

Hilton in the Community Foundation

Annual report and financial statements
Year ended
31 December 2004

Charity number: 1084220

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Foundation President

David Michels

Board of trustees

Bryan Taker, Chairman
(stepped down 8 May 2004) *

Wolfgang M Neumann, Chairman
(appointed Chairman 8 May 2004) *

Peter Anderson **

Ramesh Dewan (appointed 3 September 2004) **

Patrick Fitzgibbon (appointed 28 May 2004)*

Anji Hunter **

Tahir Mohsan (reappointed 26 November 2004)**

Robert Powell **

Dame Maureen Thomas **

* *Hilton International nominated trustees*

** *Independent co-opted trustees*

Director

Simon Sheehan (appointed 1 October 2004)

Chief Executive

Patrick Shervington MBE (stepped down 30 April 2004)

Registered office

c/o Hilton International
Maple Court
Central Park, Reeds Crescent
Watford WD24 4QQ

Principal office

Hilton in the Community Foundation
179-199 Holland Park Avenue
London W11 4UL

Tel: 020 7605 7733

Fax: 020 7605 7736

Email: info@hilton-foundation.co.uk

Website: www.hilton-foundation.org.uk

Solicitors

Bates, Wells & Braithwaite
Cheapside House
138 Cheapside
London EC2V 6BB

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Bankers

Royal Bank of Scotland
Corporate Banking Office
P.O. Box 450
5-10 Great Tower Street
London EC3P 3HX

HILTON IN THE COMMUNITY FOUNDATION

Report of the Board of Trustees for the year ended 31 December 2004

The Board of Trustees presents its report together with the audited financial statements of Hilton in the Community Foundation (the "Foundation", the "charity") for the year ended 31 December 2004.

Constitution and objects

Hilton in the Community Foundation is constituted under a trust deed dated 21 December 2000 and is a registered charity (no. 1084220).

The objects of the charity are to apply the income from the trust fund to such charitable institutions or towards or for the advancement or in furtherance of such charitable purposes in such manner and in such proportions as the trustees may from time to time in their absolute discretion determine.

Principal activities

The trustees duly determined that from the establishment of the Foundation and for the time being the principal focus should be directed towards three broad areas of charitable need, namely:

- Young people and education
- Hospitality training and employment
- International disaster relief

It was further resolved that a maximum per annum of £150,000 should be reserved for international disaster relief wherever Hilton International operates.

Trustees

The trustees, who served during the year to 31 December 2004 are listed on page 1.

Hilton International (the "appointing body") nominates at least two trustees to the Board of the Foundation. Each nominated trustee is appointed for a term of three years and may be re-appointed for a further term by the appointing body. Nominated trustees are employees of the appointing body and are required to resign as nominated trustees should they leave this employment.

There shall be at least four co-opted trustees appointed to the Board of Trustees. They hold office for a period of two years and may be re-appointed.

The trustees are all unpaid volunteers in that capacity. A trustee may receive reasonable and proper remuneration for services rendered to the charity and reasonable out of pocket expenses. Details of payments made during the year are set out in note 6.

Organisation

The trustees meet quarterly as a full Board. Subcommittees are formed for specific functions, including grants and events.

On 15 March 2004 the Chairman confirmed a restructuring of staff with a view to establishing closer links to the Hilton UK and Ireland management team. This step will also lead to essential economies in administrative costs funded by Hilton International. The Chairman re-affirmed the requirement for the Foundation to retain its independent status as a registered charitable trust.

HILTON IN THE COMMUNITY FOUNDATION

Report of the Board of Trustees for the year ended 31 December 2004

Two posts were made redundant - the Chief Executive and the part-time Administrative Assistant. A full time Finance and Fundraising Executive post was also established. The Director of Special Projects was re-assigned to coordinate the Foundation Ball 2004, under new contractual arrangements, which terminated in December 2004.

In April 2004 the Chief Executive left the Foundation in line with the proposed restructuring. Due to recruitment delays the position of Director, who now oversees the management of the Foundation, was not filled until October 2004. The delay resulted in some planned activities for 2004 not happening or the scale of activities being reduced. The Chairman supervised the administration of the Foundation during this interim period.

Grant making policy

Within the principal objects laid down by the trustees, there are three distinct phases in the consideration, authorisation and disbursement of charitable funds.

