

STRATEGIC REPORT, REPORT OF THE DIRECTOR AND
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015
FOR
ABILITY HOTELS (LIVERPOOL) LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2015

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ABILITY HOTELS (LIVERPOOL) 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:

06291634

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 2015

The director presents his strategic report for the year ended 31 December 2015.

REVIEW OF BUSINESS

The income of the company is generated from the operation of a Five Star Hilton Hotel, letting of apartments and the running of The Playground nightclub in Liverpool.

The director is satisfied with the performance of the hotel during the year under review. During the year the company experienced a decrease in turnover of 4% from hotel and Playground nightclub operations. This was due to a decrease in food and beverage turnover.

During the year under review the company adopted FRS 102 following a change in the international regime of accounting standards. It is the groups policy to recognise interest payable and receivable on intercompany loans and this has been adjusted for in the current year financial statements.

The results of the company for the year, as set out on page 6, show a net profit before interest on intercompany loans of £1,990k (2014: £4,266k loss) and after intercompany loan interest a loss of £1,260k (2014: £6,105k loss).

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 cash flows 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.

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

FUTURE DEVELOPMENTS

It is expected that hotel activity will increase in the future.

ON BEHALF OF THE BOARD:



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

Date:

30/6/16

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.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2015.

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 2015 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 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;
- 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 2015

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:

30/6/16

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
ABILITY HOTELS (LIVERPOOL) LIMITED**

We have audited the financial statements of Ability Hotels (Liverpool) Limited for the year ended 31 December 2015 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 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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: 30/6/16

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

ABILITY HOTELS (LIVERPOOL) LIMITED (REGISTERED NUMBER: 06291634)

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	31.12.15 £	31.12.14 £
TURNOVER		10,893,993	11,462,048
Cost of sales		1,491,046	1,461,821
GROSS PROFIT		9,402,947	10,000,227
Administrative expenses		7,930,732	14,731,628
		1,472,215	(4,731,401)
Other operating income		517,581	463,419
OPERATING PROFIT/(LOSS)	3	1,989,796	(4,267,982)
Interest receivable and similar income		759	1,753
		1,990,555	(4,266,229)
Interest payable and similar charges	4	3,250,684	1,838,880
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,260,129)	(6,105,109)
Tax on loss on ordinary activities	5	(30,423)	56,999
LOSS FOR THE FINANCIAL YEAR		(1,229,706)	(6,162,108)

The notes form part of these financial statements

OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

Notes	31.12.15 £	31.12.14 £
LOSS FOR THE YEAR	(1,229,706)	(6,162,108)
OTHER COMPREHENSIVE INCOME		
Property revaluation	(13,089,605)	16,948,325
Income tax relating to other comprehensive income	<u>2,710,331</u>	<u>(2,988,926)</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX	<u>(10,379,274)</u>	<u>13,959,399</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u><u>(11,608,980)</u></u>	<u><u>7,797,291</u></u>

The notes form part of these financial statements

BALANCE SHEET
31 DECEMBER 2015

	Notes	31.12.15 £	£	31.12.14 £	£
FIXED ASSETS					
Tangible assets	6		60,300,000		73,800,000
CURRENT ASSETS					
Stocks	7	84,317		100,693	
Debtors	8	1,378,356		1,026,957	
Cash at bank and in hand		447,478		1,268,754	
		<u>1,910,151</u>		<u>2,396,404</u>	
CREDITORS					
Amounts falling due within one year	9	<u>2,726,403</u>		<u>5,161,984</u>	
NET CURRENT LIABILITIES			(816,252)		(2,765,580)
TOTAL ASSETS LESS CURRENT LIABILITIES			59,483,748		71,034,420
CREDITORS					
Amounts falling due after more than one year	10		(51,675,695)		(49,698,164)
PROVISIONS FOR LIABILITIES	11		<u>(3,237,826)</u>		<u>(5,978,580)</u>
NET ASSETS			<u>4,570,227</u>		<u>15,357,676</u>
CAPITAL AND RESERVES					
Called up share capital	12		1		1
Revaluation reserve	13		12,869,186		23,459,828
Other reserves	13		821,531		-
Retained earnings	13		<u>(9,120,491)</u>		<u>(8,102,153)</u>
SHAREHOLDERS' FUNDS			<u>4,570,227</u>		<u>15,357,676</u>

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


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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Called up share capital £	Retained earnings £	Revaluation reserve £	Other reserves £	Total equity £
Balance at 1 January 2014	1	(2,044,637)	9,605,021	-	7,560,385
Changes in equity					
Total comprehensive income	-	(6,057,516)	13,854,807	-	7,797,291
Balance at 31 December 2014	1	(8,102,153)	23,459,828	-	15,357,676
Changes in equity					
Total comprehensive income	-	(1,018,338)	(10,590,642)	821,531	(10,787,449)
Balance at 31 December 2015	1	(9,120,491)	12,869,186	821,531	4,570,227

The notes form part of these financial statements

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

1. 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.

