

Registered number: 03564855

Hyatt Holdings (UK) Limited

**Annual report and financial statements
for the year ended 31 December 2019**



Hyatt Holdings (UK) Limited

Company Information

Directors	P Fulton P M Boeschen D A Peters
Company secretary	Jordan Company Secretaries Limited
Registered number	03564855
Registered office	First Floor Templeback 10 Templeback Bristol BS1 6FL
Independent auditor	Deloitte LLP Statutory Auditor London United Kingdom
Bankers	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
Solicitors	Osborne Clark 2 Temple Back East Temple Quay Bristol BS1 6EG

Hyatt Holdings (UK) Limited

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Hyatt Holdings (UK) Limited

Strategic report For the year ended 31 December 2019

Introduction

The directors present their strategic report for the year ended 31 December 2019.

Principal activity

There were no significant changes to the Company's activity in 2019. The revenues of the company are the management fees earned from the 2 operating hotels with which the Company has management agreements. In addition, the chain services costs associated with individuals employed by the Company which are charged to and are fully reimbursable by Hyatt Chain Services Limited. The Company pays various expenses on behalf of hotels and other Group companies, which are then invoiced to the respective entities and reimbursed to the Company.

Business review

The initial operating term for the agreement for Hyatt Regency London – The Churchill which started on 1 May 2004 and was extended in 2014 for a successive period of ten years and shall expire in 2024. 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 are calculated as a percentage of each hotel's revenues and the incentive fees are calculated as a percentage of Gross Operating Profit. The Directors analyse various KPIs of the hotels, including Revenue Per Available Room (RevPAR) and profitability and work with the hotels to improve these metrics so as to maximise management fees income. RevPAR for the two hotels was more than 9% higher in 2019 than in 2018. Despite the political and economic uncertainty created by the Brexit, hotels still managed to perform very well demonstrating continued efforts and focus in managing the business.

HR London Churchill hotel had their best year during Hyatt's management of the property which was due to a very successful revenue management strategy aimed at driving Average Daily Rate (ADR) and in addition the operations team focused on cost efficiencies.

The key financial and other performance indicators during the year ended 31 December 2019 and the corresponding period to 31 December 2018 were as follows:

	2019 £	2018 £
Turnover	9,919,541	10,431,660
Operating profit	2,978,911	5,364,833
EBITDA	3,131,939	5,407,800
Profit after tax	3,172,366	4,688,417
Shareholders' funds	1,960,606	5,782,304

EBITDA is defined as operating profit adjusted to add back depreciation and amortisation.

Strategic report (continued)
For the year ended 31 December 2019

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 and select 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 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, such as Alibaba; 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 their 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 may 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. Uncertainties around Brexit have caused and will continue to cause currency volatility.

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. Experience shows that a recession lessens both leisure and business travel; and negatively affects room rates and/or occupancy levels and other income generating activities such as food and beverage sales.

Events that impact domestic or international travel

Consumer demand for our products and services is closely linked to the performance of the general economy and is sensitive to business and personal discretionary spending levels. Declines in consumer demand due to adverse general economic conditions, risks affecting or reducing travel patterns, lower consumer confidence, high unemployment, or adverse political conditions can lower the revenues and profitability and the amount of management fee revenues we are able to generate from our managed properties. Also, declines in hotel profitability during an economic downturn directly impact the incentive portion of our management fees, since it is based on hotel profit measures. As a result, changes in consumer demand and general business cycles can subject and have subjected our revenues to significant volatility. Additionally, Brexit may cause EU travel decline to UK. See discussion of the impact of the COVID-19 pandemic on the following page.

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.

Strategic report (continued)
For the year ended 31 December 2019

Brexit

The Company does not believe that Brexit will have a long term impact on the management fees that it earns from either of the hotels with which the Company has management agreements.

COVID-19 pandemic

The global COVID-19 pandemic has had, and is expected to continue to have, a material adverse impact on the travel industry generally and, as a result, on The Company's business and results of operations, and these impacts may persist for an extended period of time or become more pronounced.

The global spread and unprecedented impact of COVID-19 is complex and rapidly evolving and has resulted in significant disruption and additional risks to the Company's business, the lodging and hospitality industries and the global economy. On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. The COVID-19 pandemic has led governments and other authorities around the world to impose measures intended to control its spread, including restrictions on freedom of movement, gatherings of large numbers of people, and business operations such as travel bans, border closings, business closures, quarantines, shelter-in-place orders and social distancing measures. As a result, the COVID-19 pandemic and its consequences have significantly reduced global travel and demand for hotel rooms and have had a material detrimental impact on global commercial activity across the travel, lodging, and hospitality industries, all of which has had, and is expected to continue to have, a material adverse impact on our business, operations and financial results.