The Director and his staff review all applications. Those confirmed as being beyond the parameters set out by the trustees are rejected and the applicants informed. Those applications agreed to be potentially suitable for support are submitted to the grants committee for consideration. This committee, under the chairmanship of a trustee, is responsible for assessing each request and calling for additional information as may be necessary. Cases are then rejected, deferred, approved (if requests are under £10,000) or submitted to the full Board of Trustees for endorsement (if requests are over £10,000).

The grants committee has a further remit to examine the disposal of the funds by the beneficiary charities to ensure their proper and effective utilisation.

Wherever appropriate, annual grants can be authorised for periods of up to three years with the purpose of developing partnerships between the Foundation, local hotels and the nominated charities. The trustees have also agreed that 50% of funds raised by a hotel may be disbursed to local causes, subject to endorsement. To ensure a rapid response, trustees may endorse bids for International disaster relief out of committee.

During the year, the charity awarded grants totalling £666,487 (*£354,428 in 2003*). Details of these grants are set out in Note 7. Grants are recognised in full in the statement of financial activities in the period they are awarded to the extent that a legal commitment exists.

Financial review and investment policy

The charity's total income for the year was £1,325,722 (*£948,601 in 2003*). Income from fundraising activities has increased by 45% to £989,994 (*£680,895 in 2003*), whilst merchandising and investment income has increased by 68% to £63,268. There are no restrictions on the charity's power to invest. The trustees set the investment strategy after considering income requirements, the risk profile and the advice of Hilton Group's Treasury department.

Expenditure on charitable activities increased to £824,073 (*£468,106 in 2003*). At 31 December 2004 the charity's total fund balances had grown to £927,542 (*£648,938 in 2003*).

Reserves policy

The trustees have approved a reserves policy. Its objective is to achieve a balance between the need to use voluntary income received to fulfil the Foundation's strategic objectives and the need

HILTON IN THE COMMUNITY FOUNDATION

Report of the Board of Trustees for the year ended 31 December 2004

to retain funds to give sufficient financial flexibility to respond to opportunities and to protect the long term future of the charity's operations.

Restricted funds

- **Anthony Harris Memorial Fund**
This fund was established following the death of the founder of the Foundation, Anthony Harris. The appeal raised £42,865. The trustees, in close consultation with Anthony Harris's family, allocated the entire fund to Treloar Trust for a kitchen and dining room project in Anthony's name. The Fund has since been closed.
- **Tsunami appeal**
Hilton and LivingWell staff have given donations and held specific fundraising events to raise money for the Tsunami relief effort. Funds collected will be donated to Save the Children's Tsunami Appeal to undertake rehabilitation work in the region. The Foundation has also contributed £100,000 to the Daily Mail Tsunami Appeal from the International Disaster Relief Fund.
- **£1 on room campaign**
During November and December 2004, a trial £1-on-the-room campaign, *Small Change*, was launched to raise funds for two charities: Barnardo's and Teenage Cancer Trust. £1 was added to the bill of Hilton guests and their generous donations amounted to £168,497, of which £150,000 was granted to these charities in 2004, and the balance in 2005.

Designated funds

As part of the reserves policy, the trustees decided to create the following designated funds:

- **International disaster relief**
The trustees have designated a reserve of £150,000 per annum be set aside for International disaster relief. This enables the Foundation to respond immediately to disasters in the communities that Hilton International serves worldwide. The trustees will keep the level of this fund under review to maintain a reasonable balance between current expenditure and the ability to respond to future disasters.
- **Hotel nominations**
The trustees have agreed that 50% of the funds raised by individual hotels can be used for grants to charities nominated by the respective hotel, subject to endorsement by the trustees. Measures are in place to ensure that this fund is spent effectively and promptly. Should the hotel choose not to nominate a local charity then funds are distributed through the central grant making procedure.
- **LivingWell**
The trustees agreed in 2002 that the net income raised by LivingWell clubs should be designated for grants to charities nominated by LivingWell, subject to endorsement by the trustees. The trustees envisage that grants will be made from this fund on a regular basis so the fund balance will be minimal.
- **Regional Schools Food Technology Units**
Following the success of the community project at St Augustine's CE High School, Maida Vale, London, the trustees are considering plans to replicate the project in the three other Hilton UK

HILTON IN THE COMMUNITY FOUNDATION

Report of the Board of Trustees for the year ended 31 December 2004

regions – Scotland & Ireland; Central & North; and South. The trustees designated £100,000 during the year for investment in future projects.

