

HILTON IN THE COMMUNITY FOUNDATION

Annual report and financial statements
Year ended
31 December 2010

Charity Number: 1084220 (England & Wales) 038995 (Scotland)

**HILTON IN THE COMMUNITY FOUNDATION
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2010**

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REFERENCE AND ADMINISTRATION DETAILS

Foundation President

Ian Carter
(appointed 15 June 2006)

Trustees

At date of approval of the financial statements

Simon Vincent, Chairman *
(appointed 12 February 2007; appointed Chairman 19 December 2007; reappointed 9 April 2010)

Dame Maureen Thomas DBE, Deputy Chairman **
(appointed 17 November 2000; reappointed 12 December 2002; reappointed 20 April 2005; reappointed 9 March 2007; reappointed and appointed Deputy Chairman 22 April 2009)

Peter Anderson **
(appointed 8 May 2003; reappointed 20 April 2005; reappointed 9 March 2007; reappointed 22 April 2009)

Ramesh Dewan **
(appointed 3 September 2004; reappointed 9 March 2007; reappointed 22 April 2009)

William Differ **
(appointed 15 December 2006; reappointed 12 December 2008)

Stuart Dudley **
(appointed 4 April 2008 as Hilton nominated Trustee; resigned 31 December 2009; appointed as Independent co-opted Trustee with effect from 1 January 2010)

Rudi Jagersbacher *
(appointed 12 December 2008)

Tahir Mohsan **
(appointed 12 December 2002; reappointed 26 November 2004; reappointed 9 March 2007; reappointed 22 April 2009)

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

None

* *Hilton nominated Trustees (3 year position)*

** *Independent co-opted Trustees (2 year position)*

Director

Simon Sheehan
(appointed 1 October 2004)

Registered Name

Hilton in the Community Foundation
Registered Charity No. 1084220 (England & Wales) 038995 (Scotland)

Principal office

Hilton in the Community Foundation
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United Kingdom

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Website: www.hilton-foundation.org.uk

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

In this report and financial statements Hilton in the Community Foundation is referred to as "Foundation" or the "charity".

**HILTON IN THE COMMUNITY FOUNDATION
REPORT OF THE TRUSTEES
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STRUCTURE, GOVERNANCE AND MANAGEMENT

The Trustees present their report together with the audited consolidated financial statements of Hilton in the Community Foundation and its subsidiary company HCF Trading Limited for the year ended 31 December 2010.

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 038995). The Foundation was registered as a Institution for General Benefit with the Dutch tax authorities in the Netherlands (October 2009) and with the Danish Tax Authorities (December 2010) as a charitable organisation so that the Foundation can work with local hotels to fundraise for local charities that fall under the Foundation's remits.

2010 was another solid year for the Foundation with grant giving totalling £1,003,756 (2009: £1,064,137) and gross income totalling £2,364,760 (2009: £1,609,808)..

TRUSTEES

The Trustees who served during the year to 31 December 2010 and to the date the report was approved are listed on page 2.

Hilton Worldwide nominates at least two Trustees 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 Hilton Worldwide or an associated company and are required to resign as nominated Trustees should they leave this employment.

The trust deed specifies that there shall be at least four co-opted Trustees. They are appointed or re-appointed by the Trustees, 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 Worldwide.

The Trustees are all unpaid volunteers in that capacity. A Trustee may receive reasonable and proper remuneration for professional services rendered to the charity and reasonable out of pocket expenses. No such payments were made during the year (as set out in note 6). Trustee Indemnity Insurance, as agreed with the Charity Commission, is covered by the annual grant from Hilton Worldwide.

The Foundation has a formal procedure for inducting new Trustees to ensure that he or she is 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 WORLDWIDE RELATIONSHIP

The Foundation is linked to and supported by Hilton Worldwide. As Hilton Worldwide's nominated charity vehicle in Europe, the Foundation is allowed access to fundraise within hotels and support offices to guests, suppliers, contacts and employees. The support provided by Hilton Worldwide to the Foundation takes many forms, including the permanent secondment of seven (2009: six) employees to run the Foundation, office space and the provision of hotel and conference facilities for fundraising events without charge, or at discounted rates. No remuneration is paid by the Foundation to Hilton Worldwide or Hilton Worldwide personnel in respect of their voluntary 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 Worldwide.

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Under the terms of a Funding Agreement, signed 7 July 2006, Hilton Worldwide 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 agreed otherwise or terminated by either party giving to the other no less than 15 months' written notice of termination. In 2010 the Foundation received a donation of £457,632 from two Hilton Worldwide trust funds established for employee benefit for which there were no longer any employee beneficiaries. Given Hilton Worldwide's 2009 request that the Foundation investigate other sources of income to cover the core costs of the Foundation and ultimately to become self-funding through the income it generates, the Trustees decided to use this donation as an expendable endowment to contribute towards the funding of the Foundation's administration costs. The Foundation's understanding is that Hilton Worldwide intends to reduce its financial commitment by £70,000 per annum over the period 2009 to 2013 but to maintain its subsidised and in-kind support for fundraising events, access to quests, suppliers and team members, and continue to help to identify other sources of income i.e. merchandise sales and corporate donations. The Reserves Policy has been adjusted to reflect this financial security.

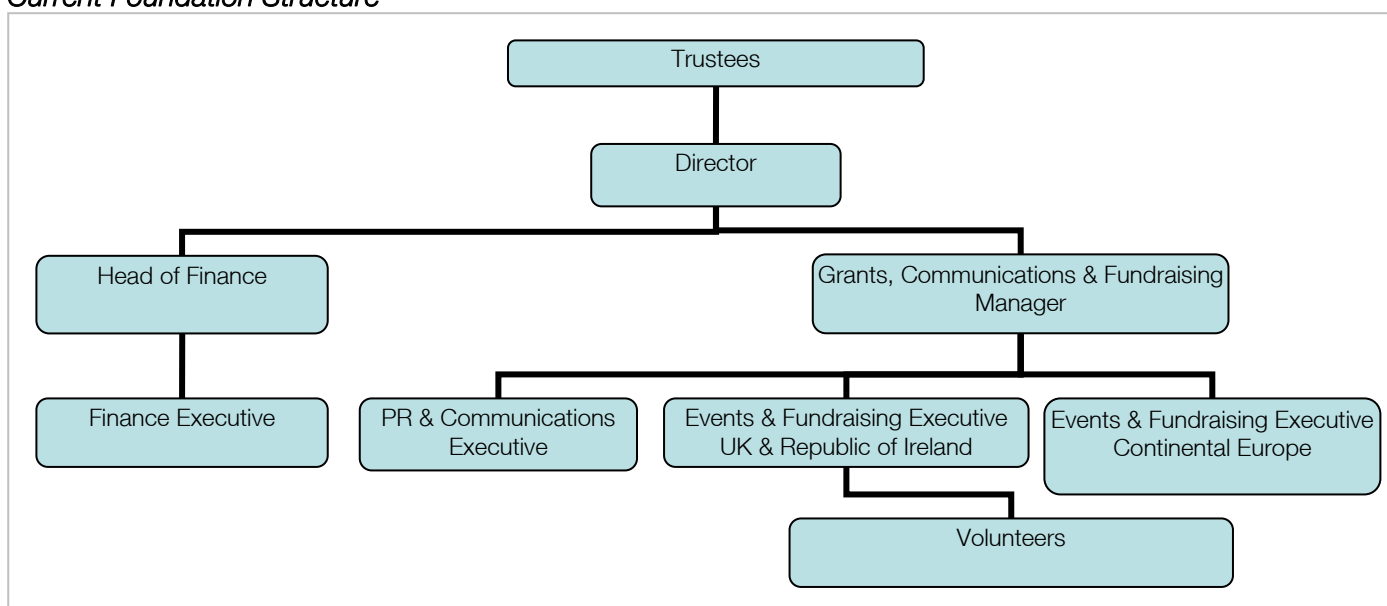
Any Trustee of the Foundation who is an employee of Hilton Worldwide or any company associated with Hilton Worldwide withdraws from any Foundation meeting at which the fundamental relationship with Hilton Worldwide is discussed or reviewed, unless requested to observe by the Independent Trustees.

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

ORGANISATION

The Trustees meet quarterly. 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.