The extent, duration and magnitude of the COVID-19 pandemic's effects will depend on future developments, all of which are highly uncertain and difficult to predict, including the impact of the pandemic on global and regional economies, travel, and economic activity, as well as actions taken by governments, business and individuals in response to the pandemic or any future resurgence. These developments include the impact of the COVID-19 pandemic on unemployment rates and consumer discretionary spending; the demand for travel and transient and group business; levels of consumer confidence; the ability of The Company's third-party owners, franchisees or hospitality venture partners to successfully navigate the impacts; and the post-pandemic pace of recovery.

With the global spread of COVID-19 beginning in March 2020, the hotels that the Company manages began to experience significant decreases in demand and RevPAR. The effects of the pandemic have materially adversely affected, and the Company expects will continue to materially adversely affect, the amount of management fee revenues the Company is able to generate from our managed properties. The two properties managed by the Company closed in March 2020 and are not expected to reopen until September.

The COVID-19 pandemic has subjected the Company's business, operations and financial condition to a number of significant risks:

Revenues and Expenses: With the global spread of COVID-19 beginning in March 2020, the hotels that the Company manages began to experience significant decreases in demand and RevPAR and as a result the hotels closed by the end of March 2020. The effects of the pandemic have materially adversely affected, and the Company expects will continue to materially adversely affect, the amount of management fee revenues the Company is able to generate from our managed properties.

In addition, the economic impact of the pandemic has made it difficult for certain third-party owners to meet working capital needs, and could make it difficult for them to service debt obligations or obtain financing on favourable terms, or at all, which could have a significant impact on the overall level, cost, and pace of the Company's future development and, therefore, the Company's ability to increase revenue. The impact of the pandemic could cause third-party owners to declare bankruptcy or cause their lenders to declare a default, accelerate the related debt or foreclose on the property. Such bankruptcies, sales or foreclosures could, in some cases, result in the termination of the Company's management agreements and impact the Company's anticipated income and cash flows. Additionally, third-party owners may be unable or unwilling to pay the Company amounts that the Company is entitled to receive on a timely basis or at all, which would adversely affect the Company's revenues and liquidity.

The COVID-19 pandemic could also cause the Company to incur additional expenses. The Company may find it necessary or in the interest of the Company's business to provide financial or other types of support to certain of these parties, which

Hyatt Holdings (UK) Limited

Strategic report (continued)
For the year ended 31 December 2019

could materially increase the Company's expenses and cash flows. While governments have and may continue to implement various stimulus and relief programs, it is uncertain as to the extent that such programs will be effective in avoiding or significantly mitigating the financial impacts of the COVID-19 pandemic. Both the Company and the hotels it manages have utilized the Coronavirus Job Retention Scheme.

Further, the Company may incur additional costs related to severance payments in the event our workforce is reduced. Even after the COVID-19 pandemic subsides, The Company could experience a longer-term impact on the Company's costs, including the need for enhanced health and hygiene or social distancing requirements in attempts to counteract future outbreaks or a resurgence of the pandemic.

Operations: In response to the significant decline in demand for hotels, the Company has taken actions and continue to evaluate spending to manage operating expenses and enhance the Company's financial resources. These actions include furlough for a substantial number of the Company's colleagues, eliminating non-essential spending. Some actions the Company has taken, or that the Company may take in the future, to reduce costs for us or our third-party owners may negatively impact guest loyalty, owner preference or the Company's ability to attract and retain colleagues, and the Company's reputation and market share may suffer as a result. Further, once the effects of the pandemic subside, the Company expects the recovery period could be extended and the Company expects that certain operational changes, particularly with respect to enhanced health and safety measures, will be necessary and could increase the Company's ongoing costs.

Growth: The Company's plans for growth could be negatively impacted by the COVID-19 pandemic. The current environment could result in difficulties for hotel owners to obtain commercially viable financing.

This report was approved by the board on *09.09.2020* and signed on its behalf.



PETER FULTON

Hyatt Holdings (UK) Limited

Directors' report For the year ended 31 December 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Results and dividends

The profit for the year, after taxation, amounted to £3,172,366 (2018 - £4,688,417).

