

Registered number: 03088504

The Great Eastern Hotel Company Limited

Directors' report and financial statements

For the year ended 31 December 2016

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The Great Eastern Hotel Company Limited

Company Information

Directors

C L Ephraim
S M Sokal (resigned 4 August 2017)
B Karaba (resigned 4 August 2017)
B O'Bryan (appointed 4 August 2017)
R Mangiarelli (appointed 4 August 2017)

Company secretary

Jordan Company Secretaries Limited

Registered number

03088504

Registered office

First Floor
Templeback
10 Temple Back
Bristol
BS1 6FL

Auditor

Deloitte LLP
Statutory Auditor
2 New Street Square
London
EC4A 3BZ

Bankers

HSBC Bank plc
West End Corporate Banking Centre
70 Pall Mall
London
SW1Y 5EZ

Royal Bank of Scotland plc
36 St Andrew Square
Edinburgh
EH2 2YB

Bank Mendes Gans N.V.
BKMGNL2A
Amsterdam
Netherlands

Solicitors

Howard Kennedy LLP
No. 1 London Bridge
London
SE1 9BG

ReedSmith Richards Butler LLP
Beaufort House
15 St Botolph Street
London
EC3A 7EE

The Great Eastern Hotel Company Limited

The Great Eastern Hotel Company Limited

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The Great Eastern Hotel Company Limited

Strategic report For the year ended 31 December 2016

The directors present their Strategic report for the year ended 31 December 2016.

Principal activities

The Company's principal activity during the year was the ownership and operation of the Andaz London Hotel, at Liverpool Street, London. The hotel has 267 bedrooms, 5 restaurants, 5 bars, and extensive banquet facilities.

Business review

The key financial and other performance indicators during the year ended 31 December 2016 and the corresponding period to 31 December 2015 were as follows:

	2016 £000	2015 £000
Turnover	29,100	29,207
Operating profit	3,066	2,578
EBITDA	6,847	6,285
(Loss)/profit after tax	(631)	(507)
Shareholders' funds	<u>(10,686)</u>	<u>(10,055)</u>

EBITDA is defined as company earnings before charges for interest, taxation, depreciation and amortisation.

The hotel RevPAR (revenue per available room) for the year was £182 (2015 - £181).

The hotel ADR (average daily rate) for the year was £221 (2015 - £224).

The hotel Occupancy rate for the year was 82.4% (2015 - 80.9%)

Principal risks and uncertainties

Competitive risks

The directors review the hotel against a self selected group of competitor hotels. The daily and monthly report allow the hotel to compare accommodation occupancy percentage, average rate, RevPAR and its competitive position in market penetration, average rate and revenue generation against the competitive group.

Currency risks

The hotel business is affected by the strength of sterling, with strong sterling increasing the effective room rates to international guests.

Legislative risks

Health and safety regulations are constantly reviewed and to this effect the hotel has an appointed Health and Safety Manager to carry out all legally required training and to ensure all health and safety policies are communicated and adhered to.

The Great Eastern Hotel Company Limited

Strategic report (continued)
For the year ended 31 December 2016

Other risks

Economic development

The Company operates in a competitive environment influenced by both the UK and global economy. Adverse economic and financial market developments, including recession and currency fluctuations could lead to lower revenues and reduced income. Recent experience shows a recession lessens both leisure and business travel and negatively affects rooms' rates and/or occupancy levels and other income-generating activities such as food and beverage sales. This may result in the worsening of operating results and potentially reduce the value of properties.

Events that impact domestic or international travel

Room rates and occupancy levels of the Company could be negatively affected by events that reduce domestic and/or international travel. These include events such as acts of terrorism, epidemics, travel-related industrial action and increased fuel costs all of which could result in a fall in both domestic and worldwide travel. Such events may lead to a fall in demand for hotel rooms that would have a subsequent impact on the Company's operations and financial results.

Technology and systems

The Company is reliant upon certain IT systems for the smooth and efficient running of its business and any disruption to those systems could have a detrimental effect on the running of the business.

This report was approved by the board on 22 September 2017

and signed on its behalf.



B. O'Brien
Director

The Great Eastern Hotel Company Limited

Directors' report For the year ended 31 December 2016

The directors present their annual report and the audited financial statements for the year ended 31 December 2016.

