
SMITH GLOBAL LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

SMITH GLOBAL LTD

COMPANY INFORMATION

Directors	S J Balcombe (resigned 2 June 2023) J A C Lohan (resigned 2 June 2023) T Lohan (resigned 2 June 2023) E G Orr (resigned 2 June 2023) P H Portz (resigned 2 June 2023) E Novoselov (resigned 31 March 2022) A N Walsh (resigned 2 June 2023) P M Boeschen (appointed 2 June 2023) D A Peters (appointed 2 June 2023)
Registered number	04438845
Registered office	2nd Floor, Nucleus House 2 Lower Mortlake Road Richmond TW9 2JA
Independent auditors	White Hart Associates (London) Limited Chartered Accountants and Statutory Auditors 2nd Floor, Nucleus House 2 Lower Mortlake Road Richmond TW9 2JA

SMITH GLOBAL LTD

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GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

CEO's Introduction

It brings me immense pride to introduce these audited accounts for the year 2022 – a year that brought us outstanding results through the resilience, hard work, agility and dedication of all our team members.

Sustainability at the forefront: This year marked a significant milestone for us as our commitment to becoming a force for good in our industry came to fruition. We achieved B Corp certification, a testament to our ambition to be both profitable and beneficial to society. This achievement wasn't possible without the relentless efforts of our volunteers and is thoroughly detailed in our Impact report. Our strategic collaborations with esteemed organisations like the World Land Trust, Blue Marine Foundation, and Human Dignity Trust were instrumental in this journey. Our sights are now set on the future – understanding and charting our journey towards becoming a net-zero entity and setting clear milestones to realise this ambition.

A record year in bookings and revenues: 2022 welcomed back the demand for travel, especially in our core markets, the UK and the US. The lifting of Covid restrictions saw a rebound in demand, and our impressive bookings and revenues, detailed below, echo the enthusiasm of people to explore the world again. I also want to highlight our outstanding B2B channel performance, with special mention to our IHG partnership that significantly bolstered our revenues.

Agility in practice: The pandemic urged us to rethink and recalibrate. As a result, Agile practices have been introduced across the business. The stand out story of the year came from our curation and onboarding teams who, through adopting an agile methodology and practice onboarded almost double the number of properties in the year compared to our pre-COVID capabilities. This speaks volumes about our team's adaptability and dedication to growth.

Looking ahead to 2023: As we head into 2023, we find ourselves at the beginning of another transformative phase. Our recent acquisition by Hyatt promises new avenues and opportunities. While this means parting ways with our IHG revenue stream, the potential of our synergy with Hyatt fills me with excitement. The robust support and direction from our new owner promise new horizons of growth, innovation, and success.

Tamara Lohan

CEO

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

Below, the directors present their strategic report of the Company and the Group for the year ended 31 December 2022.

The Group is required by the Companies Act, to set out in this report a fair review of the business of the Group during the financial year ended 31 December 2022 and of the position of the Group at the year end, as well as a description of the principal risks and uncertainties facing the Group. The review is prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for the strategies to succeed, and the business review should not be relied upon by any other party or for any other purpose.

Business review

The Group added a record 379 new hotels and villas to its collection and ended the year with almost 2,000 accommodation listings on its website. With the receding impact of COVID-19, it acted as an agent on just under 85,000 bookings with an average value of over £1,100, with only 28% of bookings by value cancelled or amended compared to 45% in 2021. In addition to the £69m of bookings (net of cancellations) through the website, a further £24m was booked through the company's B2B partners.

The combined Gross Retail Turnover ("GRT") of £93m was more than double 2021 with associated turnover from stays in 2022 up +129% year on year and +28% higher than 2019, the last year unaffected by COVID-19. Thanks to delivering record revenues whilst maintaining a lower cost base with no physical offices and efficient marketing spend, the Group also delivered record profits.

The key performance indicators used by the directors to monitor the progress of the Group are set out below:

	2022	2021
	£	£
Gross Retail Turnover ("GRT")	92,851,065	44,883,172
Turnover	18,127,353	8,196,926
Turnover as a percentage of GRT	19.52%	18.26%
Profit/(loss) on ordinary activities before taxation	3,613,640	(557,714)
Profit/(loss) on ordinary activities as a percentage of turnover	19.93%	(6.80%)

There is also a foreign exchange loss included in the consolidated statement of other comprehensive income for the year amounting to £155,116 (2021: £6,731). This primarily relates to the translation of inter-company balances with the overseas subsidiaries at the exchange rates ruling at the year-end.

The directors therefore consider the results to be highly satisfactory, especially given the unprecedented impact of the COVID-19 crisis that hit the global travel sector in 2020 and 2021.

