

REGISTERED NUMBER: 01647393 (England and Wales)

HIC Treasury Limited

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

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for the year ended 31 December 2016

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COMPANY INFORMATION
for the year ended 31 December 2016

DIRECTORS:

Hilton Corporate Director LLC
J Percival
S Beasley
C Heath

SECRETARY:

HLT Secretary Limited

REGISTERED OFFICE:

Maple Court
Central Park
Reeds Crescent
Watford
Hertfordshire
WD24 4QQ

REGISTERED NUMBER:

01647393 (England and Wales)

AUDITORS:

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

STRATEGIC REPORT
for the year ended 31 December 2016

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

The principal activity of the company in the year under review was that of holding intra-group loans.

REVIEW OF BUSINESS

The company has made a profit for the year ended 31 December 2016 of £12,063,600 (2015: £19,107,289) which was transferred to reserves. The primary driver behind the movement in operating profit is changes in foreign exchange rates.

PRINCIPAL RISKS AND UNCERTAINTIES

Interest rate risk

This company is subject to interest rate risk on intercompany loans where the interest rate is linked to LIBOR. The company's treasury department monitors interest rates.

Exchange rate risk

This company is subject to exchange rate risk on intercompany loans held in foreign currency. On 29 March 2017, the United Kingdom (U.K.) government formally announced that the UK will leave the European Union (E.U.). The U.K. government has since begun the process negotiating the terms of the U.K.'s future relationship with the E.U.. Although it is unknown what those terms will be Brexit may create global economic uncertainty, which may cause exchange rate volatility. The company's treasury department monitors exchange rates.

Management does not believe the company is any more exposed to financial statement risk factors than others in the industry and has a system of internal controls and procedures that attempt to mitigate such risk.

FUTURE DEVELOPMENTS

The company is one entity involved in the wider group's treasury operation. The company does not actively participate in new transactions and will continue to have remaining balances wound down when possible.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to be 'S Beasley', written over a horizontal line.

S Beasley - Director

18 August 2017

REPORT OF THE DIRECTORS
for the year ended 31 December 2016

The directors present their report with the financial statements of the company for the year ended 31 December 2016.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2016.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2016 to the date of this report.

Hilton Corporate Director LLC
J Percival
S Beasley

Other changes in directors holding office are as follows:

C Heath - appointed 15 March 2016

EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

No significant post balance sheet events have occurred.

GOING CONCERN

The company's activities, together with the factors likely to affect its future development, its competitive, economic and interest rate risks are set out in the 'Review of Business' and 'Principal Risks and Uncertainties' section in the Strategic Report. The financial statements have been prepared under the going concern basis because the company has net assets and net current assets. Management believe that the company has the ability to meet its liabilities as they fall due.

DIRECTORS' AND OFFICERS' LIABILITY

During the year Hilton Worldwide Holdings Inc. purchased and maintained on behalf of the company liability insurance for its directors and officers, in respect of proceedings brought by third parties, as permitted by section 236 of the Companies Act 2006.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

REPORT OF THE DIRECTORS
for the year ended 31 December 2016

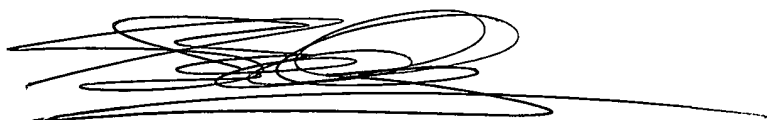
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITORS

Ernst & Young LLP will be re-appointed as the company's auditor in accordance with the elective resolution passed by the company under section 485 of the Companies Act 2006.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to be 'S Beasley', with a long horizontal line extending to the right.

S Beasley - Director

18 August 2017

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HIC TREASURY LIMITED

We have audited the financial statements of HIC Treasury Limited for the year ended 31 December 2016 which comprise the Statement of Profit or Loss and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the 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 company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
HIC TREASURY LIMITED**

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Report of the Directors.