Results and dividends

The loss for the year, after taxation, amounted to £631,000 (2015 - loss £507,000).

The directors do not recommend the payment of a dividend for the year ended 31 December 2016 (2015 - £nil).

Directors

The directors who served during the year were:

C L Ephraim
S M Sokal (resigned 4 August 2017)
B Karaba (resigned 4 August 2017)
B O'Brian (appointed 4 August 2017)
R Mangiarelli (appointed 4 August 2017)

Future developments

The directors expect the hotel to improve profitability and benefit from an improving market in 2017.

Financial risk management objectives and policies

The activities of the Company expose it to a number of financial risks, including credit risk and liquidity risk.

Credit risk

The company's principal financial assets are bank balances and cash, trade and other receivables. The company's credit risk is primarily attributable to its trade receivables, which are stated net of allowances for doubtful receivables and, where there is an identifiable loss, impairment.

Credit risk is spread over a large number of counterparties and customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses long term debt from an intermediate parent company within the Hyatt group.

Going concern

After making enquiries, the directors have a reasonable expectation that the company and its parent group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Further details of the adoption of the going concern basis can be found in the statement of accounting policies in the financial statements.

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.

The Great Eastern Hotel Company Limited

Directors' report (continued)
For the year ended 31 December 2016

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.

Qualifying third party indemnity provisions

The Company has made qualifying third party indemnity provisions for the benefit of its directors.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

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.

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 22 September 2017

and signed on its behalf.


B O Bryan
Director

The Great Eastern Hotel Company Limited

**Directors' responsibilities statement
For the year ended 31 December 2016**

The directors are responsible for preparing the Strategic report, the Directors' report and the audited financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare audited financial statements for each financial year. Under that law the directors have elected to prepare the audited 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 audited 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 audited 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Great Eastern Hotel Company Limited

Independent auditor's report to the shareholders of The Great Eastern Hotel Company Limited

We have audited the financial statements of The Great Eastern Hotel Company Limited for the year ended 31 December 2016, which comprise the Income statement, the Statement of financial position, the Statement of changes in equity, and the related notes 1 to 19. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' responsibilities statement on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

The Great Eastern Hotel Company Limited

**Independent auditor's report to the shareholders of The Great Eastern Hotel Company Limited
(continued)**

Opinion on other matter 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 Directors' Report have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

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

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



Timothy Steel (Senior statutory auditor)

for and on behalf of

Deloitte LLP

Statutory Auditor

London

United Kingdom

Date: 25/9/17

The Great Eastern Hotel Company Limited

Income statement
For the year ended 31 December 2016

	Note	2016 £000	2015 £000
Turnover	2	29,100	29,207
Cost of sales		(2,381)	(2,399)
Gross profit		26,719	26,808
Administrative expenses		(23,653)	(24,230)
Operating profit	3	3,066	2,578
Interest payable and expenses	6	(4,254)	(4,282)
Loss before tax		(1,188)	(1,704)
Tax on loss	7	557	1,197
Total comprehensive (loss)/income for the year		(631)	(507)

There were no recognised gains and losses for 2016 or 2015 other than those included in the income statement.

The notes on pages 12 to 27 form part of these financial statements.

The Great Eastern Hotel Company Limited
Registered number: 03088504

Statement of financial position
As at 31 December 2016

	Note	2016 £000	2015 £000
Fixed Assets			
Tangible assets	8	52,956	54,156
Investments	9	9,416	9,416
		<u>62,372</u>	<u>63,572</u>
Current assets			
Stocks	10	140	151
Debtors: amounts falling due after more than one year	11	-	3,915
Debtors: amounts falling due within one year	11	1,742	1,314
Cash at bank and in hand	12	23,026	27,355
		<u>24,908</u>	<u>32,735</u>
Creditors: amounts falling due within one year	13	(3,927)	(3,839)
Net current assets		<u>20,981</u>	<u>28,896</u>
Total assets less current liabilities		<u>83,353</u>	<u>92,468</u>
Creditors: amounts falling due after more than one year	14	(87,141)	(94,924)
		<u>(3,788)</u>	<u>(2,456)</u>
Provisions for liabilities			
Deferred taxation	16	(6,898)	(7,599)
		<u>(6,898)</u>	<u>(7,599)</u>
Net liabilities		<u><u>(10,686)</u></u>	<u><u>(10,055)</u></u>

The Great Eastern Hotel Company Limited
Registered number: 03088504

Statement of financial position (continued)
As at 31 December 2016

	Note	2016 £000	2015 £000
Capital and reserves			
Called up share capital	17	100	100
Profit and loss account		(10,786)	(10,155)
Shareholders deficit		<u>(10,686)</u>	<u>(10,055)</u>

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



B D Bryan
Director

22 September 2017

The notes on pages 17 to 27 form part of these financial statements.