Current Foundation Structure



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TRADING COMPANY

In 2010 the Foundation established HCF Trading Limited, to raise funds for the benefit of the Foundation through the sale of merchandise in hotels. Following a successful four month trial (merchandise sales totalling £40,585) the Trustees agreed to establish HCF Trading Limited as a trading arm, investing £100,000 in share capital based on sales projections of over 68,000 units in the first 18 months and expecting a satisfactory return on the investment. Profits from the trading company are donated to the Foundation on a regular basis and contribute towards the Foundation's grant fund. The Foundation has allocated a proportion of staff time to the running of the trading arm. The two Directors of HCF Trading Limited are Independent Trustees and hold the issued shares jointly on behalf of the Foundation. Directors of the company meet regularly with monthly updates and forecasts being circulated.

PRINCIPAL FINANCIAL MANAGEMENT POLICIES

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

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. Grants in respect of 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 or deferred, or grants are approved (if grant awards are equal to or less than £10,000) or submitted to the Trustees for endorsement (if grant awards are over £10,000).

The Grants Committee has a further remit to examine the use 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 two years, or longer at the Trustees' discretion, 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 in the UK and the Republic of Ireland 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.

Funds raised by hotels in Continental Europe are awarded to charities and local causes working in the country where the funds were raised and within the remits of the Foundation's grant giving. Recipients are identified by the local hotels and referred to the Foundation for assessment. Approval of these grants has been delegated to the Director as is the policy for Hotel nominated grants in the UK and the Republic of Ireland. Funds are primarily awarded in their entirety to causes in country. However, at times of natural disaster hotels are requested to contribute to the Disaster Relief and International Development Fund.

During the year, the Foundation awarded grants totalling £1,003,756 (2009: £1,064,137) a decrease of 6%. 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.

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INVESTMENT POLICY

There are no restrictions on the charity's power to invest. However, the Trustees' policy is to hold investments in ethical funds. 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 grants. Therefore, the Trustees have adopted a policy of keeping at least 40% of its cash and near cash assets in short-term deposits that can be accessed readily. The remaining 60% of cash and near cash assets are held in various medium to long-term investments.

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 protect the long term future of the charity's operations. With the establishment of an Expendable Endowment and Hilton Worldwide's funding agreement the Trustees have decided that the Foundation does not need to keep a general reserve whilst the Expendable Endowment is above 6 months of administration costs, currently about £20,000. Draw down from the Expendable Endowment is on an annual basis based on the approved budget. The amount supplements the annual grant from Hilton Worldwide to ensure that all the administration costs of the Foundation are covered by Hilton Worldwide.

RELATED PARTIES

A register is held by the Foundation of Trustees, its Executives and their related parties interests to ensure no conflict of interest with the work of the Foundation.

RISK MANAGEMENT

The Trustees have assessed the major risks to which the charity and HCF Trading Limited are exposed, in particular those related to the operations and finances of the charity and HCF Trading Limited, and are satisfied that systems are in place to manage those risks.

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.

PUBLIC BENEFIT

The Foundation benefits the public by raising funds from Hilton Worldwide, its team members, suppliers, guests and contacts as well as the general public, to award to charities and charitable causes working with young people in need so that they can have access to and receive the education, healthcare and support that they need. By providing this intermediary role of fund raiser and cause identifier the Foundation channels funds and charitable goodwill to support programme delivery and raise the profile and understanding of vulnerable groups. The Trustees confirm that they referred to the guidance contained in the Charity Commissions general guidance on public benefit when reviewing the Trust's aims and objectives and in planning future activities and setting grant making policy for 2010.

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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 the areas of health and education 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 two broad areas of charitable need, namely:

- Young people and health
- Young people and education

Grant giving is primarily focussed to charities operating within the UK and the Republic of Ireland. With expansion into Continental Europe in 2010 funds raised are awarded to charities and local causes working in the country where the funds were raised in the Foundation's chosen areas of focus. Additionally, through the Disaster Relief and International Development Fund, projects in the areas of education and health are supported by grants primarily to UK registered charities for use in areas outside the UK.

REVIEW OF ACTIVITIES

Despite the downturn experienced by many charities, 2010 was another solid year for the Foundation with grant giving totalling £1,003,756 (2009: £1,064,137) benefiting children and young people, and gross income totalling £2,364,760 (2009: £1,609,808). Staff and administration costs increased by 4% to £263,275 (2009: £252,142). These as well as certain other direct costs are funded from the Hilton Worldwide Administration Fund (Note 12).

The cost of generating voluntary income funds rose by 18% to £415,440 – 18% of gross income (2009: 22%). 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 £394,912, and a £304,006 net surplus (2009: *income* £455,216 and *net surplus* £366,134).

A fundraising target of £667,580 was set for the 81 Hilton Worldwide Hotels and support offices in the UK and the Republic of Ireland. £664,615 was reached, 99% of target (2009: *target* £616,560 for 82 hotels and they achieved £536,051 - 87%). The hotels undertook numerous imaginative fundraising activities to reach this target. This voluntary activity by Hilton Worldwide team members equates to over 37,900 volunteering hours (at least 9 hours per week per hotel).

In 2010 the Foundation continued the expansion of its fundraising efforts into Continental Europe. The hotels had already carried out fundraising efforts for their local communities for numerous years as well as supporting the Foundation through the donation of holiday vouchers for fundraising events. This relationship was formalised and extended following legal and fiscal investigations in 23 countries across Europe, reflecting the presence of Hilton Worldwide's hotels. Following the advice received from local experts, structures for fundraising from these hotels were established in most of those countries. These varied depending on local laws and tax efficiency and so structures include the transfer of funds:

- direct to the Foundation,
- via the hotel to the Foundation, or
- direct to a local charity.

The aim is for the Foundation to facilitate charitable giving benefiting our chosen focus group of disadvantaged young people. Funds raised in each country are primarily awarded (either by the

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Foundation or direct to a local charity) to charities working in that country. At times of natural disaster, Continental Europe hotels are asked to contribute to the Disaster Relief and International Development Fund. Through a European Committee the Foundation has undertaken a programme of promoting its work and developed supporting materials to enlist the support of hotels. In 2010 £140,350 was raised by 59 hotels in Continental Europe (2009: £50,921).

Hilton Worldwide reinstated the opt-out process for the Small Change, Big Difference campaign. This resulted in an 88% increase in funds raised. £107,347 was raised during the three months of the campaign, which operated in 17 countries involving 128 hotels.

Activities in Scotland for 2010 include the 14 Scottish Hotels and offices (2009: 14) raising £123,734 representing 8% of gross fundraising income (2009: £142,919, 11% of gross fundraising income). This includes the largest fundraiser in Scotland, the Glasgow Ball, which raised £65,955 (2009: £72,667). Grants to charities located in Scotland, excluding grants to national charities, totalled £68,212, reaching 18,562 young people via 57 grants to 47 charities (2009: £65,042, reaching 2,961 young people via 44 grants to 42 charities). This represents 18% of our grants awarded and 7% of our funds awarded (2009: 13% of our grants awarded and 6% of our funds awarded).

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 2010, 310 grants to 236 charities, totalling £1,003,756 (79% of the 2010 grant fund) benefiting 306,012 children and young people, were awarded, an average of £3.28 per person (2009: 326 grants to 251 charities, totalling £1,064,137 (96% of the 2009 grant fund) benefiting 103,289 young people, were awarded, an average of £10.30 per person).

In 2010 the Foundation received a donation of £457,632 from two Hilton Worldwide trust funds established for employee benefit for which there were no longer any employee beneficiaries. Given Hilton Worldwide's 2009 request that the Foundation investigate other sources of income to cover the core costs of the Foundation and ultimately to become self-funding through the income it generates, the Trustees decided to use this donation as an expendable endowment to contribute towards the funding of the Foundation's administration costs. The Foundation's understanding is that Hilton Worldwide intends to reduce its financial commitment by £70,000 per annum over the period 2009 to 2013 but to maintain its subsidised and in-kind support for fundraising events, access to guests, suppliers and team members, and continue to help to identify other sources of income i.e. merchandise sales and corporate donations.

The Foundation continues to investigate other fundraising initiatives, including expanding the sale of merchandise to hotels. Following a successful trial of selling novelty ducks via the hotels the Foundation established a trading arm to continue this initiative. HCF Trading Limited is a supplier to the hotels who then sell the ducks at no profit to guests at £5, €5 or local currency equivalent. The trading arm receives its payment upfront and the profit from each unit, approximately £2 per unit, goes to the Foundation. Each hotel is rewarded for their support by having £1 or €1 towards their fundraising target to be allocated to a local charity of their choice. The remaining amount goes to the Foundation central grant fund.

