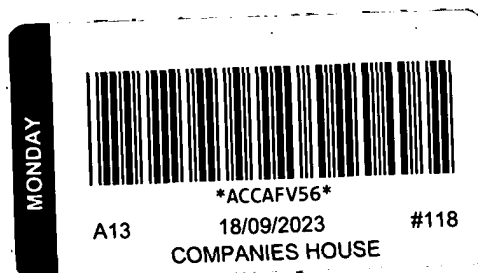


**REGISTERED NUMBER: 06398337 (England and Wales)**

**HLT English Operator Limited**  
**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**



**HLT English Operator Limited**

**CONTENTS OF THE FINANCIAL STATEMENTS  
for the year ended 31 December 2022**

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**HLT English Operator Limited**

**COMPANY INFORMATION**  
**for the year ended 31 December 2022**

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**DIRECTORS:**

Mr J Percival  
Hilton UK Corporate Director Limited  
Mr S Beasley  
Mr B Wilson  
Mr R Beeston  
Mr S Cassidy  
Mrs M Momdjian  
Mr G C Ogle  
Ms K J Coari

**SECRETARY:**

HLT Secretary Limited

**REGISTERED OFFICE:**

Maple Court  
Central Park  
Reeds Crescent  
Watford  
Hertfordshire  
WD24 4QQ

**REGISTERED NUMBER:**

06398337 (England and Wales)

**AUDITORS:**

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

**HLT English Operator Limited****STRATEGIC REPORT****for the year ended 31 December 2022**

The directors present their strategic report for the year ended 31 December 2022.

The principal activity of the company in the year under review was that of a group financing entity within the Hilton Worldwide Holdings Inc. group.

HLT English Operator Limited is an indirect subsidiary of Hilton Worldwide Holdings Inc. and is based in the United Kingdom (UK). Hilton Worldwide Holdings Inc. and its worldwide subsidiaries are collectively known as "the group" or "the Hilton group". Further details are contained in the note "Parent Undertaking, Controlling Party and Consolidating Entity".

**REVIEW OF BUSINESS**

The company's key financial indicators of performance during the year are considered to be:

	2022	2021
	£	£
Turnover	-	17,494
Gross loss	(14,242)	(462,098)

The company has made a loss after taxation for the period ended 31 December 2022 of £(681,233) (2021: profit of £234,984) which was transferred to reserves.

The primary driver behind the movement in turnover and gross loss is due to the lease agreement for the hotel reported in this entity ending on 4 May 2021. Accordingly, the hotel business is classified as a discontinued operation in the financial statements. In 2021, the remaining net book value of fixed assets held of £2,615 was written off and offset by £999,873 of proceeds and release of lease liability, resulting in a profit on disposal of £997,258. Government support was also claimed in 2021 in respect of furloughed employees, but this was not available in 2022 and this is shown below gross loss in other operating income. The company will continue to settle its remaining assets and liabilities following the lease expiry.

**PRINCIPAL RISKS AND UNCERTAINTIES****Economic risk**

The company is subject to the cyclical nature of the hospitality and travel industry and is also impacted by the effect that global socio-economic and political trends have on its customers. Macroeconomic and other factors beyond our control can reduce demand for hospitality products and services, including demand for rooms at our hotels. Factors such as political instability or civil unrest, terrorist activities or threats and resulting heightened travel security measures, any of which may foreclose travel to certain locales or decrease the appeal of travel among the general population. Similarly, increases in costs due to inflation or other factors, such as Russia's invasion of Ukraine or the UK's exit from the European Union, that may not be fully offset by increases in revenues in our business, as well as increases in overall prices and the prices of our offerings due to inflation, could weaken consumer demand for travel and the other products we offer and adversely affect our revenues. Budgeting and forecasting processes enable the company to identify risks in market trends at an early stage to help mitigate such risks.

**Interest rate risk**

This company is subject to interest rate risk on intercompany loans where the interest rate is linked to applicable market index rates such as the Sterling Overnight Index Average (SONIA) or the Euro Short Term Rate (ESTR). The group's treasury department monitors interest 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 are designed to mitigate such risk.

