

# **HILTON IN THE COMMUNITY FOUNDATION**

## **Annual report and financial statements Year ended 31 December 2007**

Charity Number: 1084220  
Scottish Charity Number: SC038995

**HILTON IN THE COMMUNITY FOUNDATION**  
**REPORT OF THE BOARD OF TRUSTEES**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

**Contents**

	<b>Page</b>
Reference and Administration Details	2
Report of the Trustees	3 – 15
Report of the Auditors	16 – 17
Statement of Financial Activities	18
Balance Sheet	19
Notes to the Financial Statements	20 – 28

**HILTON IN THE COMMUNITY FOUNDATION****REPORT OF THE BOARD OF TRUSTEES****FOR THE YEAR ENDED 31 DECEMBER 2007****REFERENCE AND ADMINISTRATION DETAILS****Foundation President**

Ian Carter  
(appointed 15 June 2006)

**Board of Trustees****At date of approval of the financial statements**

Simon Vincent, Chairman  
(appointed 12 February 2007, appointed Chairman 19 December 2007) \*

Peter Anderson  
(appointed 8 May 2003, reappointed 20 April 2005, reappointed 9 March 2007) \*\*

Ramesh Dewan  
(appointed 3 September 2004, reappointed 9 March 2007) \*\*

William Differ  
(appointed 15 December 2006) \*\*

Stuart Dudley  
(appointed 4 April 2008) \*

Desmond Nichols  
(appointed 15 September 2006) \*\*

Tahir Mohsan  
(appointed 12 December 2002, reappointed 26 November 2004, reappointed 9 March 2007) \*\*

Dame Maureen Thomas DBE  
(appointed 17 November 2000, reappointed 12 December 2002, reappointed 20 April 2005, reappointed 9 March 2007) \*\*

**Former trustees who held office during the period up to the date the financial statements were approved**

Hugh Taylor, Chairman  
(appointed 17 May 2006, resigned 19 December 2007) \*

The Rt Hon Lord Paddy Ashdown  
of Norton-sub-Hamdon GCMG KBE PC  
(appointed 15 December 2006, resigned 16 January 2008)\*\*

Howard Friedman  
(appointed 8 September 2005, resigned 12 February 2007) \*

Anji Hunter  
(appointed 8 May 2003, reappointed 20 April 2005, resigned 9 March 2007) \*\*

\* *Hilton nominated Trustees*

\*\* *Independent co-opted Trustees*

**Director**

Simon Sheehan  
(appointed 1 October 2004)

**Registered Name**

Hilton in the Community Foundation  
Registered Charity No. 1084220  
Scottish Charity Register SC038995

**Principal office**

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Email: [info@hilton-foundation.co.uk](mailto:info@hilton-foundation.co.uk)

Website: [www.hilton-foundation.org.uk](http://www.hilton-foundation.org.uk)

**Solicitors**

Berwin Leighton Paisner  
Adelaide House  
London Bridge  
London  
EC4R 9HA

**Auditors**

Knox Cropper  
8/9, Well Court  
London  
EC4M 9DN

**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 2007**

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

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 2007.

Hilton in the Community Foundation is constituted under a trust deed dated 21 December 2000 and is a registered charity in England and Wales (No. 1084220) as well as in Scotland (Scottish Charity Register SC038995).

#### ***TRUSTEES***

The Trustees who served during the year to 31 December 2007 and to the date the report was approved are listed on page 2.

Hilton (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. Co-opted Trustees are identified by fellow trustees or individuals within Hilton.

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. Trustee Indemnity Insurance, as agreed with the Charity Commission, is covered by the annual grant from Hilton.

The Foundation has a formal procedure for inducting Trustees to ensure that they are fully familiar with past history and current strategies and activities. Training is provided at the request of Trustees. On an ongoing basis, pertinent Charity Commission briefings as well as Foundation updates, including a quarterly update, are provided to all Trustees.

#### ***HILTON RELATIONSHIP***

The Foundation is intricately linked to and supported by Hilton International Co. (Hilton). As Hilton's nominated charity, the Foundation is allowed access to fundraise within Hotels and Support Offices to guests, suppliers, contacts and employees. The support provided by Hilton to the Foundation takes many forms, including the permanent secondment of six employees to run the Foundation and the provision of hotel and conference facilities for fundraising events without charge, or at discounted rates. No remuneration is paid to Hilton or Hilton personnel in respect of their participation in fundraising activities. All decisions concerning the Foundation and its grant giving are taken by the Trustees or their appointed committees and are independent from Hilton.

Under the terms of a Funding Agreement, signed 7 July 2006, Hilton makes an annual donation to meet the Foundation's core administration costs so that the Foundation's net fundraising income can be used to make grants for charitable purposes. The Funding Agreement will continue in force unless and until terminated by either party giving no less than 15 months' written notice of termination to expire no earlier than 31 December 2010. The Foundation's Reserves Policy has been adjusted to reflect this financial security.

Any Trustee of the Foundation who is an employee of Hilton or any company associated with Hilton withdraws from any Foundation meeting at which the relationship with Hilton is discussed or reviewed.

A Commercial Participatory Agreement was signed on 7 July 2006 between the Foundation and Hilton to formalise fundraising and volunteering activities of Hilton personnel for and on behalf of the Foundation.

## HILTON IN THE COMMUNITY FOUNDATION

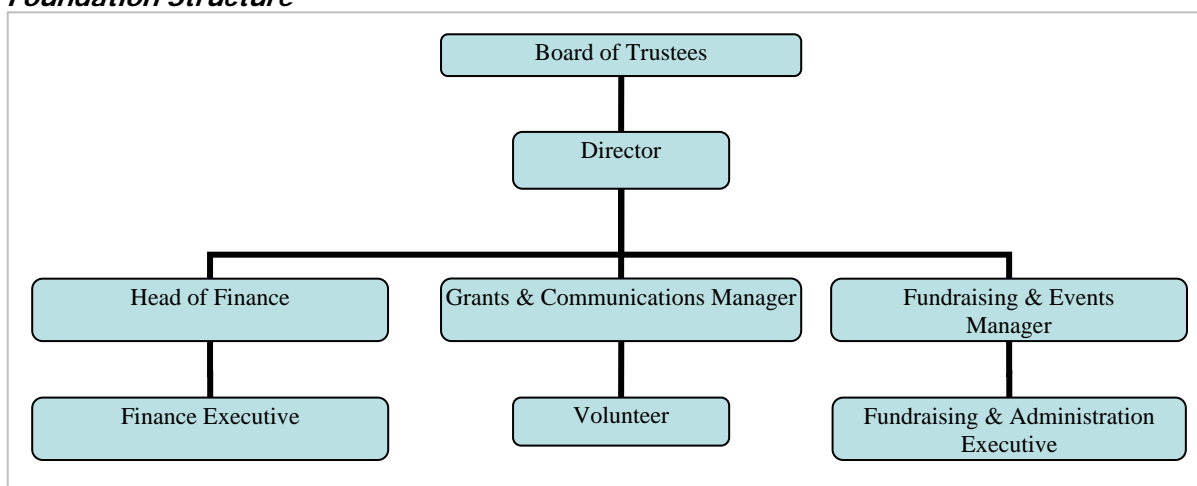
### REPORT OF THE BOARD OF TRUSTEES

#### FOR THE YEAR ENDED 31 DECEMBER 2007

#### **ORGANISATION**

The Trustees meet quarterly as a full Board. Subcommittees are formed for specific functions, including grants and events. Whilst the strategic direction is decided by the Trustees, the day-to-day decision making process has been delegated to the Director of the Foundation within specific parameters.