- **Capital**

This designation represents the extent to which funds are invested in tangible fixed assets for use by the charity, and are therefore not available for other purposes.

General reserves

The trustees consider that unrestricted funds not committed or invested in tangible fixed assets should be six months of non-grant expenditure to allow the charity to invest for growth and also to provide a buffer against future uncertainties.

The trustees review the reserves policy annually as part of the consideration of the budgetary parameters for the forthcoming financial year.

Risk management

The trustees have assessed the major risks to which the charity is exposed, in particular those related to the operations and finances of the charity, and are satisfied that systems are in place to mitigate their exposure to major risks.

Review of activities

2004 was a year of change for the Foundation with many key personnel leaving. This resulted in some planned activities having to be postponed or scaled back, however it did allow the Foundation to reflect, evaluate and consolidate for the future. Fortunately the Hilton Hotels and LivingWell Clubs continued to support the Foundation, which kept funds coming in and allowed grants to be made.

The Foundation Ball held at London Hilton on Park Lane was a notable success, raising £185,000 net surplus. Other regional balls held in aid of the Foundation in Glasgow and Brighton raised a further £75,278 (2003: £75,403).

Hilton UK and Ireland set an ambitious fundraising target for an 18-month period (July 2003 – December 2004) of £750,000. Hilton Hotels and LivingWell Clubs throughout the UK and Ireland undertook numerous imaginative fundraising activities to reach this target. The total from all the hotels, support offices and LivingWell during this period was £646,625. Hilton Cardiff came top of the league table over the 18-month period, raising £29,963. By including the regional events the 18-month target was beaten, as £1,171,981 was raised for the Foundation by the end of 2004.

The charity continued to develop its charitable giving programme, building key partnerships with both national and local charities. In 2004, 43 charities received grants totalling £666,487. This includes LivingWell's grant of £15,000 for their selected charity of the year, Whizz Kidz, as well as their smaller grants to local charities.

Several new initiatives raised substantial new funds for the Foundation. This included a £1-on-the-bill campaign in aid of Barnardo's and Teenage Cancer Trust. The campaign was run between November and December 2004 and raised £168,497 from Hilton guests. The Foundation added additional funds to this total in 2005 so that both charities received a grant of £100,000. The success of this scheme is being evaluated with the intention for it to be repeated in 2005.

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Report of the Board of Trustees for the year ended 31 December 2004

An intranet auction site was also launched in September 2004. This allows hotels, LivingWell Clubs and support offices to donate prizes, which are then auctioned to Hilton International staff. In 2004 the site raised £8,024.

Future developments

The trustees approved a vision for the development of the Foundation, namely to have achieved a total Grant Fund of £10m by 2010. The fundraising target for 2005 (a one year period, not 18-months as in 2003-2004) has therefore been set at £837,000. To achieve this the Foundation will focus on:

- Create emotional buy-in
- Develop new income streams
- Develop supplier partnerships
- Develop corporate sponsorship
- Increased guest involvement
- Enter legacy market

The Foundation is also reviewing its grant giving focus. Following feedback from its supporters, the Foundation is seeking to change its remits to:

- Young people – education & health
- Disaster relief

Most activities under the existing remit of Hospitality Training & Employment will be subsumed under the education focus. The amended introduction for the Foundation will therefore read, "The Foundation is committed to supporting those most in need to have a brighter future. Focusing on young people, the Foundation supports activities in education and health to relieve suffering and equip individuals. At times of humanitarian disaster, the Foundation quickly responds to support relief efforts in effected areas".

Procedures and grant application processes are being amended in readiness of approval from the Charities Commission. The new focus will then be re-launched to our supporters. A flurry of grant applications is expected because of the addition of health into the Foundation's remits.

HILTON IN THE COMMUNITY FOUNDATION

Report of the Board of Trustees for the year ended 31 December 2004

Statement of trustees' responsibilities

The Foundation's accounts have been prepared in accordance with the Statement of Recommended Practice (SORP) "Accounting by Charities" issued in 1995 (revised 2000), and with applicable accounting standards.

