REGISTERED NUMBER: 06398401 (England and Wales)

Hilton UK Manage Limited

STRATEGIC REPORT, REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

CONTENTS OF THE FINANCIAL STATEMENTS
for the year ended 31 December 2019

COMPANY INFORMATION
for the year ended 31 December 2019

DIRECTORS:	Mr S R Vincent Mr B Wilson Hilton Corporate Director LLC Mr J Percival Mr S Beasley Mr R Beeston 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:	06398401 (England and Wales)
AUDITORS:	Ernst & Young LLP Senior Statutory Auditor 1 More London Place London SE1 2AF

STRATEGIC REPORT
for the year ended 31 December 2019

The directors present their strategic report for the year ended 31 December 2019.

The principal activity of the company in the year under review was that of a hotel manager and operator.

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

	2019	2018
	£	£
Turnover	33,064,501	33,847,273
Gross profit	12,716,613	14,868,756

Turnover is derived from management fees earned by the company usually under long-term contracts with the hotel owner and the turnover of 1 leased hotel. Drivers behind the movement in gross loss are related to a higher impairment of fixed assets charge in the current year of £1,197,222 (2018: £-). This is offset by an increase in depreciation charged from £773,836 to £956,374 and a reduction in fixed rent of £76,868 no longer charged to the profit or loss account following the implementation of IFRS 16.

PRINCIPAL RISKS AND UNCERTAINTIES

Competitive risk
This company operates in a number of locations around the UK, Ireland and Sweden. Risks that arise come from competitors opening new hotels or improving an existing hotel. The company monitors its competitors' performance and participates in regular benchmarking to understand the company's position compared to its competitors.

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. On 31 January 2020, the United Kingdom (U.K) left the European Union (E.U) with a transition period that is set to end on 31 December 2020. The outcome of the negotiations between the E.U and the U.K as regards to the framework of the future relationship, in particular, the terms and conditions for the post-Brexit access of the U.K to the European single market, is not clear. Brexit continues to create global economic uncertainty, but to date, Brexit is not considered to have had a material impact on Hilton's UK business although it may impact our customer's behaviours in the future, particularly with respect to closely monitoring their costs and reducing their spending on travel and corporate events. There continues to be uncertainty therefore over how the U.K's exit from the E.U will ultimately impact the company but management continues to monitor this on an ongoing basis. 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 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 currencies. 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.

COVID-19
As part of ongoing monitoring, management have identified the novel coronavirus (referred to as "COVID-19" or the "pandemic") COVID-19 outbreak as a risk that could cause significant disruption to the business operated by the company. Whilst it is expected that this unprecedented situation will be temporary, there could be a long period of business interruption during which the revenues, profitability and cash flows of the company are expected to be negatively impacted. The company earns income from hotels that operate in countries affected by the pandemic which are currently being impacted both through restrictions on their own operations and the restriction of movement of their customers. While as of the date of this report, certain global regions have begun to see recovery in operations after the pandemic, due to the complexity of the situation and its rapid evolution, it is not practicable as of the date of approval of these financial statements to make a reliable quantified estimate of its potential impact on the company. Any such impact will be reflected in the financial statements for the year ending 31 December 2020.

FUTURE DEVELOPMENTS

The company will continue to operate as a hotel manager and operator in the future with a view to optimising returns.

ON BEHALF OF THE BOARD:

Mr R Beeston - Director

24 November 2020

REPORT OF THE DIRECTORS
for the year ended 31 December 2019

The directors present their report with the financial statements of the company for the year ended 31 December 2019.

DIVIDENDS
No dividends will be distributed for the year ended 31 December 2019.

EVENTS SINCE THE END OF THE YEAR
Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 January 2019 to the date of this report.

Mr S R Vincent
Mr B Wilson
Hilton Corporate Director LLC
Mr J Percival
Mr S Beasley
Mr R Beeston
Mrs M Momdjian
Mr G C Ogle

Other changes in directors holding office are as follows:

Ms K J Coari - appointed 19 December 2019

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 can meet its liabilities as they fall due for a period of at least 12 months from the date on which these financial statements are approved. Notwithstanding this, the company has obtained a letter of support from its ultimate parent company Hilton Worldwide Holdings Inc ("the group") and the directors are satisfied that despite the impact of COVID-19 on the parent company it has sufficient cash and liquidity to provide this support should it be required.