The directors have also considered the going concern of the Group for the 12 months from approval date of these audited financial statements - see note 2.3 in the accounting policies on page 20 for full details.

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Research and development

The Group continually researches and curates new hotels and villas to publish information on and continuously develops its proprietary booking technology to act as an agent for hotel owners, improve the booking experience for its members and existing partners, and integrate with new partners.

Social and environmental impact

In 2022 the Group continued to integrate inclusion and sustainability even deeper into the business:

- Systematically reviewing the sustainability efforts of its hotel partners with the intention of showcasing best in class efforts and supporting them through responsible travel so they can in turn support their staff and the local communities that rely on them;
- Partnering with three charities - The World Land Trust, the Blue Marine Foundation and Human Dignity Trust - for example, by offering the purchasers of gift cards the option to buy a digital rather than physical card with the Group donating £5 for every e-gift card sold;
- Committing to making carbon reduction contributions for the Group's own travel;
- Perfecting curation and on-boarding processes to allow for a greater number of hotels to join the collection whilst minimising travel;
- Maintaining a fully distributed workplace with no offices and therefore no daily travel to the office;
- Gathering data on diversity in the workforce and committing to creating a more inclusive and welcoming environment in a virtual office environment;

In confirmation of the Company's genuine commitment to inclusion and sustainability, it was awarded B Corp Certification in 2022.

Future developments

Despite the macro-economic challenges of rising global inflation and interest rates, the immediate outlook for 2023 remains positive with strong demand for the Group's products and services. In March 2023, the Group redeemed all £1,826,500 of the bonds outstanding in Smith Bonds Plc. Then, in June 2023, Hyatt Hotels Corporation completed the acquisition of the Group with the objective of driving further growth through continuing to add more carefully curated hotels to the Mr & Mrs Smith collection globally and enabling them to be booked by World of Hyatt members as well as through the Mr & Mrs Smith website and other distribution partners.

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Principal risks and uncertainties

Foreign exchange risk

The Group is exposed to translation and transaction foreign exchange risk. However, the Group benefits from inbuilt hedging, with both revenues and costs in multiple currencies. Revenues include commissions and fees paid by hotels and villas around the world, plus prepaid bookings by members from all over the world and by partners for hotels globally, all paid into the group's five operating currencies - GBP, EUR, USD, AUD, SEK. Payments include marketing and hotel account management costs in GBP, EUR, USD and some SGD and prepaid bookings to the global hotels, matching wherever possible the revenues received.

Competition risk

The Group faces competition from both a growing number of internet based travel agents and accommodation providers who are increasing the volume of sales they make directly to the general public. The Group seeks to constantly invest in its brand and value proposition to increase public awareness as well as offer carefully selected products from a global range of suppliers at competitive prices to maintain its market position.

Regulatory risk

The Group is focused purely on being an agent for its hotel partners rather than selling packages and add-ons so bookings are not subject to the Package Travel and Linked Travel Regulations and the Group does not need to maintain an Air Travel Organisers Licence ("ATOL") regulated by the Civil Aviation Authority ("CAA").

Commercial risk

As an internet-based business, the Group is dependent on the uninterrupted operation of its IT systems and website. These systems are vulnerable to power loss, fire, computer viruses and other events. Loss of these systems would impair the ability of the Company and the Group to carry on its business effectively. IT risks are managed through the operation of independent data centres.

Other commercial risks which may affect the trading performance of the Group include:

- acts of terrorism, particularly in key tourist destinations;
- epidemics in key tourist destinations which threaten the health of tourists;
- wars or other international uncertainty which affects air travel;
- natural disasters in key tourist destinations;
- weather conditions, both in the UK and key tourist destinations;
- changes in customer behaviour and preferences;
- increases in government taxes.

These factors may affect the Group by causing potential customers to cancel or postpone travel plans, reducing the earnings potential of the Group. The Group seeks to minimise such risks by offering a wide selection of products in a wide range of destinations.

This report was approved by the board on 26 September 2023 and signed on its behalf.

P M Boeschen
Director

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

The directors present their report and the financial statements for the year ended 31 December 2022.

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' Reports may differ from legislation in other jurisdictions.

Principal activity

The Group's principal activity during the year continued to be publishing of hotel information and acting as a booking agent hotels.

Results and dividends

The profit for the year, after taxation, amounted to £5,041,888 (2021 - £94,261).

The directors have recommended the payment of a final dividend for the year ended 31 December 2022 of £2,107,539 (2021: £Nil).

