

Company registration number 05342812 (England and Wales)

ABILITY HOTELS (LUTON INN) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
PAGES FOR FILING WITH REGISTRAR

ABILITY HOTELS (LUTON INN) LIMITED

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ABILITY HOTELS (LUTON INN) LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	4	24,551,874		24,675,773	
Current assets					
Stocks		21,212		3,767	
Debtors	5	1,752,564		4,667,540	
Cash at bank and in hand		365,960		49,896	
		<u>2,139,736</u>		<u>4,721,203</u>	
Creditors: amounts falling due within one year	6	<u>(19,315,569)</u>		<u>(20,257,380)</u>	
Net current liabilities			(17,175,833)		(15,536,177)
Total assets less current liabilities			<u>7,376,041</u>		<u>9,139,596</u>
Provisions for liabilities			<u>(2,611,909)</u>		<u>(2,582,686)</u>
Net assets			<u>4,764,132</u>		<u>6,556,910</u>
Capital and reserves					
Called up share capital			2		2
Revaluation reserve	8	8,368,682		8,368,682	
Profit and loss reserves		<u>(3,604,552)</u>		<u>(1,811,774)</u>	
Total equity			<u>4,764,132</u>		<u>6,556,910</u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 20 September 2022 and are signed on its behalf by:

Juin Yong Chin
Director

Martyn David Giles
Director

Company Registration No. 05342812

ABILITY HOTELS (LUTON INN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Ability Hotels (Luton Inn) Limited is a private company limited by shares incorporated in England and Wales. The registered office is Hilton London Syon Park, Syon Park, London Road, Brentford, Middlesex, UK, TW8 8JF.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The directors regard the foreseeable future as no less than twelve months following the publication of its annual financial statements. The directors have considered the Company's working capital forecasts and projections, support from its ultimate parent undertaking, taking account of reasonable possible changes in trading performance, impact of Covid-19, the war in Ukraine and the current state of its operating market, and are satisfied that the Company should be able to remain in operational existence. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

ABILITY HOTELS (LUTON INN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	Amortised over the term of the lease.
Plant and equipment	15% reducing balance
Fixtures and fittings	15% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

ABILITY HOTELS (LUTON INN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs.

Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

ABILITY HOTELS (LUTON INN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.14 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

ABILITY HOTELS (LUTON INN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The company reviews on an annual basis the carrying amounts of tangible assets, in order to determine if there is an indication of impairment. If any such indication exists, an impairment review is carried out in order to determine the extent of the impairment loss.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021 Number	2020 Number
Total	21	30

4 Tangible fixed assets

	Land and buildings £	Plant and machinery etc £	Total £
Cost or valuation			
At 1 January 2021	25,046,616	544,747	25,591,363
Additions	24,657	-	24,657
At 31 December 2021	25,071,273	544,747	25,616,020
Depreciation and impairment			
At 1 January 2021	696,976	218,614	915,590
Depreciation charged in the year	83,760	64,796	148,556
At 31 December 2021	780,736	283,410	1,064,146
Carrying amount			
At 31 December 2021	24,290,537	261,337	24,551,874
At 31 December 2020	24,349,640	326,133	24,675,773

ABILITY HOTELS (LUTON INN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

4 Tangible fixed assets

(Continued)

Cost or Valuation at 31 December 2021 is represented by:-

	Land and buildings	Plant and machinery etc	Total
	£	£	£
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
Valuation in 2017	(1,193,386)		(1,193,386)
Valuation in 2018	(24,831)		(24,831)
Cost	14,823,632	544,747	15,368,379
	<u>25,071,273</u>	<u>544,747</u>	<u>25,616,020</u>

Long leasehold property, plant and machinery and fixtures and fittings to the sum of £24.55m has been valued by the directors at the year end.

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

	Land and buildings	
	2021	2020
	£	£
Cost	14,823,632	14,798,975

5 Debtors

	2021	2020
	£	£
Amounts falling due within one year:		
Trade debtors	796,212	135,719
Amounts owed by group undertakings	632,996	4,439,137
Other debtors	323,356	92,684
	<u>1,752,564</u>	<u>4,667,540</u>

ABILITY HOTELS (LUTON INN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

6 Creditors: amounts falling due within one year

	2021 £	2020 £
Bank loans	-	19,159,983
Trade creditors	321,171	98,521
Amounts owed to group undertakings	18,080,375	-
Taxation and social security	273,208	82,888
Other creditors	640,815	915,988
	<u>19,315,569</u>	<u>20,257,380</u>

7 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2021 £	Liabilities 2020 £
Balances:		
Accelerated capital allowances	<u>2,611,909</u>	<u>2,582,686</u>
Movements in the year:		2021 £
Liability at 1 January 2021		2,582,686
Charge to profit or loss		29,223
Liability at 31 December 2021		<u>2,611,909</u>

The deferred tax liability set out above is expected to reverse within [12 months] and relates to accelerated capital allowances that are expected to mature within the same period.

8 Revaluation reserve

	2021 £	2020 £
At the beginning and end of the year	<u>8,368,682</u>	<u>8,368,682</u>

ABILITY HOTELS (LUTON INN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

9 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Sadikali Gulamabas Premji FCCA and the auditor was FLS Accounting Solutions Limited T/A SP Vinshaw.

10 Contingent liabilities

The company has given guarantees and charges over its assets in favour of other group companies in support of certain borrowings of those companies. At the balance sheet date the amount outstanding under these borrowings was approximately £125.580 million (2020 : £100.050 million).

11 Related party transactions

The company has taken advantage of FRS 102, Section 33.1A, for the disclosure of transactions entered into between two or more members of a group, provided that any subsidiary which is party to the transaction is wholly owned by such a member.

Amounts owed to and from group companies are therefore shown in aggregate.

Included in debtors due within one year is an amount of £632,996 (2020: £4,439,137) owed by group undertakings.

Included in creditors due within one year is an amount of £18,080,375 (2020: £Nil) owed to group undertakings.

12 Controlling party

The immediate parent company is Ability Hotels (Luton) Limited, incorporated in England & Wales.

The ultimate parent undertaking is A.P. The Ability Group Limited, incorporated in Cyprus.

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

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.