During 2019 the directors paid a dividend of £7,000,000 (2018 - £2,300,000), no other dividends were paid or declared in 2019.

Directors

The directors who served during the year were:

P Fulton
P M Boesch
D A Peters

Going concern

After making enquiries and considering the COVID-19 impact on forecasts in assessing the going concern assumption, the directors have sought and received a letter of support from the Company's ultimate parent (see note 26) and the directors have a reasonable expectation that the Company's ultimate parent has adequate resources to continue in operational existence for at least 12 months from the date of the approval of the financial statements. We note that the ultimate parent company were successful in issuing a \$750 million bond offering in August 2020. Accordingly, the Company continues to adopt the going concern basis in preparing the financial statements.

The Company's net assets are a positive £1,960,606.

Further details regarding the adoption of the going concern basis can be found in note 1.4.

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.

Hyatt Holdings (UK) Limited

Directors' report (continued) For the year ended 31 December 2019

UK tax policy

The publication of this statement is regarded as complying with Part 2 of Sch. 19 FA 2016.

This UK tax policy applies to Hyatt Hotels Corporation and all UK entities in the Hyatt Hotels Corporation group (referred to here as Hyatt). Hyatt's business activities generate a substantial amount of taxes globally, including corporate income taxes, excise taxes, stamp duties, employment and other taxes. Hyatt also collects and remits employee taxes and indirect taxes such as excise taxes and Value Added Tax (VAT). Hyatt's policy is to properly report and pay tax pursuant to the applicable laws and economic substance of Hyatt's business transactions.

Hyatt is committed to compliance with the tax laws and regulations of the UK, and to maintaining a transparent and constructive relationship with HMRC. It is Hyatt's policy to maintain an internal control process designed to identify, assess and account for tax risks in a manner consistent with all applicable regulatory requirements. Where the complexity of tax laws and regulations create significant uncertainty or risk, particularly in relation to international tax obligations, Hyatt may rely on advice from external tax advisors.

Hyatt engages in efficient tax planning that supports the commercial and economic activity of Hyatt's global business, and which reflects legitimate, non-tax driven business purposes. Hyatt's approach to tax planning is in alignment with Hyatt's Code of Business Conduct and Ethics, and therefore does not involve any tax planning activity that is contrived or artificial. It is Hyatt's policy that transactions between Hyatt group companies are conducted on an arm's-length basis, in accordance with UK tax laws and regulations, as well as current OECD principals.

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.

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.

The Company manages its credit risk attributable to its trade receivables by contracting primarily with related parties which ensures a high probability of collection. Additionally, to minimize credit risk from the hotel managed by the Company, due diligence was performed on the owners of the hotels prior to entering into the management agreements to ensure that Company's counterparties are credit worthy.

Liquidity risk

In order to maintain liquidity the Company maintains sufficient cash balances to eliminate or reduce this risk.

Hyatt Holdings (UK) Limited

Directors' report (continued)
For the year ended 31 December 2019

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

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

Auditor

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 09.09.2020 and signed on its behalf.



Director

PETER FULTON

Hyatt Holdings (UK) Limited

**Directors' responsibilities statement
For the year ended 31 December 2019**

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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Hyatt Holdings (UK) Limited (the 'Company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the related notes 1 to 26.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material

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

misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

- In our opinion, based on the work undertaken in the course of the audit:
 - the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Hyatt Holdings (UK) Limited

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Helen BurrIDGE

Helen BurrIDGE (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
Date: 9 September 2020

Hyatt Holdings (UK) Limited

**Statement of comprehensive income
For the year ended 31 December 2019**

	Note	2019 £	2018 £
Turnover	2	9,919,541	10,431,660
Gross profit		<u>9,919,541</u>	<u>10,431,660</u>
Administrative expenses		(6,940,630)	(5,066,827)
Operating profit	3	<u>2,978,911</u>	<u>5,364,833</u>
Interest receivable and similar income	6	35,971	17,823
Profit before tax		<u>3,014,882</u>	<u>5,382,656</u>
Tax on profit	8	157,484	(694,239)
Profit for the financial year		<u>3,172,366</u>	<u>4,688,417</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>3,172,366</u>	<u>4,688,417</u>

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of comprehensive income.

The notes on pages 15 to 34 form part of these financial statements.