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

Directors

The directors who served during the year were:

S J Balcombe (resigned 2 June 2023)
J A C Lohan (resigned 2 June 2023)
T Lohan (resigned 2 June 2023)
E G Orr (resigned 2 June 2023)
P H Portz (resigned 2 June 2023)
E Novoselov (resigned 31 March 2022)
A N Walsh (resigned 2 June 2023)

M Boeschen and D A Peters were appointed as directors on 2 June 2023 following the acquisition of the Group by Hyatt Hotels Corporation.

Disclosure of information to auditors

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 and the Group's auditors are 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 and the Group's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Group since the year end, other than the repayment of all remaining Bonds in March, April and May 2023 and its acquisition by Hyatt Hotels Corporation in June 2023.

Auditors

The auditors, White Hart Associates (London) Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 26 September 2023 and signed on its behalf.

P M Boeschen
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SMITH GLOBAL LTD

Opinion

We have audited the financial statements of Smith Global Ltd (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022, which comprise the Group Income Statement, the Group Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2022 and of the Group's profit 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.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SMITH GLOBAL LTD (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

Opinion 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 Group 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 Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 Group's and the parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SMITH GLOBAL LTD (CONTINUED)

Auditors' 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 Auditors' 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 Group financial statements

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We exercise professional judgment and maintain professional scepticism throughout the audit;
- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the deliberate override of internal control;
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control;
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made;
- We assess the risk of management override of controls, including testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business;
- We request and review the minutes of management meetings, and assess any matters identified not already provided for or disclosed that may materially impact the financial statements;
- We conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SMITH GLOBAL LTD (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 Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

M S Caldicott ACA FCCA CTA (Senior Statutory Auditor)

for and on behalf of

White Hart Associates (London) Limited

Chartered Accountants and Statutory Auditors

2nd Floor, Nucleus House

2 Lower Mortlake Road

Richmond

TW9 2JA

26 September 2023

SMITH GLOBAL LTD

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	2021 £
Turnover	4	18,127,353	8,196,926
Cost of sales		(3,289,231)	(1,394,682)
Gross profit		14,838,122	6,802,244
Administrative expenses		(11,627,049)	(7,897,869)
Other operating income	5	537,664	707,911
Operating profit/(loss)	6	3,748,737	(387,714)
Interest receivable and similar income	10	14,118	1,673
Interest payable and similar expenses	11	(149,215)	(171,673)
Profit/(loss) before tax		3,613,640	(557,714)
Tax on profit/(loss)	12	1,428,248	651,975
Profit for the financial year		5,041,888	94,261
Profit for the year attributable to:			
Owners of the parent		5,041,888	94,261
		5,041,888	94,261

The notes on pages 20 to 45 form part of these financial statements.

SMITH GLOBAL LTD

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	2021 £
Profit for the financial year		5,041,888	94,261
Other comprehensive income			
Foreign exchange revaluation loss		(155,116)	(6,731)
Other comprehensive income for the year		(155,116)	(6,731)
Total comprehensive income for the year		<u>4,886,772</u>	<u>87,530</u>
Profit for the year attributable to:			
Owners of the parent Company		5,041,888	94,261
		<u>5,041,888</u>	<u>94,261</u>

The notes on pages 20 to 45 form part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	14	1,816,906	1,823,632
Tangible assets	15	242,933	119,263
		<u>2,059,839</u>	<u>1,942,895</u>
Current assets			
Debtors: amounts falling due within one year	17	6,949,477	4,871,605
Cash at bank and in hand	18	11,279,043	6,054,952
		<u>18,228,520</u>	<u>10,926,557</u>
Creditors: amounts falling due within one year	19	(16,785,428)	(12,429,387)
Net current assets/(liabilities)		<u>1,443,092</u>	<u>(1,502,830)</u>
Total assets less current liabilities		<u>3,502,931</u>	<u>440,065</u>
Creditors: amounts falling due after more than one year	20	-	(1,826,500)
Provisions for liabilities			
Net assets/(liabilities)		<u><u>3,502,931</u></u>	<u><u>(1,386,435)</u></u>
Capital and reserves			
Called up share capital	24	219,927	217,333
Share premium account	25	-	10,264,814
Foreign exchange reserve	25	199,966	202,658
Profit and loss account	25	3,083,038	(12,071,240)
Equity attributable to owners of the parent Company		<u><u>3,502,931</u></u>	<u><u>(1,386,435)</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 September 2023.

P M Boeschen
Director

The notes on pages 20 to 45 form part of these financial statements.