#### **Foundation Structure**



#### **PRINCIPAL FINANCIAL MANAGEMENT POLICIES**

The Foundation prepares an annual budget, which is approved by the Board and then by Hilton. Monthly accounts are prepared to ensure that variances from the budget are monitored by the Board and quarterly accounts are discussed at the Trustee meetings. Cash balances in excess of the Foundation's immediate requirements are placed on high interest deposit account.

#### **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 remits set out by the Trustees are rejected and the applicants informed. Those applications within remit and under £5,000, and, after review, felt to be worthy of support are approved by the Director. A shortlist of the strongest applications within the funding parameters of the Foundation and over £5,000 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 Board 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 or support office may be disbursed to local causes, subject to endorsement and approval by the Director. To ensure a rapid response, Trustees may approve disaster relief grants between the regular scheduled meetings.

During the year, the Foundation awarded grants totalling £1,270,009 (2006: £1,314,589) a decrease of 3%. 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 commitment exists.

**HILTON IN THE COMMUNITY FOUNDATION****REPORT OF THE BOARD OF TRUSTEES****FOR THE YEAR ENDED 31 DECEMBER 2007*****INVESTMENT POLICY***

There are no restrictions on the charity's power to invest. The Trustees set the investment strategy after considering income requirements and the risk profile. The Trustees do not consider high risk or speculative investments as being suitable to invest the charity's reserves and therefore avoid such types of investments.

The charity sometimes needs to react very quickly in awarding grants to local charities and for disaster relief. Therefore, the Trustees have adopted a policy of keeping at least 50% of its reserves in short-term deposits that can be accessed readily. The remaining 50% of reserves are held in various medium-long term investments. It is the charity's policy to hold investments in ethical industries.

***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 to retain funds to give sufficient financial flexibility to respond to opportunities and to protect the long term future of the charity's operations. With a Funding Agreement in place with Hilton until at least 2010 the Trustees have reduced the average level of reserves for financial security to six months of administration costs, currently about £35,000.

***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 the Charity's exposure to such risks. A Commercial Participatory Agreement was signed on 7 July 2006 to mitigate the risk to the Foundation from the fundraising activities held for and on behalf of the Foundation by Hilton and its team members.

**OBJECTIVES AND ACTIVITIES**

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 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 also quickly responds to support relief efforts in affected areas.

The Trustees determined that the principal focus should be directed towards three broad areas of charitable need, namely:

- Young people and health
- Young people and education
- Disaster relief and international fund

Grant giving is primarily focussed to charities operating within the UK and Ireland. However, through the Disaster Relief and International Fund, projects in the areas of education and health are supported by grants to international charities working in areas where Hilton has a presence.

## **HILTON IN THE COMMUNITY FOUNDATION**

### **REPORT OF THE BOARD OF TRUSTEES**

#### **FOR THE YEAR ENDED 31 DECEMBER 2007**

##### ***REVIEW OF ACTIVITIES***

2007 was another good year for the Foundation with grant giving at £1,270,009 through 240 grants benefiting over 1,500,000 young people; income increasing by 8%; staff and administration cost at 16% of the gross income stream (which is funded by Hilton).

The cost of generating voluntary income funds was 18% of gross income (2006: 19%). Activities included sponsored events, staff socials, fundraising dinners, raffles and payroll giving. The Foundation Ball held at London Hilton on Park Lane was a notable success, raising gross income of £296,019, and £229,089 net surplus (2006: *income £275,724 and net surplus £215,742 after debtor adjustment*). Other regional balls held in support of the Foundation raised a further net surplus of £384,673 (2006: £292,459).

A fundraising target of £576,540 was set for the 74 Hilton Hotels and support offices in the UK and Ireland. £759,808 (132%) was reached (2006: *target £572,165 and achieved £564,635 - 99%*). Hilton London Metropole came top of the league table, raising £110,661 (604% of their target). Hilton Hotels throughout the UK and Ireland undertook numerous imaginative fundraising activities to reach this target. This voluntary activity by Hilton team members equates to 19,500 volunteering hours (at least 5 hours per week per hotel).

To maintain the growth in fundraising and to broaden the appeal and support from non-Hilton sources, the Foundation continued to implement the fundraising strategy, which includes:

1. Building upon the 5 fundraising "products" (Small Change, Big Difference Campaign; Payroll Giving; HCF Balls; Staff and Family Rates; and Hotel Fundraising) and exploring ways in which earnings can be enhanced from each area of activity. In 2007 the amount of funds raised by Small Change, Big Difference Campaign reduced by approximately £100K to £109,867 net. This was due to the introduction of a new booking system within the hotels, which impacted on guest participation in the campaign. The number of HCF Balls increased from 10 to 23.
2. Identifying a small number of additional income streams that can each, in their own right, contribute significant funds to the Foundation. In 2007 a national raffle and national event were introduced raising £21,368 and £56,374 respectively.
3. Better organise the Foundation for future fundraising to oversee the development of these existing and new initiatives through staff reconfiguration and by the creation of an additional post. In 2007 a new Fundraising and Events Manager was appointed.
4. Strengthening the Board of Trustees by seeking representation from high profile individuals with complimentary skills and standing to those of the existing Board members.

Around the World in a Day, our first national event, was held on 19 September. The original idea came from the Foundation Champion workshop in February 2007, the concept being part of something where everybody was 'together on one day'. 65 hotels took part and involved the local community raising £56,374 (gross), generating local press coverage and a great team spirit, which will provide a good basis for future fundraising success.

