

STRATEGIC REPORT, REPORT OF THE DIRECTOR AND
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016
FOR
ABILITY HOTELS (SYON PARK) LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2016

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ABILITY HOTELS (SYON PARK) LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2016

DIRECTOR: A.C. Panayiotou

REGISTERED OFFICE: Hilton London
Syon Park
London Road
Brentford
Middlesex
TW8 8JF

REGISTERED NUMBER: 01968852 (England and Wales)

AUDITORS: Numera Partners LLP
Statutory Auditors
6th Floor
Charles House
108-110 Finchley Road
London
NW3 5JJ

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

The director presents his strategic report for the year ended 31 December 2016.

REVIEW OF BUSINESS

The principal activity of the company is the operation of a Five Star Hilton Hotel.

During the year the company experienced an increase in turnover of 7.3%. This was due to an increase in average room rate and increase in occupancy.

The results of the company for the year, as set out on page 6, show a net profit before interest on intercompany loans of £1,359k (2015: £891k) and after intercompany loan interest a loss of £912k (2015: £1,488k).

PRINCIPAL RISKS AND UNCERTAINTIES

Some risks are excluded because the management considers them not to be material to the company. Additionally there may be risks and uncertainties not presently known to the management team or which they are deemed immaterial to the company.

MARKET AND HOTEL INDUSTRY RISKS

The company's operations and its results are subject to a number of factors which could affect the company's business, many of which are common to the hotel industry and beyond the company's control, such as a potential global economic downturn; changes in travel patterns in the structure of the travel industry; and the potential increase in acts of terrorism. The impact of any of these factors (or a combination of them) may adversely affect sustained levels of occupancy, room rates and/or hotel values.

Although management seeks to identify risks at the earliest opportunity, many of these risks are beyond the control of the company. The company has in place recovery plans to enable it to respond to major incidents or crises and takes steps to minimise these exposures to the greatest extent possible.

BORROWINGS

The loan finance is held by other group companies and is secured on the company's assets. The loans are serviced by hotel cashflows and intercompany loans. As with all loan finance, there is a risk that the company may be at risk of default under the financing arrangements.

To mitigate against this risk, the management team meets regularly to review the performance of the hotel. The covenant ratios within the financing agreement are applied to the hotel and monitored on an ongoing basis.

FIXED OPERATING EXPENSES

The company's operating expenses such as personnel costs, operating leases, information technology and telecommunications are to a large extent fixed. As such, operating results may be vulnerable to short-term changes in revenues.

The company has appropriate management systems in place such as staff outsourcing designed to create flexibility in operating cost base so as to optimise operating profits in volatile trading conditions.

KEY SENIOR PERSONNEL AND MANAGEMENT

The success of the company's business is partially attributable to the efforts and abilities of its senior managers. Failure to retain its senior management team or other key personnel may threaten the success of the company's operations.

The company has appropriate systems in place for recruitment, reward and compensation and performance management. Development and maintenance of the company's culture also plays a leading role in minimising risk.

The key senior management in the hotel is provided by Hilton and therefore there is a pool of staff available should key personnel leave.

FUTURE DEVELOPMENTS

The director expects the business to continue operating for the foreseeable future.

ON BEHALF OF THE BOARD:



.....
A.C. Panayiotou - Director

Date: 29/6/17

REPORT OF THE DIRECTOR
FOR THE YEAR ENDED 31 DECEMBER 2016

The director presents his report with the financial statements of the company for the year ended 31 December 2016.

DIVIDENDS

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

FUTURE DEVELOPMENTS

Future developments of the company is discussed in the strategic report.

DIRECTOR

A.C. Panayiotou held office during the whole of the period from 1 January 2016 to the date of this report.

FINANCIAL INSTRUMENTS

Information on financial risks and other risks is set out below:

Treasury activities take place under procedures and policies monitored by the director. They are designed to minimise the financial risks faced by the company which primarily arise from interest rate, credit and and liquidity risks. It is not the policy of the company to enter into speculative transactions.

The company's principal financial instruments comprise bank balances, bank loans, trade creditors, trade debtors and loans to/from group companies. The purpose of these instruments is to raise funds for and finance the company's operations.