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.

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.

Plant and machinery	- 15% on reducing balance
Fixtures and fittings	- 15% on reducing balance

Long leasehold property - 150 years straight line

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.

Leasing commitments

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

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

1. 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.

2. STAFF COSTS

	31.12.15	31.12.14
	£	£
Wages and salaries	<u>2,693,377</u>	<u>2,937,116</u>

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

	31.12.15	31.12.14
Operation	201	203
Administration	<u>5</u>	<u>5</u>
	<u>206</u>	<u>208</u>

3. OPERATING PROFIT/(LOSS)

The operating profit (2014 - operating loss) is stated after charging:

	31.12.15	31.12.14
	£	£
Hire of plant and machinery	60,015	66,438
Depreciation - owned assets	928,285	839,353
Auditors' remuneration	10,000	12,000
Swap breakage fee	<u>-</u>	<u>6,630,584</u>
Director's remuneration	<u>-</u>	<u>-</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	31.12.15	31.12.14
	£	£
Bank loan interest	-	1,838,880
Intercompany loan interest	<u>3,250,684</u>	<u>-</u>
	<u>3,250,684</u>	<u>1,838,880</u>

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

5. TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the loss on ordinary activities for the year was as follows:

	31.12.15	31.12.14
	£	£
Deferred tax	(30,423)	56,999
Tax on loss on ordinary activities	(30,423)	56,999

Reconciliation of total tax (credit)/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:

	31.12.15	31.12.14
	£	£
Loss on ordinary activities before tax	(1,260,129)	(6,105,109)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2014 - 21%)	(252,026)	(1,282,073)
Effects of:		
Capital allowances in excess of depreciation	-	(4,514)
Depreciation in excess of capital allowances	18,347	-
Wear and tear allowance	(9,530)	(9,265)
Losses available for future periods	243,209	1,295,852
Deferred taxation	(30,423)	56,999
Total tax (credit)/charge	(30,423)	56,999

Tax effects relating to effects of other comprehensive income

	31.12.15	
	Gross	Net
	£	£
Property revaluation	(13,089,605)	(10,379,274)
	(13,089,605)	(10,379,274)

	31.12.14	
	Gross	Net
	£	£
Property revaluation	16,948,325	13,959,399
	16,948,325	13,959,399

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

6. TANGIBLE FIXED ASSETS

	Long leasehold £	Plant and machinery £	Fixtures and fittings £	Totals £
COST OR VALUATION				
At 1 January 2015	72,505,058	4,880,888	623,863	78,009,809
Additions	203,767	130,404	183,719	517,890
Revaluations	(13,089,605)	-	-	(13,089,605)
At 31 December 2015	59,619,220	5,011,292	807,582	65,438,094
DEPRECIATION				
At 1 January 2015	1,213,357	2,752,302	244,150	4,209,809
Charge for year	504,922	338,848	84,515	928,285
At 31 December 2015	1,718,279	3,091,150	328,665	5,138,094
NET BOOK VALUE				
At 31 December 2015	57,900,941	1,920,142	478,917	60,300,000
At 31 December 2014	71,291,701	2,128,586	379,713	73,800,000

Cost or valuation at 31 December 2015 is represented by:

	Long leasehold £	Plant and machinery £	Fixtures and fittings £	Totals £
Valuation in 2010	9,394,504	-	-	9,394,504
Valuation in 2011	6,877,962	-	-	6,877,962
Valuation in 2013	(4,532,434)	-	-	(4,532,434)
Valuation in 2014	16,948,325	-	-	16,948,325
Valuation in 2015	(13,089,605)	-	-	(13,089,605)
Cost	44,020,468	5,011,292	807,582	49,839,342
	59,619,220	5,011,292	807,582	65,438,094

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

	31.12.15 £	31.12.14 £
Cost	44,020,468	43,816,701
Aggregate depreciation	1,343,219	1,049,655

Long leasehold, including plant and machinery and fixture and fittings to the sum of £60.3m has been valued on a fair value basis by Savills after the year end.

7. STOCKS

	31.12.15 £	31.12.14 £
Stocks	84,317	100,693

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

8. DEBTORS

	31.12.15	31.12.14
	£	£
Amounts falling due within one year:		
Trade debtors	844,982	486,350
Other debtors	27,330	17,190
Prepayments	156,044	173,417
	<u>1,028,356</u>	<u>676,957</u>
Amounts falling due after more than one year:		
Amounts owed by group undertakings	<u>350,000</u>	<u>350,000</u>
Aggregate amounts	<u>1,378,356</u>	<u>1,026,957</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.15	31.12.14
	£	£
Trade creditors	244,305	195,346
Other creditors	380,991	272,508
Amounts owed to group undertakings	502,861	3,031,883
Social security and other taxes	33,645	38,219
VAT	363,258	387,558
Accruals and deferred income	1,201,343	1,236,470
	<u>2,726,403</u>	<u>5,161,984</u>