The Foundation continued to develop its charitable giving programme, developing an international giving programme, improving grant procedures, and proactively building key partnerships with both national and local charities. In 2007, 240 grants to 188 charities, totalling £1,270,009 (106% of the 2007 grant fund) benefiting 1,501,498 young people, were awarded, an average of £0.84 per person (2006: *226 grants to 178 charities totalling £1,314,589 benefiting more than 347,687 young people, an average of £3.78 per person*).

On 28 November 2007 the Foundation officially registered with the Office of the Scottish Regulator (having previously been authorised to operate whilst registration was being processed). Activities in Scotland for 2007 include the 12 Scottish Hotels and offices raising £116,174 (9% of total fundraising income). This includes the largest fundraiser in Scotland, the Glasgow Ball, which raised £48,509. Grants to charities

located in Scotland, excluding grants to national charities, totalled £72,000, reaching 5,619 young people via 46 grants to 41 charities. This represents 19% of our grants awarded and 6% of our funds awarded.

## HILTON IN THE COMMUNITY FOUNDATION

### REPORT OF THE BOARD OF TRUSTEES

#### FOR THE YEAR ENDED 31 DECEMBER 2007

The Foundation endeavours to have an open and clear application process. The following summarises grant giving for 2007.

Grant Decision Making Process	2007 Amount	2007 Percentage	2006 Amount	2006 Percentage	2005 Amount	2005 Percentage
Total applications and requests received in year (excluding 303 raffle requests)	628	-	457	-	552	-
Received applications approved by Director (including sponsored grants and campaigns)	203	32%	188	41%	138	25%
Received applications reviewed by Grants Committee	63	10%	68	15%	44	8%
Reviewed applications approved by Grants Committee (excluding those referred to Trustees)	14	22%	10	15%	29	66%
Received applications reviewed by Trustees (excluding 4 Disaster Relief)	19	3%	26	6%	20	4%
Reviewed applications approved by Trustees	19	100%	26	100%	18	90%
Approved applications (excluding 4 Disaster Relief)	236	38%	224	49%	185	29%

Remit	No. of Grants	Amount Requested	Amount Awarded	No. of Beneficiaries	Proportion of Grants	Proportion of Request Awarded	Proportion of Funds Awarded	Proportion of Beneficiaries
Young People & Education	141	£981,049	£622,948	136,618	59%	63%	49%	9%
Young People & Health	93	£728,385	£514,490	1,360,947*	39%	71%	40%	91%
Disaster Relief & International Fund	6	£132,360	£132,571	3,933	2%	100%	11%	0%
<b>Total</b>	<b>240</b>	<b>£1,841,794</b>	<b>£1,270,009</b>	<b>1,501,498</b>	<b>100%</b>	<b>69%</b>	<b>100%</b>	<b>100%</b>

\* Note: This total includes 1,352,000 young people via the Starlight Children's Foundation for Starlight Distraction Boxes in hospitals whilst they undergo medical procedures. If this figure is excluded then 8,947 young people benefit from grants under this remit and the proportion of direct beneficiaries changes to 91% for Young People & Education, 6% for Young People & Health, and 3% Disaster Relief & International Fund.

## HILTON IN THE COMMUNITY FOUNDATION

### REPORT OF THE BOARD OF TRUSTEES

#### FOR THE YEAR ENDED 31 DECEMBER 2007

Grant Type	No. of Grants	Amount Awarded	No. of Beneficiaries	Proportion of Grants	Proportion of Funds	Proportion of Beneficiaries
Central Grants	68	£604,019	1,481,254	28%	48%	99%
Hotel Nominated Fund (sponsored grants)	160	£363,964	15,568	67%	29%	1%
Disaster Relief & International Fund	6	£132,571	3,933	2.5%	10%	<1%
Restricted (Events and Campaigns)	6	£169,455	743	2.5%	13%	<1%
<b>Total</b>	<b>240</b>	<b>£1,270,009</b>	<b>1,501,498</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Hilton Hotels were given the deadline of July 2007 to nominate a local charity to receive a grant from 2006 Hotel Nominated Funds. If a suitable charity was not identified by this point, then the balance on the individual hotel's funds was transferred to general reserves to be distributed through the central grant process. This deadline elicited 110 sponsored grants in 2007 from the remaining 2006 funds, totalling £136,736 (*in 2006 101 grants totalling £257,199*) and directly promoted positive local relationships with charities and benefited 10,813 young people.

Regional Spread	No. of Grants	Amount Requested	Amount Awarded	No. of Beneficiaries	Proportion of Grants	Proportion of Request Awarded	Proportion of Funds Awarded	Proportion of Beneficiaries
Nationwide	48	£747,610	£518,536	1,444,595	20%	69%	41%	96%
Republic of Ireland	4	£82,858	£44,044	934	2%	53%	3%	<1%
London	19	£198,905	£120,544	3,845	8%	61%	9%	<1%
Midlands	22	£76,936	£79,156	2,734	9%	103%	6%	<1%
North	40	£151,769	£107,871	16,729	17%	71%	8%	1%
Northern Ireland	1	£2,330	£2,330	25	<1%	100%	<1%	<1%
Scotland	46	£138,714	£72,000	5,619	19%	52%	6%	<1%
South East	34	£164,113	£109,855	19,600	14%	67%	9%	1%
South West	12	£61,926	£30,440	1,771	5%	49%	2%	<1%
Wales	10	£93,831	£62,221	1,853	4%	66%	5%	<1%
International	4	£122,802	£123,012	3,793	2%	100%	10%	<1%
<b>Total</b>	<b>240</b>	<b>£1,841,794</b>	<b>£1,270,009</b>	<b>1,501,498</b>	<b>100%</b>	<b>69%</b>	<b>100%</b>	<b>100%</b>

## HILTON IN THE COMMUNITY FOUNDATION

### REPORT OF THE BOARD OF TRUSTEES

#### FOR THE YEAR ENDED 31 DECEMBER 2007

Project Type	No. of Grants	Amount Requested	Amount Awarded	No. of Beneficiaries	Proportion of Grants	Proportion of Request Awarded	Proportion of Funds Awarded	Proportion of Beneficiaries
Activity Courses	59	£616,356	£401,619	9,757	25%	65%	32%	1%
Arts & Culture	3	£3,409	£1,859	240	1%	55%	<1%	<1%
Awareness Education	25	£83,774	£78,654	66,175	10%	94%	6%	4%
Community Projects	8	£67,841	£38,326	4,499	3%	56%	3%	<1%
Disaster Relief	4	£75,159	£75,369	353	2%	100%	6%	<1%
Equipment	75	£401,269	£255,863	1,411,751	31%	64%	20%	94%
General Donation	11	£17,169	£17,169	450	5%	100%	1%	<1%
Hospice & Palliative Care	19	£27,901	£27,901	955	8%	100%	2%	<1%
Refurbishments	12	£78,903	£33,478	1,451	5%	42%	3%	<1%
Respite Holidays	2	£213,287	£212,142	73	1%	99%	17%	<1%
Salaries	2	£5,850	£5,850	65	1%	100%	0%	<1%
Therapy, Counselling or Other Treatment	13	£107,733	£47,470	1,435	5%	44%	4%	<1%
Training	7	£143,143	£74,309	4,294	3%	52%	6%	<1%
<b>Total</b>	<b>240</b>	<b>£1,841,794</b>	<b>£1,270,009</b>	<b>1,501,498</b>	<b>100%</b>	<b>69%</b>	<b>100%</b>	<b>100%</b>