FINANCIAL INSTRUMENTS - RISK MANAGEMENT

Due to the nature of the financial instruments used by the company there is no exposure to price risk. The company's approach to managing other risks applicable to the financial instruments concerned is shown below.

In respect of bank balances liquidity risk has been managed through continual review of the funding status of the company and its exposure to liquidity risk.

In respect of loans these are controlled by the director and are made to and from related companies. The director is aware of group companies' required finance and has determined that these will only be repaid when the properties have been sold and finance is available.

Trade debtors are managed in respect of credit and cash flow risk by regular monitoring of amounts outstanding for both time and credit limits. Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Derivative transactions entered into by the company comprise interest rate swaps to limit the company's exposure to interest rate risk.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Strategic Report, the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the director must not approve the financial statements unless he is 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 director is 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.

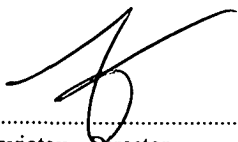
The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies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

REPORT OF THE DIRECTOR
FOR THE YEAR ENDED 31 DECEMBER 2016

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:



.....
A.C. Panayiotou - Director

Date:

30/6/17

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
ABILITY HOTELS (SYON PARK) LIMITED

We have audited the financial statements of Ability Hotels (Syon Park) Limited for the year ended 31 December 2016 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of director and auditors

As explained more fully in the Statement of Director's Responsibilities, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Giles Cohen (Senior Statutory Auditor)
for and on behalf of Numera Partners LLP
Statutory Auditors
6th Floor
Charles House
108-110 Finchley Road
London
NW3 5JJ

Date: 30/6/17

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

ABILITY HOTELS (SYON PARK) LIMITED (REGISTERED NUMBER: 01968852)

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016

| | Notes | 31.12.16 £ | 31.12.15 £ |
|--|-------|---------------|---------------|
| TURNOVER | | 10,782,989 | 10,046,387 |
| Cost of sales | | 1,059,698 | 1,031,304 |
| GROSS PROFIT | | 9,723,291 | 9,015,083 |
| Administrative expenses | | 8,364,974 | 8,125,029 |
| OPERATING PROFIT | 4 | 1,358,317 | 890,054 |
| Interest receivable and similar income | | 741 | 1,021 |
| | | 1,359,058 | 891,075 |
| Interest payable and similar expenses | 5 | 2,271,253 | 2,379,259 |
| LOSS BEFORE TAXATION | | (912,195) | (1,488,184) |
| Tax on loss | 6 | 329,061 | 324,784 |
| LOSS FOR THE FINANCIAL YEAR | | (1,241,256) | (1,812,968) |

The notes form part of these financial statements

ABILITY HOTELS (SYON PARK) LIMITED (REGISTERED NUMBER: 01968852)

OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

| | Notes | 31.12.16 £ | 31.12.15 £ |
|---|-------|--------------------|------------------|
| LOSS FOR THE YEAR | | (1,241,256) | (1,812,968) |
| OTHER COMPREHENSIVE INCOME | | | |
| | | - | 1,219,712 |
| Income tax relating to other comprehensive income | | - | - |
| | | <hr/> | <hr/> |
| OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX | | - | 1,219,712 |
| | | <hr/> | <hr/> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | <u>(1,241,256)</u> | <u>(593,256)</u> |

The notes form part of these financial statements

ABILITY HOTELS (SYON PARK) LIMITED (REGISTERED NUMBER: 01968852)