Stress testing has been performed on the group's forecast cash flows which indicate that there is no material risk that the group will be unable to provide financial support within a period of at least 12 months from the date of approval of the financial statements. As disclosed in the Hilton Worldwide Holdings Inc form 10Q as of September 30 2020, it had total cash and cash equivalents of $3.5 billion. This cash position will be adequate to meet anticipated requirements for operating and other expenditures, including corporate expenses, payroll and related benefits, taxes and compliance costs and other commitments for an estimated period of at least 24 months, even if current levels of very low occupancy were to persist.

The letter of support from the ultimate parent company expresses the intention to provide financial support on a non-binding basis and reserves the right to inform the company if circumstances change such that the group may no longer be able or willing to provide such financial support . The directors consider that the reliance on the letter of support with such limitations results in a material uncertainty which may cast significant doubt upon the company's ability to continue as a going concern noting however that the group is well positioned to withstand the impact of COVID-19 as outlined above. Accordingly, the directors have concluded that it is appropriate for the financial statements to be prepared on a going concern basis. The financial statements do not reflect any adjustments that would be required to be made if they were prepared on basis other than going concern.

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 233 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.

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:

Mr R Beeston - Director

24 November 2020

Opinion
We have audited the financial statements of Hilton UK Manage Limited (the 'company') for the year ended 31 December 2019 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 2019 and of its profit 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.

Material uncertainty relating to going concern
We draw attention to the note "Fundamental accounting concept" in the financial statements, which describes the intention of the ultimate parent company to provide financial support on a non-binding basis. As stated in the note "Fundamental accounting concept", these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

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.

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.

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. This description forms part of our Auditors' Report.

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.

DocuSigned by:
Ernst & Young
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Peter McIver (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP
Senior Statutory Auditor
1 More London Place
London
SE1 2AF

24 November 2020

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2019

	Notes	2019 £	2018 £
TURNOVER	4	33,064,501	33,847,273
Cost of sales		(20,347,888)	(18,978,517)
GROSS PROFIT		12,716,613	14,868,756
Administrative expenses		(9,509,633)	(9,787,027)
OPERATING PROFIT		3,206,980	5,081,729
Interest receivable	6	232,223	160,693
		3,439,203	5,242,422
Interest payable and similar expenses	7	(13,608)	-
PROFIT BEFORE TAXATION	8	3,425,595	5,242,422
Tax on profit	9	(1,124,070)	(76,302)
PROFIT FOR THE FINANCIAL YEAR		2,301,525	5,166,120
OTHER COMPREHENSIVE INCOME			
Item that may be reclassified subsequently to profit or loss:			
Foreign exchange gain/(loss)		157,194	69,960
Income tax relating to item that may be reclassified subsequently to profit or loss		1,221	(3,361)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		158,415	66,599
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2,459,940	5,232,719

The notes form part of these financial statements

Hilton UK Manage Limited (Registered number: 06398401)

BALANCE SHEET
31 December 2019

	Notes	2019 £	2018 £
FIXED ASSETS			
Owned			
Intangible assets	11	8,654,687	6,564,096
Tangible assets	12	6,936	1,852,939
Right-of-use			
Tangible assets	12, 18	168,742	-
		8,830,365	8,417,035
CURRENT ASSETS			
Stocks	13	43,488	66,815
Debtors	14	35,018,585	32,691,409
Cash at bank and in hand		971,122	1,164,708
		36,033,195	33,922,932
CREDITORS			
Amounts falling due within one year	15	(8,768,037)	(9,018,990)
NET CURRENT ASSETS		27,265,158	24,903,942
TOTAL ASSETS LESS CURRENT LIABILITIES		36,095,523	33,320,977
CREDITORS			
Amounts falling due after more than one year	16	(314,606)	-
NET ASSETS		35,780,917	33,320,977
CAPITAL AND RESERVES			
Called up share capital	20	100	100
Share premium	21	1,194,008	1,194,008
Retained earnings	21	34,586,809	32,126,869
SHAREHOLDER FUNDS		35,780,917	33,320,977