In November 2010 the Foundation celebrated its tenth anniversary. Throughout 2011 various celebration activities are planned which were started with a special tenth anniversary edition of Foundation Feedback to celebrate that amazing support the Foundation has received over the last ten years. By the end of 2010 the Foundation came close to achieving its goal of raising a total Grant Fund of £10m. At the end of 2010 £9,308,563 had been raised, 93% of target.

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The Foundation endeavours to have an open and clear application process. The following summarises our grant giving for the five years ending 31 December 2010.

Grant Decision Making Process	2010 Amount	2010 %	2009 Amount	2009 %	2008 Amount	2008 %	2007 Amount	2007 %	2006 Amount	2006 %
Total applications received in year	542	-	707	-	1,008	-	628	-	457	-
Received applications approved by Director (including sponsored grants, campaigns and indirect grants)	276	50%	298	42%	260	26%	203	32%	188	41%
Received applications reviewed by Grants Committee	73	13%	63	9%	64	6%	63	10%	68	15%
Reviewed applications approved by Grants Committee (excluding those referred to Trustees)	19	26%	23	37%	16	25%	14	22%	10	15%
Received applications reviewed by Trustees	15	3%	6	1%	15	1%	19	3%	26	6%
Reviewed applications approved by Trustees	15	100%	5	83%	14	93%	19	100%	26	100%
Approved applications	310	57%	326	46%	290	29%	236	38%	224	49%

In 2009 funding criteria were reviewed and four core themes for the Foundation's central grants process were introduced to manage applicants' expectations and to reduce the time cost for unsuccessful applicants. In 2010 this resulted in the Foundation receiving almost 50% less applicants from the peak in 2008 and improving the rate of approval from 29% to 57%.

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For the following tables 2009 figures are in brackets.

Remit	No of Grant Requests	No. of Grants Awarded	Amount Requested by All Applicants	Amount Awarded	No of Beneficiaries Reached	Proportion of Grant Requests	Proportion of Awarded Grants	Proportion of Amount Requested Awarded	Proportion of Funds Awarded	Proportion of Beneficiaries Reached
Young People & Education	291 (430)	162 (177)	£2,855,379 (£3,613,805)	£454,955 (£388,121)	59,424 (47,673)	56% (61%)	52% (54%)	16% (11%)	45% (36%)	21% (46%)
Young People & Health	244 (273)	141 (145)	£2,104,807 (£2,221,724)	£ 429,315 (£ 527,928)	172,693 (24,716)	41% (39%)	46% (44%)	20% (24%)	43% (50%)	56% (24%)
Disaster Relief & International Fund	7 (4)	7 (4)	£129,811 (£148,088)	£119,486 (£148,088)	73,895 (30,900)	3% (<1%)	2% (2%)	92% (100%)	12% (14%)	23% (30%)
Total	542 (707)	310 (326)	£5,089,997 (£5,983,617)	£1,003,756 (£1,064,137)	306,012 (103,289)	100% (100%)	100% (100%)	20% (18%)	100% (100%)	100% (100%)

Remit	No. of Grants Awarded	Amount Requested by Approved Grantees	Amount Awarded	No. of Beneficiaries	Proportion of Request Awarded	Proportion of Beneficiaries
Young People & Education	162 (177)	£759,400 (£454,750)	£454,955 (£388,121)	59,424 (47,673)	60% (85%)	20% (46%)
Young People & Health	142 (145)	£471,041 (£565,797)	£429,315 (£527,928)	172,693 (24,716)	91% (93%)	56% (24%)
Disaster Relief & International Fund	6 (4)	£119,486 (£148,088)	£119,486 (£148,088)	73,895 (30,900)	100% (100%)	24% (30%)
Total	310 (326)	£1,349,927 (£1,168,635)	£1,003,756 (£1,064,137)	306,012 (103,289)	74% (91%)	100% (100%)

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Central Grant Core Theme	No. of Central Grants Awarded	Amount Requested by Approved Grantees	Amount Awarded	No. of Beneficiaries	Proportion of Request Awarded	Proportion of Beneficiaries	Proportion of Central Grants Awarded	Proportion of Amount Awarded
Children in Hospices	17 (11)	£82,258 (£18,235)	£87,550 (£18,235)	1,459 (330)	106% (100%)	0% (0%)	5% (3%)	9% (2%)
Disabled Children	94 (50)	£684,636 (£532,596)	£405,070 (£467,831)	28,849 (8,529)	59% (88%)	9% (8%)	30% (15%)	40% (44%)
Children in Hospital	50 (18)	£160,253 (£63,203)	£142,164 (£62,054)	155,660 (8,402)	89% (98%)	51% (8%)	16% (6%)	14% (6%)
Homelessness	13 (5)	£163,437 (£28,207)	£109,846 (£20,967)	4,840 (687)	67% (74%)	2% (1%)	4% (2%)	11% (2%)
Other	136 (242)	£259,343 (£526,394)	£259,127 (£495,050)	115,204 (85,341)	100% (94%)	38% (83%)	45% (74%)	26% (46%)
Total	310 (326)	£1,349,927 (£1,168,635)	£1,003,756 (£1,064,137)	306,012 (103,289)	74% (91%)	100% (100%)	100% (100%)	100% (100%)

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Grant Type	No. of Grants	Amount Requested	Amount Awarded	No. of Beneficiaries	Grant type as Proportion of Grants Awarded	Grant type as Proportion of Funds Awarded	Proportion of Beneficiaries
Central Grants	48 (55)	£764,218 (£429,126)	£442,248 (£355,232)	183,019 (45,289)	15% (17%)	44% (33%)	60% (44%)
Hotel Nominated Fund (sponsored grants)	160 (181)	£248,476 (£295,005)	£245,261 (£264,216)	26,189 (18,500)	52% (56%)	24% (25%)	8% (18%)
Disaster Relief & International Fund	5 (0)	£92,199 (£-)	£92,199 (£-)	73,660 (0)	2% (0%)	9% (0%)	24% (0%)
Restricted (Events and Campaigns)	81 (87)	£158,244 (£367,253)	£157,474 (£367,438)	16,978 (8,800)	26% (27%)	16% (35%)	6% (8%)
£1 on the room	16 (3)	£86,790 (£77,251)	£66,574 (£77,251)	6,166 (30,700)	5% (<1%)	7% (7%)	2% (30%)
Total	310 (326)	£1,349,927 (£1,168,635)	£1,003,756 (£1,064,137)	306,012 (103,289)	100% (100%)	100% (100%)	100% (100%)

The hotels and support offices were given the deadline of July 2010 to nominate a local charity to receive a grant from 2009 Hotel Nominated Funds. If a suitable charity was not identified by this point, then the balance of the individual hotel's or support office's funds was transferred to general reserves to be distributed through the central grant process. This deadline elicited 93 sponsored grants in 2010 from the remaining 2009 funds, totalling £111,412 (2009: 105 sponsored grants in 2009 from the remaining 2008 funds, totalling £128,809) and directly promoted positive local relationships with 88 charities and benefited 17,429 (2009: 13,266) children and young people.

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Regional Spread	No of Applications	No. of Grants Approved	Amount Requested by Approved Grantees	Amount Awarded	No. of Beneficiaries	Proportion of Applicants receiving a grant	Regional Proportion of Grants	Proportion of Request Awarded	Regional Proportion of Funds Awarded	Proportion of Beneficiaries
UK wide	54 (72)	32 (46)	£103,963 (£367,556)	£83,965 (£363,208)	166,270 (28,017)	55% (64%)	10% (14%)	81% (99%)	8% (34%)	54% (27%)
London	70 (103)	29 (32)	£330,966 (£95,394)	£140,101 (£84,854)	10,044 (5,724)	41% (31%)	10% (10%)	42% (89%)	14% (8%)	3% (6%)
Midlands	66 (115)	41 (59)	£95,379 (£84,070)	£84,671 (£78,732)	11,820 (10,200)	62% (51%)	13% (18%)	89% (94%)	9% (7%)	4% (10%)
North	73 (63)	31 (24)	£211,154 (£52,293)	£142,762 (£51,384)	6,218 (9,709)	42% (38%)	10% (7%)	68% (98%)	14% (5%)	2% (9%)
Northern Ireland	14 (110)	3 (18)	£47,588 (£30,990)	£43,252 (£18,180)	1,680 (627)	21% (16%)	1% (6%)	91% (59%)	4% (2%)	1% (1%)
Scotland	73 (72)	57 (44)	£76,112 (£87,869)	£68,212 (£65,042)	18,562 (2,961)	78% (61%)	18% (13%)	90% (74%)	7% (6%)	6% (3%)
South East	92 (93)	48 (54)	£143,435 (£120,789)	£128,797 (£97,149)	7,929 (8,615)	52% (58%)	16% (17%)	90% (80%)	13% (9%)	3% (8%)
South West	35 (32)	15 (13)	£79,978 (£51,332)	£63,991 (£35,692)	855 (3,701)	43% (41%)	5% (4%)	80% (70%)	7% (3%)	0% (4%)
Wales	6 (17)	3 (10)	£34,376 (£44,462)	£23,897 (£32,898)	540 (1,010)	50% (59%)	1% (3%)	70% (74%)	2% (3%)	0% (1%)
UK Total	483 (677)	259 (300)	£1,122,951 (£934,755)	£779,647 (£827,139)	223,918 (70,564)	54% (44%)	84% (92%)	69% (88%)	78% (77%)	73% (68%)
Republic of Ireland	13 (13)	10 (11)	£5,771 (£46,143)	£5,728 (£49,260)	210 (1,040)	77% (85%)	3% (3%)	99% (107%)	1% (5%)	0% (1%)
Europe (excl. UK & Ireland)	31 (3)	31 (3)	£109,512 (£13,394)	£106,688 (£13,394)	8,754 (140)	100% (100%)	10% (1%)	97% (100%)	10% (1%)	3% (0%)
International (excl. Europe)	15 (14)	10 (12)	£111,693 (£174,343)	£111,693 (£174,344)	73,130 (31,545)	63% (86%)	3% (4%)	100% (100%)	11% (17%)	24% (31%)
Total	542 (707)	310 (326)	£1,349,927 (£1,168,635)	£1,003,756 (£1,064,137)	306,012 (103,289)	57% (46%)	100% (100%)	74% (91%)	100% (100%)	100% (100%)