**HLT English Operator Limited**

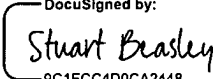
**STRATEGIC REPORT**  
**for the year ended 31 December 2022**

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**FUTURE DEVELOPMENTS**

The trade of the entity following the exit of the lease has changed from that of a hotel operator to a group financing entity. The company will continue to settle its assets and liabilities that relate to the hotel operations and it is expected to continue to participate in inter group financing transactions as part of the group's wider financing strategy.

**ON BEHALF OF THE BOARD:**

DocuSigned by:  
  
9C1FCC4D0CA2448...  
Mr S Beasley - Director

16 June 2023

## **HLT English Operator Limited**

### **REPORT OF THE DIRECTORS for the year ended 31 December 2022**

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The directors present their report with the financial statements of the company for the year ended 31 December 2022.

#### **DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2022.

#### **DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2022 to the date of this report.

Mr J Percival  
Hilton UK Corporate Director Limited  
Mr S Beasley  
Mr B Wilson  
Mr R Beeston  
Mr S Cassidy  
Mrs M Momdjian  
Mr G C Ogle  
Ms K J Coari

#### **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" sections in the Strategic Report.

As of 31 December 2022, the company had net liabilities and net current liabilities and requires financial support from the ultimate parent undertaking to meet its liabilities as they fall due.

A going concern basis of preparation has been adopted in the financial statements reflecting the support that has been pledged by the company's ultimate parent undertaking, Hilton Worldwide Holdings Inc.. Hilton Worldwide Holdings Inc. has provided the company with a letter of support stating it will provide financial support, should it be required for a period from the date of approval of the financial statements to the 16 June 2024 ("the going concern assessment period"), to enable the company to meet its debts as they fall due. The directors are satisfied, given the group's recovery from the impact of the COVID-19 pandemic and the proactive measures put in place during the height of the pandemic, that the group can continue to withstand the impacts along with current macroeconomic factors and that the ultimate parent company has sufficient cash and liquidity to provide this support should it be required. As disclosed in the group's Form 10-Q for the quarter ended 31 March 2023 the group had total cash and cash equivalents of \$1.0 billion and undrawn facilities of \$1.9 billion and stress testing performed on the severe but plausible cash flow forecasts indicate that there is no material risk the group will not be able to provide financial support throughout the going concern assessment period.

#### **DIRECTORS' AND OFFICERS' LIABILITY INSURANCE**

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.

**HLT English Operator Limited**

**REPORT OF THE DIRECTORS  
for the year ended 31 December 2022**

---

**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.

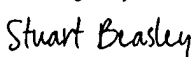
**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

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**

In accordance with section 485 of the Companies Act 2006, a resolution is proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditor of the company.

**ON BEHALF OF THE BOARD:**

DocuSigned by:  
  
9C1FCC4D0CA2448...  
Mr S Beasley - Director

16 June 2023

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HLT ENGLISH OPERATOR LIMITED**

---

### **Opinion**

We have audited the financial statements of HLT English Operator Limited (the 'company') for the year ended 31 December 2022 which comprise the Statement of Profit or Loss and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 12 months to 16 June 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters 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; and
- 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 HLT ENGLISH OPERATOR LIMITED**

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### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the 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.

### **Responsibilities of directors**

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, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HLT ENGLISH OPERATOR LIMITED**

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### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant, which are directly relevant to specific assertions in the financial statements, are those that relate to the reporting framework; FRS 101 'Reduced Disclosure Framework' and the Companies Act 2006, the relevant tax compliance regulations in the jurisdictions in which HLT English Operator Limited operates, Health and Safety Regulations, Modern Slavery Act, Employment Law, Bribery Act, Proceeds of Crime Act 2002, Money Laundering Regulations 2003 and the General Data Protection Regulation (GDPR).
- We understood how HLT English Operator Limited is complying with those frameworks through enquiry with management, by identifying the company's policies and procedures regarding compliance with laws and regulations, and through the review of minutes of meetings held by those charged with governance for any instances of non-compliance with laws and regulations.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by enquiring with management to understand their interactions throughout the year with Internal Audit and the General Counsel's office to assess the risks of material misstatement due to fraud. As part of our procedures we reviewed the annual risk assessment process conducted by Internal Audit. This procedure evaluates the risk of material misstatement due to fraud by considering the nature and complexity of the company's reporting structure, and most notably considering the likelihood of material misstatements. Based on the results of the risk assessment process no material instances of frauds were identified.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved:
  - Enquiry of members of senior management, and when appropriate those charged with governance regarding their knowledge of any non-compliance or potential non-compliance with laws and regulations that could affect the financial statements.
  - Reading minutes of meetings of those charged with governance.
  - Obtaining and reading correspondence from legal and regulatory bodies including HMRC where applicable.
  - Journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding the business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
HLT ENGLISH OPERATOR LIMITED**

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**Use of our report**

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.