BALANCE SHEET
31 DECEMBER 2016

| | Notes | 31.12.16 £ | £ | 31.12.15 £ | £ |
|--|-------|----------------|-------------------------|----------------|-------------------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 7 | | 47,575,642 | | 47,648,398 |
| CURRENT ASSETS | | | | | |
| Stocks | 8 | 38,599 | | 44,886 | |
| Debtors | 9 | 462,026 | | 407,919 | |
| Cash at bank and in hand | | 442,686 | | 463,349 | |
| | | <u>943,311</u> | | <u>916,154</u> | |
| CREDITORS | | | | | |
| Amounts falling due within one year | 10 | 34,060,727 | | 33,972,544 | |
| NET CURRENT LIABILITIES | | | <u>(33,117,416)</u> | | <u>(33,056,390)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 14,458,226 | | 14,592,008 |
| CREDITORS | | | | | |
| Amounts falling due after more than one year | 11 | | (11,138,094) | | (10,359,681) |
| PROVISIONS FOR LIABILITIES | 13 | | <u>(2,075,292)</u> | | <u>(1,746,231)</u> |
| NET ASSETS | | | <u><u>1,244,840</u></u> | | <u><u>2,486,096</u></u> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 14 | | 100 | | 100 |
| Revaluation reserve | 15 | | 4,206,516 | | 4,277,992 |
| Other reserves | 15 | | 1,219,712 | | 1,219,712 |
| Retained earnings | 15 | | <u>(4,181,488)</u> | | <u>(3,011,708)</u> |
| SHAREHOLDERS' FUNDS | | | <u><u>1,244,840</u></u> | | <u><u>2,486,096</u></u> |

The financial statements were approved by the director on 30/6/17 and were signed by:


.....
A.C. Panayiotou - Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

| | Called up share capital £ | Retained earnings £ | Revaluation reserve £ | Other reserves £ | Total equity £ |
|------------------------------------|------------------------------------|---------------------------|-----------------------------|------------------------|----------------------|
| Balance at 1 January 2015 | 100 | (1,265,796) | 4,345,048 | - | 3,079,352 |
| Changes in equity | | | | | |
| Total comprehensive income | - | (1,745,912) | (67,056) | 1,219,712 | (593,256) |
| Balance at 31 December 2015 | 100 | (3,011,708) | 4,277,992 | 1,219,712 | 2,486,096 |
| Changes in equity | | | | | |
| Total comprehensive income | - | (1,169,780) | (71,476) | - | (1,241,256) |
| Balance at 31 December 2016 | 100 | (4,181,488) | 4,206,516 | 1,219,712 | 1,244,840 |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

1. STATUTORY INFORMATION

Ability Hotels (Syon Park) 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.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

The presence of net current liabilities arises as a result of amounts owed to group companies, Ability Hotels (III) UK Limited and Ability Hotels (III) Finance Limited. Ability Hotels (III) UK Limited and Ability Hotels (III) Finance Limited have informed the company that they have undertaken to continue to provide such financial support as the company requires for its continued operations for the foreseeable future. Accordingly, the accounts have been prepared on a going concern basis.

Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

Turnover

Turnover represents net invoiced sales of rooms, food and beverages, conference and banqueting rooms excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

| | |
|-----------------------|------------------------------|
| Long leasehold | - over the term of the lease |
| Plant and machinery | - 20% on reducing balance |
| Fixtures and fittings | - 20% on reducing balance |

Properties are classified as operational properties when they are used by the company's business as opposed to being held primarily for rental income. Operational properties are revalued annually to their existing value.

Stocks

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

Foreign currencies

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

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Fixed asset investments

Investments in subsidiaries are carried at cost less impairment.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016

2. ACCOUNTING POLICIES - continued

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

Financial Liabilities

Basic financial liabilities, including trade and other payables, and loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of future receipts discounted at the market rate of interest.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax is the amount of income tax payable in respect of the taxable profit for the year. Tax is calculated on the basis of tax rates and laws that have been enacted by the period end.

Going Concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company, therefore continues to adopt the going concern policy in preparing its financial statements.

3. EMPLOYEES AND DIRECTORS

| | 31.12.16 | 31.12.15 |
|-----------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries | 2,663,830 | 2,553,150 |
| Social security costs | 203,716 | 180,013 |
| Other pension costs | 17,446 | 14,647 |
| | <u>2,884,992</u> | <u>2,747,810</u> |

The average monthly number of employees during the year was as follows:

| | 31.12.16 | 31.12.15 |
|----------------|------------|------------|
| Administration | 20 | 11 |
| Operational | 103 | 106 |
| | <u>123</u> | <u>117</u> |

| | 31.12.16 | 31.12.15 |
|-------------------------|----------|----------|
| | £ | £ |
| Director's remuneration | - | - |
| | <u>-</u> | <u>-</u> |