**HILTON IN THE COMMUNITY FOUNDATION
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2010**

Project Type	No of Applications	No of Grants	Amount Requested by Approved Grantees	Amount Awarded	No. of Beneficiaries	Proportion of Project Type Applicants Receiving a Grant	Project Type Proportion of Awarded Grants	Proportion of Request Awarded to Successful Applicants	Project Type Proportion of Awarded Funds	Proportion of Beneficiaries
Activity Courses	155 (124)	68 (59)	£297,470 (£197,005)	£213,959 (£188,651)	153,939 (5,360)	44% (48%)	22% (18%)	72% (96%)	21% (18%)	50% (5%)
Arts & Culture	21 (48)	3 (4)	£7,756 (£25,000)	£7,720 (£24,000)	2,080 (3,075)	14% (8%)	1% (1%)	100% (96%)	1% (2%)	1% (3%)
Awareness Education	47 (70)	32 (24)	£74,542 (£30,857)	£74,067 (£30,857)	35,985 (27,310)	68% (34%)	10% (7%)	99% (100%)	7% (3%)	12% (26%)
Community Projects	34 (107)	22 (36)	£81,741 (£59,635)	£71,361 (£52,395)	3,128 (4,030)	65% (34%)	7% (11%)	87% (88%)	7% (5%)	1% (4%)
Disaster Relief	8 (2)	5 (2)	£54,279 (£73,184)	£54,279 (£73,184)	68,750 (30,000)	56% (100%)	2% (1%)	100% (100%)	5% (7%)	22% (29%)
Environmental education	4 (5)	2 (2)	£1,448 (£806)	£1,448 (£806)	502 (10)	50% (40%)	1% (1%)	100% (100%)	<1% (<1%)	<1% (<1%)
Equipment	132 (145)	102 (100)	£527,428 (£467,634)	£297,006 (£435,558)	23,677 (24,251)	77% (69%)	33% (31%)	56% (93%)	30% (41%)	8% (23%)
General Donation	5 (7)	0 (0)	£0 (£0)	£0 (£0)	0 (0)	0% (0%)	0% (0%)	0% (0%)	0% (0%)	0% (0%)
Hospice & Palliative Care	16 (25)	9 (20)	£15,651 (£54,585)	£15,651 (£52,085)	150 (505)	56% (80%)	3% (6%)	100% (95%)	2% (5%)	0% (<1%)
Refurbishment	26 (50)	16 (23)	£145,821 (£68,297)	£132,530 (£66,477)	6,591 (5,850)	62% (46%)	5% (7%)	91% (97%)	13% (6%)	2% (6%)
Respite Holidays	21 (39)	7 (18)	£8,490 (£33,106)	£8,490 (£28,846)	100 (1,300)	33% (46%)	2% (6%)	100% (87%)	1% (3%)	0% (1%)
Salaries	6 (12)	0 (0)	£0 (£0)	£0 (£0)	0 (0)	0% (0%)	0% (0%)	0% (0%)	0% (0%)	0% (0%)
Therapy, Counselling or Other Treatment	48 (38)	32 (20)	£48,347 (£54,232)	£48,907 (£38,199)	8,806 (708)	67% (53%)	10% (6%)	101% (70%)	5% (4%)	3% (1%)
Training	19 (35)	12 (18)	£86,953 (£104,294)	£78,338 (£73,079)	2,304 (890)	63% (51%)	4% (6%)	90% (70%)	8% (7%)	1% (1%)
Total	542 (707)	310 (326)	£1,349,927 (£1,168,634)	£1,003,756 (£1,064,137)	306,012 (103,289)	58% (46%)	100% (100%)	74% (91%)	100% (100%)	100% (100%)

**HILTON IN THE COMMUNITY FOUNDATION
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2010**

Evaluation of 2010 Objectives

Objective	Planned Activities	Result
Increased Grant Giving	<ul style="list-style-type: none"> • £1,400,000 distributed in grants 	<ul style="list-style-type: none"> • Only £1,003,756 was distributed due to a grant of £173,367 not being made, which would normally have been given to the charity partner for the Park Lane Ball, and instead going to the Foundation for its general purposes. As the Foundation celebrated its 10th anniversary Trustees decided that this event, which was also moved from October to December, should be branded solely for the Foundation. All net funds raised, £304,006 went to the Foundation for award to charities during 2011. As the event was held in December this meant that only one grant had been made by the end of the year. The Final Trustees' meeting was also postponed to January 2011 which delayed the approval of several large grants.
Grant fund of £1,345,584 to be raised	<ul style="list-style-type: none"> • Extend fundraising to mainland Europe hotels, increase income to £220,000 • Introduction of merchandise sales raising at least £15,000 • Broaden support for Foundation events and grant giving from non-Hilton Worldwide sources 	<ul style="list-style-type: none"> • £140,350 was raised by 59 hotels Continental Europe hotels with the number of events doubling since 2009 • After a successful trial which raised £12,291, before allocated costs. HCF Trading Limited was established to sell merchandise. Since establishment in September 2010, a net profit of £21,490 has been generated. • External suppliers and hotel owners continue to support our events. Around the World in a Day received corporate sponsorship from Precor and partnerships with Thomas Cook and Brakes are in place for 2011 events. The partnership with Regus grew in 2010 and raised £20,657.
Maintain present level of activity in Scotland	<ul style="list-style-type: none"> • Maintain overall support from Scottish hotels focusing more on local giving and volunteering 	<ul style="list-style-type: none"> • Due to a difficult fundraising climate the level of funds raised by Scottish hotels dropped by £19,185. However the amount awarded, the number of grants, the number of charities supported and the number of beneficiaries reached with these grants increased.

**HILTON IN THE COMMUNITY FOUNDATION
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2010**

Objective	Planned Activities	Result
Implement 5 year strategy for funding core costs and communicate change in structure.	<ul style="list-style-type: none"> • Transfer of funds from Hilton Worldwide Trust to establish an expendable endowment • Trading arm established • 2010 budget implemented 	<ul style="list-style-type: none"> • Excluding the contribution to the expendable endowment, the annual contribution from Hilton Worldwide decreased by £37,379 because of savings on salary costs as well as a continuation of the reduction of central support. With the introduction of the Expendable Endowment the Foundation still falls within its funding statement of Hilton Worldwide covering all the administration costs of the Foundation, allow 100% of the net funds raised to go to the charities which the Foundation supports. • The administration costs of the Foundation were 4% under budget and staff salaries were 5% under budget.

**HILTON IN THE COMMUNITY FOUNDATION
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2010**

FINANCIAL REVIEW

Income from fundraising activities increased by 18% to £1,574,145 (2009: £1,331,390), whilst investment income was £4,543 (2009: £5,888).