The Great Eastern Hotel Company Limited

**Statement of changes in equity
For the year ended 31 December 2016**

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2016	100	(10,155)	(10,055)
Comprehensive expense for the year			
Loss for the year	-	(631)	(631)
Total comprehensive expense for the year	-	(631)	(631)
At 31 December 2016	<u>100</u>	<u>(10,786)</u>	<u>(10,686)</u>

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

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2015	100	(9,648)	(9,548)
Comprehensive expense for the year			
Loss for the year	-	(507)	(507)
Total comprehensive expense for the year	-	(507)	(507)
At 31 December 2015	<u>100</u>	<u>(10,155)</u>	<u>(10,055)</u>

The notes on pages 12 to 27 form part of these financial statements.

The Great Eastern Hotel Company Limited

Notes to the financial statements For the year ended 31 December 2016

1. Accounting policies

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

The financial statements of The Great Eastern Hotel Company Limited (the "Company") for the year ended 31 December 2016 were authorised for issue by the board of directors on _____ and the Statement of financial position was signed on the board's behalf by B O'Brian.

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 The Great Eastern Hotel Company Limited are included in the consolidated financial statements of Hyatt Hotels Corporation which are available from 150 N. Riverside Plaza, Chicago, IL 60606.

The Great Eastern Hotel Company Limited is incorporated in the UK and domiciled in England and Wales.

The Company's financial statements are presented in Sterling and are rounded to the nearest thousand pounds (£000) except when otherwise stated.

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 paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
- 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 and
- 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

The Great Eastern Hotel Company Limited

**Notes to the financial statements
For the year ended 31 December 2016**

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 following judgements and estimations have had the most significant effect on amounts recognised in the financial statements:

Estimated lives of fixed assets

The annual depreciation charge is sensitive to changes in the expected useful economic lives of the fixed assets.

1.4 Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report and Directors' Report.

The Company incurred a loss in the year and has net liabilities. The ultimate parent (Hyatt Hotels Corporation) has confirmed through a non-legally binding letter of support that its current intention is to provide financial support that the company may require for its continued operations for the foreseeable future and for a period of not less than one year from the date of approval of these financial statements.

After making enquiries, although the confirmation from Hyatt Hotels Corporation is not a legally binding commitment to provide continuing support, the directors have a reasonable expectation that the company and its parent group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

The Great Eastern Hotel Company Limited

**Notes to the financial statements
For the year ended 31 December 2016**

1. Accounting policies (continued)**1.5 Turnover**

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

The Great Eastern Hotel Company Limited

Notes to the financial statements For the year ended 31 December 2016

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.

Depreciation is provided on the following basis:

Long leasehold	- over the term of the lease
Property developments	- 50 years straight line
Plant & equipment	- 25 years
Fixtures & fittings	- 4-10 years

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 Valuation of investments

Investment in subsidiaries are measured at cost less accumulated impairment.

1.8 Stocks

Stocks are valued at the lower of cost and net realisable value. All stocks are valued using the first-in, first out basis. Provision is made for obsolete, slow moving or defective items as appropriate.

1.9 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.

1.10 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.

The Great Eastern Hotel Company Limited

**Notes to the financial statements
For the year ended 31 December 2016**

1. Accounting policies (continued)**1.11 Financial instruments**

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The Company recognises its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired.

Other than the financial assets in a qualifying hedging relationship, the Company's accounting policy for each category is as follows:

Fair value through profit or loss

This category comprises only in-the-money derivatives. These are carried in the Statement of financial position at fair value with changes in fair value recognised in the Statement of comprehensive income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Statement of comprehensive income. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

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

At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Statement of financial position.

The Great Eastern Hotel Company Limited

**Notes to the financial statements
For the year ended 31 December 2016**

1. Accounting policies (continued)**1.12 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.

1.13 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.14 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

1.15 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 payment 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.