The financial statements were approved by the Board of Directors and authorised for issue on 24 November 2020 and were signed on its behalf by:

Mr R Beeston - Director

The notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2019

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 January 2018	100	26,894,150	1,194,008	28,088,258
Changes in equity				
Total comprehensive income	-	5,232,719	-	5,232,719
Balance at 31 December 2018	100	32,126,869	1,194,008	33,320,977
Changes in equity				
Total comprehensive income	-	2,459,940	-	2,459,940
Balance at 31 December 2019	100	34,586,809	1,194,008	35,780,917

The notes form part of these financial statements

1. FUNDAMENTAL ACCOUNTING CONCEPT

Hilton UK Manage 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 can meet its liabilities as they fall due for a period of at least 12 months from the date on which these financial statements are approved. Notwithstanding this, the company has obtained a letter of support from its ultimate parent company Hilton Worldwide Holdings Inc ("the group") and the directors are satisfied that despite the impact of COVID-19 on the parent company it has sufficient cash and liquidity to provide this support should it be required.

Stress testing has been performed on the group's forecast cash flows which indicate that there is no material risk that the group will be unable to provide financial support within a period of at least 12 months from the date of approval of the financial statements. As disclosed in the Hilton Worldwide Holdings Inc form 10Q as of September 30 2020, it had total cash and cash equivalents of $3.5 billion. This cash position will be adequate to meet anticipated requirements for operating and other expenditures, including corporate expenses, payroll and related benefits, taxes and compliance costs and other commitments for an estimated period of at least 24 months, even if current levels of very low occupancy were to persist.

The letter of support from the ultimate parent company expresses the intention to provide financial support on a non-binding basis and reserves the right to inform the company if circumstances change such that the group may no longer be able or willing to provide such financial support. The directors consider that the reliance on the letter of support with such limitations results in a material uncertainty which may cast significant doubt upon the company's ability to continue as a going concern noting however that the group is well positioned to withstand the impact of COVID-19 as outlined above. Accordingly, the directors have concluded that it is appropriate for the financial statements to be prepared on a going concern basis. The financial statements do not reflect any adjustments that would be required to be made if they were prepared on basis other than going concern.

2. STATUTORY INFORMATION

Hilton UK Manage 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 £.

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 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 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.

3. ACCOUNTING POLICIES - continued

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

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

Taxation
Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are disclosed in the note below "Taxation".

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:

Taxation
Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in the note "Taxation".

Valuation of lease liabilities and right of use assets
On adopting IFRS 16, the company accounts for commercial property leases and equipment leases as a lessee, making assumptions to determine the lease liability and associated right of use asset. These assumptions include the expected lease term taking into lease extension and termination options and the incremental borrowing rate. The company has applied an incremental borrowing rate to the lease calculations that varies depending on the lease term. This is management's best estimate of the interest rate under which the company could borrow funds necessary to obtain an asset of similar value to the right of use asset. Further details are contained in the note "Leasing".

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 fixed assets
Determining whether fixed assets are impaired requires an estimation of the value in use of the cash generating unit. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value. The hotel is considered to represent one cash generating unit.

Details of any impairment loss are set out in the note "Tangible Fixed Assets".

3. ACCOUNTING POLICIES - continued

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 fixed assets
Determining whether fixed assets are impaired requires an estimation of the value in use of the cash generating unit. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value. Each hotel is one cash generating unit.

Details of any impairment loss are set out in the note "Tangible Fixed Assets".

Impairment of intangibles
Determining whether an intangible asset is impaired requires as estimation of the value in use of the cash generating unit. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value. Each hotel is one cash generating unit.

Details of any impairment loss are set out in the note "Intangible Assets".