4. OPERATING PROFIT

The operating profit is stated after charging:

| | 31.12.16 | 31.12.15 |
|-----------------------------|------------------|------------------|
| | £ | £ |
| Hire of plant and machinery | 43,168 | 49,882 |
| Other operating leases | 635,920 | 598,030 |
| Depreciation - owned assets | 749,204 | 723,149 |
| Auditors' remuneration | 10,000 | 10,000 |
| | <u>1,438,292</u> | <u>1,481,061</u> |

5. INTEREST PAYABLE AND SIMILAR EXPENSES

| | 31.12.16 | 31.12.15 |
|----------------------------|------------------|------------------|
| | £ | £ |
| Intercompany loan interest | 2,271,253 | 2,379,259 |
| | <u>2,271,253</u> | <u>2,379,259</u> |

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016**

6. TAXATION

Analysis of the tax charge

The tax charge on the loss for the year was as follows:

| | 31.12.16 £ | 31.12.15 £ |
|--------------|----------------|----------------|
| Deferred tax | 329,061 | 324,784 |
| Tax on loss | <u>329,061</u> | <u>324,784</u> |

Reconciliation of total tax charge included in profit and loss

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

| | 31.12.16 £ | 31.12.15 £ |
|---|------------------|--------------------|
| Loss before tax | <u>(912,195)</u> | <u>(1,488,184)</u> |
| Loss multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20%) | (182,439) | (297,637) |
| Effects of: | | |
| Capital allowances in excess of depreciation | (205,008) | (266,249) |
| Losses available for future periods | 387,447 | 563,886 |
| Deferred tax | <u>329,061</u> | <u>324,784</u> |
| Total tax charge | <u>329,061</u> | <u>324,784</u> |

Tax effects relating to effects of other comprehensive income

| | Gross £ | 31.12.15 Tax £ | Net £ |
|----------------|------------------|----------------------|------------------|
| Other reserves | 1,219,712 | - | 1,219,712 |
| | <u>1,219,712</u> | <u>-</u> | <u>1,219,712</u> |

7. TANGIBLE FIXED ASSETS

| | Long leasehold £ | Plant and machinery £ | Fixtures and fittings £ | Totals £ |
|--------------------------|------------------------|-----------------------------|----------------------------------|-------------------|
| COST OR VALUATION | | | | |
| At 1 January 2016 | 49,192,827 | 1,141,895 | 1,011,573 | 51,346,295 |
| Additions | 324,667 | 257,481 | 94,300 | 676,448 |
| At 31 December 2016 | <u>49,517,494</u> | <u>1,399,376</u> | <u>1,105,873</u> | <u>52,022,743</u> |
| DEPRECIATION | | | | |
| At 1 January 2016 | 2,580,694 | 524,136 | 593,067 | 3,697,897 |
| Charge for year | 471,595 | 175,048 | 102,561 | 749,204 |
| At 31 December 2016 | <u>3,052,289</u> | <u>699,184</u> | <u>695,628</u> | <u>4,447,101</u> |
| NET BOOK VALUE | | | | |
| At 31 December 2016 | <u>46,465,205</u> | <u>700,192</u> | <u>410,245</u> | <u>47,575,642</u> |
| At 31 December 2015 | <u>46,612,133</u> | <u>617,759</u> | <u>418,506</u> | <u>47,648,398</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016

7. TANGIBLE FIXED ASSETS - continued

Cost or valuation at 31 December 2016 is represented by:

| | Long leasehold £ | Plant and machinery £ | Fixtures and fittings £ | Totals £ |
|-------------------|------------------------|-----------------------------|----------------------------------|-------------------|
| Valuation in 2009 | 5,972,518 | - | - | 5,972,518 |
| Valuation in 2010 | 12,991,927 | - | - | 12,991,927 |
| Valuation in 2013 | (18,619,439) | - | - | (18,619,439) |
| Valuation in 2014 | 5,177,892 | - | - | 5,177,892 |
| Cost | 43,994,596 | 1,399,376 | 1,105,873 | 46,499,845 |
| | <u>49,517,494</u> | <u>1,399,376</u> | <u>1,105,873</u> | <u>52,022,743</u> |

If the leasehold land & buildings had not been revalued they would have been included at the following historical cost:

| | 31.12.16 £ | 31.12.15 £ |
|------------------------|-------------------|-------------------|
| Cost | <u>43,669,929</u> | <u>43,669,929</u> |
| Aggregate depreciation | <u>1,982,469</u> | <u>1,982,469</u> |

Long leasehold, including plant and machinery and fixture and fittings to the sum of £47.5m was valued by Savills on 11 April 2016.