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

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



Rebecca Turner (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP
1 More London Place
London
SE1 2AF

18 August 2017

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2016

	Notes	2016 £	2015 £
TURNOVER		-	-
Cost of sales		(7,224)	(10,815)
GROSS LOSS		(7,224)	(10,815)
Profit/(loss) on foreign currency transactions		5,261,873	11,229,041
OPERATING PROFIT		5,254,649	11,218,226
Interest receivable	5	11,639,486	11,907,579
		16,894,135	23,125,805
Interest payable and similar expenses	6	(4,350,136)	(4,018,516)
PROFIT BEFORE TAXATION	7	12,543,999	19,107,289
Tax on profit	8	(480,399)	-
PROFIT FOR THE FINANCIAL YEAR		12,063,600	19,107,289
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		12,063,600	19,107,289

The notes form part of these financial statements

BALANCE SHEET
31 December 2016

	Notes	2016 £	2015 £
FIXED ASSETS			
Investments	9	486,228,275	486,228,275
CURRENT ASSETS			
Debtors: amounts falling due within one year	10	29,833,644	36,570,508
Debtors: amounts falling due after more than one year	10	-	889,761,365
Cash at bank		21,706	4,278
		29,855,350	926,336,151
CREDITORS			
Amounts falling due within one year	11	(2,225,053)	(418,232,673)
NET CURRENT ASSETS		27,630,297	508,103,478
TOTAL ASSETS LESS CURRENT LIABILITIES		513,858,572	994,331,753
CREDITORS			
Amounts falling due after more than one year	12	-	(492,536,781)
NET ASSETS		513,858,572	501,794,972
CAPITAL AND RESERVES			
Called up share capital	13	414,771,540	414,771,540
Retained earnings	14	99,087,032	87,023,432
SHAREHOLDER FUNDS		513,858,572	501,794,972

The financial statements were approved by the Board of Directors on 18 August 2017 and were signed on its behalf by:



S Beasley - Director

The notes form part of these financial statements

HIC Treasury Limited

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2016

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2015	414,771,540	67,916,143	482,687,683
Changes in equity			
Total comprehensive income	-	19,107,289	19,107,289
Balance at 31 December 2015	<u>414,771,540</u>	<u>87,023,432</u>	<u>501,794,972</u>
Changes in equity			
Total comprehensive income	-	12,063,600	12,063,600
Balance at 31 December 2016	<u><u>414,771,540</u></u>	<u><u>99,087,032</u></u>	<u><u>513,858,572</u></u>

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2016

1. FUNDAMENTAL ACCOUNTING CONCEPT

HIC Treasury Limited is incorporated and domiciled in England and Wales.

The financial statements have been prepared under the going concern basis because the company has net assets and net current assets. Management believe that the company has the ability to meet its liabilities as they fall due.

2. STATUTORY INFORMATION

HIC Treasury Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

3. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The company's financial statements are presented in Sterling, which is the company's functional currency. Amounts have been rounded to the nearest £.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirements of paragraphs 10(d), 16 and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2016

3. ACCOUNTING POLICIES - continued

Financial instruments

Financial assets and liabilities are recognised when the company becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than those financial assets and liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets and financial liabilities, as appropriate, on initial recognition.

Financial assets

Financial assets within the scope of IAS 39 (Financial Instruments: Recognition and Measurement) are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The company determines the classification of its financial assets at initial recognition.

The company's financial assets are all 'loans and receivables' including trade debtors and intercompany loans, and cash.

The subsequent measurement of financial assets depends on their classification as follows:

- Intercompany loans are initially recognised at fair value and subsequently measured at amortised cost using the effective interest (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest in profit or loss. Losses arising from impairment are recognised in profit or loss in cost of sales.
- Debtors are recognised and carried at the lower of their original invoiced value and recoverable amount. Provision for impairment is made through profit or loss when there is objective evidence that the company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.
- Cash in the balance sheet comprises cash at bank.

Financial liabilities

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The company determines the classification of its financial liabilities at initial recognition.

The only financial liabilities are intercompany loans and creditors.