**HILTON IN THE COMMUNITY FOUNDATION**

**REPORT OF THE BOARD OF TRUSTEES**

**FOR THE YEAR ENDED 31 DECEMBER 2007**

*Evaluation of 2007 Objectives*

Objective	Planned Activities	Result
Improved Grant Giving	<ul style="list-style-type: none"><li>• £1,300,000 distributed in grants</li><li>• Introduce system of spot audits for large grants</li><li>• Develop indicators for measuring impact of grants</li><li>• Compare grant giving procedures against industry best practice standards</li><li>• Develop international grant giving programme</li></ul>	<ul style="list-style-type: none"><li>• £1,270,009 distributed in grants</li><li>• Agreement from grantees in place for reporting and spot audits after grant period, expected to be implemented in 2008</li><li>• Revised grant report form and introduced comparison of expect and actual results (31% of reporting grantees exceed project targets; 24% met project targets; and 44% met project objectives but failed to reach the expected number of beneficiaries).</li><li>• External review of grant process undertaken in 2007, modification of grant form, introduction of submission deadlines, 82% of grant reports due received.</li><li>• Disaster Relief fund modified to allow international giving through an invitation only application process (Fund capped at £150,000 per year). Two grants were made in 2007 to Sense International and Plan International totalling £100,000</li></ul>

Objective	Planned Activities	Result
<p>£1,200,810 Grant Fund raised</p>	<ul style="list-style-type: none"> <li>• Foundation Champion workshop to support and motivate hotels and Clubs</li> <li>• Clear and consistent communications of grant giving</li> <li>• Improve support to fundraising activities</li> <li>• Expand existing events through corporate sponsorship</li> <li>• Develop new events, including one national event, and other fundraising activities</li> <li>• Broaden the appeal to non-Hilton audiences and develop corporate partnerships</li> </ul>	<ul style="list-style-type: none"> <li>• Grant Fund of £1,200,810 was raised (8% increase on 2006). Shortfalls on budgeted income occurred due to Small Change, Big Difference and over expectations for the national event and corporate sponsorship.</li> <li>• Workshop held in Birmingham on 17 February 2007 attended by 85 delegates. A fundraising target of £576,540 was set for the 74 Hilton Hotels and support offices in the UK and Ireland. £759,808 was raised, 132% of target. This is the first year that hotels have exceeded this target. Fundraising highlights included our first national event involving 65 hotels on one day accumulating miles to virtually travel around the globe.</li> <li>• Readership of Foundation Feedback was extended and content increased; Foundation Champions and General Managers attended 48 grant visits as well as numerous cheque presentations; HCF Website traffic increased to a peak of 158,789 hits in August 07; Intranet project initiated with launch in the first quarter of 2008.</li> <li>• A national event and national raffle were introduced which engaged more Hilton colleagues and raised £56K and £21K respectively. The number of fundraising dinners and Balls also increased (from 10 to 23) and involved the Foundation coordinating prizes, invoicing, ticket sales and in-kind support from suppliers.</li> <li>• A Corporate Sponsorship pack was developed and used via the Hilton Procurement Team. Corporate support, both financial and in-kind was secured for various events, particularly the Balls in London, Glasgow, Brighton and Manchester. Income from these events increased from £387,000 to £613,710.</li> <li>• Around the World in a Day, a fundraising event developed by the Foundation Champions at their workshop, was held on the 15 September involving 65 hotels across the UK and Ireland. The event raised the profile of the Foundation in the local community, generated 59 articles and radio slots, reaching a readership of 1.7 million, (equivalent advertising of £18,000). The event raised £56,374 and tremendous goodwill within the Hilton team and will be an event to build on in 2008.</li> <li>• Although increasing the proportion of non-Hilton guests at events (notably the Glasgow Ball from 53% in 2006 to 73%) this is an area we wish to continue to broaden particularly to Hilton-linked businesses and the local communities around Hilton hotels for the Around the World in a Day event.</li> </ul>

## **HILTON IN THE COMMUNITY FOUNDATION**

### **REPORT OF THE BOARD OF TRUSTEES**

#### **FOR THE YEAR ENDED 31 DECEMBER 2007**

#### **FINANCIAL REVIEW**

Income from fundraising activities has increased by 6% to £1,354,445 (2006: £1,272,644), whilst merchandising and investment income was £44,961 (2006: £45,404).

Hilton funding, which covers the core administration cost of the Foundation, was increased this year to £76,825 (2006: £71,271). As well as providing office space and facilities, Hilton provided six seconded staff to work in the Foundation. The staff costs involved were £190,330 (2006: £153,939), making Hilton's total financial commitment £267,155 (2006: £225,210).

The charity's total income for the year was £1,666,561 (2006: £1,543,258).

Expenditure on charitable activities decreased to £1,384,800 (2006: £1,415,746). At 31 December 2007 the charity's total fund balances were £303,167 a reduction of 19% (2006: £372,366).

#### **RESTRICTED FUNDS**

Due to fundraising restrictions, the following funds exist:

- ***£1 on room campaign***

The Small Change, Big Difference campaign was launched in October 2007 for three months; Hilton guests in the UK and Ireland were asked to accept an optional £1 or €1 on their bill. Funds raised, net of marketing material costs, are awarded to the nominated charities. Due to under performance in these three months as a result of system changes within the hotels the campaign was extended to the end of January 2008. Funds raised in the Republic of Ireland remain there and are awarded to a nominated Irish charity. In 2007 a net of £109,867 was raised with a further £29,885.76 raised during the one-month extension in January 2008 (2006: £202,028).

- ***Regional Ball Fund***

Each year, the regional Foundation Balls held in the Hilton Park Lane and the Hilton Glasgow, nominate a charity to which 50% of the net proceeds are donated. In 2007 the London Ball raised £229,089 for the Foundation and Make-A-Wish, and £50,778 from the Glasgow Ball for the Foundation and Teen Challenge.