8. STOCKS

| | 31.12.16 £ | 31.12.15 £ |
|--------|---------------|---------------|
| Stocks | <u>38,599</u> | <u>44,886</u> |

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 31.12.16 £ | 31.12.15 £ |
|---------------|----------------|----------------|
| Trade debtors | 291,137 | 261,398 |
| Other debtors | 27,360 | 15,712 |
| Prepayments | 143,529 | 130,809 |
| | <u>462,026</u> | <u>407,919</u> |

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 31.12.16 £ | 31.12.15 £ |
|---|-------------------|-------------------|
| Bank loans and overdrafts (see note 12) | - | 6,451 |
| Trade creditors | 238,626 | 214,686 |
| Amounts owed to group undertakings | 31,981,929 | 31,905,557 |
| Social security and other taxes | 49,883 | 46,855 |
| VAT | 234,646 | 281,599 |
| Other creditors | 144,612 | 55,002 |
| Deferred income | 435,718 | 366,867 |
| Accrued expenses | 975,313 | 1,095,527 |
| | <u>34,060,727</u> | <u>33,972,544</u> |

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

| | 31.12.16 £ | 31.12.15 £ |
|------------------------------------|-------------------|-------------------|
| Amounts owed to group undertakings | <u>11,138,094</u> | <u>10,359,681</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016

12. LOANS

An analysis of the maturity of loans is given below:

| | 31.12.16 £ | 31.12.15 £ |
|---|-------------------|-------------------|
| Amounts falling due within one year or on demand: | | |
| Bank overdrafts | - | 6,451 |
| | <u> </u> | <u> </u> |

13. PROVISIONS FOR LIABILITIES

| | 31.12.16 £ | 31.12.15 £ |
|-----------------------------|-------------------|----------------------|
| Deferred tax | 2,075,292 | 1,746,231 |
| | <u> </u> | <u> </u> |
| | | Deferred tax £ |
| Balance at 1 January 2016 | | 1,746,231 |
| Provided during year | | 329,061 |
| | | <u> </u> |
| Balance at 31 December 2016 | | 2,075,292 |
| | | <u> </u> |

14. CALLED UP SHARE CAPITAL

| Number: | Class: | Nominal value: £1 | 31.12.16 £ | 31.12.15 £ |
|---------|----------|-------------------------|-------------------|-------------------|
| 100 | Ordinary | £1 | 100 | 100 |
| | | | <u> </u> | <u> </u> |

15. RESERVES

| | Retained earnings £ | Revaluation reserve £ | Other reserves £ | Totals £ |
|--|---------------------------|-----------------------------|------------------------|-------------------|
| At 1 January 2016 | (3,011,708) | 4,277,992 | 1,219,712 | 2,485,996 |
| Deficit for the year | (1,241,256) | | | (1,241,256) |
| Depreciation on revaluation surplus | 71,476 | (71,476) | - | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| At 31 December 2016 | (4,181,488) | 4,206,516 | 1,219,712 | 1,244,740 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

16. CONTINGENT LIABILITIES

The company's intermediary parents have entered into senior and junior bank loans of £84m and £16.4m. These loans have been secured by way of fixed charges against the group's three property assets and floating charge against the company's general assets.

17. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

18. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is The Costas Panayiotou 1997 (No 2) Settlement.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016

19. PENSION CONTRIBUTIONS

The company operates a defined contribution pension scheme for the benefit of its employees. The cost of the scheme are recognised in the year in which contributions are payable and amounted to £17,446 (2015: £14,647) for the year under review.

20. PARENT COMPANY

The immediate parent company is Ability Hotels (Syon) Limited, incorporated in England & Wales. The ultimate parent undertaking is A.P. The Ability Group Limited, incorporated in Cyprus.