Law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the charity's financial activities during the year and of its financial position at the end of the year. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards and statements of recommended practice have been followed subject to any 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 charity will continue in operation.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 1993. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Ernst & Young LLP have expressed their willingness to continue in office. A resolution to reappoint them as auditors will be proposed at the trustees next meeting.

Approved and signed on behalf of the Board of Trustees

Wolfgang M. Neumann
Chairman

Dame Maureen Thomas
Trustee

Date:

HILTON IN THE COMMUNITY FOUNDATION

Independent report of the auditors to the trustees of Hilton in the Community Foundation

We have audited the charity's financial statements for the year ended 31 December 2004, which comprise the Statement of Financial Activities, the charity Balance Sheet and related notes 1 to 15. These financial statements have been prepared on the basis of the accounting policies set out therein.

The report is made solely to the trustees in accordance with Section 44 of the Charities Act 1993. Our audit work has been undertaken so that we might state to the trustees 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 trustees, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As described in the Statement of Trustees' Responsibilities (contained within the Report of the Board of Trustees), the charity's trustees are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the Trustees' report is not consistent with the financial statements, if the charity has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read other information contained in the Trustees' report (or, where appropriate, the Annual report), and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming an opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

HILTON IN THE COMMUNITY FOUNDATION

Independent report of the auditors to the trustees of Hilton in the Community Foundation

Opinion

In our opinion the financial statements give a true and fair view of the state of the affairs of the charity as at 31 December 2004 and of its incoming resources and application of resources for the year then ended and have been properly prepared in accordance with the Charities Act 1993.

ERNST & YOUNG LLP
Registered Auditor
London

Date:

HILTON IN THE COMMUNITY FOUNDATION

Statement of financial activities for the year ended 31 December 2004

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2004 £	Total 2003 £
Incoming resources					
Hilton Group funding		272,460	-	272,460	230,000
Donations and gifts	3	817,904	172,090	989,994	680,895
Activities for generating funds:					
Merchandising income	3	31,683	-	31,683	16,643
Investment income & interest	4	31,585	-	31,585	21,063
Total incoming resources		1,153,632	172,090	1,325,722	948,601
Less cost of generating funds:					
Fundraising & publicity costs		192,157	6,015	198,172	299,096
Merchandising costs		24,873	-	24,873	13,029
Total cost of generating funds		217,030	6,015	223,045	312,125
Net incoming resources available for charitable application		936,602	166,075	1,102,677	636,476
Charitable expenditure					
Costs of activities in furtherance of the charity's objects:					
Grants payable	7	473,622	192,865	666,487	354,428
Education & awareness		58,723	-	58,723	36,326
Support costs		59,528	-	59,528	45,463
Management & administration		39,335	-	39,335	31,889
Total charitable expenditure		631,208	192,865	824,073	468,106
Total resources expended	5	848,238	198,880	1,047,118	780,231
Net incoming resources for the year		305,394	(26,790)	278,604	168,370
Fund balances brought forward at 1 January 2004	13	606,073	42,865	648,938	480,568
Fund balances carried forward at 31 December 2004	13	911,467	16,075	927,542	648,938

All of the above results are derived from continuing activities. All gains and losses recognised in the year are included above.

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Balance sheet as at 31 December 2004

	Notes	2004 £	2003 £
Fixed assets			
Tangible assets	8	10,118	13,671
Investments	9	687,081	558,873
		<u>697,199</u>	<u>572,544</u>
Current assets			
Stock		-	4,418
Debtors	10	392,483	103,047
Cash at bank and in hand		185,834	217,516
		<u>578,317</u>	<u>324,981</u>
Creditors: amounts falling due within one year	11	<u>347,974</u>	<u>235,587</u>
Net current assets		<u>230,343</u>	<u>89,394</u>
Total assets less current liabilities		927,542	661,938
Creditors: amounts falling due after more than one year	12	-	13,000
Total net assets		<u>927,542</u>	<u>648,938</u>
Funds			
	13, 14		
Restricted funds		16,075	42,865
Unrestricted funds:			
General reserves		400,587	126,590
Designated funds		510,880	479,483
Total Funds		<u>927,542</u>	<u>648,938</u>

The financial statements were approved by the Board on _____ and signed on its behalf by:

Wolfgang M. Neumann
Chairman

Dame Maureen Thomas
Trustee

The notes on pages 12 to 20 form an integral part of these financial statements.