SMITH GLOBAL LTD
REGISTERED NUMBER: 04438845

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	14	1,816,906	1,823,632
Tangible assets	15	242,935	119,265
Investments	16	13,477	13,477
		<u>2,073,318</u>	<u>1,956,374</u>
Current assets			
Debtors: amounts falling due within one year	17	10,576,847	7,311,761
Cash at bank and in hand	18	8,947,294	4,878,001
		<u>19,524,141</u>	<u>12,189,762</u>
Creditors: amounts falling due within one year	19	(16,691,545)	(14,245,388)
Net current assets/(liabilities)		<u>2,832,596</u>	<u>(2,055,626)</u>
Total assets less current liabilities		<u>4,905,914</u>	<u>(99,252)</u>
Net assets/(liabilities)		<u><u>4,905,914</u></u>	<u><u>(99,252)</u></u>
Capital and reserves			
Called up share capital	24	219,927	217,333
Share premium account	25	-	10,264,814
Profit and loss account brought forward		(10,581,399)	(10,664,709)
Profit for the year		5,002,572	83,310
		<u>10,264,814</u>	<u>-</u>
Other changes in the profit and loss account			
Profit and loss account carried forward		4,685,987	(10,581,399)
		<u><u>4,905,914</u></u>	<u><u>(99,252)</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 September 2023.

P M Boeschen
Director

The notes on pages 20 to 45 form part of these financial statements.

SMITH GLOBAL LTD
REGISTERED NUMBER: 04438845

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2022

SMITH GLOBAL LTD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital £	Share premium account £	Foreign exchange reserve £	Profit and loss account £	Total equity £
At 1 January 2021	217,333	10,264,814	194,421	(12,150,533)	(1,473,965)
Comprehensive income for the year					
Profit for the year	-	-	-	94,261	94,261
Exchange gain/(loss)	-	-	8,237	(14,968)	(6,731)
At 1 January 2022	217,333	10,264,814	202,658	(12,071,240)	(1,386,435)
Comprehensive income for the year					
Profit for the year	-	-	-	5,041,888	5,041,888
Exchange gain/(loss)	-	-	(2,692)	(152,424)	(155,116)
Shares issued during the year	2,594	-	-	-	2,594
Transfer on cancellation of share premium account	-	(10,264,814)	-	10,264,814	-
At 31 December 2022	219,927	-	199,966	3,083,038	3,502,931

The notes on pages 20 to 45 form part of these financial statements.

SMITH GLOBAL LTD

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2021	217,333	10,264,814	(10,664,709)	(182,562)
Comprehensive income for the year				
Profit for the year	-	-	83,310	83,310
At 1 January 2022	217,333	10,264,814	(10,581,399)	(99,252)
Comprehensive income for the year				
Profit for the year	-	-	5,002,572	5,002,572
Shares issued during the year	2,594	-	-	2,594
Transfer on cancellation of share premium account	-	(10,264,814)	10,264,814	-
At 31 December 2022	<u>219,927</u>	<u>-</u>	<u>4,685,987</u>	<u>4,905,914</u>

The notes on pages 20 to 45 form part of these financial statements.

SMITH GLOBAL LTD

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 £	2021 £
Cash flows from operating activities		
Profit for the financial year	5,041,888	94,261
Adjustments for:		
Amortisation of intangible assets	1,081,189	1,190,952
Depreciation of tangible assets	77,992	49,802
Interest paid	149,215	171,673
Interest received	(14,118)	(1,673)
Taxation charge	(1,428,248)	(651,975)
Decrease in stocks	-	14,800
Increase in debtors	(791,849)	(180,789)
Increase in creditors	2,533,650	1,886,568
Corporation tax paid	-	(195)
Net cash generated from operating activities	6,649,719	2,573,424
Cash flows from investing activities		
Purchase of intangible fixed assets	(1,074,463)	(844,826)
Purchase of tangible fixed assets	(201,662)	(82,685)
Interest received	14,118	1,673
Net cash from investing activities	(1,262,007)	(925,838)

SMITH GLOBAL LTD

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 £	2021 £
Cash flows from financing activities		
Issue of ordinary shares	2,594	-
Repayment of other loans	(17,000)	(97,000)
Interest paid	(149,215)	(171,673)
Net cash used in financing activities	(163,621)	(268,673)
Net increase in cash and cash equivalents	5,224,091	1,378,913
Cash and cash equivalents at beginning of year	6,054,952	4,676,039
Cash and cash equivalents at the end of year	11,279,043	6,054,952
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	11,279,043	6,054,952
	11,279,043	6,054,952

The notes on pages 20 to 45 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. General information

Smith Global Limited is a private company limited by shares, domiciled in England and Wales, registration number 04438845. The registered office is 2nd Floor, Nucleus House, 2 Lower Mortlake Road, Richmond, TW9 2JA.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Income Statement in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Income Statement from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

Following the acquisition of the Group by Hyatt Hotels Corporation in June 2023, Group management and the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being at least 12 months following the signing of these financial statements.