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

16 June 2023

**HLT English Operator Limited****STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**for the year ended 31 December 2022**

	Notes	2022 Continuing £	2022 Discontinued £	2022 Total £
<b>TURNOVER</b>	4	-	-	-
Cost of sales		-	(14,242)	(14,242)
<b>GROSS LOSS</b>		-	(14,242)	(14,242)
<b>OPERATING LOSS</b>		-	(14,242)	(14,242)
Gain/loss on revaluation of assets		-	-	-
Interest payable and similar expenses	7	(666,991)	-	(666,991)
<b>LOSS BEFORE TAXATION</b>	8	(666,991)	(14,242)	(681,233)
Tax on loss	9	-	-	-
<b>LOSS FOR THE FINANCIAL YEAR</b>		<u>(666,991)</u>	<u>(14,242)</u>	<u>(681,233)</u>
<b>OTHER COMPREHENSIVE INCOME</b>				-
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>				<u>(681,233)</u>

The notes form part of these financial statements

**HLT English Operator Limited****STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**for the year ended 31 December 2022**

	Notes	2021 Continuing £	2021 Discontinued £	2021 Total £
<b>TURNOVER</b>	4	-	17,494	17,494
Cost of sales		-	(479,592)	(479,592)
<b>GROSS LOSS</b>		-	(462,098)	(462,098)
Administrative expenses		-	(8,826)	(8,826)
		-	(470,924)	(470,924)
Other operating income		-	134,053	134,053
<b>OPERATING LOSS</b>		-	(336,871)	(336,871)
Profit/(loss) on disposal of tangible fixed assets	6	-	997,258	997,258
		-	660,387	660,387
Gain/loss on revaluation of assets		-	-	-
Interest payable and similar expenses	7	(413,949)	(11,454)	(425,403)
<b>(LOSS)/PROFIT BEFORE TAXATION</b>	8	(413,949)	648,933	234,984
Tax on (loss)/profit	9	-	-	-
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>		(413,949)	648,933	234,984
<b>OTHER COMPREHENSIVE INCOME</b>				-
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR</b>				234,984

The notes form part of these financial statements

**HLT English Operator Limited (Registered number: 06398337)****BALANCE SHEET****31 December 2022**

	Notes	2022 £	2021 £
<b>CURRENT ASSETS</b>			
Debtors	10	722	9,867
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	11	<u>(35,400,438)</u>	<u>(34,728,350)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(35,399,716)</u>	<u>(34,718,483)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u><u>(35,399,716)</u></u>	<u><u>(34,718,483)</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	100	100
Share premium	14	6,709,944	6,709,944
Retained earnings	14	<u>(42,109,760)</u>	<u>(41,428,527)</u>
<b>SHAREHOLDER FUNDS</b>		<u><u>(35,399,716)</u></u>	<u><u>(34,718,483)</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 16 June 2023 and were signed on its behalf by:

DocuSigned by:

*Stuart Beasley*

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Mr S Beasley - Director

The notes form part of these financial statements

**HLT English Operator Limited****STATEMENT OF CHANGES IN EQUITY**  
**for the year ended 31 December 2022**

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
<b>Balance at 1 January 2021</b>	100	(41,663,511 )	6,709,944	(34,953,467 )
<b>Changes in equity</b>				
Total comprehensive income	-	234,984	-	234,984
<b>Balance at 31 December 2021</b>	100	(41,428,527 )	6,709,944	(34,718,483 )
<b>Changes in equity</b>				
Total comprehensive loss	-	(681,233 )	-	(681,233 )
<b>Balance at 31 December 2022</b>	100	(42,109,760 )	6,709,944	(35,399,716 )

The notes form part of these financial statements

## **HLT English Operator Limited**

### **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022**

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#### **1. FUNDAMENTAL ACCOUNTING CONCEPT**

As of 31 December 2022, the company had net liabilities and net current liabilities and requires financial support from the ultimate parent undertaking to meet its liabilities as they fall due.