Changes in accounting policies
IFRS 16 Leases sets out the principles for the recognition, measurement, presentation and disclosure of leases and was adopted by the company with effect from 1 January 2019. The company applied the modified retrospective approach under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The company elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the company applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. There was therefore no impact on the financial statements at 31 December 2018 as previously presented. The primary effects of implementing IFRS 16 as at 1 January 2019 is disclosed in the note 'Changes in Reporting Standards'.

3. **ACCOUNTING POLICIES - continued**

Revenue recognition

Turnover

Turnover derived from hotel operations arose wholly in Sweden. Turnover is recognised when services have been rendered. The turnover of the hotel 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.

Turnover derived from management fees, which arose in the United Kingdom and Portugal, is earned by the company usually under long-term contracts with the hotel owner. Management fees include a base fee, which is generally a percentage of hotel revenue, and an incentive fee, which is generally based on the hotel's profitability or cash flows. Turnover is recognised when earned and realised or realisable under the terms of the contract. Turnover is measured at the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes.

Interest income

Interest is recognised as it accrues using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying amount.

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

- Leasehold improvements - lower of 50 years or the lease term
- Fixtures, fittings and equipment - between 7.5% and 33.3% per annum

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.

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 (OCI), and 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.

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.

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) the company has transferred substantially all the risks and rewards of the asset, or (b) the company 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.

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.

Stocks
Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

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
Day to day transactions in foreign currencies are recorded in sterling at the rate ruling at the date of the transaction. Monetary assets and liabilities at the balance sheet date are translated at year end rates of exchange. Exchange gains or losses arising on translation, other than those of the foreign branches, are reported as part of the operating profit for the year.

The profit and loss account of the foreign branches is translated into sterling at average rates of exchange. The assets and liabilities of the foreign branches are translated into sterling at year end rates of exchange. Gains or losses arising on the translation of the net assets of the foreign branches are taken to reserves.

3. ACCOUNTING POLICIES - continued

Leases
The company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The accounting policies under IAS 17 and IFRIC 4 are disclosed separately if they are different from those under IFRS 16.

Accounting policy from 1 January 2019

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 initial cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, lease payments made prior to the lease commencement date, initial direct costs and the estimated costs of removing or dismantling the underlying asset per the conditions of the contract.

The lease liability is measure 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 expense on a straight-line basis over the lease term.

Accounting policy prior to 1 January 2019

For contracts entered into before 1 January 2019, the company determined whether the arrangement was or contained a lease based on the assessment of whether:
- Fulfilment of the arrangement was dependent on the use of a specific asset; and
- The arrangement has conveyed a right to use the asset.

3. **ACCOUNTING POLICIES - continued**

Prior to 1 January 2019, the company accounted for leases under IAS 17.

At 31 December 2018, in accordance with IAS 17 for the company's leases classified as operating leases, the lease expense is recognised on a straight-line basis over the life of the lease.

For assets held under finance leases, which transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, the leased asset is capitalised at the inception of the lease, with a corresponding liability being recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments.

Intangible fixed assets and amortisation

Intangible fixed assets are comprised of key money paid to hotel owners in consideration for the company acquiring the right to manage and operate the hotel. This key money is to be amortised over the length of the management agreement which is typically a period of 10 to 20 years.

Share based payments

The cost of cash-settled transactions is measured initially at fair value at the grant date. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is remeasured to fair value 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 profit before taxation are attributable to the one principal activity of the company.

5. **EMPLOYEES AND DIRECTORS**

All operations of the company during the year ended 31 December 2019 have been undertaken by employees of other companies within Hilton Worldwide Holdings Inc.. A charge of £7,379,821 has been included in cost of sales in respect of their services (2018: £ 8,017,252).