As a result, the directors believe that it is appropriate to continue to apply the going concern basis in the preparation of the financial statements.

2.4 Related party exemption

The Company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the Group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.5 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 profit or loss 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 Consolidated Income Statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.6 Revenue

Turnover represents the commission/margin earned on all hotel and associated arrangements sold, recognised on the date of stay basis, and the publishing of hotel information and invoicing of membership fees, recognised over the period they relate to, net of value added tax.

Turnover is attributable to one continuing activity.

Gross Retail Turnover ("GRT") is the total gross amount receivable by the hotels in respect of booking arrangements made through the group for the year. Application Note 23 to FRS 102 requires the statutory turnover to be the net commission/margin earned. GRT for the year ended 31 December 2022 was £92,851,065 (2021: £44,883,172).

Trade debtors still represent gross amounts receivable in respect of hotel arrangements and publishing and membership sales, and trade creditors still represent gross amounts payable in respect of hotel arrangements and publishing and membership purchases.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.7 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.8 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.9 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated Income Statement in the same period as the related expenditure.

2.10 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.11 Finance costs

Finance costs are charged to profit or loss 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.

2.12 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.13 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in profit or loss 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 Group in independently administered funds.

2.14 Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.16 Intangible assets

Software development costs

Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use or sale.
- The intention to complete the software and use or sell it.
- The ability to use the software or to sell it.
- How the software will generate probable future economic benefits.
- Availability of adequate technical, financial and other resources to complete the development and to use or sell the software.
- The ability to measure reliably the expenditure attributable to the software during its development.

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.16 Intangible assets (continued)

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Development expenditure	-	4	years
Intellectual Property	-	4	years

2.17 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, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	- 25% on cost
Image library	- 25% on cost

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 profit or loss.

2.18 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.19 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.

2.20 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.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.21 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.22 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group 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 profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the reporting 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.23 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Income Statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors are required to make judgments, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised in the period in which the estimates are revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

4. Turnover

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

	2022 £	2021 £
Publishing and travel agency sales	18,127,353	8,196,926
	<u>18,127,353</u>	<u>8,196,926</u>

Analysis of turnover by country of parent and subsidiary:

	2022 £	2021 £
United Kingdom	18,127,353	8,196,926
	<u>18,127,353</u>	<u>8,196,926</u>

5. Other operating income

	2022 £	2021 £
Other operating income	537,664	323,332
Government grants receivable	-	384,579
	<u>537,664</u>	<u>707,911</u>

Included within other operating income above is the sum of £Nil (2021: £373,174) in relation to grants received from the UK government backed Coronavirus Job Retention Scheme (CJRS) to cover staff salaries.

6. Operating profit/(loss)

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

	2022 £	2021 £
Exchange differences	<u>(358,972)</u>	<u>157,273</u>

SMITH GLOBAL LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

7. Auditors' remuneration

During the year, the Group obtained the following services from the Company's auditors:

	2022 £	2021 £
Fees payable to the Company's auditors for the audit of the consolidated and parent Company's financial statements	39,240	33,740

8. Employees

Staff costs, including directors' remuneration and fees, were as follows:

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Wages, salaries and fees	4,387,237	2,870,755	3,747,153	2,600,255
Social security costs	621,341	397,683	583,592	374,007
Cost of defined contribution scheme	315,512	265,392	315,512	265,392
	<u>5,324,090</u>	<u>3,533,830</u>	<u>4,646,257</u>	<u>3,239,654</u>

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

	Group 2022 No.	Group 2021 No.	Company 2022 No.	Company 2021 No.
Administration	21	14	13	13
Development	20	21	16	21
Marketing	19	15	18	15
Sales	42	34	38	28
	<u>102</u>	<u>84</u>	<u>85</u>	<u>77</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

9. Directors' remuneration

	2022	<i>2021</i>
	£	<i>£</i>
Directors' emoluments	613,959	<i>415,908</i>
Group contributions to defined contribution pension schemes	36,692	<i>34,409</i>
	<u>650,651</u>	<i><u>450,317</u></i>

During the year retirement benefits were accruing to 4 directors (*2021 - 4*) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £200,806 (*2021 - £126,374*).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £11,910 (*2021 - £11,480*).