HILTON IN THE COMMUNITY FOUNDATION

Notes of the financial statements for year ended 31 December 2004

1. Accounting policies

The principal accounting policies adopted are as follows:

1.1 Basis of accounting

The accounts have been prepared under the historical cost convention, as modified by the inclusion of investments at market value, and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000). In preparing the financial statements the charity followed best practice as laid down in the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2000) issued in October 2000.

1.2 Fund accounting

The financial statements of a charity must differentiate between restricted and unrestricted funds.

- *Restricted funds* are subject to conditions imposed by the donor.
- *Designated funds* are amounts that have been put aside at the discretion of the trustees out of unrestricted general funds for specific future purposes or projects.
- *Unrestricted general funds* comprise accumulated surpluses and deficits after transfers to designated funds.

The nature and purpose of each fund are set out in note 13 to the financial statements.

1.3 Incoming resources

All incoming resources are included in the period in which they are receivable, which is when the charity becomes entitled to the resource.

1.4 Resources expended

Expenditure is accounted for on an accruals basis. Expenditure is allocated by reference to its functional classification and not by type of expenses. Where costs cannot be directly attributed, they have been allocated between direct charitable and other activities on a staff time basis.

Costs of generating funds are those incurred in organising fundraising events and in seeking voluntary contributions and do not include costs of disseminating information in support of the charity's charitable activities.

Support costs comprise costs for processing grants and applications, including support to actual and potential applicants.

Management and administration costs are those incurred in connection with the administration of the charity and compliance with constitutional and statutory requirements.

1.5 Grants payable

The grants awarded by the trustees are recognised in the statement of financial activities in the year that they are made to the extent that a legal or constructive obligation exists.

HILTON IN THE COMMUNITY FOUNDATION

Notes to the financial statements for the year ended 31 December 2004

1.6 Tangible fixed assets and depreciation

Individual tangible fixed assets costing £100 or more are capitalised at cost and depreciated. Depreciation is provided by the straight-line method, calculated to write off assets over their estimated useful lives at the following rates:

- Computer equipment over three years
- Other office equipment over three years
- Furniture and fittings over four years

1.7 Fixed asset investments

Investments are included at their market value at the balance sheet date. Any gain or loss on revaluation is taken to the statement of financial activities.

1.8 Value added tax

The charity is not registered for value added tax, and therefore input tax is not recoverable. Non-recoverable value added tax, together with the expenditure to which it relates, is included as a separate item of expenditure under the relevant expenditure headings in the statement of financial activities.

2. Cashflow statement

A cashflow statement has not been prepared as the charity is entitled to the small company exemption as outlined in FRS1.

3. Donations, gifts and merchandising income

	2004 £	2003 £
Hotel own fundraising	339,908	209,210
LivingWell own fundraising	29,345	34,497
The London Hilton on Park Lane ball	274,370	258,706
Other regional Foundation balls	75,278	75,403
Other event fundraising	-	2,440
General donations	102,036	100,244
Hilton suppliers' donations	560	395
Merchandising income	31,683	16,643
£1 on Room Campaign	168,497	-
	<u>1,021,677</u>	<u>697,538</u>

4. Investment income

	2004 £	2003 £
RBS Global Treasury Sterling Fund dividends receivable	28,207	18,606
Bank interest receivable	3,378	2,457
	<u>31,585</u>	<u>21,063</u>

HILTON IN THE COMMUNITY FOUNDATION

Notes to the financial statements for the year ended 31 December 2004

5. Total resources expended

	Grants £	Staff costs £	Other direct costs £	* Other allocated costs £	Total 2004 £	Total 2003 £
Costs of generating funds						
Fundraising & publicity costs	-	81,077	100,511	16,584	198,172	299,096
Merchandising costs	-	-	24,873	-	24,873	13,029
Charitable expenditure						
Young people & education grants	475,144	-	-	-	475,144	233,994
Hospitality training & employment grants	55,100	-	-	-	55,100	102,329
International disaster relief grants	136,243	-	-	-	136,243	-
Other grants	-	-	-	-	-	18,105
Education & awareness	-	42,501	7,528	8,694	58,723	36,326
Support costs	-	40,732	8,109	10,687	59,528	45,463
Management & administration	-	18,071	9,688	11,576	39,335	31,889
Total resources expended	666,487	182,381	150,709	47,541	1,047,118	780,231

* Other allocated costs reflect the allocation of overheads, including depreciation and the staff costs of support services such as finance, to different activities on a staff time basis.