- ***National Event Fund***

"Around the World in a Day" was held in September 2007; the net proceeds of £32,873 were shared between the Foundation and Action for Blind People; and the Foundation and St Joseph's School and Services for the Visually Impaired for funds raised in the Republic of Ireland.

- ***Marathon Fund***

Eleven places for the London Marathon were obtained for Foundation runners, from Outward Bound and DebRA, and the total amount of sponsorship raised was £22,850.

- ***Special Appeal Fund***

The Special Appeal Fund was used to collect funds in response to the Greek wildfires of autumn 2007. Donations of £2,414 were received from international hotels (Rhodes Resort, Rome Cavalieri, Cyprus and Malta) and were matched from the Disaster Relief and International Fund to make a grant of £7,201 towards the cost of a new playground to be built in the village of Asimopolus in the Municipality of Pinias.

**HILTON IN THE COMMUNITY FOUNDATION**  
**REPORT OF THE BOARD OF TRUSTEES**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

***DESIGNATED FUNDS***

As part of the reserves policy, the Foundation has the following designated funds:

- ***Disaster Relief & International Fund***

The Trustees have designated a reserve of £150,000 per annum be set aside for disaster relief and international grants. 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. In 2007 this designated fund was extended to include grants for international development projects falling under the Foundation's existing focus (Young People & Education; and Young People & Health). In 2007 grants of £125,369 were made from this fund (*2006: nil*).

- ***Hotel nomination Fund***

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 (decision process delegated to the Director). 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. In 2007 grants of £363,964 were made from this fund (*2006: £257,199*).

- ***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 the average level of unrestricted funds not committed or invested in tangible fixed assets should represent six months of administration costs.

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

***FUTURE DEVELOPMENTS***

The Foundation continues to strive towards its goal of raising a total Grant Fund of £10m by 2010. At end of 2007 £5,721,266 has been raised - 8% ahead of plan. Key areas for 2008 will be to identify and secure new sources of income particularly from corporate suppliers (currently only 9% of Hilton suppliers are supporting the Foundation); to maintain the current level of support from our existing supporters; to continually improve grant giving and monitoring procedures; and to maintain transparent and efficient administration of the Foundation.

Our target for 2008 is to raise a grant fund of £1,356,000, a 14% increase from 2007. This increase is predicted to primarily come from existing and large black-tie events; expansion of the national event; expected pre-2007 performance of the Small Change, Big Difference campaign; and increased support from Hilton corporate suppliers.

In 2008 a six month trial will take place of a Public Relations post, funded by a Trustee. The incumbent will be charged with, and asked to verify, raising the profile of the Foundation in order to: assist our local fundraising; recognise our supporters' efforts; and build brand awareness. Should this appointment prove successful and a justifiable expense, a request to Hilton will be made to fund this post.

The Foundation's proposed 2008 budget has a 25% increase in non grant expenditure, £117,000. Excluding inflationary increases, all additional expenditure that is funded by Hilton (Administration, Communications, Grant Administration and Staff Costs) is due to staff costs associated with existing team members, £35,004. Increases in non-Hilton funded expenditure, namely fundraising costs, are due to the planned additional events, £71,120.

**HILTON IN THE COMMUNITY FOUNDATION**  
**REPORT OF THE BOARD OF TRUSTEES**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

**2008 OBJECTIVES**

Objective	Target and Activities
Improved Grant Giving	<ul style="list-style-type: none"> <li>○ £1,250,000 distributed in grants</li> <li>○ Maintain responsiveness and timeliness to increasing number of grant applications</li> <li>○ Maintain geographical and thematic spread of grants</li> <li>○ Improved grant monitoring</li> </ul>
Grant fund of £1,356,000 raised	<ul style="list-style-type: none"> <li>○ Increased income from the National Event ,raising over £90,000 and increased participation from local community</li> <li>○ Increased proportion of Hilton suppliers supporting the Foundation. Target 25% (currently 9%)</li> <li>○ Maintain level of income from hotels and support offices and existing supporters</li> </ul>
Maintain present level of activity in Scotland	<ul style="list-style-type: none"> <li>○ Distribute approximately 20% of our grants in Scotland</li> <li>○ Maintain support from Scottish hotels</li> <li>○ Increase income from the Glasgow Ball by 10%</li> <li>○ Promote activities in Scotland via regional media</li> </ul>

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The Foundation's accounts have been prepared in accordance with the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in 2005, and with applicable accounting standards.

Law applicable to charities in England, Wales and Scotland 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.

**HILTON IN THE COMMUNITY FOUNDATION**

**REPORT OF THE BOARD OF TRUSTEES**

**FOR THE YEAR ENDED 31 DECEMBER 2007**

**AUDITORS**

Knox Cropper 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**

Simon Vincent  
**Chairman**

Peter Anderson  
**Trustee**

Ramesh Dewan  
**Trustee**

**4 April 2008**

**INDEPENDENT AUDITORS' REPORT**  
**TO THE TRUSTEES OF**  
**HILTON IN THE COMMUNITY FOUNDATION**

We have audited the financial statements of Hilton in the Community Foundation for the year ended 31 December 2007 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2007).

This report is made solely to the charity's trustees, as a body, in accordance with Section 43 of the Charities Act 1993 and regulations made under Section 44 of that Act. Our audit work has been undertaken so that we might state to the charity's 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

**RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS**

The trustees' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities (contained within the Report of the Board of Trustees).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 Report of the Board of Trustees is not consistent with the financial statements, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Report of the Board of Trustees. 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 OPINION**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**INDEPENDENT AUDITORS' REPORT**  
**TO THE TRUSTEES OF**  
**HILTON IN THE COMMUNITY FOUNDATION**

**OPINION**

In our opinion the financial statements:-

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the Hilton in the Community Foundation's affairs as at 31 December 2007 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.