Hyatt Holdings (UK) Limited
Registered number:03564855

Statement of financial position
As at 31 December 2019

	Note	2019 £	2018 £
Fixed assets			
Right of use asset	10	465,912	-
Tangible assets	11	89,432	115,807
Deferred taxation	18	262,146	10,511
		<u>817,490</u>	<u>126,318</u>
Current assets			
Debtors: amounts falling due within one year	12	2,017,661	1,248,135
Cash at bank and in hand	13	1,819,030	6,860,258
		<u>3,836,691</u>	<u>8,108,393</u>
Creditors: amounts falling due within one year	14	(1,084,994)	(1,154,907)
Net current assets		<u>2,751,697</u>	<u>6,953,486</u>
Total assets less current liabilities		<u>3,569,187</u>	<u>7,079,804</u>
Creditors: amounts falling due after more than one year	15	(358,581)	-
		<u>3,210,606</u>	<u>7,079,804</u>
Provisions for liabilities			
Other provisions	19	(1,250,000)	(1,297,500)
		<u>(1,250,000)</u>	<u>(1,297,500)</u>
Net assets		<u>1,960,606</u>	<u>5,782,304</u>
Capital and reserves			
Called up share capital	20	1,014,200	1,014,200
Profit and loss account		946,406	4,768,104
Total Shareholders' Funds		<u>1,960,606</u>	<u>5,782,304</u>

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

09.09.2020

Director **PETER FULTON**



The notes on pages 15 to 34 form part of these financial statements.

Hyatt Holdings (UK) Limited

**Statement of changes in equity
For the year ended 31 December 2019**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2019	1,014,200	4,768,104	5,782,304
Comprehensive income for the year			
Profit for the year	-	3,172,366	3,172,366
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	3,172,366	3,172,366
Dividends: Equity capital (note 8)	-	(7,000,000)	(7,000,000)
Deferred tax - current year (IFRS 16)	-	(1,495)	(1,495)
Deferred tax - prior year (IFRS 16)	-	7,431	7,431
At 31 December 2019	1,014,200	946,406	1,960,606

The notes on pages 15 to 34 form part of these financial statements.

**Statement of changes in equity
For the year ended 31 December 2018**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2018	1,014,200	2,379,687	3,393,887
Comprehensive income for the year			
Profit for the year	-	4,688,417	4,688,417
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	4,688,417	4,688,417
Dividends: Equity capital (note 8)	-	(2,300,000)	(2,300,000)
At 31 December 2018	1,014,200	4,768,104	5,782,304

The notes on pages 15 to 34 form part of these financial statements.

Hyatt Holdings (UK) Limited

Notes to the financial statements For the year ended 31 December 2019

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 2018 were authorised for issue by the board of directors on *09.09.2020* and the statement of financial position was signed on the board's behalf by *Peter Fullen*.

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 150 N. Riverside Plaza, 14th Floor, Chicago, Illinois 60606, United States of America.

Hyatt Holdings (UK) Limited is a private company limited by shares and is incorporated in the United Kingdom under the companies act and domiciled in England and Wales.

The Company's financial statements are presented in Sterling.

The accounts are prepared under the historical cost convention.

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

1.2 Financial reporting standard 101 - reduced disclosure exemptions

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

- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- 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 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

Notes to the financial statements
For the year ended 31 December 2019

1. Accounting policies (continued)

1.3 Judgements and key sources of estimation uncertainty

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

The 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 19.

The following principal accounting policies were applied:

1.4 Going concern

The Company finances its business primarily with existing cash, and cash generated from its operations and the Company maintains a cash investment policy that emphasizes preservation of capital. Though the Company believes that its cash position, and cash from operations will be adequate to meet all of the Company's funding requirements for the foreseeable future, after making enquiries and considering the COVID-19 impact on forecasts in assessing the going concern assumption, the directors sought and received a letter of support from the Company's ultimate parent (see note 26). The directors have a reasonable expectation that the Company's ultimate parent has adequate resources to continue in operational existence for at least 12 months from the date of the approval of the financial statements. We note that the ultimate parent company were successful in issuing a \$750 million bond offering in August 2020. Accordingly, the Company continues to adopt the going concern basis in preparing the financial statements. See discussion of the impact of the COVID-19 pandemic in the Strategic report.

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.

Notes to the financial statements
For the year ended 31 December 2019

1. Accounting policies (continued)

1.5 Revenue

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 providing services is recognised in the accounting period in which the services are rendered.