	2004 £	2003 £
Net incoming resources are stated after charging:		
Auditors' remuneration – audit fees	6,650	3000
Irrecoverable VAT	16,989	19,564
Depreciation	5,734	3,287

6. Staff costs and trustees' remuneration

	2004 £	2003 £
Wages, salaries and redundancy costs	125,920	153,593
Social security costs	10,070	14,267
Pension costs	11,590	17,011
Agency staff & marketing consultant's costs	34,801	33,334
	182,381	218,205
The average number of full time equivalent employees during the year was:	4	4

No employee (2003:1) earned between £60,000 and £70,000 per annum. No other employee earned over £50,000 per annum.

During the year, the trustees (2003: nil) did not receive any reimbursement of expenses, nor emoluments for their roles as trustees.

HILTON IN THE COMMUNITY FOUNDATION

Notes to the financial statements for the year ended 31 December 2004

7. Grants payable

The amount payable in the year comprises:

	No.	2004 £	2003 £
Youth & Education			
Action for the Blind	1	4,078	-
Alperton Community School (2)	1	2,000	-
Aviemore Community Children's Group (2)		-	2,500
Barnardo's (3)	1	50,000	-
Berkeley Primary School (2)	1	2,000	-
Braemar Mountain Rescue Association (2)	1	770	-
Brian's House Children's Hospice (2)	1	1,500	-
Calvert Trust (2)		-	1,250
Caring Together (2)		-	3,800
Children 1st (2)	1	2,721	-
Children In Crisis	1	27,000	-
Children in Need		-	1,670
Children of Chernobyl (2)	1	400	-
Christ's Hospital		-	10,000
Community Central Hall, Glasgow		-	5,000
Donna's Dream House (2)	1	2,500	2,500
Dreams Come True		-	1,500
East Anglia Children's Hospice		-	2,500
Edinburgh Scout Council (2)	1	5,000	-
Edinburgh Sick Kids Foundation (2)	2	4,868	-
Enable		-	10,000
Garforth & District Lions Club (2)	1	519	-
George Eliot Breast Care Unit (2)	1	2,400	-
Great Ormond Street Hospital		-	1,000
HCPT The Pilgrimage Trust (2)	1	500	-
Help a London Child		-	11,527
Help A South Wales Child (2)	1	7,500	-
Help A Local Child (2)	1	15,204	-
Hollingdean Community Centre (2)	1	500	-
Kids Cookery School (5)	1	10,000	-
King's Theatre, Glasgow		-	4,700
Longford Community School (2)		(2,500)	7,500
Maggies Highland (1)	1	318	1,000
Make a Wish Foundation		-	3,000
Masterclass	1	20,000	20,000
National Blind Children's Society		-	5,000
National Children's Homes Scotland (2)	1	17,500	-
National Children's Homes Scotland	1	17,500	-
National Youth Orchestra		-	10,000
Outward Bound Trust	1	5,000	2,128
Palmer Junior School (2)	1	3,500	-
Police Community Clubs of England		-	20,000
Progress Recruitment (2)	1	1,000	-