10. Interest receivable

	2022	<i>2021</i>
	£	<i>£</i>
Other interest receivable	14,118	<i>1,673</i>
	<u>14,118</u>	<i><u>1,673</u></i>

11. Interest payable and similar expenses

	2022	<i>2021</i>
	£	<i>£</i>
Bonds interest payable	149,215	<i>153,770</i>
Other interest payable	-	<i>17,903</i>
	<u>149,215</u>	<i><u>171,673</u></i>

SMITH GLOBAL LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

12. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	212	(157,975)
	<u>212</u>	<u>(157,975)</u>
Foreign tax		
Foreign tax on income for the year	287	-
	<u>287</u>	<u>-</u>
Total current tax	<u>499</u>	<u>(157,975)</u>
Deferred tax		
Origination and reversal of timing differences	(1,428,747)	(494,000)
	<u>(1,428,747)</u>	<u>(494,000)</u>
Total deferred tax	<u>(1,428,747)</u>	<u>(494,000)</u>
Taxation on loss on ordinary activities	<u>(1,428,248)</u>	<u>(651,975)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

The tax assessed for the year is lower than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022	2021
	£	£
Profit/(loss) on ordinary activities before tax	<u>3,613,640</u>	<u>(557,714)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	686,592	(105,966)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	12,645	3,797
Capital allowances for year in excess of depreciation	(107,449)	(20,668)
Adjustments to tax charge in respect of prior periods	212	-
Deferred tax charges	(1,428,747)	(494,000)
Foreign profits not subject to UK tax	(7,524)	(2,081)
Research and development tax credits received	-	(157,975)
Foreign tax charges	287	-
Profits utilised against brought forward tax losses	(584,264)	124,918
Total tax charge for the year	<u>(1,428,248)</u>	<u>(651,975)</u>

Factors that may affect future tax charges

A change to the main UK corporation tax rate, announced in the Budget on 3 March 2021, was substantively enacted on 24 May 2021, whereby the tax rate applicable for years starting from 1 April 2023 increased to 25% from current tax rate of 19%.

13. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Income Statement in these financial statements. The profit after tax of the parent Company for the year was £5,002,572 (2021 - £83,310).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

14. Intangible assets**Group**

	Development costs	Goodwill	Total
	£	£	£
Cost			
At 1 January 2022	8,040,259	6,403	8,046,662
Additions	1,074,463	-	1,074,463
Disposals	-	(6,403)	(6,403)
	<hr/>	<hr/>	<hr/>
At 31 December 2022	9,114,722	-	9,114,722
	<hr/>	<hr/>	<hr/>
Amortisation			
At 1 January 2022	6,216,627	6,403	6,223,030
Charge for the year on owned assets	1,081,189	-	1,081,189
On disposals	-	(6,403)	(6,403)
	<hr/>	<hr/>	<hr/>
At 31 December 2022	7,297,816	-	7,297,816
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2022	<u>1,816,906</u>	<u>-</u>	<u>1,816,906</u>
<i>At 31 December 2021</i>	<u>1,823,632</u>	<u>-</u>	<u>1,823,632</u>

SMITH GLOBAL LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

14. Intangible assets (continued)

Company

	Development costs £
Cost	
At 1 January 2022	8,040,259
Additions	1,074,463
	<hr/>
At 31 December 2022	9,114,722
	<hr/>
Amortisation	
At 1 January 2022	6,216,627
Charge for the year	1,081,189
	<hr/>
At 31 December 2022	7,297,816
	<hr/>
Net book value	
At 31 December 2022	<hr/> <u>1,816,906</u>
<i>At 31 December 2021</i>	<hr/> <u>1,823,632</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

15. Tangible fixed assets**Group**

	Plant and machinery	Image library	Total
	£	£	£
Cost or valuation			
At 1 January 2022	415,791	17,013	432,804
Additions	201,662	-	201,662
At 31 December 2022	<u>617,453</u>	<u>17,013</u>	<u>634,466</u>
Depreciation			
At 1 January 2022	296,528	17,013	313,541
Charge for the year on owned assets	77,992	-	77,992
At 31 December 2022	<u>374,520</u>	<u>17,013</u>	<u>391,533</u>
Net book value			
At 31 December 2022	<u>242,933</u>	<u>-</u>	<u>242,933</u>
At 31 December 2021	<u>119,263</u>	<u>-</u>	<u>119,263</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

15. Tangible fixed assets (continued)**Company**

	Plant and machinery £	Image library £	Total £
Cost or valuation			
At 1 January 2022	327,617	17,013	344,630
Additions	201,662	-	201,662
	<hr/>	<hr/>	<hr/>
At 31 December 2022	529,279	17,013	546,292
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 January 2022	208,352	17,013	225,365
Charge for the year on owned assets	77,992	-	77,992
	<hr/>	<hr/>	<hr/>
At 31 December 2022	286,344	17,013	303,357
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2022	<u>242,935</u>	<u>-</u>	<u>242,935</u>
<i>At 31 December 2021</i>	<u>119,265</u>	<u>-</u>	<u>119,265</u>