For fixed-price contracts, turnover is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

The Company recognises revenue from the following major sources:

- Management fees from 2 operating hotels with which the Company has management agreements; management fees primarily consist of a base fee, which is generally calculated as a percentage of gross revenues, and an incentive fee, which is generally computed based on a hotel profitability measure.
- Costs associated with individuals employed by the Company are charged to and fully reimbursable by Hyatt Chain Services Limited and Hyatt International Corporation
- Expenses paid on behalf of hotels and other Group companies which are then invoiced to the respective entities and reimbursed to the Company
- Network Services revenue which is based on Hyatt Hotels Corporation's global transfer pricing methodology

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product or service to a customer.

For each performance obligation satisfied over time, we recognize revenue using an output method based on the value transferred to the customer. Revenue is recognized based on the transaction price and the observable outputs related to each performance obligation. We deem the following to be a faithful depiction of our progress in satisfying these performance obligations:

- revenues and operating profits earned by the hotels during the reporting period for access to Hyatt Hotel Corporation's IP, as it is indicative of the value third-party owners derive;
- revenues and operating profits of the hotels for the promise to provide management agreement services to the hotels;

Within the Company's management agreements, there are two performance obligations: providing a license to Hyatt's IP and providing management agreement services. Although these constitute two separate performance obligations, both obligations represent services that are satisfied over time, and the Company recognizes revenue using an output method based on the performance of the hotel. Therefore, we have not allocated the transaction price between these two performance obligations as the allocation would result in the same pattern of revenue recognition.

Hyatt Holdings (UK) Limited

Notes to the financial statements For the year ended 31 December 2019

1. Accounting policies (continued)

1.6 Tangible fixed assets

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

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

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.

1.7 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.

1.8 Cash and cash equivalents

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

1.9 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.

The Company's accounting policy for each category is as follows:

Accounts Receivables

Our accounts receivables primarily consist of trade receivables due from hotel owners with whom we have management agreements for services rendered and for reimbursements of costs incurred on behalf of managed properties. We assess all accounts receivable for credit losses quarterly and establish a reserve to reflect the net amount expected to be collected. The credit loss reserve is based on an assessment of historical collection activity, the nature of the receivable, and the current business environment. The allowance for credit losses, if any, is recognized in selling, general, and administrative expenses in administrative expenses. There are no expected credit losses.

Notes to the financial statements
For the year ended 31 December 2019

1. Accounting policies (continued)

1.9 Financial instruments (continued)

Financial liabilities

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

1.10 Creditors

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

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

1.11 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 administrative expenses.

1.12 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.

Notes to the financial statements
For the year ended 31 December 2019

1. Accounting policies (continued)

1.13 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.

1.14 Interest income

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

1.15 Provisions for liabilities

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

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

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

1.16 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.

Notes to the financial statements
For the year ended 31 December 2019

1. Accounting policies (continued)

1.17 New and amended IFRS Standards that are effective for the current year

Impact of initial application of IFRS 16 Leases

In the current year, the Company has applied IFRS 16 Leases and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2019.

The new Accounting Standard requires lessees to record lease contracts on the balance sheet by recognizing a ROU (right-of-use) asset and lease liability with certain practical expedients available. ROU assets represent our right to use an underlying asset for the lease term, and lease liabilities represent our obligation to make fixed minimum lease payments arising from the lease. ROU assets and lease liabilities are recognized at the commencement date based on the present value of fixed minimum lease payments over the lease term, including optional periods for which it is reasonably certain the renewal option will be exercised.

In determining the present value of our ROU assets and lease liabilities, the Company estimates an Incremental Borrowing Rate (IBR) by applying a portfolio approach based on lease terms. The Company applies judgment in estimating own IBR including factors related to currency risk and our credit risk. The Company also gives consideration to their recent debt issuances as well as publicly available data for instruments with similar characteristics when determining our IBR.

For leases in place upon adoption, the Company used the remaining lease term as of January 1, 2019 in determining the IBR. For the initial measurement of the lease liabilities for leases commencing on or after January 1, 2019, the IBR at the lease commencement date was applied.

We adopted IFRS 16 utilizing the optional transition approach and applied the package of practical expedients beginning 1 January 2019. As a result of utilizing the optional transition method, our reporting for periods prior to 1 January 2019 continue to be reported in accordance IAS 17 Leases. Adoption of IFRS 16 did not materially affect the Company's financial statements.