Hilton Worldwide funding, which covers the core administration cost of the Foundation, fell in the year to £622 (2009: £44,050) as this was covered by a draw down of £31,563 from the Expendable Endowment contribution from Hilton Worldwide which totalled £457,632. As well as providing office space and facilities, Hilton Worldwide provided seven seconded staff to work in the Foundation. The staff costs involved were £234,529 (2009: £228,480), making Hilton Worldwide's total financial commitment (including the donation for the establishment of the Expendable Endowment but excluding in-kind support and fundraising subsidies) £692,783 (2009: £272,530).

The Group's total income for the year was £2,364,760 (2009: £1,609,808).

Expenditure on charitable activities was £1,139,723 (2009: £1,189,848). At 31 December 2010 the charity's total fund balances were £1,124,094, an increase of 174% (2009: £409,874).

EXPENDABLE ENDOWMENT

An Expendable Endowment was established from a donation of £457,632 from Hilton Worldwide. This fund will be used to cover the administration costs of the Foundation over the coming five years. An annual draw down will be determined by the Trustees based on the approved budget and the additional annual funding received from Hilton Worldwide.

RESTRICTED FUNDS

Due to fundraising restrictions, the following funds exist:

- **£1 on Room Campaign**
The 2010 Small Change, Big Difference campaign was launched in October for three months. 128 hotels participated in the Campaign (2009: 114 hotels) across 14 countries. Hilton Worldwide guests were asked to accept an optional £1 or €1 or local currency equivalent on their bill. Funds raised, net of marketing material costs, are awarded to charities supporting young people in need. Funds raised in each country are awarded to charities working in that country.
- **Regional Ball Fund**
Each year, the Foundation holds regional balls in the London Hilton Park Lane and the Hilton Glasgow. The Glasgow Ball net proceeds of £65,955 (2009: £72,156) was raised for the Foundation and The Stewart McKenna Foundation. The Trustees decided that in this 10th anniversary year, the Park Lane Ball net proceeds of £304,006 (2009: £366,134) should be awarded by the central Grants Committee, apart from the pledges and gift aid thereon made at the Ball for a minibus for Orchard House School.
- **National Event Fund**
The Foundation's fourth "Around the World in a Day" National Event was held in June 2010. Net funds raised by each hotel were donated to local charities nominated by participating hotels.
- **Sponsored Event Fund**
Four places for the London Marathon were obtained for Foundation runners from Outward Bound (three runners completing the race). These, along with runners at other sponsored events, raise funds for the nominated charities who donate the places as well as for the Foundation. Sponsored events where funds are raised just for the Foundation are not included in this restricted fund. The total amount of sponsorship raised was £4,385 (2009: £21,039).

**HILTON IN THE COMMUNITY FOUNDATION
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2010**

- ***Galvin's Chance***
'Galvin's Chance' is an "into work" programme, leading to an apprenticeship, college programme, or sustainable employment. Initiated by *Galvin at Windows*, based in the London Hilton on Park Lane, and run in conjunction with the Springboard Charitable Trust, it targets disadvantaged young people aged 18-24 not in education, employment or formal training. The main fundraising event to support this programme was the "Mayfair Park and Tower Race", around the Serpentine in Hyde Park and up the 28 flights of stairs in the hotel. The restricted fund contains net fundraising from the race and any other donations for Galvin's Chance.
- ***Special Appeal Funds***
Following the earthquake in Haiti and the floods in Pakistan, two appeals were made to Hilton Worldwide team members (2009: £nil). Funds collected for these disasters (Haiti £25,626 and Pakistan £2,776) were restricted for the relief effort of these disasters.

DESIGNATED FUNDS

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

- ***Disaster Relief & International Development Fund***
The Trustees have designated a reserve of up to £150,000 per annum to be set aside for disaster relief grants primarily to UK based charities for use in areas affected by disaster and for grants to international projects primarily operated by UK based charities falling under the Foundation's existing focus (Young People & Education and Young People & Health). This enables the Foundation to respond immediately to disasters in the communities that Hilton Worldwide serves. The Trustees keep the level of this fund under review to maintain a reasonable balance between current expenditure and the ability to respond to future disasters. Funds raised by some hotels outside Europe (other than restricted funds) are treated as income of this fund. In 2010 three grants were made from this fund totalling £89,867 (2009: £nil) and £10,000 from the fund was restricted by the trustees to the Haiti Special Appeal fund.
- ***UK & Republic of Ireland Hotel Nomination Funds***
The Trustees have agreed that 50% of the funds raised by individual hotels and support offices in the UK and The Republic of Ireland can be used for grants to charities nominated by the respective hotel or support office, subject to endorsement by the Trustees (the decision process is delegated to the Director). Measures are in place to ensure that this fund is spent effectively and promptly. Should the hotel or support office choose not to nominate a local charity then funds are distributed through the central grant making procedure. In 2010 grants of £186,375 were made from this fund (2009: £232,934).
- ***European Hotel Nomination Funds***
With fundraising expansion into Continental Europe in 2009 the Trustees designated that funds raised by these hotels should be awarded in full to charities in those countries working in the Foundation's area of focus. At times of natural disaster the hotels can award unrestricted funds to international causes helping relief efforts. In 2010 several Continental European hotels have raised funds which can be distributed in full to their nominated charities. Grants of £75,878 were made (2009: £31,282).
- ***Hilton Worldwide Administration Fund***
The fund reflects the unexpended balance on administration grants paid to the Foundation by Hilton Worldwide which is used to cover additional administration or communication costs that are over budget.

**HILTON IN THE COMMUNITY FOUNDATION
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2010**

- *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 level of general reserves currently held is above the optimal identified by the Trustees, but the Grants Committee, on a quarterly basis, take account of the level of general reserves and taper their awards accordingly.

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

FUTURE DEVELOPMENTS

As Hilton Worldwide builds on the success of the Foundation as its charitable vehicle in Europe the Foundation will play a role in the global corporate social responsibility strategy of Hilton Worldwide and its portfolio of brands. This will require the Foundation to share its best practice and experiences as well as reflecting on its grant portfolio.

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

1. Building upon the 5 fundraising “products” (Small Change, Big Difference Campaign; merchandising sales; the Foundation Balls; Staff and Family Rates; and Hotel Fundraising) and exploring ways in which earnings can be enhanced from each area of activity.
2. Expanding fundraising to Hilton Worldwide properties in Continental Europe.
3. Approaching corporations and other non-Hilton Worldwide sources for financial and event support via Hilton Worldwide introductions.
4. Engage local community support via sponsorship events and grant giveaways.

**HILTON IN THE COMMUNITY FOUNDATION
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2010**

2011 OBJECTIVES

Objective	Target and Activities
Increased Grant Giving	<ul style="list-style-type: none"> • £1,300,000 distributed in grants
Grant fund of £1,410,000 to be raised	<ul style="list-style-type: none"> • Extend fundraising to mainland Europe hotels, increase income to £220,000 • Broaden support for Foundation events and grant giving from non-Hilton Worldwide sources
Maintain present level of activity in Scotland	<ul style="list-style-type: none"> • Maintain overall support from Scottish hotels focusing more on local giving and volunteering
Articulate legacy of giving portfolio	<ul style="list-style-type: none"> • Monitoring criteria extended and undertake an analysis of the impact of our grants
Increase fundraising in Continental Europe	<ul style="list-style-type: none"> • Increase communication to Continental Europe hotels, celebrating activities and grant awards • Training – workshop and webinars • Increase local grant awards • Introduction of targets • Registration in Turkey and Cyprus
Increase Merchandise Sales through HCF Trading Limited	<ul style="list-style-type: none"> • Improve promotion • Introduce new range • Increase number of hotels participating
Share Best Practice from UK & Ireland	<ul style="list-style-type: none"> • Capture best practice and share with other supporters • Expand content on intranet
Around the World in a Day – 26th June expansion	<ul style="list-style-type: none"> • At least doubling European Hotels participating • Corporate partnership with Thomas Cook & Brakes
Build stronger partnerships with Hilton Worldwide Brands	<ul style="list-style-type: none"> • Integration and implementation of Hilton’s Blue Energy initiative • Contribute to and influence Hilton Worldwide’s CSR strategy

**HILTON IN THE COMMUNITY FOUNDATION
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2010**

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.

Laws applicable to charities in England and Wales and in Scotland requires the Trustees to prepare the Report of the Trustees and the financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards 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 ensuring that accounting records are kept in respect of the charity which are such as to disclose at any time, with reasonable accuracy the financial position of the charity at that time and to enable them to ensure that the financial statements comply with the Charities Act 1993, the Charity (Accounts and Reports) Regulations 2008, the Charities and Trustee Investment (Scotland) Act 2005, regulation 8 of the Charities Accounts (Scotland) Regulations 2006. 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. The Trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website.