The measurement of financial liabilities depends on their classification as follows:

- After initial recognition, intercompany loans are subsequently measured at amortised cost using the effective interest method.
- Creditors are recognised and carried at their original invoiced value. Trade creditors are non-interest bearing and are normally settled on 60 day terms.

A liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Fair values

All the company's financial instruments (except for cash) are not traded in an active market, at initial recognition the fair value is determined using appropriate valuation techniques. Due to the nature of the financial instruments as short term and market rate instruments, transaction price is considered to be the fair value.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2016

3. ACCOUNTING POLICIES - continued

Taxation

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

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

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which:
 - (i) is not a business combination; and
 - (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

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

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

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

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Fixed asset investments

Investments in subsidiary undertakings are stated at cost. The carrying value of investments is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2016

3. ACCOUNTING POLICIES - continued

Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Foreign currency

An entity's functional currency is determined (not chosen). IAS 21 (The Effects of Changes in Foreign Exchange Rates) provide factors, often referred to as indicators, that are considered when identifying the functional currency. In some cases, the indicators will clearly identify a particular currency as the functional currency. In other cases they will not. When the factors provide a varied result and the functional currency is not obvious, management must use judgement based on the entity's individual facts and circumstances to determine its functional currency in a way that gives a fair presentation (ie faithfully represents the economic effects of transactions, events and conditions). As HIC Treasury Limited has an array of differing cash flows and lack of autonomy, management has used their judgement in determining the functional currency to be GBP.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of resulting in a material adjustment to the carrying amounts of assets within the next financial year.

Impairment of investments

Determining whether a investment is impaired requires an estimation of the value in use of the investment in subsidiary. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the subsidiary and a suitable discount rate in order to calculate present value. Each subsidiary is an individual CGU.

Details of any impairment losses are disclosed in "Investments" note.

4. EMPLOYEES AND DIRECTORS

All operations of the company during the year ended 31 December 2016 have been undertaken by employees of other companies within Hilton Worldwide Holdings Inc.. A charge of £- has been included in cost of sales in respect of their services (2015: £-).

All the directors of the company are also directors of Hilton UK Hotels Ltd and other group companies. The directors received total remuneration for the year of £0.8m (2015: £0.5m) all of which was paid by other companies within the Hilton UK Hotels group. The directors do not believe that it is practicable to apportion this amount between their services as directors of the company and their services as directors of Hilton UK Hotels other group companies.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2016

5. INTEREST RECEIVABLE

	2016 £	2015 £
Interest receivable from fellow group undertakings	11,639,486	11,907,452
Interest receivable from other third parties	-	127
	<u>11,639,486</u>	<u>11,907,579</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2016 £	2015 £
Interest payable to fellow group undertakings	<u>4,350,136</u>	<u>4,018,516</u>

7. PROFIT BEFORE TAXATION

This is stated after charging/(crediting):

	2016 £	2015 £
Foreign exchange on currency loans	<u>(5,261,873)</u>	<u>(11,229,041)</u>

The remuneration of the auditors of £13,507 (2015: £16,913) is borne entirely by Hilton Worldwide Limited.

8. TAXATION

Analysis of tax expense

	2016 £	2015 £
Current tax:		
Corporation tax	<u>480,399</u>	<u>-</u>
Total tax expense in statement of profit or loss and other comprehensive income	<u>480,399</u>	<u>-</u>

Factors affecting the tax expense

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2016 £	2015 £
Profit before income tax	<u>12,543,999</u>	<u>19,107,289</u>
Profit multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20.247%)	2,508,800	3,868,653
Effects of:		
Group relief surrendered(from)/ to fellow subsidiaries free of charge	<u>(2,028,401)</u>	<u>(3,868,653)</u>
Tax expense	<u>480,399</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2016

8. TAXATION - continued

The Finance (No.2) Act 2015, substantively enacted on 28 October 2015, reduced the main rate of corporation tax from 20% to 19% from 1 April 2017 and to 18% from 1 April 2020, whilst the Finance Act 2016, substantively enacted on 6 September 2016, included further reduction of the rate of 18% to 17% from 1 April 2020. These changes do not have a material impact on the financial statements.