For operating leases, the adoption of IFRS 16 resulted in the initial recognition of ROU assets of GBP 618,223 and related lease liabilities of GBP 618,223 on our balance sheets. Upon adoption, we reclassified GBP 39,114 of deferred rent to the operating ROU assets.

The ROU asset is being amortized over a period of 5 years which was the remaining lease term as of the date of adoption, 1 January 2019.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. See Note 7 for details.

The following tables summarise the impacts of adopting new reporting standards on the Company's financial statements.

Statement of financial position (extract)

	31 December 2018 As reported £	Effect of the adoption of IFRS 16 £	1 January 2019 As adjusted £
Fixed assets			
Right of use asset	-	579,109	579,109

Hyatt Holdings (UK) Limited

**Notes to the financial statements
For the year ended 31 December 2019**

1. Accounting policies (continued)**1.17 Impact of new international reporting standards, amendments and interpretations (continued)****Statement of financial position (extract) (continued)**

	31 December 2018 As reported £	Effect of the adoption of IFRS 16 £	1 January 2019 As adjusted £
Tangible assets	115,807	-	115,807
	<u>115,807</u>	<u>579,109</u>	<u>694,916</u>
Current assets			
Debtors: amounts falling due within one year	1,258,646	-	1,258,646
Cash at bank and in hand	6,860,258	-	6,860,258
Total current assets	<u>8,118,904</u>	<u>579,109</u>	<u>8,698,013</u>
Creditors: amounts falling due within one year	(1,154,907)	39,114	(1,115,793)
- Current operating lease liability	-	(128,978)	(128,978)
Total assets less current liabilities	<u>7,079,804</u>	<u>489,245</u>	<u>7,569,049</u>
Creditors: amounts falling due after more than one year	-	-	-
- Long-term operating lease liability	-	(489,245)	(489,245)
Other provisions	(1,297,500)	-	(1,297,500)
Net assets	<u>5,782,304</u>	<u>-</u>	<u>5,782,304</u>
Capital and reserves			
Called up share capital	1,014,200	-	1,014,200
Profit and loss account	4,768,104	-	4,768,104
	<u>5,782,304</u>	<u>-</u>	<u>5,782,304</u>

Hyatt Holdings (UK) Limited

Notes to the financial statements
For the year ended 31 December 2019

2. Turnover

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

	2019 £	2018 £
Management fees	4,151,956	3,380,008
Reimbursed costs plus mark-up	5,062,188	4,200,855
Network services	705,397	2,850,797
	<u>9,919,541</u>	<u>10,431,660</u>

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	4,774,043	4,001,594
Rest of Europe	709,343	2,858,390
Rest of the world	4,436,155	3,571,676
	<u>9,919,541</u>	<u>10,431,660</u>

3. Operating profit

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

	2019 £	2018 £
Depreciation of tangible fixed assets	39,831	42,967
Depreciation of right of use asset	113,197	-
Exchange differences	33,960	42,656
Defined contribution pension cost	171,929	163,902
Operating lease payments:		
- minimum lease payments	-	136,248
Management service and royalty fees payable to an affiliated company	264,941	298,396
Other provision	(50,120)	(952,500)
	<u></u>	<u></u>

Hyatt Holdings (UK) Limited

**Notes to the financial statements
For the year ended 31 December 2019**

4. Auditor 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:

	2019 £	2018 £
Fees for the audit of the Company	22,995	21,900

Amounts payable to Deloitte LLP by the Company in respect of non-audit services were £NIL (2017 - £NIL).

5. Employees

Staff costs were as follows:

	2019 £	2018 £
Wages and salaries	3,534,857	3,158,755
Social security costs	479,109	418,545
Cost of defined contribution scheme	171,929	163,902
	<u>4,185,895</u>	<u>3,741,202</u>

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

	2019 No.	2018 No.
Sales and general management	<u>30</u>	<u>28</u>

The directors discharge their duties mainly outside the UK and received no emoluments in respect of services to the Company in the year (2018 - £NIL).

6. Interest receivable and similar income

	2019 £	2018 £
Other interest receivable	35,971	17,823
	<u>35,971</u>	<u>17,823</u>

Hyatt Holdings (UK) Limited

Notes to the financial statements
For the year ended 31 December 2019

7. Interest payable on the lease liability

	2019 £	2018 £
Period interest on the lease liability	7,270	-
	<u>7,270</u>	<u>-</u>

Interest expense on the lease liability is recorded in administrative expenses on the statement of comprehensive income.

8. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	458,365	811,258
Adjustments in respect of previous periods	(370,150)	(108,788)
	<u>88,215</u>	<u>702,470</u>
Total current tax	<u>88,215</u>	<u>702,470</u>
Deferred tax		
Current year	(244,463)	196
Adjustments in respect of previous periods	-	(8,406)
Effect of changes in tax rates	(1,236)	(21)
	<u>(245,699)</u>	<u>(8,231)</u>
Total deferred tax	<u>(245,699)</u>	<u>(8,231)</u>
Taxation on profit	<u>(157,484)</u>	<u>694,239</u>

Hyatt Holdings (UK) Limited

Notes to the financial statements
For the year ended 31 December 2019

8. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit before tax	3,014,882	5,382,656
Profit multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	572,828	1,022,705
Effects of:		
Expenses not deductible for tax purposes	24,473	1,365
Adjustments in respect of prior periods	(370,150)	(117,194)
Tax rate changes	(1,236)	(21)
Effects of group relief/other reliefs	(151,528)	(46,782)
Transitional adjustments	(1,497)	-
Income not taxable	(230,374)	(165,834)
Total tax charge for the year	(157,484)	694,239

Factors that may affect future tax charges

The Company's profits for this accounting period are taxed at a rate of 19%. The standard rate of Corporation Tax was due to fall further to 17% with effect from 1 April 2020 and therefore closing deferred tax balances were stated at 17%. It was announced in the Budget on 11 March 2020 that the reduction to 17% would not take place and that the rate would remain at 19%. This change was substantively enacted on 17 March 2020 and hence, deferred tax has been recognised in full at a rate of 19%.

9. Dividends

	2019 £	2018 £
Dividends paid	7,000,000	2,300,000
	<u>7,000,000</u>	<u>2,300,000</u>

Dividends per share were £6.93 (2018: £2.27).

Hyatt Holdings (UK) Limited

**Notes to the financial statements
For the year ended 31 December 2019**

10. Right of use asset

	Right of use asset £
Cost	
At 1 January 2019	618,223
Base asset rollover begin balance (deferred rent)	(39,114)
At 31 December 2019	<u>579,109</u>
Amortisation	
Charge for the year	113,197
At 31 December 2019	<u>113,197</u>
Net book value	
At 31 December 2019	<u><u>465,912</u></u>
At 31 December 2018	<u><u>-</u></u>

The Company has only one operating office lease which is accounted for as a right of use asset.

Hyatt Holdings (UK) Limited

**Notes to the financial statements
For the year ended 31 December 2019**

11. Tangible fixed assets

	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation			
At 1 January 2019	180,110	57,529	237,639
Additions	-	21,934	21,934
Disposals	(3,525)	(30,059)	(33,584)
At 31 December 2019	176,585	49,404	225,989
Depreciation			
At 1 January 2019	81,143	40,689	121,832
Charge for the year on owned assets	25,562	14,269	39,831
Disposals	(2,728)	(22,378)	(25,106)
At 31 December 2019	103,977	32,580	136,557
Net book value			
At 31 December 2019	72,608	16,824	89,432
At 31 December 2018	98,967	16,840	115,807

Hyatt Holdings (UK) Limited

Notes to the financial statements
For the year ended 31 December 2019

12. Debtors

	2019 £	2018 £
Trade debtors	1,088,441	682,430
Amounts owed by group undertakings	142,823	518,871
Other debtors	16,330	4,474
Prepayments and accrued income	8,551	42,360
Corporation tax asset	761,516	-
	<u>2,017,661</u>	<u>1,248,135</u>

The amounts owed by group undertakings are owed to the Company by entities that are also wholly owned by the Company's ultimate parent company and controlling party, Hyatt Hotel Corporation. The payment terms of amounts owed by group undertakings is 30 Days. All amounts are transactions entered into in the normal course of the Company's business.

13. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	1,819,030	6,860,258
	<u>1,819,030</u>	<u>6,860,258</u>

Hyatt Holdings (UK) Limited

**Notes to the financial statements
For the year ended 31 December 2019**

14. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	17,163	19,516
Amounts owed to group undertakings	30,720	28,605
Corporation tax	-	148,697
Other taxation and social security	166,356	206,143
Current lease liability	130,664	-
Other creditors	-	7,461
Accruals and deferred income	740,091	744,485
	<u>1,084,994</u>	<u>1,154,907</u>

The amount owed to group undertakings are owed by the Company to Hyatt International Corporation which is an entity that is wholly owned by the Company's ultimate parent company and controlling party, Hyatt Hotel Corporation. The payment terms of amounts owed to group undertakings is 30 Days. All amounts are transactions entered into in the normal course of the Company's business. The payable was not secured and it was settled in cash subsequent to 31 December 2019.