**8/9 Well Court**  
**London EC4M 9DN**  
**4 April 2008**

**Chartered Accountants**  
**Registered Auditors**

**HILTON IN THE COMMUNITY FOUNDATION**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2007 £	Total 2006 £
<b>Incoming Resources</b>					
<b>Incoming resources from generated funds</b>					
Hilton funding		76,825	-	76,825	71,271
Hilton donated staff costs		190,330	-	190,330	153,939
		267,155	-	267,155	225,210
Activities for generating funds					
Fundraising	3	997,269	357,176	1,354,445	1,272,644
Merchandising income	3	23,497	-	23,497	21,147
Investment Income					
Investment income & interest	4	21,464	-	21,464	24,257
		1,309,385	357,176	1,666,561	1,543,258
<b>Total Incoming Resources</b>					
<b>Resources Expended</b>					
	5				
Cost of generating voluntary income		241,564	65,710	307,274	290,938
Fundraising trading:					
Cost of goods sold and other costs		15,415	-	15,415	16,201
		256,979	65,710	322,689	307,139
Charitable expenditure					
Young People & Education		626,891	63,497	690,388	724,204
Young People & Health		441,284	117,688	558,972	690,414
Disaster Relief & International Fund		128,239	7,201	135,440	1,128
		1,196,414	188,386	1,384,800	1,415,746
Governance		28,271	-	28,271	27,550
		1,481,664	254,096	1,735,760	1,750,435
<b>Total Resources Expended</b>					
Net (Outgoing)/Incoming Resources for the year		(172,279)	103,080	(69,199)	(207,177)
Transfers between funds		(9,786)	9,786	-	-
Fund balances brought forward at 1 January 2007		372,366	-	372,366	579,543
<b>Fund balances carried forward at 31 December 2007</b>	12	190,301	112,866	303,167	372,366

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

**HILTON IN THE COMMUNITY FOUNDATION****BALANCE SHEET****AS AT 31 DECEMBER 2007**

	Notes	2007 £	2006 £
<b>FIXED ASSETS</b>			
Tangible assets	8	4,366	3,514
Investments	9	183,817	326,782
		<u>188,183</u>	<u>330,296</u>
<b>CURRENT ASSETS</b>			
Debtors	10	261,632	139,827
Cash at bank and in hand		98,813	177,425
		<u>360,445</u>	<u>317,252</u>
<b>CREDITORS:</b> Amounts falling due within one year	11	235,661	272,182
<b>NET CURRENT ASSETS</b>		<u>124,784</u>	<u>45,070</u>
<b>CREDITORS:</b> Amounts falling due after more than one year	11	9,800	3,000
<b>TOTAL NET ASSETS</b>		<u>303,167</u>	<u>372,366</u>
<b>FUNDS</b>			
Restricted funds		112,866	-
Unrestricted funds:			
Designated funds		180,842	293,420
General reserves		9,459	78,946
<b>TOTAL FUNDS</b>	12	<u>303,167</u>	<u>372,366</u>

The financial statements were approved by the Board on 4 April 2008 and signed on its behalf by:

Simon Vincent  
**Chairman**

Peter Anderson  
**Trustee**

Ramesh Dewan  
**Trustee**

The notes which follow form an integral part of these financial statements.

**HILTON IN THE COMMUNITY FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

**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 January 2007). 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 2005) issued by the Charity Commission in March 2005.

**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 12 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.

Hilton funding is limited by budget and based on actual costs calculated on an accruals basis. Hilton donated staff costs are the aggregate staff costs notified to the Foundation by Hilton and recognised on an accruals basis.

Fundraising income received from the hotels and support offices is recognised when notified by the hotels and support offices on an accruals basis. Other fundraising income, merchandising income and investment income are recognised on an accruals basis.

**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 expense. The expenditure heads in the statement of financial activities include both direct costs and allocated overheads. Overheads are apportioned on a staff time basis.

Support costs comprise costs for processing grants and applications, including support to actual and potential applicants as well as costs associated with the management and administration of the charity's activities. These costs are allocated to activities on an actual basis where possible, by staff time or based on the number of grants awarded. Staff and office costs are divided into the areas of activity of the charity: fundraising, merchandise sales, charitable expenditure and governance, on the basis of the cost of related staff time. Communication costs are divided equally between fundraising and charitable expenditure.

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.

Governance costs are those incurred in connection with the general running of the charity as opposed to the management and administration of its activities. They include costs relating to constitutional and statutory requirements.

**HILTON IN THE COMMUNITY FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2007**

**1. ACCOUNTING POLICIES (Continued)**

**1.5 Grants payable**

The grants awarded by the Trustees represent its charitable expenditure and 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.

**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. CASH FLOW STATEMENT**

A cash flow 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**

	<b>2007</b>	<b>2006</b>
	£	£
Hotels own fundraising	730,887	365,379
Other regional Foundation balls	67,020	292,459
LivingWell own fundraising	-	21,546
The London Hilton on Park Lane ball	296,019	275,724
National event	56,374	-
Special appeal income	2,414	72
General donations & campaigns	79,526	102,144
Small Change Campaign	122,205	215,320
	1,354,445	1,272,644
Merchandising income	23,497	21,147
	1,377,942	1,293,791

**4. INVESTMENT INCOME**

Investment income receivable	10,716	15,645
Bank interest receivable	10,748	8,612
	21,464	24,257

**HILTON IN THE COMMUNITY FOUNDATION****NOTES TO THE FINANCIAL STATEMENTS (Continued)****FOR THE YEAR ENDED 31 DECEMBER 2007****5. TOTAL RESOURCES EXPENDED****Total Resources  
expended**

	<b>Fundraising costs</b>	<b>Merchandise costs</b>	<b>Governance costs</b>	<b>Charitable expenditure</b>	<b>2007 Total</b>	<b>2006 Total</b>
	£	£	£	£	£	£
Allocated Staff costs	86,354	2,362	12,351	89,263	190,330	153,939
Allocated Office costs	15,057	412	2,154	15,564	33,187	27,080
Allocated Communication costs	4,834	-	-	4,834	9,668	13,546
Direct expenditure	201,029	12,641	13,766	5,130	232,566	241,281
Grants	-	-	-	1,270,009	1,270,009	1,314,589
<b>Total 2007</b>	<b>307,274</b>	<b>15,415</b>	<b>28,271</b>	<b>1,384,800</b>	<b>1,735,760</b>	<b>1,750,435</b>
<b>Total 2006</b>	<b>290,938</b>	<b>16,201</b>	<b>27,550</b>	<b>1,415,746</b>	<b>1,750,435</b>	

Staff and office costs are divided into the areas of activity of the charity: fundraising, merchandise sales, charitable expenditure and governance, on the basis of the cost of related staff time. Communication costs are divided equally between fundraising and charitable expenditure.