All the directors of the company are also directors of other group companies. The directors received total remuneration for the year of £2.6m (2018: £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. **INTEREST RECEIVABLE**

	2019	2018
	£	£
Interest receivable from fellow group undertakings	183,663	114,206
Interest receivable from other third parties	48,560	46,487
	232,223	160,693

7. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	2019	2018
	£	£
Finance lease interest	13,608	-

8. PROFIT BEFORE TAXATION

This is stated after charging:

	2019	2018
	£	£
Management charge payable to group undertakings	479,050	491,139
Fees payable to fellow group undertakings	9,030,583	9,295,888
Depreciation of tangible fixed assets	956,374	773,836
Amortisation of intangible fixed assets	381,563	362,598
Operating lease rentals - property contingent rent	4,606,748	4,662,568
Operating lease rentals - other	-	22,304

The remuneration of the auditors of £ 27,646 (2018: £26,810) is borne entirely by Hilton Worldwide Limited.

9. TAXATION

Analysis of tax expense

	2019	2018
	£	£
Current tax:		
Foreign tax	1,090,992	85,300
Deferred tax	33,078	(8,998)
Total tax expense in statement of profit or loss and other comprehensive income	1,124,070	76,302

Factors affecting the tax expense
The tax assessed for the year is higher (2018 - lower) than the standard rate of corporation tax in the UK. The difference is explained below:

	2019	2018
	£	£
Profit before income tax	3,425,595	5,242,422
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	650,863	996,060
Effects of:		
Group relief surrendered to/(from) fellow subsidiaries free of charge	-	(1,021,950)
Depreciation on non qualifying assets	9,736	8,480
Expenses not deductible for tax purposes	5,969	1,933
unrecognised deferred tax		
Tax rate reduction	(4,336)	599
Adjustments in respect of prior periods	(4,996)	(549)
Lower tax on foreign income	(20,499)	(20,031)
Deferred tax asset not recognised	487,333	111,760
Tax expense	1,124,070	76,302

9. TAXATION - continued

Tax effects relating to effects of other comprehensive income

	2019		
	Gross	Tax	Net
	£	£	£
Foreign exchange gain/(loss)	157,194	1,221	158,415

	2018		
	Gross	Tax	Net
	£	£	£
Foreign exchange gain/(loss)	69,960	(3,361)	66,599

The enacted main rate of corporation tax was reduced from 20% to 19% from 1 April 2017 and 17% from 1 April 2020. In the Finance Act 2020 it was announced that the enacted reduction in the main rate of corporation tax effective 1 April 2017 would not take place however this change was not enacted as at the balance sheet date. These changes do not have a material effect on these financial statements.

The Group'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 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.

10. CHANGES IN REPORTING STANDARDS

The impact of implementing IFRS 16 as at the date of adoption on 1 January 2019:

- Recognition of right of use asset and lease liability of nil.

- Impairment of the opening right of use asset of nil at 1 January 2019 charged to retained earnings at 1 January 2019.

- The net impact of the above is to recognise a lease liability of nil and a credit to retained earnings of nil at 1 January 2019.

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.

The company has applied the following practical expedients when applying IFRS 16 to leases previously classified as operating under IAS 17 and IFRIC 4.

- Applied a single discount rate to a portfolio of leases with similar characteristics
- Excluded initial direct costs from measuring the right of use asset at the date of initial application
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.
- Non-lease components have not been separately identified

Some commitments are covered by the short-term and low-value lease exemptions and continue to be held off the balance sheet. When measuring lease liabilities, the company discounted lease payments using its incremental borrowing rate at 1 January 2019. The incremental borrowing rate differs depending on the length of the lease-term.

The tables below reconcile the amount recognised in the 31 December 2018 financial statements in the operating lease commitments disclosure note to the lease liability recognised at 1 January 2019.

The opening property operating lease obligations at 31 December 2018 have been restated, and thereby reduced by nil from nil to nil. This decrease relates to one lease where the total obligation had been calculated using marginally incorrect annual obligations. There is no impact on the Statement of Profit or Loss and Other Comprehensive Income or Balance Sheet.