A going concern basis of preparation has been adopted in the financial statements reflecting the support that has been pledged by the company's ultimate parent undertaking, Hilton Worldwide Holdings Inc.. Hilton Worldwide Holdings Inc. has provided the company with a letter of support stating it will provide financial support, should it be required for a period from the date of approval of the financial statements to the 16 June 2024 ("the going concern assessment period"), to enable the company to meet its debts as they fall due. The directors are satisfied, given the group's recovery from the impact of the COVID-19 pandemic and the proactive measures put in place during the height of the pandemic, that the group can continue to withstand the impacts along with current macroeconomic factors and that the ultimate parent company has sufficient cash and liquidity to provide this support should it be required. As disclosed in the group's Form 10-Q for the quarter ended 31 March 2023 the group had total cash and cash equivalents of \$1.0 billion and undrawn facilities of \$1.9 billion and stress testing performed on the severe but plausible cash flow forecasts indicate that there is no material risk the group will not be able to provide financial support throughout the going concern assessment period.

#### **2. STATUTORY INFORMATION**

HLT English Operator 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 £.



**HLT English Operator Limited****NOTES TO THE FINANCIAL STATEMENTS - continued  
for the year ended 31 December 2022****3. ACCOUNTING POLICIES - continued**

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 paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirements of paragraph 52, the second sentence of paragraph 89 and paragraphs 90, 91 and 93 of IFRS 16 Leases;
- the requirements of paragraph 58 of IFRS 16;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a to c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment; and
  - paragraph 118(e) of IAS 38 Intangible Assets;
- 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;
- the requirements of paragraphs 130(f), 134(d to f) and 135(c to e) of IAS 36 Impairments of Assets.

**Critical accounting 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**

Management believe that there are no critical judgements made in relation to this entity that would have a significant effect on amounts recognised in the financial statements.

**Key sources of estimation uncertainty**

Management believe there are no 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.

**Revenue recognition****Turnover**

Turnover derived is from hotel operations, and arose wholly in the United Kingdom. Turnover is recognised when services have been rendered. The turnover of the hotels is derived primarily from the rental of rooms, conference and banqueting, food and beverage sales. Turnover is all rendering of goods and services. Turnover is measured at the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes.

**Other operating income**

Other income comprises government grants received under the COVID-19 job retention scheme which are recognised in the period to which the underlying furloughed staff costs relate to.

**HLT English Operator Limited**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 31 December 2022**

---

**3. ACCOUNTING POLICIES - continued**

**Intangible assets**

Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. Cost comprises the aggregate amount paid to acquire the asset and includes any costs directly attributable to preparing the asset for its intended use.

Amortisation is recognised on computer software on a straight-line basis over its expected useful life of three years.

The carrying values of computer software are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

An intangible asset is derecognised upon disposal or when no future economic benefits are expected to rise from its continued use. Gains or losses are included in the Statement of Profit or Loss and Other Comprehensive Income in the period of derecognition.

**Tangible fixed assets**

Leasehold improvements, fixtures, fittings and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is recognised on all leasehold improvements, fixtures, fittings and equipment, on a straight-line basis over its expected useful life as follows:

- Leasehold improvements - 8 to 40 years or the lease term if shorter
- Fixtures, fittings and equipment - between 3 and 8 years

The carrying values of leasehold improvements, fixtures, fittings and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. The depreciation period and the depreciation method are reviewed at least at each financial year end. Changes in the expected useful life is accounted for by changing the depreciation period or method, as appropriate, and are treated as changes in accounting estimates.

An item of leasehold improvement, fixtures, fittings and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the Statement of Profit or Loss and Other Comprehensive Income in the period of derecognition.

**HLT English Operator Limited****NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 31 December 2022****3. ACCOUNTING POLICIES - continued****Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial assets****Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, or fair value through the Statement of Profit or Loss and Other Comprehensive Income. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the company has applied the practical expedient, the company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through the Statement of Profit or Loss and Other Comprehensive Income, transaction costs.

**Subsequent measurement**

The company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income when the asset is derecognised, modified or impaired.