SMITH GLOBAL LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

16. Fixed asset investments**Company**

**Investments in
subsidiary
companies
£**

Cost or valuation

At 1 January 2022

13,477

At 31 December 2022

13,477**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Mr & Mrs Smith (Americas) Inc	1430 Broadway, Suite 1503, New York, NY 10018, USA	Ordinary	100 %
Smith Bonds Plc	2nd Floor, Nucleus House, 2 Lower Mortlake Road, Richmond, TW9 2JA	Ordinary	100 %
Sidestory Limited (dissolved 18 July 2023)	2nd Floor, Nucleus House, 2 Lower Mortlake Road, Richmond, TW9 2JA	Ordinary	100 %

SMITH GLOBAL LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

17. Debtors

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Trade debtors	4,134,790	2,877,177	4,129,931	2,900,553
Amounts owed by group undertakings	-	-	3,643,437	2,421,390
Other debtors	262,961	380,737	260,621	377,967
Prepayments and accrued income	628,979	1,119,691	620,111	1,117,851
Deferred taxation	1,922,747	494,000	1,922,747	494,000
	<u>6,949,477</u>	<u>4,871,605</u>	<u>10,576,847</u>	<u>7,311,761</u>

18. Cash and cash equivalents

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Cash at bank and in hand	11,279,043	6,054,952	8,947,294	4,878,001
	<u>11,279,043</u>	<u>6,054,952</u>	<u>8,947,294</u>	<u>4,878,001</u>

19. Creditors: Amounts falling due within one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Other loans (see note 20)	1,826,500	17,000	-	-
Trade creditors	592,884	527,895	584,447	525,992
Amounts owed to group undertakings	-	-	1,844,340	1,875,637
Other taxation and social security	188,033	186,774	188,033	171,877
Other creditors	12,127,081	10,591,791	12,127,081	10,591,791
Accruals and deferred income	2,050,930	1,105,927	1,947,644	1,080,091
	<u>16,785,428</u>	<u>12,429,387</u>	<u>16,691,545</u>	<u>14,245,388</u>

SMITH GLOBAL LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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

	Group 2022 £	Group 2021 £
Other loans	-	1,826,500
	<u>-</u>	<u>1,826,500</u>

Included in other loans above are 'Bonds 2017' that were issued at various dates between July 2012 and December 2017 at par and carry interest at a rate of 7.5% or 9.5% depending on whether the subscriber opted for cash payment or Mr & Mrs Smith loyalty money respectively. The loyalty money can be redeemed against travel packages booked with the parent company, Smith Global Limited. The repayment is guaranteed by Smith Global Limited. This loan was fully repaid to bondholders in 2023.

21. Loans

	Group 2022 £	Group 2021 £
Amounts falling due within one year		
Other loans	1,826,500	17,000
	<u>1,826,500</u>	<u>17,000</u>
Amounts falling due 1-2 years		
Other loans	-	1,826,500
	<u>-</u>	<u>1,826,500</u>
	<u>1,826,500</u>	<u>1,843,500</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

22. Financial instruments

	Group 2022 £	<i>Group 2021 £</i>	Company 2022 £	<i>Company 2021 £</i>
Financial assets				
Financial assets measured at fair value through profit or loss	11,279,043	6,054,952	8,947,294	4,878,001
Financial assets that are debt instruments measured at amortised cost	4,476,968	3,358,639	5,699,910	5,404,978
	<u>15,756,011</u>	<u>9,413,591</u>	<u>14,647,204</u>	<u>10,282,979</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>14,713,715</u>	<u>(10,711,319)</u>	<u>14,723,118</u>	<u>(10,692,416)</u>

Financial assets measured at fair value through profit or loss comprise bank and cash balances, which are revalued at 31 December 2022 in line with year-end spot rates.

Financial assets that are debt instruments measured at amortised cost comprise trade and other debtors arising in the normal course of business.

Financial liabilities measured at amortised cost comprise trade and other creditors and accruals arising in the normal course of business.

23. Deferred taxation**Group**

	2022 £
At beginning of year	494,000
Charged to profit or loss	1,428,747
At end of year	<u>1,922,747</u>

SMITH GLOBAL LTD

NOTES TO THE FINANCIAL STATEMENTS
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23. Deferred taxation (continued)

Company

	2022 £
At beginning of year	494,000
Charged to profit or loss	1,428,747
At end of year	<u>1,922,747</u>

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Accelerated capital allowances	(440,087)	61,492	(440,087)	61,492
Tax losses carried forward	2,362,834	432,508	2,362,834	432,508
	<u>1,922,747</u>	<u>494,000</u>	<u>1,922,747</u>	<u>494,000</u>

24. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
219,927 (2021 - 217,333) Ordinary shares of £1.00 each	<u>219,927</u>	<u>217,333</u>

During the year, 2,594 Ordinary shares of £1 per share were allotted and fully paid.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

25. Reserves

Share premium account

The share premium account represents the additional amount shareholders have paid for their issued shares that was in excess of the par value of those shares. This was cancelled on 22 December 2022 and transferred to the profit and loss account.