1.16 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.

The Great Eastern Hotel Company Limited

**Notes to the financial statements
For the year ended 31 December 2016**

1. Accounting policies (continued)**1.17 Current and deferred taxation**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the statement of comprehensive income.

2. Turnover

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

	2016 £000	2015 £000
Rooms	17,359	17,117
Restaurants	11,159	11,771
Other	582	319
	<u>29,100</u>	<u>29,207</u>

All turnover arose within the United Kingdom.

The Great Eastern Hotel Company Limited

**Notes to the financial statements
For the year ended 31 December 2016**

3. Operating profit

The operating profit is stated after charging:

	2016 £000	2015 £000
Depreciation of tangible fixed assets - owned by the company	3,781	3,707
Operating lease rentals -property lease	-	1,488
	<u> </u>	<u> </u>

4. Auditors' remuneration

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

	2016 £000	2015 £000
Fees for the audit of the company	43	42
	<u> </u>	<u> </u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company

The Great Eastern Hotel Company Limited

**Notes to the financial statements
For the year ended 31 December 2016**

5. Employees

Staff costs were as follows:

	2016 £000	2015 £000
Wages and salaries	8,779	9,144
Social security costs	663	654
Pension costs	64	39
	<u>9,506</u>	<u>9,837</u>

During the year, no director received any emoluments (2015 - £nil) in respect of services to the Company.

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

	2016 No.	2015 No.
Rooms division	69	61
Restaurants and bars	166	209
Other operated departments	8	15
Overhead departments	33	49
	<u>276</u>	<u>334</u>

6. Interest payable and similar charges

	2016 £000	2015 £000
Interest on loan from parent undertakings	4,254	4,282
	<u>4,254</u>	<u>4,282</u>

The Great Eastern Hotel Company Limited

**Notes to the financial statements
For the year ended 31 December 2016**

7. Taxation

	2016 £000	2015 £000
Corporation tax		
Current tax on losses for the year	155	-
Adjustments in respect of previous periods	(11)	(59)
	<u>144</u>	<u>(59)</u>
Total current tax charge/credit	<u>144</u>	<u>(59)</u>
Deferred tax		
Origination and reversal of timing differences	(301)	(297)
Changes to tax rates	(376)	(841)
Adjustment in relation to prior period	(24)	-
Total deferred tax	<u>(701)</u>	<u>(1,138)</u>
Taxation on loss on ordinary activities	<u>(557)</u>	<u>(1,197)</u>

Factors affecting tax charge for the year

The tax assessed for the year differs from (2015 - differs from) the standard rate of corporation tax in the UK of 20.00% (2015 - 20.25%). The differences are explained below:

	2016 £000	2015 £000
Loss on ordinary activities before tax	<u>(1,188)</u>	<u>(1,704)</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.00% (2015 - 20.25%)	(238)	(345)
Effects of:		
Expenses not deductible for tax purposes	92	78
Adjustments in respect of prior periods	(35)	(59)
Tax rate changes	(376)	(841)
Effects of group relief	-	(30)
Total tax (credit) for the year	<u>(557)</u>	<u>(1,197)</u>

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**Notes to the financial statements
For the year ended 31 December 2016**

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

The Finance (No.2) Act 2015 reduced the rate of Corporation tax from 1 April 2017 to 19% and by a further 1% to 18% from 1 April 2016. As such the temporary differences are expected to reverse at the main rate of UK Corporation tax of 17%, being the rate enacted at balance sheet date, and deferred tax has therefore been provided at this rate.

Finance Act 2016 announced a further reduction to 17% from 1 April 2020. The rate received Royal assent on 15 September 2016.

8. Tangible fixed assets

	Long leasehold £000	Property developments, plant and equipment £000	Fixtures and fittings £000	Total £000
Cost or valuation				
At 1 January 2016	6,945	70,257	18,827	96,029
Additions	-	1,330	1,251	2,581
At 31 December 2016	6,945	71,587	20,078	98,610
Depreciation				
At 1 January 2016	894	22,183	18,796	41,873
Charge for the period on owned assets	56	2,766	959	3,781
At 31 December 2016	950	24,949	19,755	45,654
Net book value				
At 31 December 2016	5,995	46,638	323	52,956
At 31 December 2015	6,051	48,074	31	54,156

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For the year ended 31 December 2016**

9. Fixed asset investments

	Ordinary shares £000
Cost or valuation	
At 1 January 2016	9,416
At 31 December 2016	<u>9,416</u>
Net book value	
At 31 December 2016	<u>9,416</u>
At 31 December 2015	<u>9,416</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
G.E.H. Properties Limited	England and Wales	Ordinary	100%	Property investment

10. Stocks

	2016 £000	2015 £000
Raw materials and consumables	140	151
	<u>140</u>	<u>151</u>

There is no material difference between the balance sheet value of stocks and their replacement cost.