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognised (i.e., removed from the company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

**HLT English Operator Limited****NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 31 December 2022**

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**3. ACCOUNTING POLICIES - continued****Impairment of financial assets**

The company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through the Statement of Profit or Loss and Other Comprehensive Income. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. For trade receivables and some intercompany loans, the company applies a simplified approach in calculating ECLs. Therefore, the company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The company has established a provision matrix, that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the company may also consider a financial asset to be in default when internal or external information indicates that the company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

**Financial liabilities****Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through the Statement of Profit or Loss and Other Comprehensive Income, loans and borrowings, or payables as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

**Subsequent measurement - Intercompany loans**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income when the liabilities are derecognised, as well as through the EIR amortisation process. 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 as finance costs in the Statement of Profit or Loss and Other Comprehensive Income.

**Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

**HLT English Operator Limited**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 31 December 2022**

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**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); and
- 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.

**HLT English Operator Limited****NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 31 December 2022****3. ACCOUNTING POLICIES - continued****Leases**

At inception of a contract, the company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company assesses whether:

- The contract involves the use of an identified asset;
- The company has the right to obtain substantially all of the economic benefits from use of asset throughout the period of use; and
- The company has the right to direct the use of the asset.

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Where ownership of the right-of-use asset transfers to the lessee at the end of the lease term, the right-of-use asset is depreciated over the asset's remaining useful life. If ownership of the right-of-use asset does not transfer to the lessee at the end of the lease term, depreciation is charged over the shorter of the useful life of the right-of-use asset and the lease term.

The lease liability is initially recognised at the present value of the lease payments which have not yet been made and subsequently measured under the amortised cost method. The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, or if the company changes its assessment of whether it will exercise a purchase, extension or termination option.

The company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

**Employee benefit costs**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the Statement of Profit or Loss and Other Comprehensive Income in the period to which they relate.

**Share based payments****Equity-settled transactions**

The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity award and is recognised as an expense when services from the employees are rendered, over the vesting period, which ends on the date on which the relevant employees become fully entitled to receive or purchase the award.

**Cash-settled transactions**

The cost of cash-settled transactions is measured initially at fair value at the grant date and is remeasured at each reporting date up to and including the settlement date, with changes in fair value recognised in the Statement of Profit or Loss and Other Comprehensive Income for the period.

**4. TURNOVER**

The turnover and loss (2021 - profit) before taxation are attributable to the one principal activity of the company.

**HLT English Operator Limited****NOTES TO THE FINANCIAL STATEMENTS - continued  
for the year ended 31 December 2022****5. EMPLOYEES AND DIRECTORS**

All operations of the company during the year ended 31 December 2022 have been undertaken by employees of other companies within Hilton Worldwide Holdings Inc.. A charge/(credit) of £(3,708) (2021: £252,608) has been included in cost of sales in respect of their services.

A total expense of £- (2021: £9,836) has been recognised in the Statement of Profit or Loss and Other Comprehensive Income which relates to contributions to the defined contribution plan.

All the directors of the company are also directors of other group companies. The directors received total remuneration for the year of £2.5m (2021: £2.1m) all of which was paid by other companies within the 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 the other group companies.

**6. PROFIT/(LOSS) ON DISPOSAL**

	2022 £	2021 £
Profit/(loss) on disposal of tangible fixed assets	-	997,258

**7. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2022 £	2021 £
Interest payable to fellow group undertakings	666,991	413,949
Interest payable to third parties	-	76
Finance lease interest	-	11,378
	<u>666,991</u>	<u>425,403</u>

**8. (LOSS)/PROFIT BEFORE TAXATION**

This is stated after charging/(crediting):

	2022 £	2021 £
Management charge payable to group undertakings	-	752
Fees payable to fellow group undertakings	-	417

Other operating income consists of:

	2022 £	2021 £
Government grants	-	(134,053)

The remuneration of the auditors of £17,314 (2021: £26,950) is borne entirely by Hilton Worldwide Limited.

**9. TAXATION****Analysis of tax expense**

No liability to UK corporation tax arose for the year ended 31 December 2022 nor for the year ended 31 December 2021.