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 Trustees

Simon Vincent
Chairman

Peter W Anderson
Trustee

25 March 2011

INDEPENDENT AUDITOR'S 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 2010 which comprise the group Statement of Financial Activities, the group and parent charity Balance Sheets and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities effective April 2008 (United Kingdom Generally Accepted Accounting Practice applicable to smaller entities).

This report is made solely to the charity's trustees, as a body, in accordance with the Charities Act 1993 and the Charities and Trustee Investment (Scotland) Act 2005. 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

As explained more fully in the Statement of Trustees Responsibilities set out in the Report of the Trustees, the trustees' are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditors under section 43 of the Charities Act 1993 and Section 44 (i) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under these Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Trustees to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 December 2010, and of the group's incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to smaller entities; and
- have been prepared in accordance with the requirements of the Charities Act 1993, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Charities Act 1993 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the information given in the Report of the Trustees is inconsistent in any material respect with the financial statements; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

**Knox Cropper
Chartered Accountants
Statutory Auditor**

**8/9 Well Court
London
EC4M 9DN**

25 March 2011

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

**HILTON IN THE COMMUNITY FOUNDATION
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Notes	Unrestricted Funds £	Restricted Funds £	Expendable Endowment £	Total 2010 £	Total 2009 £
Incoming Resources						
Incoming resources from generated funds						
Voluntary income						
Hilton Worldwide funding		622	-	-	622	44,050
Hilton Worldwide donated staff costs		234,529	-	-	234,529	228,480
Hilton Endowment		-	-	457,632	457,632	-
		235,151	-	457,632	692,783	272,530
Activities for Generating Funds						
Fundraising	3	1,247,808	326,337	-	1,574,145	1,331,390
Merchandising income	3	93,289	-	-	93,289	-
Investment income & interest	4	4,543	-	-	4,543	5,888
Total Incoming Resources		1,580,791	326,337	457,632	2,364,760	1,609,808
Resources Expended						
Costs of generating funds						
Fundraising		392,862	22,578	-	415,440	352,393
Cost of goods sold		68,787	-	-	68,787	-
		461,649	22,578		484,227	352,393
Charitable expenditure						
Young People & Education		397,509	128,499	-	526,008	456,375
Young People & Health		442,121	49,476	-	491,597	583,842
Disaster Relief & International Development		92,499	29,619	-	122,118	149,631
		932,129	207,594	-	1,139,723	1,189,848
Governance		26,590	-	-	26,590	25,849
Total Resources Expended		1,420,368	230,172	-	1,650,540	1,568,090
Net Incoming/(Outgoing)						
Resources for the year		160,423	96,165	457,632	714,220	41,718
Transfers between funds		21,216	10,347	(31,563)	-	-
Fund balances brought forward at 1 January 2010		362,136	47,738	-	409,874	368,156
Fund balances carried forward at 31 December 2010	12	543,775	154,250	426,069	1,124,094	409,874

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

Group Financial Statements

These financial statements consolidate the results of the charity and HCF Trading, a company wholly-owned by the Foundation on a line by line basis. A separate Statement of Financial Activities is not presented for the charity itself following the exemptions afforded by paragraph 397 of SORP 2005. The charity's gross income for the year was £2,333,546 (2009: £1,609,808) and gross expenditure was £1,619,326 (2009: £1,568,090).

**HILTON IN THE COMMUNITY FOUNDATION
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2010**

	Notes	Group		Charity	
		2010	2009	2010	2009
		£	£	£	£
FIXED ASSETS					
Tangible assets	8	390	2,091	390	2,091
Investment in subsidiary company	9	-	-	100,000	-
Investments	9	102,910	151,528	102,910	151,528
		<u>103,300</u>	<u>153,619</u>	<u>203,300</u>	<u>153,619</u>
CURRENT ASSETS					
Stocks		59,708	-	-	-
Debtors	10	217,421	87,554	198,590	87,554
Cash at bank and in hand		998,706	495,377	934,115	495,377
		<u>1,275,835</u>	<u>582,931</u>	<u>1,132,705</u>	<u>582,931</u>
CREDITORS:					
Amounts falling due within one year	11	246,495	300,676	203,365	300,676
		<u>1,029,340</u>	<u>282,255</u>	<u>929,340</u>	<u>282,255</u>
NET CURRENT ASSETS					
		<u>1,029,340</u>	<u>282,255</u>	<u>929,340</u>	<u>282,255</u>
CREDITORS: Amounts falling due after more than one year					
	11	8,546	26,000	8,546	26,000
		<u>1,124,094</u>	<u>409,874</u>	<u>1,124,094</u>	<u>409,874</u>
TOTAL NET ASSETS					
		<u>1,124,094</u>	<u>409,874</u>	<u>1,124,094</u>	<u>409,874</u>
FUNDS					
Expendable Endowment		426,069	-	426,069	-
Restricted funds		154,250	47,738	154,250	47,738
Unrestricted funds:					
Designated funds		299,103	298,034	299,103	298,034
General reserves		244,672	64,102	244,672	64,102
TOTAL FUNDS	12	<u>1,124,094</u>	<u>409,874</u>	<u>1,124,094</u>	<u>409,874</u>

The financial statements were approved by the Trustees on 25 March 2011 and signed on their behalf by:

Simon Vincent
Chairman

Peter W Anderson
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 2010**

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 Charities Acts and Financial Reporting Standard for Smaller Entities (effective April 2008). 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 amounts which are subject to conditions imposed by the donor or which are collected for a specific purpose other than the general funds of the Foundation.
- *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 Foundation becomes entitled to the resource.

Hilton Worldwide funding is limited by budget and based on actual costs calculated on an accruals basis. Hilton Worldwide donated staff costs are the aggregate staff costs notified to the Foundation by Hilton Worldwide 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 Foundation'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 Foundation and HCF Trading Limited: 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.

**HILTON IN THE COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

1. ACCOUNTING POLICIES (Continued)

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

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

Tangible fixed assets costing £500 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 Investments

Investments consist of money market instruments and the Foundation's investment in HCF Trading Limited. All investments are disclosed at cost.

1.8 Value added tax

The Foundation is not registered for value added tax (VAT), and therefore input tax is not recoverable. Expenditure incurred by the Foundation is therefore recorded inclusive of VAT. HCF Trading Limited, is registered for VAT and both turnover and expenditure are disclosed exclusive of VAT.

2. CASH FLOW STATEMENT

A cash flow statement has not been prepared as the Foundation is entitled to the small entity exemption as outlined in FRS1.

3. DONATIONS, GIFTS AND MERCHANDISING INCOME

	2010	2009
	£	£
Hotels own fundraising	751,520	558,994
Foundation regional balls	65,955	87,051
The London Hilton on Park Lane ball	8,060	455,216
- Restricted		
- Unrestricted	386,852	-
Around the World in a Day	121,899	100,801
General donations & campaigns	101,409	80,728
Small Change Campaign	138,450	48,600
	1,574,145	1,331,390
Merchandise Income		
- Foundation	40,585	-
- HCF Trading Limited	52,704	-
	1,667,434	1,331,390

HCF Trading Limited which is wholly-owned by the Foundation, and, was incorporated in the United Kingdom on 31 August 2010, pays all its taxable profits to the Foundation by Gift Aid. The Charity owns the entire share capital of HCF Trading Limited through two trustees who hold the issued shares jointly on behalf of the Foundation. A summary of the trading results is shown below.

**HILTON IN THE COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

3. DONATIONS, GIFTS AND MERCHANDISING INCOME (Continued)

	2010
Summary Profit and Loss Account	£
Turnover	52,704
Cost of sales, distribution costs and administrative expenses	(31,214)
Net Profit	<u>21,490</u>
Amount gifted to charity	<u>(21,490)</u>
Retained in Subsidiary	<u><u>-</u></u>
 Summary of assets and liabilities of the subsidiary	
Current assets	162,104
Creditors: amounts falling due within one year	
- due to parent charity	(18,974)
- other creditors	(43,130)
Total net assets	<u><u>100,000</u></u>
 Aggregate share capital and reserves	 <u>100,000</u>

4. INVESTMENT INCOME

	2010	2009
	£	£
Investment income receivable	3,106	4,627
Bank interest receivable	1,437	1,261
	<u>4,543</u>	<u>5,888</u>

5. TOTAL RESOURCES EXPENDED

	Fundraising costs	Merchandise costs	Governance costs	Charitable expenditure	2010 Total	2009 Total
	£	£	£	£	£	£
Allocated Staff costs	92,504	8,442	15,293	118,290	234,529	228,480
Allocated Office costs	9,193	838	1,520	11,756	23,307	19,019
Allocated Communication costs	2,719	-	-	2,720	5,439	4,643
Direct expenditure	311,024	28,293	9,777	3,201	352,295	251,811
HCF Trading Limited Costs	-	31,214	-	-	31,214	-
Grants	-	-	-	1,003,756	1,003,756	1,064,137
Total 2010	<u>415,440</u>	<u>68,787</u>	<u>26,590</u>	<u>1,139,723</u>	<u>1,650,540</u>	<u>1,568,090</u>
Total 2009	<u>352,393</u>	<u>-</u>	<u>25,849</u>	<u>1,189,848</u>	<u>1,568,090</u>	<u>-</u>

**HILTON IN THE COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
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Staff and office costs are divided into the areas of activity of the Foundation: fundraising, charitable expenditure and governance, on the basis of the cost of related staff time. Communication costs are divided equally between fundraising and charitable expenditure.