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

	31.12.15	31.12.14
	£	£
Amounts owed to group undertakings	<u>51,675,695</u>	<u>49,698,164</u>

11. PROVISIONS FOR LIABILITIES

	31.12.15	31.12.14
	£	£
Deferred tax	<u>3,237,826</u>	<u>5,978,580</u>
		Deferred tax
		£
Balance at 1 January 2015		5,978,580
Provided during year		<u>(2,740,754)</u>
Balance at 31 December 2015		<u>3,237,826</u>

12. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.12.15	31.12.14
		£1	£	£
1	Ordinary		<u>1</u>	<u>1</u>

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

13. RESERVES

	Retained earnings £	Revaluation reserve £	Other reserves £	Totals £
At 1 January 2015	(8,102,153)	23,459,828	-	15,357,675
Deficit for the year	(1,229,706)			(1,229,706)
Revaluation during the period	-	(13,089,605)	-	(13,089,605)
Depreciation on revaluation surplus	211,368	(211,368)	-	-
Capital contribution	-	-	821,531	821,531
Deferred tax	-	2,710,331	-	2,710,331
At 31 December 2015	<u>(9,120,491)</u>	<u>12,869,186</u>	<u>821,531</u>	<u>4,570,226</u>

14. PENSION COMMITMENTS

The company operates a defined contribution pension scheme for the benefits of its employees. The costs of the scheme are recognised in the year in which contributions are payable and amounted to £17,616 (2014: £13,467) for the year under review.

15. 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.

16. 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.

17. ULTIMATE CONTROLLING PARTY

The company is a wholly owned subsidiary of Ability Hotels (III) Finance 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.

RECONCILIATION OF EQUITY
1 JANUARY 2014
(DATE OF TRANSITION TO FRS 102)

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
FIXED ASSETS				
Tangible assets		57,500,000	-	57,500,000
CURRENT ASSETS				
Stocks		143,870	-	143,870
Debtors		403,538	-	403,538
Prepayments and accrued income		216,125	-	216,125
Cash at bank and in hand		1,706,803	-	1,706,803
		2,470,336	-	2,470,336
CREDITORS				
Amounts falling due within one year		(3,907,160)	-	(3,907,160)
NET CURRENT LIABILITIES		(1,436,824)	-	(1,436,824)
TOTAL ASSETS LESS CURRENT LIABILITIES		56,063,176	-	56,063,176
CREDITORS				
Amounts falling due after more than one year		(45,570,136)	-	(45,570,136)
PROVISIONS FOR LIABILITIES		-	(2,932,655)	(2,932,655)
NET ASSETS		10,493,040	(2,932,655)	7,560,385
CAPITAL AND RESERVES				
Called up share capital		1	-	1
Revaluation reserve		12,158,254	(2,553,233)	9,605,021
Retained earnings		(1,665,215)	(379,422)	(2,044,637)
SHAREHOLDERS' FUNDS		10,493,040	(2,932,655)	7,560,385

RECONCILIATION OF EQUITY - continued
31 DECEMBER 2014

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
FIXED ASSETS				
Tangible assets		73,800,000	-	73,800,000
CURRENT ASSETS				
Stocks		100,693	-	100,693
Debtors		1,026,957	-	1,026,957
Cash at bank and in hand		1,268,754	-	1,268,754
		2,396,404	-	2,396,404
CREDITORS				
Amounts falling due within one year		(5,161,984)	-	(5,161,984)
NET CURRENT LIABILITIES		(2,765,580)	-	(2,765,580)
TOTAL ASSETS LESS CURRENT LIABILITIES		71,034,420	-	71,034,420
CREDITORS				
Amounts falling due after more than one year		(49,698,164)	-	(49,698,164)
PROVISIONS FOR LIABILITIES		-	(5,978,580)	(5,978,580)
NET ASSETS		21,336,256	(5,978,580)	15,357,676
CAPITAL AND RESERVES				
Called up share capital		1	-	1
Revaluation reserve		29,001,987	(5,542,159)	23,459,828
Retained earnings		(7,665,732)	(436,421)	(8,102,153)
SHAREHOLDERS' FUNDS		21,336,256	(5,978,580)	15,357,676

RECONCILIATION OF LOSS
FOR THE YEAR ENDED 31 DECEMBER 2014

	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
TURNOVER	11,462,048	-	11,462,048
Cost of sales	(1,461,821)	-	(1,461,821)
GROSS PROFIT	10,000,227	-	10,000,227
Administrative expenses	(14,731,628)	-	(14,731,628)
Other operating income	463,419	-	463,419
OPERATING LOSS	(4,267,982)	-	(4,267,982)
Interest receivable and similar income	1,753	-	1,753
Interest payable and similar charges	(1,838,880)	-	(1,838,880)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	(6,105,109)	-	(6,105,109)
Tax on loss on ordinary activities	-	(56,999)	(56,999)
LOSS FOR THE FINANCIAL YEAR	(6,105,109)	(56,999)	(6,162,108)