	£
Property	
Minimum lease payments under operating leases at 31 December 2018	-
Effect from discounting at the incremental borrowing rate	-
Extension and termination options reasonably certain	-
Lease liabilities additionally recognised	-
Lease liabilities from leases at 31 December 2018	-
Finance lease liability recognised at 1 January 2019	-

Plant and equipment	£
Minimum lease payments under operating leases at 31 December 2018	328,355
(Over)/under statement of prior period lease commitment	(284,135)
Recognition exemption for short term leases	-
Effect from discounting at the incremental borrowing rate	(2,587)
Lease liabilities additionally recognised	41,633
Lease liabilities from leases at 31 December 2018	-
Finance lease liability recognised at 1 January 2019	41,633

11. INTANGIBLE FIXED ASSETS

	Development costs £
COST	
At 1 January 2019	8,922,497
Additions	2,500,000
Exchange rate differences	(38,807)
At 31 December 2019	11,383,690
AMORTISATION	
At 1 January 2019	2,358,401
Amortisation for year	381,564
Exchange rate differences	(10,962)
At 31 December 2019	2,729,003
NET BOOK VALUE	
At 31 December 2019	8,654,687
At 31 December 2018	6,564,096

The amounts written off intangible fixed assets comprise the impairment of one hotels' software. The impairment charge has been recognised as the hotel is historically loss making and is forecasted to make a loss in the coming year.

The impairment charge has been measured by reference to the value in use of the cash generating unit, using a discount rate of 9%. The resulting impairment charge for the year has been expensed under cost of sales within the statement of the Statement of Profit or Loss and Other Comprehensive Income.

12. TANGIBLE FIXED ASSETS

	Leasehold improvements £	Fixtures, fittings and equipment £	Totals £
COST			
At 1 January 2019	-	9,336,240	9,336,240
Additions	-	214,836	214,836
Disposals	-	(225,173)	(225,173)
Adoption of IFRS16	337,246	41,633	378,879
Exchange differences	-	(659,362)	(659,362)
At 31 December 2019	337,246	8,708,174	9,045,420
DEPRECIATION			
At 1 January 2019	-	7,483,301	7,483,301
Charge for year	108,952	847,422	956,374
Eliminated on disposal	-	(225,173)	(225,173)
Impairments	59,552	1,137,670	1,197,222
Exchange differences	-	(541,982)	(541,982)
At 31 December 2019	168,504	8,701,238	8,869,742
NET BOOK VALUE			
At 31 December 2019	168,742	6,936	175,678
At 31 December 2018	-	1,852,939	1,852,939

The amounts written off tangible fixed assets comprise impairment of one hotels' fixed assets. The impairment charge has been recognised as the hotel is historically loss-making and are forecasted to make a loss in the coming year. The impairment charge has been measured by reference to the value in use of the cash generating units, using a discount rate of 9%. The resulting impairment charge for the year has been expensed under cost of sales within the Statement of Profit or Loss and Other Comprehensive Income.

13. STOCKS

	2019 £	2018 £
Goods for resale	43,488	66,815

The directors estimate that the replacement cost of stocks is not materially different from their book amounts.

14. DEBTORS

	2019	2018
	£	£
Amounts falling due within one year:		
Trade debtors	1,654,268	1,382,711
Amounts owed by group undertakings	30,933,725	28,986,888
Other debtors	782,503	690,770
Deferred tax asset	151,716	-
Prepayments and accrued income	229,690	229,503
	33,751,902	31,289,872
Amounts falling due after more than one year:		
Other debtors	1,266,683	1,217,964
Deferred tax asset	-	183,573
	1,266,683	1,401,537
Aggregate amounts	35,018,585	32,691,409

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 are technically repayable on demand and hence are included in amounts due within one year. The loans bear interest at a rate linked to LIBOR plus a margin.

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Leases (see note 17)	170,390	-
Trade creditors	366,954	206,257
Amounts owed to group undertakings	1,338,288	3,909,147
Social security and other taxes	2,932,048	2,023,130
Other creditors	1,719,603	298,195
Accruals and deferred income	2,240,754	2,582,261
	8,768,037	9,018,990

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.