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**Notes to the financial statements
For the year ended 31 December 2016**

11. Debtors

	2016 £000	2015 £000
Due after more than one year		
Accrued interest due from subsidiaries	-	3,915
	<u>-</u>	<u>3,915</u>

The amounts owed by group undertakings do not bear interest and have no formal repayment terms.

	2016 £000	2015 £000
Due within one year		
Trade debtors	761	654
Amounts owed by fellow group companies	20	-
Prepayments	961	660
	<u>1,742</u>	<u>1,314</u>

12. Cash and cash equivalents

	2016 £000	2015 £000
Cash at bank and in hand	23,026	27,355
	<u>23,026</u>	<u>27,355</u>

13. Creditors: amounts falling due within one year

	2016 £000	2015 £000
Trade creditors	1,468	1,345
Corporation tax	155	11
Other taxation and social security	634	649
Other creditors	30	73
Accruals and deferred income	1,640	1,761
	<u>3,927</u>	<u>3,839</u>

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**Notes to the financial statements
For the year ended 31 December 2016**

14. Creditors: amounts falling due after more than one year

	2016 £000	2015 £000
Amounts owed to group undertakings	87,141	94,924
	<u>87,141</u>	<u>94,924</u>

Secured loans

The loan from the parent undertaking bears interest at LIBOR plus 510 basis points and interest is payable on the last day of the interest periods, being 31 March, 30 June, 30 September and 31 December. It may be agreed by both parties that interest in respect of any particular period shall not be paid, but shall continue to accrue until an agreed date, provided always that such accrued interest shall not itself bear interest. The original term of the loan matured on 30 September 2015 however the lender has confirmed it would not be called prior to 1 January 2019. As at the Balance Sheet date a letter was in place from the lender confirming that the loan would not be recalled before 1st January 2018.

15. Financial instruments

	2016 £000	2015 £000
Financial assets		
Financial assets measured at fair value through profit or loss	23,026	27,355
Financial assets that are debt instruments measured at amortised cost	1,742	4,569
	<u>24,768</u>	<u>31,924</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(91,068)	(98,103)
	<u>(91,068)</u>	<u>(98,103)</u>

Financial assets measured at fair value through profit or loss comprise cash and cash equivalents.

Financial assets measured at amortised cost comprise trade debtors, accrued interest due from subsidiaries, trade and other debtors and amounts owed by fellow group companies.

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

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16. Deferred taxation

	2016 £000	2015 £000
At beginning of year	(7,599)	(8,737)
Credited to profit or loss	701	1,138
At end of year	(6,898)	(7,599)

The provision for deferred taxation is made up as follows:

	2016 £000	2015 £000
Capital allowances in excess of depreciation	(6,898)	(7,599)
	(6,898)	(7,599)

17. Share capital

	2016 £000	2015 £000
Shares classified as equity		
Authorised, allotted, called up and fully paid		
50,000 Ordinary 'A' shares of £1 each	50	50
50,000 Ordinary 'B' shares of £1 each	50	50
	100	100

18. Pension commitments

The Company provides a defined contribution retirement plan for its executives. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and is disclosed in note 5. Contributions totalling £nil (2015 - £nil) were payable to the fund at the balance sheet date.

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19. Controlling party

The Company's immediate parent undertaking is The Great Eastern Hotel Holding Company Limited, which is incorporated in Great Britain and registered in England and Wales.

The Company's ultimate parent undertaking company and controlling party is Hyatt Hotels Corporation, incorporated in the United States of America. This is the largest and smallest group into which the results of the Company are consolidated. Copies of Hyatt Hotels Corporation's financial statements can be obtained from 150 N. Riverside Plaza, Chicago, IL 60606.