5. TOTAL RESOURCES EXPENDED (Continued)

Charitable Expenditure

	Grants	Direct Costs	Allocated Staff Costs	Allocated Office Costs	Allocated Communication Costs	2010 Total	2009 Total
	£	£	£	£	£	£	£
Young People & Education	454,955	1,673	61,816	6,143	1,421	526,008	456,375
Young People & Health	429,315	1,466	54,185	5,385	1,246	491,597	583,842
Disaster Relief & International Development Fund	119,486	62	2,289	228	53	122,118	149,631
Total 2010	1,003,756	3,201	118,290	11,756	2,720	1,139,723	1,189,848
Total 2009	1,064,137	2,801	111,322	9,267	2,321	1,189,848	

Governance Costs	2010	2009
	£	£
Allocated Staff costs	15,293	14,032
Allocated Office costs	1,520	1,168
Annual Report	4,477	4,835
Trustee Meeting costs	50	37
Audit and Accountancy Fees	3,780	4,289
Trustee Insurance	1,470	1,488
	<u>26,590</u>	<u>25,849</u>

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

Auditors' remuneration – audit fees	6,080	4,289
Depreciation	<u>1,701</u>	<u>2,959</u>

6. STAFF COSTS

	2010	2009
	£	£
Salary costs	196,868	194,216
Social security costs	15,354	17,546
Pension costs	22,307	16,718
	<u>234,529</u>	<u>228,480</u>
The average number of full time equivalent employees during the year was:	<u>6</u>	<u>6</u>

During the year seven full and part-time members of staff employed by Hilton Worldwide were seconded to work exclusively for the Foundation (2009: 6), and the cost of their employment of £234,529 was met by Hilton Worldwide. One of them was paid over £60,000 per annum (2009: none)

**HILTON IN THE COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

TRUSTEES EMOLUMENTS AND RE-IMBURSEMENT OF EXPENSES

During the year, the Trustees received £nil reimbursement of expenses (2009: nil). No emoluments were paid to Trustees in 2010 or 2009. Trustee Indemnity Insurance of £1,488 was payable in 2010 the cost of which was covered by the administration grant from Hilton Worldwide.

7. GRANTS PAYABLE

The amount payable in the year comprises:	Grant Type	2010 £
Young People & Education		
Grants under £10,000		
81 Grants	Sponsored Grants	63,309
17 Grants	Central Grants	72,196
9 Grants	£1 on the Room	23,201
43 Grants	Restricted	71,322
Grants equal to or over £10,000		
Camtrust	Central Grant	10,000
The Mustard Tree	Central Grant	10,000
Heathrow Special Needs Farm	Central Grant	10,000
Cued Speech Association UK	Central Grant	11,676
ACE Centre Advisory Trust	Central Grant	12,290
Springboard Charitable Trust	Restricted	13,957
Friends of Hadrian School	Central Grant	14,360
LPC Belgique asbl	Sponsored	14,865
First Housing Aid & Support Services	Central Grant	18,838
Amber Foundation	Central Grant	21,305
The Children's Society	£1 on Room	28,500
Orchard Hill College	Central Grant	59,136
		454,955

**HILTON IN THE COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

7. GRANTS PAYABLE (continued)

	Grant Type	2010 £
Young People & Health		
Grants under £10,000		
73 Grants	Sponsored	119,195
16 Grants	Central Grants	82,338
1 Grant	Disaster Relief	200
34 Grants	Restricted	44,707
6 Grants	£1 on Room	14,873
Grants equal or over £10,000		
Step by Step	Central Grant	10,000
UHCW Charity	Sponsored	10,173
LittleBigHelp	Sponsored	11,000
Acorns Childrens Hospice	Central Grant	11,292
Have A Heart	Sponsored	11,718
Cash for Kids	Sponsored	15,000
Dartford & Gravesham NHS Trust Charitable Fund	Central Grant	15,000
South Gwent Children's Foundation - "Sparkle Appeal"	Central Grant	17,038
Newlife Foundation for Disabled Children	Central Grant	17,550
Roden Street Community Development Group	Central Grant	19,231
Claire House Children's Hospice	Central Grant	30,000
		429,315
 Disaster Relief & International Development		
Grants equal or under £10,000		
1 Grant	Restricted	2,132
2 Grants	Restricted	1,521
Grants equal or over £10,000		
Young Cumbria	Disaster Relief	10,192
The Stewart McKenna Foundation	Restricted	25,966
Leonard Cheshire	Disaster Relief	29,675
UNICEF	Disaster Relief	50,000
		119,486
2010 Grant Total		1,003,756

**HILTON IN THE COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

7. GRANTS PAYABLE (continued)

	2010 £	2009 £
Reconciliation of Grants Payable		
Commitments at 1 January 2010	282,057	67,919
Commitments made in the year	1,003,756	1,064,137
Grants payable for the year	1,285,813	1,132,056
Grants paid during the year	1,149,216	849,999
Commitments at 31 December 2010	<u>136,597</u>	<u>282,057</u>

Commitments at 31 December 2010 are payable as follows:

Within one year (note 11)	128,051	256,057
After one year (note 11)	8,546	26,000
	<u>136,597</u>	<u>282,057</u>

8. TANGIBLE FIXED ASSETS – GROUP AND CHARITY

	Computers & Other Equipment £	Furniture & Fittings £	Total £
<i>Cost or valuation</i>			
At 1 January 2010	12,106	3,220	15,326
As at 31 December 2010	<u>12,106</u>	<u>3,220</u>	<u>15,326</u>
<i>Accumulated depreciation</i>			
At 1 January 2010	10,106	3,129	13,235
Charge for year	1,610	91	1,701
As at 31 December 2010	<u>11,716</u>	<u>3,220</u>	<u>14,936</u>
<i>Net book value</i>			
At 31 December 2010	<u>390</u>	-	<u>390</u>
At 31 December 2009	<u>2,000</u>	<u>91</u>	<u>2,091</u>

The net book value at 31 December 2010 represents the fixed assets used primarily for activities to generate funds and managing and administering the charity.

9. INVESTMENTS – GROUP AND CHARITY

	2010 £	2009 £
Market value at 1 January 2010	151,528	200,560
Acquisitions at cost	-	100,000
Sales proceeds from disposals	(50,000)	(153,494)
Dividends received in the year and reinvested	1,382	4,462
Market value at 31 December 2010	<u>102,910</u>	<u>151,528</u>
Historical cost as at 31 December 2010	<u>102,910</u>	<u>151,528</u>

**HILTON IN THE COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

9. INVESTMENTS – GROUP AND CHARITY (Continued)

Investments are held in The Royal Bank of Scotland Global Treasury Sterling Fund, which invests in (near) cash instruments, and in a United Trust 60 day account. There is no difference between the market value and historical cost of the funds.

