
For the year ended 31 December 2015**

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**15. Deferred taxation**

	2015 £	2014 £
At beginning of year	3,792	5,103
Credited/(charged) to the profit or loss	1,143	(1,311)
<b>At end of year</b>	<b>4,935</b>	<b>3,792</b>

The deferred tax asset is made up as follows:

	2015 £	2014 £
Capital allowances	4,935	3,792
	<b>4,935</b>	<b>3,792</b>

**16 Other provisions**

	Other provision £
Charged to the profit or loss	2,250,000
<b>At 31 December 2015</b>	<b>2,250,000</b>

The Company has provided for the estimated liabilities which may arise in relation to certain legal claims against the Company. The timing and amount of any ultimate payments are uncertain and whilst the directors believe the Company has a strong defence against such claims, a range of outcomes between nil and £3,000,000 is possible. Further details are not provided as their disclosure could prejudice seriously the Company's position.

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**Hyatt Holdings (UK) Limited**

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**Notes to the financial statements  
For the year ended 31 December 2015**

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**17. Share capital**

	2015 £	2014 £
<b>Shares classified as equity</b>		
<b>Authorised</b>		
1,000,000 Ordinary shares of £100 each	<u>100,000,000</u>	<u>100,000,000</u>
<b>Allotted, called up and fully paid</b>		
10,142 (2014 - 21,142) Ordinary shares of £100 each	<u>1,014,200</u>	<u>2,114,200</u>

The Directors approved the reduction of the Company's share capital on 5 January 2015 by special resolution, which was effected by the cancellation of 11,000 issued ordinary shares.

**18. Capital commitments**

The Company had no capital commitments at 31 December 2015 (2014 - £Nil).

**19. Pension commitments**

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 for the year is disclosed in note 3 and represents contributions due by the Company for the year. The amount of pension contributions outstanding as at 31 December 2015 was £nil (2014 - £nil).

**20. Commitments under operating leases**

At 31 December 2015 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2015 £	2014 £
<b>Land and buildings</b>		
Not later than 1 year	128,652	128,300
Between 2 and 5 years	513,552	513,552
Later than 5 years	<u>380,682</u>	<u>509,334</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.

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**Hyatt Holdings (UK) Limited**

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**Notes to the financial statements  
For the year ended 31 December 2015**

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**21. Controlling party**

The Company's ultimate parent company and controlling party is Hyatt Hotels Corporation, incorporated in the United States of America. The immediate parent company is HI Holdings Cyprus Limited, incorporated in Cyprus.

The results of Hyatt Holdings (UK) Limited are consolidated into Hyatt Hotels Corporation, a New York Stock Exchange listed public company. The consolidated accounts of Hyatt Hotels Corporation are available to the public at its registered address, being 71 South Wacker Drive, Chicago, Illinois 60606, United States of America.

**22. First time adoption of FRS 101**

The policies applied under the entity's previous accounting framework are not materially different to FRS 101 and have not impacted equity, profit or loss.