**Charitable Expenditure**

	<b>Grants</b>	<b>Direct Costs</b>	<b>Allocated Staff Costs</b>	<b>Allocated Office Costs</b>	<b>Allocated Communication Costs</b>	<b>2007 Total</b>	<b>2006 Total</b>
	£	£	£	£	£	£	£
Young People & Education	622,948	3,014	52,442	9,144	2,840	690,388	724,204
Young People & Health	514,490	1,988	34,589	6,031	1,873	558,971	690,414
Disaster Relief & International Fund	132,571	128	2,232	389	121	135,441	1,128
<b>Total 2007</b>	<b>1,270,009</b>	<b>5,130</b>	<b>89,263</b>	<b>15,564</b>	<b>4,834</b>	<b>1,384,800</b>	<b>1,415,746</b>
<b>Total 2006</b>	<b>1,314,589</b>	<b>6,511</b>	<b>74,728</b>	<b>13,145</b>	<b>6,773</b>	<b>1,415,746</b>	

**Governance Costs**

	<b>2007</b>	<b>2006</b>
	£	£
Allocated Staff costs	12,351	10,324
Allocated Office costs	2,154	1,816
Annual Report	6,986	6,345
Legal Fees	-	3,642
Trustee Meeting costs	960	960
Audit and Accountancy Fees	4,245	3,525
Trustee Insurance	1,575	938
	<b>28,271</b>	<b>27,550</b>

**Net (outgoing)/incoming resources are stated  
after charging:**

Auditors' remuneration – audit fees	4,054	3,525
Depreciation	2,052	3,310

**HILTON IN THE COMMUNITY FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

6. **STAFF COSTS AND TRUSTEES' REMUNERATION**

	<b>2007</b>	<b>2006</b>
	£	£
Wages, salaries and redundancy costs	161,638	129,060
Social security costs	14,911	10,652
Pension costs	13,781	14,227
	<u>190,330</u>	<u>153,939</u>
The average number of full time equivalent employees during the year was:	No	No
	<u>6</u>	<u>5</u>

During the year six full and part-time members of staff employed by Hilton were seconded to work for the Foundation, and the cost of their employment of £190,330 was met by Hilton. No employee earned over £60,000 per annum.

During the year, the Trustees received £75 reimbursement of expenses, (2006: nil). No emoluments were paid in 2006 or 2007 for their roles as Trustees. Trustee Indemnity Insurance of £1,575 was payable in 2007, the cost of which was covered by the administration grant from Hilton.

7. **GRANTS PAYABLE**

The amount payable in the year comprises:	<b>Grant Type</b>	<b>2007</b>
		£
<b>Young People &amp; Education</b>		
Grants equal or under £10,000		
122 Grants		250,836
Grants over £10,000		
Percy Hedley Foundation	Sponsored	10,150
Show Racism the Red Card	Central Grant	10,230
The Rugby Portobello Trust	Central Grant	12,150
GCAP Charities	Sponsored	12,761
Action for Blind People	Central Grant	13,438
The Place2Be	Central Grant	13,545
Outward Bound Trust	Central Grant	13,667
Ni-Add	Central Grant	16,200
Woodingdean Youth Centre	Sponsored	16,861
The Ark Charity	Central Grant	17,000
Herons Dale School	Sponsored	18,000
Teen Challenge	Restricted	19,880
Youth Sport Trust	Central Grant	20,000
The Venture Trust	Central Grant	21,108
Show Racism the Red Card	Central Grant	25,000
Rainbow House	Central Grant	28,877
Action for Kids	Central Grant	29,052
Tir Coed	Central Grant	29,400
Depaul Trust	Central Grant	44,793
		<u>622,948</u>

**HILTON IN THE COMMUNITY FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

**7. GRANTS PAYABLE (CONTINUED)**

		<b>2007</b>
		£
<b>Young People &amp; Health</b>		
Grants equal or under £10,000		
85 Grants		146,701
Grants over £10,000		
Leukaemia Research	Sponsored	10,224
Diabetes Federation of Ireland	Central Grant	17,250
Caxton Youth Organisation	Central Grant	24,727
Foundation for Conductive Education	Central Grant	28,417
Dogs for the Disabled	Central Grant	31,695
Starlight Children's Foundation	Central Grant	43,334
The Willow Foundation	Sponsored	98,855
Make-A-Wish Foundation® UK	Restricted	113,287
		514,490
<b>Disaster Relief &amp; International Fund</b>		
Tewkesbury Rugby Football Club	Disaster Relief	4,560
Friends of Norfolk Park School	Disaster Relief	5,000
Greece Wild Fires (c/o Hilton Athens)	Disaster Relief	7,201
Gawad Kalinga	Disaster Relief	15,810
Sense International	International	50,000
Plan International	International	50,000
		132,571
<b>2007 Grant Total</b>		1,270,009
	<b>2007</b>	<b>2006</b>
	£	£
<b>RECONCILIATION OF GRANTS PAYABLE :</b>		
Commitments at 1 January 2007	261,151	210,678
Commitments made in the year	1,270,009	1,314,589
Grants payable for the year	1,531,160	1,525,267
Grants paid during the year	(1,320,833)	(1,264,116)
Commitments at 31 December 2007	210,327	261,151
<b>Commitments at 31 December 2007 are payable as follows:</b>		
Within one year (note 11)	200,527	258,151
After one year (note 11)	9,800	3,000
	210,327	261,151

**HILTON IN THE COMMUNITY FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

**8. TANGIBLE FIXED ASSETS**

	<b>Computers &amp; Other Equipment</b>	<b>Furniture &amp; Fittings</b>	<b>Total</b>
	£	£	£
<i>Cost or valuation</i>			
At 1 January 2007	15,452	4,498	19,950
Additions at cost	2,904	-	2,904
Disposals at cost	(119)	-	(119)
As at 31 December 2007	<u>18,237</u>	<u>4,498</u>	<u>22,735</u>
<i>Accumulated depreciation</i>			
At 1 January 2007	13,355	3,081	16,436
Charge for year	1,561	491	2,052
Disposals at cost	(119)	-	(119)
As at 31 December 2007	<u>14,797</u>	<u>3,572</u>	<u>18,369</u>
<i>Net book value</i>			
At 31 December 2007	<u>3,440</u>	<u>926</u>	<u>4,366</u>
At 31 December 2006	<u>2,097</u>	<u>1,417</u>	<u>3,514</u>

The net book value at 31 December 2007 represents the fixed assets used primarily for activities to generate funds and managing and administering the charity.

**9. INVESTMENTS**

	<b>2007</b>	<b>2006</b>
	£	£
Market value at 1 January 2007	326,782	420,473
Acquisitions at cost	-	175,000
Sales proceeds from disposals	(150,000)	(270,000)
Dividends received in the year and reinvested	7,035	1,309
Market value at 31 December 2007	<u>183,817</u>	<u>326,782</u>
Historical cost as at 31 December 2007	<u>183,817</u>	<u>326,782</u>

Investments are held in The Royal Bank of Scotland Global Treasury Sterling Fund, which invests in (near) cash instruments, and in Charity Aid Foundation Fixed Rate Selector accounts. There is no difference between the market value and historical cost of the funds.