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

	2019	2018
	£	£
Leases (see note 17)	314,606	-

17. FINANCIAL LIABILITIES - BORROWINGS

	2019	2018
	£	£
Current:		
Leases (see note 18)	170,390	-
Non-current:		
Leases (see note 18)	314,606	-

Terms and debt repayment schedule

	1 year or less	1-2 years	2-5 years	Totals
	£	£	£	£
Leases	170,390	134,862	179,744	484,996

18. LEASING

Right-of-use assets

Tangible fixed assets

	2019	2018
	£	£
COST		
Adoption of IFRS16	378,879	-
DEPRECIATION		
Charge for year	118,204	-
Impairments	91,933	-
	210,137	-
NET BOOK VALUE	168,742	-

Other leases

	2019	2018
	£	£
Variable payment leases	4,659,071	-

18. LEASING - continued

Lease liabilities

Minimum lease payments fall due as follows:

	2019	2018
	£	£
Gross obligations repayable:		
Within one year	180,246	-
Between one and five years	327,974	-
	508,220	-
Finance charges repayable:		
Within one year	9,856	-
Between one and five years	13,368	-
	23,224	-
Net obligations repayable:		
Within one year	170,390	-
Between one and five years	314,606	-
	484,996	-

The company leases commercial property. When measuring lease liabilities, the company discounted lease payments using its incremental borrowing rate at 1 January 2019. The range of the rate applied is between 2-5%

The company has no variable lease payments based on an index

19. DEFERRED TAX

	£
Balance at 1 January 2019	(183,573)
Charge to Statement of Profit or Loss and Other Comprehensive Income during year	36,853
Prior period adjustment	(4,996)
Balance at 31 December 2019	(151,716)

Deferred tax assets and liabilities have been offset where they relate to income taxes payable to the same taxation authority.

The deferred tax asset of £151,716 is expected to be recovered after more than one year.

At 31 December 2019, the company had temporary differences in respect of which no deferred tax assets were recognised amounting to £892,448 (2018: £1,109,226). There is no time limit for utilising these losses.

20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2019 £	2018 £
100	Ordinary shares	1	100	100

21. RESERVES

	Retained earnings £	Share premium £	Totals £
At 1 January 2019	32,126,869	1,194,008	33,320,877
Profit for the year	2,301,525	-	2,301,525
Foreign exchange	158,415	-	158,415
At 31 December 2019	34,586,809	1,194,008	35,780,817

22. EVENTS AFTER THE REPORTING PERIOD

On 11 March 2020, the World Health Organization raised the public health emergency situation caused by the outbreak of the coronavirus (COVID-19) to an international pandemic. The rapid evolution of events, nationally and internationally, represents an unprecedented health crisis, which will impact the macroeconomic environment and the operation of business. The company has entered into agreements with hotels that operate in countries affected by the pandemic which are currently being impacted both through restrictions on their own operations and the restriction of movement of their customers. Whilst as of the date of this report, certain global regions have begun to see recovery in operations after the pandemic, COVID-19 will have a detrimental impact on the company's revenues, profits and the net assets of the business. Given the complexity of the pandemic and its rapid evolution, it is not practicable as of the date of approval of these financial statements to make a reliable quantified estimate of its potential impact on the company. Any such impact will be reflected in the financial statements for the year ending 31 December 2020 and is considered to be a non-adjusting post balance sheet event.

23. PARENT UNDERTAKING, CONTROLLING PARTY AND CONSOLIDATING ENTITY

The company's immediate parent undertaking is Hilton Worldwide Limited, a hotel operator 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 2019, 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 .

24. CAPITAL COMMITMENTS

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

25. 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 (2018: £7.9m) at 31 December 2019.

A potential tax liability has arisen based on ongoing tax audits in respect to financial years 2015-2017. The preliminary estimated tax liability amounts to between £0.8m - £1 million . Our internal assessment of the matter is that our internal pricing and fee structure within the Group does not violate the Swedish Tax Agency's regulations and we therefore assess the probability of less than 50% that a decision on tax liability will be given. Consequently, we have chosen not to include the potential tax liability as a reserve, pending a decision by the Swedish Tax Agency which is expected to come at the end of 2019.