The Group's future tax charge could be affected by numerous factors including, but not limited to, the UK's triggering of Article 50 and any future consequences of the UK leaving the European Union, the UK's proposal to amend the tax rules relating to the utilisation of brought forward losses and any tax reforms adopted from the OECD's BEPS actions such as those in relation to the deductibility of interest, anti-avoidance or transfer pricing. No quantification of these changes is currently possible due to uncertainty around when any currently proposed rules will be enacted or effective.

9. INVESTMENTS

	Shares in group undertakings £
COST	
At 1 January 2016	
and 31 December 2016	486,228,275
NET BOOK VALUE	
At 31 December 2016	486,228,275
At 31 December 2015	486,228,275

Details of the investments in which the company holds nominal value of any class of share capital are as follows:

	Country of registration and operation	Principal activity	Holding	Proportion of voting rights and shares held
MC Treasury Ltd.	England	Investment holding company	Ordinary shares	100%

Consolidated financial statements have not been prepared as the company is consolidated into the financial statements of a larger group, for which the consolidated financial statements are publicly available, as disclosed in the below note "Parent undertaking, controlling party and consolidating entity".

In the opinion of the directors the aggregate value of the investment in subsidiary undertakings is not less than the amounts at which they are stated in these financial statements.

10. DEBTORS

	2016 £	2015 £
Amounts falling due within one year:		
Amounts owed by group undertakings	29,833,306	36,570,191
Other debtors	338	317
	<u>29,833,644</u>	<u>36,570,508</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2016

10. DEBTORS - continued

	2016 £	2015 £
Amounts falling due after more than one year:		
Amounts owed by group undertakings	-	889,761,365
Aggregate amounts	29,833,644	926,331,873

Amounts owed by group undertakings are included in amounts due within one year where there are no specified repayment terms. Amounts owed by group undertakings that are technically repayable on demand are included in amounts due within one year. The loans bear interest at a rate linked to LIBOR plus a margin.

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Amounts owed to group undertakings	1,665,515	418,230,864
Social security and other taxes	480,399	-
Other creditors	79,139	1,809
	2,225,053	418,232,673

Amounts owed to group undertakings are included in amounts due within one year where there are no specified repayment terms and there is no fixed repayment schedule in place. While amounts owed to group undertakings are technically repayable on demand, and hence are included in amounts due within one year, the directors are of the opinion (as a result of their group role in relation to the group undertakings amounts are owed to) that in the ordinary course of business, repayment within such a timescale would not be required. The loans bear interest at LIBOR plus a margin.

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2016 £	2015 £
Amounts owed to group undertakings	-	492,536,781

Intercompany loans are interest bearing at a rate linked to the LIBOR + 1% or equivalent.

13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2016	2015
Number:	Class:		£	£
414,771,540	Ordinary shares	£1	414,771,540	414,771,540

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2016**14. RESERVES**

	Retained earnings £
At 1 January 2016	87,023,432
Profit for the year	12,063,600
At 31 December 2016	<u>99,087,032</u>

15. PARENT UNDERTAKING, CONTROLLING PARTY AND CONSOLIDATING ENTITY

The company's immediate parent undertaking is Hilton Finance (UK) Limited, an investment holding company registered in England.

The ultimate parent the only undertaking for which group financial statements were prepared and into which the company is consolidated for 31 December 2016, was Hilton Worldwide Holdings Inc., a Delaware company incorporated in the United States of America. These group financial statements are available from the company secretary, Hilton Worldwide Holdings Inc., 7930 Jones Branch Drive, McLean, Fairfax County, Virginia VA 22102-3302, United States of America.

16. COMMITMENTS

The company has not entered into any capital commitments contracted for but not provided in the financial statements at period end.

17. CONTINGENT LIABILITIES

The company had jointly and severally guaranteed the value added tax liability of other companies within the same UK VAT group, which amounted to approximately £6.1m (2015: £8.8m) at 31 December 2016.