Foreign exchange reserve

The foreign exchange reserve represents differences arising upon the revaluation of foreign subsidiary companies stated in their local currencies. The financial statements of these companies are revalued to match the presentation currency of the group for consolidation purposes, to show the entirety of the group's results in Pounds Sterling (GBP). See accounting policy 2.5 for details of how the individual balances within the foreign subsidiaries are translated.

Profit and loss account

The profit and loss account represents the net distributable reserves of the company at the date of the statement of financial position.

26. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £315,512 (2021: £265,392). Contributions totalling £29,380 (2021: £22,786) were payable to the fund at the reporting date and are included in creditors.

27. Commitments under operating leases

The Group and the Company had no commitments under non-cancellable operating leases at the reporting date.

**NOTES TO THE FINANCIAL STATEMENTS
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28. Directors' advances, credits and guarantees

	2022	2021
	£	£
J A C Lohan		
Balance outstanding at start of year	62,437	60,932
Amounts advanced	3,507	1,505
	<u>65,944</u>	<u>62,437</u>
Balance outstanding at end of year		
T Lohan		
Balance outstanding at start of year	5,945	5,800
Amounts advanced	492	145
	<u>6,437</u>	<u>5,945</u>
Balance outstanding at end of year		

The loans are unsecured, with interest arising at 2.5% per annum and were repaid in full in June 2023.

29. Related party transactions

	2022	2021
	£	£
Avonglen Limited		
Mr B White, a director for part of the year, is also a director/shareholder of Avonglen Limited	-	10,000
Non-executive consultancy services provided to the company	-	-
Amount due to the related party at the balance sheet date	<u>-</u>	<u>-</u>

30. Post balance sheet events

There have been no significant events affecting the Group since the year end, other than the repayment of all remaining Bonds in March 2023 and its acquisition by Hyatt Hotels Corporation in June 2023.

31. Controlling party

In the opinion of the directors, there was no ultimate controlling party during the year, but the Group was acquired by Hyatt Hotels Corporation in June 2023.

**NOTES TO THE FINANCIAL STATEMENTS
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32. Share-based payment transactions

	Unexercised options B/fwd £	Issued £	Lapsed £	Exercised £	Unexercised options C/fv
Share options granted at a market value and exercise price of £2 per share					
J A C Lohan	1,142	-	-	1,142	-
T Lohan	1,142	-	-	1,142	-
S J Balcombe	246	-	-	246	-
Staff	80	-	16	64	-
	<u>2,610</u>	<u>-</u>	<u>16</u>	<u>2,594</u>	<u>-</u>

	Unexercised options B/fwd £	Issued £	Lapsed £	Exercised £	Unexercised options C/fv
Share options granted at a market value of £3 per share and exercise price of £87 per share					
J A C Lohan	8,595	-	-	-	8,595
T Lohan	7,496	-	-	-	7,496
E G Orr	7,496	-	-	-	7,496
Staff	6,880	-	-	-	6,880
S Balcombe	-	568	-	-	568
A Walsh	-	1,136	-	-	1,136
	<u>30,467</u>	<u>1,704</u>	<u>-</u>	<u>-</u>	<u>32,172</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

33. Share-based payment transactions (continued)

All share options had their stated market values agreed with HM Revenue and Customs under the Enterprise Management Incentives (EMI) Scheme.

For the options granted at a market value of £2 per share, all are linked to performance conditions and will lapse if the employee leaves without exercising the options or at the end of ten years, whichever is earlier.

For the options granted at a market value of £3 per share, exercise is dependent on certain market conditions being satisfied, and will lapse if the option holder leaves (except at the discretion of the Board) or at the end of ten years, whichever is earlier.

The Group has applied the transitional relief available under FRS 102 for all share options granted prior to the FRS 102 transition date of 1 January 2014.

The directors have considered the fair value of share options granted post 1 January 2014 and are satisfied that no provision is required in the financial statements at 31 December 2022 based on the Group's current and forecast performance and cash flow, and taking into account all known market and non-market conditions.

All remaining share options were exercised in June 2023 in connection with the acquisition of the Group by Hyatt Hotels Corporation.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.