Investment in Subsidiary Company - Charity	2010 £	2009 £
Investment in HCF Trading Limited at cost (100% of the issued shares)	100,000	-

10. DEBTORS

	Group		Charity	
	2010 £	2009 £	2010 £	2009 £
Amounts due from HCF Trading Limited	-	-	18,974	-
Trade debtors	24,055	-	-	-
Accrued income due from Hilton Worldwide	94,675	55,836	94,675	55,836
Accrued investment income	564	1,180	564	1,180
Prepayments	835	245	245	245
Income tax recoverable	602	980	602	980
VAT recoverable	13,160	-	-	-
Other debtors	83,530	29,313	83,530	29,313
	217,421	87,554	198,590	87,554

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

	Group		Charity	
	2010 £	2009 £	2010 £	2009 £
Grants payable (note 7)	128,051	256,057	128,051	256,057
Trade Creditors	40,830	-	-	-
Other creditors	20,554	22,167	20,554	22,167
Accruals	57,060	22,452	54,760	22,452
	246,495	300,676	203,365	300,676

AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

Grants payable (note 7)	8,546	26,000	8,546	26,000
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**HILTON IN THE COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

12. FUNDS – GROUP AND CHARITY

	At 1 Jan 2010 £	Total Income £	Total Expenditure £	Transfers £	At 31 Dec 2010 £
EXPENDABLE ENDOWMENT	-	457,632	-	(31,563)	426,069
RESTRICTED FUNDS					
£1 on the Room Campaign 2009 (1)	36,313	31,102	66,574	-	841
£1 on the Room Campaign 2010 (1)	-	74,510	8,175	-	66,335
Euro on the Room Campaign 2010 (1)	-	32,837	3,765	-	29,072
Park Lane Ball 2010(2)	-	8,060	-	-	8,060
Glasgow Regional Ball 2009 (2)	-	-	74	74	-
Glasgow Regional Ball 2010 (2)	-	32,978	33,251	273	-
National Event Fund 2009 (3)	11,265	137	10,289	-	1,113
National Event Fund 2010 (3)	-	93,676	84,406	-	9,270
Sponsored Event Fund 2010 (4)	120	4,385	4,505	-	-
Galvin's Chance 2010 (5)	40	20,250	16,717	-	3,573
Haiti Special Appeal Fund (6)	-	25,626	2,210	10,000	33,416
Pakistan Special Appeal fund (6)	-	2,776	206	-	2,570
	47,738	326,337	230,172	10,347	154,250
DESIGNATED FUNDS – GROUP AND CHARITY					
Disaster Relief and International Development Fund (7)	150,842	494	89,867	(10,000)	51,469
UK & Republic of Ireland Hotel Nomination Fund (8)	115,379	270,582	186,375	-	199,586
European Hotel Nomination Fund (9)	16,023	107,513	75,878	-	47,658
Capital Fund (10)	2,091	-	1,701	-	390
Hilton Worldwide Administration Fund (11)	13,699	234,529	279,791	31,563	-
	298,034	613,118	633,612	21,563	299,103
GENERAL RESERVE (12)	64,102	967,673	786,756	(347)	244,672
	362,136	1,580,791	1,420,368	21,216	543,775
TOTAL FUND BALANCE	409,874	2,364,760	1,650,540	-	1,124,094

(1) *£1 on the Room Campaign Fund* - The 2010 Small Change, Big Difference campaign was launched in October 2010 for three months. 128 hotels participated in the Campaign (2009: 114 Hotels) across 14 countries. Hilton Worldwide guests are asked to accept an optional £1 or €1 or local currency equivalent on their bill. Funds raised, net of marketing material costs, are awarded to the nominated charities. The 2010 campaign was in aid of charities supporting young people in need. Funds raised in each country are awarded to charities working in that country.

(2) *Regional Ball Fund* - Each year, the Foundation holds regional balls in the London Hilton Park Lane and the Hilton Glasgow. The Glasgow Ball raised net proceeds of £65,955 (2009: £72,156) for the Foundation and The Stewart McKenna Foundation. The trustees decided that in this 10th anniversary year, the Park Lane Ball net proceeds of £304,006 (2009: £366,134) should be awarded by the central grants committee, apart from the pledges and gift aid thereon made at the Ball for a minibus for Orchard House School. The income and expenditure for the Ball is therefore treated as unrestricted in the current year.

**HILTON IN THE COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

12. FUNDS (Continued)

- (3) *National Event Fund* - The Foundation's fourth, "Around the World in a Day", National Event was held in June 2010. This year, net funds raised by each hotel were donated to a local charity nominated by the hotel.
- (4) *Sponsored Event Fund* - Four places for the London Marathon were obtained for Foundation runners from Outward Bound. These, along with runners at other sponsored events, raise funds for the nominated charities who donate the places as well as for the Foundation. Sponsored events where funds are raised just for the Foundation are not included in this fund.
- (5) *Galvin's Chance Fund* - Galvin's Chance' is an 'into work' programme, leading to an apprenticeship, college programme, or sustainable employment. Initiated by Galvin at Windows, based in the London Hilton on Park Lane, and run in conjunction with the Springboard Charitable Trust, it targets disadvantaged young people aged 18-24 not in education, employment or formal training. The main fundraising event was the "Mayfair Park and Tower Race". Net fundraising from the race and donations are restricted to fund Galvin's Chance.
- (6) *Special Appeals Fund* - Following the earthquake in Haiti and the floods in Pakistan, two appeals were made to Hilton Worldwide team members which were restricted for relief efforts for these disasters.
- (7) *Disaster Relief and International Development Fund* - With nearly 400 hotels in the Hilton Worldwide network around the world, the Trustees established a disaster relief fund to provide help and expertise for disaster relief in the communities Hilton Worldwide serves and for grants to international projects primarily operated by UK based charities falling under the Foundation's existing focus (Young People & Education and Young People & Health). Maximum annual grants of £150,000 are designated for this purpose. Funds raised by hotels outside Europe (other than restricted funds) are treated as income of this fund. In 2010 three grants were made from this fund (2009: nil), and £10,000 from the fund was restricted by the Trustees to the Haiti Special Appeal fund.
- (8) *UK & Republic of Ireland Hotel Nomination Fund* - The Trustees agreed that 50% of the net income raised by individual hotels and support offices could be used for grants to charities nominated by the respective hotel or support office. 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.
- (9) *European Hotel Nomination Fund* - With fundraising expansion into Continental Europe in 2010 the Trustees designated that funds raised by these hotels should be awarded in full to charities in those countries where the funds are raised working in the Foundation's area of focus. At times of natural disaster the hotels can award unrestricted funds to international causes helping relief efforts. In 2010 several continental European hotels raised funds which can be distributed in full to their nominated charities.
- (10) *Capital Fund* - represents the net book value of tangible fixed assets and is therefore not available for other purposes.
- (11) *Hilton Worldwide Administration Fund* - represents the unrestricted administration grant received from Hilton Worldwide.
- (12) *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 2010**

13. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Expendable Endowment £	Restricted Funds £	Designated Funds £	General Funds £	Total £
Fund balances at 31 December 2010 are represented by:					
Tangible Fixed Assets	-	-	390	-	390
Investments	102,910	-	-	-	102,910
Current Assets	323,159	154,250	298,713	499,713	1,275,835
Current liabilities	-	-	-	(246,495)	(246,495)
Long term liabilities	-	-	-	(8,546)	(8,546)
TOTAL NET ASSETS	426,069	154,250	299,103	244,672	1,124,094

14. RELATED PARTY TRANSACTIONS

During 2010 three of the Foundation's trustees, including the Chairman, were trustees nominated by Hilton Worldwide. The Foundation is linked to and supported by Hilton Worldwide. As Hilton Worldwide's nominated charity vehicle in Europe, the Foundation is allowed access to fundraise within Hotels and Support Offices to guests, suppliers, contacts and employees. The support provided by Hilton Worldwide to the Foundation takes many forms, including the permanent secondment of seven 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 by the Foundation to Hilton Worldwide or Hilton Worldwide personnel in respect of their voluntary 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 Worldwide.

Under the terms of a Funding Agreement, signed 7 July 2006, Hilton Worldwide makes an annual donation, based on an agreed budget, 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.

Any Trustee of the Foundation who is an employee of Hilton Worldwide or any company associated with Hilton Worldwide withdraws from any Foundation meeting at which the fundamental relationship with Hilton Worldwide is discussed or reviewed, unless invited to observe. Trustees do not participate in any decision regarding a grant to a charity with which they have a connection.

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

Income received from Hilton Worldwide during the year is disclosed on the face of the SOFA, whilst amounts due from and to Hilton Worldwide at the year end are disclosed in notes 10 and 11. Amounts raised through the efforts of Hilton Worldwide hotels and support offices are included in note 3.

In the normal course of events a number of trustees, as individuals, may participate in some of the Foundation's fundraising events on the same terms as those available to members of the general public.

During the course of the current year, three sponsored grants, totalling £1,642 in aggregate, were made by Hilton Cobham to The Jigsaw Trust, a charity providing education to children on the autistic spectrum. One of the Foundation's Trustee's is a Governor Trustee of The Jigsaw Trust and declared his interest. As a sponsored grant nominated by the hotel the responsibility for the award was designated to the Director and did not involve that Trustee.