HILTON IN THE COMMUNITY FOUNDATION

Notes to the financial statements for the year ended 31 December 2004

Princess Royal Trust for Carers		-	10,000
Red Gates School (2)	1	1,638	1,627
Royal School for the Deaf, Manchester (2)	1	1,250	-
Royal School for the Deaf, Manchester	1	40,000	-
Sargent Cancer Care for Children (2)	2	6,996	-
Scottish Society for Autism		-	1,500
South Gloucestershire Council		-	2,152
St Augustine's School (5)	1	12,000	12,000
St John's Catholic Primary School (2)	1	500	-
St Marylebone C of E School		-	2,000
St Mary's Special School	1	27,000	-
Teenage Cancer Trust (3)	1	100,000	30,000
The Snowdon Award Scheme	1	9,225	5,200
Treloar Trust	1	6,135	940
Treloar Trust (4)	1	42,865	-
Uphill Ski Club	1	5,000	-
Variety Club (Mallard School, Glasgow)		-	17,000
Wellchild	1	2,750	-
Whizz Kidz (1)	1	15,000	-
Whizz Kidz		-	25,000
Woodhouse Park Family Centre (2)	1	3,007	-
	<u>43</u>	<u>475,144</u>	<u>233,994</u>
Hospitality training & employment			
Academy of Food and Wine Service		-	15,000
Adopt a School		-	20,000
Fairbridge (2)	1	5,000	-
Fairbridge	1	10,000	-
Lucca Leadership Trust		-	5,000
Queen Elizabeth Foundation for Disabled	3	40,100	15,100
Springboard Charitable Trust		-	40,000
United Response		-	5,000
Wigan Leisure & Culture Trust		-	2,229
	<u>5</u>	<u>55,100</u>	<u>102,329</u>
International disaster relief			
Moroccan Earthquake Appeal	1	8,310	-
Jamaican Hurricane Disaster Fund	1	27,933	-
Daily Mail Tsunami Aid Appeal	1	100,000	-
	<u>3</u>	<u>136,243</u>	<u>0</u>
Other Hotel & LivingWell Nominated Charities			
Prostate Cancer Charity (1)		-	13,074
Other grants (2)		-	4,031
	<u>0</u>	<u>-</u>	<u>17,105</u>

HILTON IN THE COMMUNITY FOUNDATION

Notes to the financial statements for the year ended 31 December 2004

Total Institutional Grants	51	666,487	353,428
Total Individual Grants		-	1,000
Total Grants	51	666,487	354,428

- (1) Grants made from LivingWell fund – see note 13
 (2) Grants made from Hotel nomination fund – see note 13
 (3) Grants made from £1 on Room Campaign Fund – see note 13
 (4) Grants made from Anthony Harris Memorial Fund – see note 13
 (5) Grants made from Regional Schools Food Technology Unit Fund – see note 13

	2004 £	2003 £
Reconciliation of grants payable:		
Commitments at 1 January 2004	164,160	180,060
Commitments made in the year	666,487	354,428
Grants payable for the year	830,647	534,488
Grants paid during the year	(575,872)	(370,328)
Commitments at 31 December 2004	254,775	164,160
Commitments at 31 December 2004 are payable as follows:		
Within one year (note 11)	254,775	151,160
After more than one year (note 12)	-	13,000
	254,775	164,160

8. Tangible fixed assets

	Computers & other equipment £	Furniture & fittings £	Total £
<i>Cost or valuation</i>			
At 1 January 2004	15,074	2,184	17,258
Additions at cost	1,831	350	2,181
As at 31 December 2004	16,905	2,534	19,439
<i>Accumulated depreciation</i>			
At 1 January 2004	2,991	596	3,587
Charge for year	5,151	583	5,734
As at 31 December 2004	8,142	1,179	9,321
<i>Net book value</i>			
At 31 December 2003	12,083	1,588	13,671
At 31 December 2004	8,763	1,355	10,118

The net book value at 31 December 2004 represents the fixed assets used primarily for activities to generate funds and managing and administering the charity.

HILTON IN THE COMMUNITY FOUNDATION

Notes to the financial statements for the year ended 31 December 2004

9. Investments

	2004	2003
	£	£
Market value at 1 January 2004	558,873	558,492
Acquisitions at cost	100,000	-
Sales proceeds from disposals	-	(20,000)
Dividends received in the year and reinvested	28,207	20,381
Market value at 31 December 2004	<u>687,080</u>	<u>558,873</u>
Historical cost as at 31 December 2004	<u>687,080</u>	<u>558,873</u>

All investments are held in The Royal Bank of Scotland Global Treasury Sterling Fund, which invests in (near) cash instruments. There is no difference between the market value and historical cost of the funds.

10. Debtors

	2004	2003
	£	£
Prepayments and accrued income	331,706	82,326
Other debtors	8,724	416
Amounts due from Hilton Group	51,889	20,141
Income tax recoverable	164	164
	<u>392,483</u>	<u>103,047</u>

11. Creditors: amounts falling due within one year

	2004	2003
	£	£
Grants payable (note 7)	254,775	151,160
Other creditors	71,728	28,381
Accruals	21,471	56,046
	<u>347,974</u>	<u>235,587</u>