The amount owed to Hyatt International Corporation are sublicense fees which are payable on a percentage of the revenues from Hyatt Regency London – The Churchill and Andaz London.

15. Creditors: Amounts falling due after more than one year

	2019 £	2018 £
Non-current lease liability	358,581	-
	<u>358,581</u>	<u>-</u>

Hyatt Holdings (UK) Limited

Notes to the financial statements
For the year ended 31 December 2019

16. Leases

Set out below are the carrying amounts of lease liabilities and the movement during the year:

	Liabilities £
Lease liability	
Right of use liability establishment (1 January 2019)	618,223
Period interest	7,270
Quarterly lease payments	(136,248)
	<u>489,245</u>
Current lease liability	130,664
Non-current lease liability	358,581
	<u><u>489,245</u></u>

17. Financial instruments

	2019 £	2018 £
Financial assets		
Financial assets measured at amortised cost	<u>1,247,594</u>	<u>1,205,775</u>
Financial liabilities		
Financial liabilities measured at amortised	<u>(1,443,575)</u>	<u>(800,067)</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 and deferred income, amounts owed to group undertakings, other creditors, other taxation and social security and lease liabilities.

Hyatt Holdings (UK) Limited

Notes to the financial statements
For the year ended 31 December 2019

18. Deferred taxation

	2019 £	2018 £
At beginning of year	10,511	2,280
Charged to profit or loss	245,699	(175)
Deferred tax charge in equity for the period	(1,495)	-
Adjustment in respect of prior years	7,431	8,406
At end of year	262,146	10,511

The deferred tax asset is made up as follows:

	2019 £	2018 £
Fixed assets	9,705	5,919
Temporary differences trading	252,441	4,592
	262,146	10,511

19. Other provisions

	Other provision £
At 1 January 2019	1,297,500
Charged to profit or loss (release of initial liability and recognizing a new reserve related to legal expenses)	50,120
Reduction of Balance sheet (payment of fines and court costs)	(97,620)
At 31 December 2019	1,250,000

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 £1,250,000 is possible. Further details are not provided as their disclosure could prejudice seriously the company's position.

Hyatt Holdings (UK) Limited

**Notes to the financial statements
For the year ended 31 December 2019**

20. Share capital

	2019 £	2018 £
Authorised		
1,000,000 (2018 - 1,000,000) Ordinary shares of £100.00 each	100,000,000	100,000,000
Allotted, called up and fully paid		
10,142 (2018 - 10,142) Ordinary shares of £100.00 each	1,014,200	1,014,200

21. Capital commitments

The Company had no capital commitments at 31 December 2019 (2018 - £NIL).

22. 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 2019 was £2,500 (2018 - £14,371).

23. Lease liability commitments

At 31 December 2019 the Company had future minimum lease payments under non-cancellable leases as follows:

	2019 £	2018 £
Maturity analysis		
Year 1	136,248	136,248
Year 2	136,248	136,248
Year 3	136,248	136,248
Year 4	92,572	136,248
Year 5	-	92,572
	501,316	637,564

24. Related party transactions

In accordance with Financial Reporting Standard 101, transactions with related parties that are eliminated on consolidation within the group headed by Hyatt Hotels Corporation are not reported as the consolidated financial statements of Hyatt Hotels Corporation are publicly available and all parties to the transactions are wholly owned within the group.

Hyatt Holdings (UK) Limited

**Notes to the financial statements
For the year ended 31 December 2019**

25. Post balance sheet events

In March 2020, the World Health Organisation declared the outbreak of COVID-19 a global pandemic. As a result, there have been restrictions in trading to the wider business and changes in macroeconomic conditions as a result of the threat and uncertainty posed by the Coronavirus outbreak. See the going concern note in the Directors report and note 1.4 for further details.

26. 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 Holding Cyprus Limited, incorporated in Cyprus. Hyatt Hotels Corporation is both the largest and smallest group at which the consolidated financial statements are prepared.

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 150 N. Riverside Plaza, 14th Floor, Chicago, Illinois, 60606, United States of America.