

REPORT OF THE DIRECTOR AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015
FOR
ABILITY HOTELS (LUTON INN) LIMITED

FRIDAY



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FOR THE YEAR ENDED 31 DECEMBER 2015

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ABILITY HOTELS (LUTON INN) LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2015

DIRECTOR:

A.C. Panayiotou

REGISTERED OFFICE:

Top Floor
Hampton by Hilton
42-50 Kimpton Road
Luton
Bedfordshire
LU2 0NB

REGISTERED NUMBER:

05342812 (England and Wales)

AUDITORS:

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

REPORT OF THE DIRECTOR
FOR THE YEAR ENDED 31 DECEMBER 2015

The director presents his report with the financial statements of the company for the year ended 31 December 2015.

DIRECTOR

A.C. Panayiotou held office during the whole of the period from 1 January 2015 to the date of this report.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing 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). 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;

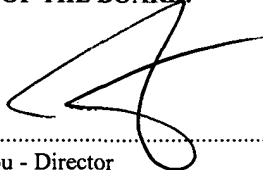
The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies 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.

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.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:



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

Date: 30/6/16

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
ABILITY HOTELS (LUTON INN) LIMITED

We have audited the financial statements of Ability Hotels (Luton Inn) Limited for the year ended 31 December 2015 which comprise the Income statement, Balance Sheet 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 (APB's) Ethical Standards for Auditors, including "APB Ethical Standard - Provisions Available for Small Entities (Revised)", in the circumstances set out in note fifteen to the financial statements.

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 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 2015 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in 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; or
- the director was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Director.



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: 30/6/16

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

ABILITY HOTELS (LUTON INN) LIMITED (REGISTERED NUMBER: 05342812)

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	31.12.15 £	31.12.14 £
TURNOVER		4,618,405	3,896,033
Cost of sales		<u>146,469</u>	<u>123,232</u>
GROSS PROFIT		4,471,936	3,772,801
Administrative expenses		<u>3,034,122</u>	<u>3,037,046</u>
		1,437,814	735,755
Other operating income		<u>417,820</u>	<u>331,328</u>
OPERATING PROFIT	4	1,855,634	1,067,083
Interest receivable and similar income		<u>286</u>	<u>864</u>
		1,855,920	1,067,947
Interest payable and similar expenses		<u>830,416</u>	<u>532,729</u>
PROFIT BEFORE TAXATION		1,025,504	535,218
Tax on profit		<u>51,620</u>	<u>220,979</u>
PROFIT FOR THE FINANCIAL YEAR		<u><u>973,884</u></u>	<u><u>314,239</u></u>

The notes form part of these financial statements

ABILITY HOTELS (LUTON INN) LIMITED (REGISTERED NUMBER: 05342812)

BALANCE SHEET
31 DECEMBER 2015

	Notes	31.12.15 £	£	31.12.14 £	£
FIXED ASSETS					
Tangible assets	5		26,069,985		25,900,000
CURRENT ASSETS					
Stocks		3,899		2,406	
Debtors: amounts falling due within one year	6	222,736		118,870	
Debtors: amounts falling due after more than one year	6	143,726		834,069	
Prepayments and accrued income		153,664		148,947	
Cash at bank and in hand		741,476		596,302	
		<u>1,265,501</u>		<u>1,700,594</u>	
CREDITORS					
Amounts falling due within one year	7	842,697		1,212,593	
NET CURRENT ASSETS			<u>422,804</u>		<u>488,001</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>26,492,789</u>		<u>26,388,001</u>
CREDITORS					
Amounts falling due after more than one year	8		(15,580,300)		(16,501,016)
PROVISIONS FOR LIABILITIES			<u>(2,714,018)</u>		<u>(2,813,240)</u>
NET ASSETS			<u><u>8,198,471</u></u>		<u><u>7,073,745</u></u>
CAPITAL AND RESERVES					
Called up share capital	11		2		2
Revaluation reserve	12		9,236,783		9,125,160
Retained earnings			(1,038,314)		(2,051,417)
SHAREHOLDERS' FUNDS			<u><u>8,198,471</u></u>		<u><u>7,073,745</u></u>

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the director on 30/6/16 and were signed by:

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

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1. STATUTORY INFORMATION

Ability Hotels (Luton Inn) 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.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of 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.

These financial statements for the year 31 December 2015 are the first financial statements that comply with FRS 102. The date of transition is 1 January 2014.

The transition to FRS 102 has resulted in a small number of changes in accounting policies to those previously used.

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.

Plant and machinery - 15% reducing balance

Leasehold properties - see below

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. The leasehold property is depreciated over the term of the lease, 300 years.

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.

Leasing commitments

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

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes financing transactions, 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.