**HLT English Operator Limited****NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 31 December 2022****9. TAXATION - continued****Factors affecting the tax expense**

The tax assessed for the year is higher (2021 - lower) than the standard rate of corporation tax in the UK. The difference is explained below:

	2022	2021
	£	£
(Loss)/profit before income tax	(681,233)	234,984
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	(129,434)	44,647
Effects of:		
Expenses not deductible for tax purposes	-	234,848
Deferred tax asset not recognised	2,706	-
Utilisation of previously unrecognised deferred tax assets	-	(1,004,510)
Group relief surrendered (from)/to fellow subsidiaries free of charge	126,728	1,015,703
Temporary differences subject to the initial recognition exception	-	(290,688)
Tax expense	-	-

At 31 December 2022, the company had temporary differences amounting to £14,242 (2021: £-) in respect of which no deferred tax assets were recognised.

The Finance Act 2021, which received Royal Assent on 10 June 2021, confirmed that the rate of corporation tax would rise to 25% from 1 April 2023. This change does not have a material effect on these financial statements.

The group's and therefore the company's future tax charge could be affected by numerous factors including, but not limited to, any future consequences of the UK leaving the European Union and any tax reforms adopted from the Organisation for Economic Co-operation and Development (OECD's) Base Erosion and Profit Shifting (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.

**10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2022	2021
	£	£
Trade debtors	28	96
Amounts owed by group undertakings	694	7,374
Other debtors	-	1,075
Value Added Tax	-	1,322
	722	9,867



**HLT English Operator Limited****NOTES TO THE FINANCIAL STATEMENTS - continued  
for the year ended 31 December 2022****11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2022	2021
	£	£
Trade creditors	-	4,695
Amounts owed to group undertakings	35,373,238	34,702,842
Other creditors	16,005	16,248
Accruals and deferred income	11,195	4,565
	<u>35,400,438</u>	<u>34,728,350</u>

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 SONIA, or another applicable market rate, plus a margin.

**12. LEASING****Right-of-use assets****Tangible fixed assets**

	2022	2021
	£	£
<b>COST</b>		
At 1 January 2022	-	8,938,850
Disposals	-	(8,938,850)
	<u>-</u>	<u>-</u>
<b>DEPRECIATION</b>		
At 1 January 2022	-	8,938,850
Eliminated on disposal	-	(8,938,850)
	<u>-</u>	<u>-</u>
<b>NET BOOK VALUE</b>	<u>-</u>	<u>-</u>

**Other leases**

	2022	2021
	£	£
Short-term leases	-	3,845
	<u>-</u>	<u>3,845</u>

**HLT English Operator Limited****NOTES TO THE FINANCIAL STATEMENTS - continued  
for the year ended 31 December 2022****13. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:		Nominal value:	2022 £	2021 £
Number:	Class:			
100	Ordinary shares	1	<u>100</u>	<u>100</u>

**14. RESERVES**

	Retained earnings £	Share premium £	Totals £
At 1 January 2022	(41,428,527)	6,709,944	(34,718,583)
Deficit for the year	<u>(681,233)</u>	<u>-</u>	<u>(681,233)</u>
At 31 December 2022	<u>(42,109,760)</u>	<u>6,709,944</u>	<u>(35,399,816)</u>

**15. 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 £7.2m (2021: £2.6m) at 31 December 2022.

**16. CAPITAL COMMITMENTS**

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

**17. SHARE-BASED PAYMENT TRANSACTIONS**

Under a long term incentive scheme Hilton Worldwide Holdings Inc. grants RSU's to the general managers and hotel managers. RSU's vest in equal annual installments over either a 2 or 3 year period. Under the rules of the plan, if the participant ceases to be employed by the Hilton group, the participants' unvested RSU's would be forfeited, unless the participant is retirement eligible and remains employed at least 6 months after the grant date. The RSU's granted are generally equity settled with the exception of certain awards that are settled in cash. For equity settled RSU's, the employees will receive shares based on the share price of Hilton Worldwide Holdings Inc. at the date of grant. For cash settled RSU's, the amount of the cash payment is determined based on the share price of Hilton Worldwide Holdings Inc. at the date of vesting.

**18. PARENT UNDERTAKING, CONTROLLING PARTY AND CONSOLIDATING ENTITY**

The company's immediate parent undertaking is Hilton Worldwide Limited, a hotel operator registered in Scotland.

The ultimate parent, the only undertaking for which group financial statements were prepared and into which the company is consolidated for 31 December 2022, was Hilton Worldwide Holdings Inc., a company incorporated in Delaware 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.