**10. DEBTORS**

Accrued income due from Hilton	186,432	87,559
Accrued investment income	254	1,879
Prepayments	263	263
Other debtors	74,683	50,126
	<u>261,632</u>	<u>139,827</u>

**HILTON IN THE COMMUNITY FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

11. **CREDITORS:**  
**AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2007</b>	<b>2006</b>
	£	£
Grants payable (note 7)	200,527	258,151
Other creditors	26,271	3,285
Amounts due to Hilton	1,758	433
Accruals	7,105	10,313
	<u>235,661</u>	<u>272,182</u>

**AMOUNTS**  
**FALLING DUE AFTER MORE THAN ONE YEAR**

Grants payable (note 7)	<u>9,800</u>	<u>3,000</u>
-------------------------	--------------	--------------

12. **FUNDS**

	<b>At 1 Jan</b>				<b>At 31 Dec</b>
	<b>2007</b>	<b>Income</b>	<b>Expenditure</b>	<b>Transfers</b>	<b>2007</b>
	£	£	£	£	£
<b>RESTRICTED FUNDS</b>					
£1 on the Room Campaign (1)	-	122,205	12,338	-	109,867
Park Lane Ball (2)	-	148,010	157,009	8,999	-
Glasgow Ball (2)	-	33,510	29,510	(4,000)	-
National Event Fund (3)	-	28,187	25,188	-	2,999
Marathon Fund (4)	-	22,850	22,850	-	-
Special Appeal Fund (5)	-	2,414	7,201	4,787	-
	<u>-</u>	<u>357,176</u>	<u>254,096</u>	<u>9,786</u>	<u>112,866</u>
<b>DESIGNATED FUNDS</b>					
Disaster Relief and International Fund (6)	150,000	-	125,370	(4,787)	19,843
Hotel Nomination Fund (7)	139,906	383,861	363,964	(3,170)	156,633
Capital Fund (8)	3,514	-	-	852	4,366
	<u>293,420</u>	<u>383,861</u>	<u>489,334</u>	<u>(7,105)</u>	<u>180,842</u>
<b>GENERAL RESERVE (9)</b>	<u>78,946</u>	<u>925,524</u>	<u>992,330</u>	<u>(2,681)</u>	<u>9,459</u>
<b>TOTAL FUND BALANCE</b>	<u>372,366</u>	<u>1,666,561</u>	<u>1,735,760</u>	<u>-</u>	<u>303,167</u>

**HILTON IN THE COMMUNITY FOUNDATION****NOTES TO THE FINANCIAL STATEMENTS (Continued)****FOR THE YEAR ENDED 31 DECEMBER 2007****12. FUNDS (Continued)**

- (1) *£1 on the Room Campaign Fund* - The Small Change, Big Difference campaign was launched in October 2007 for three months, Hilton guests in the UK and Ireland are asked to accept an optional £1 or €1 on their bill. Funds raised, net of marketing material costs, are awarded to the nominated charity/ies. Funds raised in Ireland remain in the Republic and are awarded to a nominated charity. In 2007 grants were made from this fund as the campaign was extended until the end of January 2008.
- (2) *Regional Ball Fund* - Each year, the Foundation Balls held in the Hilton Park Lane and the Hilton Glasgow, nominate a charity to which fifty percent of the net proceeds are donated. In 2007 the London Ball raised £229,089 for the Foundation and Make-A-Wish, whilst £50,778 was raised for the Foundation and Teen Challenge by the Glasgow Ball.
- (3) *National Event Fund* - The Foundation's first National Event, "Around the World in a Day", was held in September 2007, and the net proceeds of £32,873, were shared between the Foundation and Action for Blind People in the UK and the Foundation and St Joseph's School and Services for the Visually Impaired in the Republic of Ireland.
- (4) *Marathon Fund* - Eleven places for the London Marathon were obtained for Foundation runners, from Outward Bound and DebRA, and the total amount of sponsorship raised was £22,850.
- (5) *Special Appeal Fund* - was used to collect funds in response to the Greek wildfires of autumn 2007. Donations of £2,414 received from international hotels (Rhodes Resort, Rome Cavalieri, Cyprus and Malta) were matched from the Disaster Relief and International Fund to make a grant of £7,201 towards the cost of a new playground to be built in the village of Asimopolus in the Municipality of Pinias.
- (6) *Disaster Relief and International Fund* - with nearly 400 hotels in the Hilton network around the world, the Trustees established a disaster relief fund to provide help and expertise for disaster relief in the communities Hilton serves. Maximum annual grants of £150,000 are designated for this purpose. In 2007 this fund was extended to include grants to international projects operated by UK based charities.
- (7) *Hotel Nomination Fund* - 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 the General Fund.
- (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 (Continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

**13. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	<b>Restricted Funds</b>	<b>Designated Funds</b>	<b>General Funds</b>	<b>Total</b>
	£	£	£	£
Fund balances at 31 December 2007 are represented by:				
Tangible Fixed Assets	-	4,366	-	4,366
Investments	-	176,476	7,341	183,817
Current Assets	112,866	-	247,579	360,445
Creditors	-	-	(245,461)	(245,461)
<b>TOTAL NET ASSETS</b>	<b>112,866</b>	<b>180,842</b>	<b>9,459</b>	<b>303,167</b>

**14. 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.

**15. RELATED PARTY TRANSACTIONS**

Two of the Foundations trustees, including the Chairman are nominated by the Hilton. The Foundation is intricately linked to and supported by Hilton International Co. (Hilton). As Hilton's nominated charity, the Foundation is allowed access to fundraise within Hotels and Support Offices to guests, suppliers, contacts and employees. The support provided by Hilton to the Foundation takes many forms, including the permanent secondment of six employees to run the Foundation and the provision of hotel and conference facilities for fundraising events without charge, or at discounted rates. No remuneration is paid to Hilton or Hilton personnel in respect of their participation in fundraising activities. All decisions concerning the Foundation and its grant giving are taken by the Trustees or their appointed committees and are independent from Hilton.

Under the terms of a Funding Agreement, signed 7 July 2006, Hilton makes an annual donation to meet the Foundation's core administration costs so that the Foundation's net fundraising income can be used to make grants for charitable purposes. The Funding Agreement will continue in force unless and until terminated by either party giving no less than 15 months' written notice of termination to expire no earlier than 31 December 2010.

Any Trustee of the Foundation who is an employee of Hilton or any company associated with Hilton withdraws from any Foundation meeting at which the relationship with Hilton is discussed or reviewed.

A Commercial Participatory Agreement was signed on 7 July 2006 between the Foundation and Hilton to formalise fundraising and volunteering activities of Hilton personnel for and on behalf of the Foundation.

Income received from Hilton during the year is disclosed on the face of the SOFA, whilst amounts due from and to Hilton at the year end are disclosed in notes 10 and 11.

Amounts raised through the efforts of Hilton hotels are included in note 3.