Other income

Other income represents loan interest recharged to group companies.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 36.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015

4. OPERATING PROFIT

The operating profit is stated after charging:

	31.12.15	31.12.14
	£	£
Depreciation - owned assets	<u>101,615</u>	<u>78,529</u>

5. TANGIBLE FIXED ASSETS

	Long leasehold £	Plant and machinery £	Fixtures and fittings £	Totals £
COST OR VALUATION				
At 1 January 2015	26,050,102	13,575	21,417	26,085,094
Additions	214,731	12,000	44,869	271,600
At 31 December 2015	<u>26,264,833</u>	<u>25,575</u>	<u>66,286</u>	<u>26,356,694</u>
DEPRECIATION				
At 1 January 2015	179,111	2,770	3,213	185,094
Charge for year	88,733	3,421	9,461	101,615
At 31 December 2015	<u>267,844</u>	<u>6,191</u>	<u>12,674</u>	<u>286,709</u>
NET BOOK VALUE				
At 31 December 2015	<u>25,996,989</u>	<u>19,384</u>	<u>53,612</u>	<u>26,069,985</u>
At 31 December 2014	<u>25,870,991</u>	<u>10,805</u>	<u>18,204</u>	<u>25,900,000</u>

Cost or valuation at 31 December 2015 is represented by:

	Long leasehold £	Plant and machinery £	Fixtures and fittings £	Totals £
Valuation in 2011	2,324,368	-	-	2,324,368
Valuation in 2012	10,857,631	-	-	10,857,631
Valuation in 2013	(5,785,888)	-	-	(5,785,888)
Valuation in 2014	4,069,747	-	-	4,069,747
Cost	14,798,975	25,575	66,286	14,890,836
	<u>26,264,833</u>	<u>25,575</u>	<u>66,286</u>	<u>26,356,694</u>

If long leasehold had not been revalued it would have been included at the following historical cost:

	31.12.15	31.12.14
	£	£
Cost	<u>14,798,975</u>	<u>13,908,000</u>

Long leasehold, including plant and machinery and fixture and fittings to the sum of £26.261m has been valued on a fair value basis by CBRE after the year end. This is not considered materially different to the amount disclosed in the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015**

6. DEBTORS

	31.12.15 £	31.12.14 £
Amounts falling due within one year:		
Trade debtors	216,758	111,670
Other debtors	<u>5,978</u>	<u>7,200</u>
	<u>222,736</u>	<u>118,870</u>
Amounts falling due after more than one year:		
Amounts owed by group undertakings	<u>143,726</u>	<u>834,069</u>
Aggregate amounts	<u>366,462</u>	<u>952,939</u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.15 £	31.12.14 £
Bank loans and overdrafts (see note 9)	43,321	-
Trade creditors	111,500	102,919
Amounts owed to group undertakings	-	467,598
Social security and other taxes	8,211	7,392
VAT	149,812	135,532
Other creditors	95,349	77,121
Deposits held	47,515	47,515
Deferred income	72,644	55,783
Accrued expenses	<u>314,345</u>	<u>318,733</u>
	<u>842,697</u>	<u>1,212,593</u>

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

	31.12.15 £	31.12.14 £
Bank loans (see note 9)	13,057,700	13,082,068
Amounts owed to group undertakings	<u>2,522,600</u>	<u>3,418,948</u>
	<u>15,580,300</u>	<u>16,501,016</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans more 5 years by instalments	<u>12,622,012</u>	<u>12,718,561</u>

9. LOANS

An analysis of the maturity of loans is given below:

	31.12.15 £	31.12.14 £
Amounts falling due within one year or on demand:		
Bank loans	<u>43,321</u>	<u>-</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>94,069</u>	<u>44,330</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>341,619</u>	<u>319,177</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015**

9. LOANS - continued

	31.12.15	31.12.14
	£	£
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans more 5 years by instalments	<u>12,622,012</u>	<u>12,718,561</u>

Bank loans amounts falling due in more than five years repayable by instalments incur an interest rate of 5.5% and is repayable in 2024.

10. SECURED DEBTS

The following secured debts are included within creditors:

	31.12.15	31.12.14
	£	£
Bank loans	<u>13,101,021</u>	<u>13,082,068</u>

The bank loan is secured by way of debenture and legal charge over the assets of the company.

11. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.15	31.12.14
			£	£
2	Ordinary	£1	<u>2</u>	<u>2</u>

12. RESERVES

	Revaluation reserve
	£
At 1 January 2015	9,125,160
Revaluation	150,842
Depreciation on revaluation surplus	<u>(39,219)</u>
At 31 December 2015	<u>9,236,783</u>

13. CONTINGENT LIABILITIES

The parent company is party to a facility which includes loan finance amounting to £10.8m. This loan has been guaranteed by Ability Hotels (Luton Inn) Limited and Ability Hotels (Cambridge) Limited. The company also provides cross guarantee to Ability Hotels (Cambridge) Limited amounting to £33.2m.

14. 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.

15. APB ETHICAL STANDARD - PROVISIONS AVAILABLE FOR SMALL ENTITIES

In common with many other businesses of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015

16. ULTIMATE CONTROLLING PARTY

The company is a wholly owned subsidiary of Ability Hotels (Luton) Limited incorporated in England & Wales. The company is under the control of the ultimate parent company A.P. The Ability Group Limited. A.P. The Ability Group Limited is incorporated in Cyprus, and is under the ultimate control of The Costas Panayiotou 1997 Settlement Trust.