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

	2004	2003
	£	£
Grants payable (note 7)	-	13,000
	<u>-</u>	<u>13,000</u>

HILTON IN THE COMMUNITY FOUNDATION

Notes to the financial statements for the year ended 31 December 2004

13. Funds

	At 1 Jan 2004 £	Income £	Expenditure £	Transfers £	At 31 Dec 2004 £
Restricted funds					
Anthony Harris Memorial Fund (1)	42,865	-	(42,865)	-	-
£1 on Room Campaign (2)	-	168,497	(156,015)	-	12,482
Tsunami Appeal (3)	-	3,593	-	-	3,593
	<u>42,865</u>	<u>172,090</u>	<u>(198,880)</u>	<u>-</u>	<u>16,075</u>
Designated funds					
International disaster relief Fund (4)	232,564	53,679	(136,243)	-	150,000
Hotel Nomination Fund (5)	133,248	189,759	(86,272)	-	236,735
LivingWell Fund (6)	-	29,345	(15,318)	-	14,027
Regional Schools Food Technology Unit Fund (7)	100,000	22,000	(22,000)	-	100,000
Capital Fund (8)	13,671	-	-	(3,553)	10,118
	<u>479,483</u>	<u>294,783</u>	<u>(259,833)</u>	<u>(3,553)</u>	<u>510,880</u>
General reserve (9)	<u>126,590</u>	<u>858,849</u>	<u>(588,405)</u>	<u>3,553</u>	<u>400,587</u>
Total fund balance	<u>648,938</u>	<u>1,325,722</u>	<u>(1,047,118)</u>	<u>-</u>	<u>927,542</u>

- (1) *Anthony Harris Memorial fund* – In 2003 the trustees launched an appeal in memory of Anthony Harris, the founder of the charity, who tragically died in March 2003. The fund was used to build a kitchen and dining room at the Treloar Trust. Since dispersal in July 2004 this fund has been closed.
- (2) *£1-on-the-room campaign fund* - During November and December 2004, a £1-on-the-room campaign, *Small Change*, was launched to raise funds for two charities: Barnardo's and Teenage Cancer Trust. £1 was added to the bill of Hilton guests and their generous donations amounted to £168,497. Costs of £6,015 were incurred in setting up the campaign. It was agreed at the Trustee meeting in February 2005 that £100,000 should be paid to each charity, the additional amount to be paid from the General Reserve.
- (3) *Tsunami appeal* - Staff gave donations and held specific fundraising events to raise money for the Tsunami Appeal. The funds collected will be donated to Save the Children's Tsunami Appeal.
- (4) *International disaster relief fund* – with nearly 400 hotels in the Hilton International network around the world, the trustees established an International disaster relief fund to provide more help and expertise for International disaster relief in the communities Hilton serves. Maximum annual grants of £150,000 are designated for this purpose.
- (5) *Hotel nomination fund* – during the year, the trustees agreed that 50% of the net income raised by individual hotels could be used for grants to charities nominated by the respective hotel. The grants must still fall within the Foundation's grant giving policy and they are approved through the Foundation's normal grant giving procedures. Six months after the end of the fundraising target period remaining funds are transferred to General fund.
- (6) *LivingWell fund* – In 2002, the trustees agreed that the net income raised by LivingWell clubs should be designated for grants to charities nominated by LivingWell. In 2004, LivingWell continued to support Whizz Kidz as their main charity. The grants must still fall within the Foundation's grant giving policy and they are approved through the Foundation's normal grant giving procedures.
- (7) *Regional Schools Food Technology Unit fund* – following the success of the state of the art food technology facilities that the Foundation funded at St Augustine's School, London, the trustees established a fund to provide similar facilities in suitable schools in other UK & Ireland regions.
- (8) *Capital fund* – represents the net book value of tangible fixed assets and is therefore not available for other purposes.
- (9) *General fund* - represents the unrestricted funds, which the trustees are free to use in accordance with the charitable objects.

HILTON IN THE COMMUNITY FOUNDATION

Notes to the financial statements for the year ended 31 December 2004

14. Analysis of net assets between funds

Fund balances at 31 December 2004 are represented by:	Restricted funds £	Designated funds £	General Funds £	Total £
Tangible fixed assets	-	10,118	-	10,118
Investments	-	286,494	400,587	687,081
Current assets	16,075	562,242	-	578,317
Current liabilities	-	(347,974)	-	(347,974)
Total net assets	16,075	510,880	400,587	927,542

15. Fund balance

Hilton in the Community Foundation is a charitable trust and is governed by its trust deed. Accordingly, no share capital account is presented.