

REGISTERED NUMBER: 06291634 (England and Wales)

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

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FOR THE YEAR ENDED 31 DECEMBER 2016

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ABILITY HOTELS (LIVERPOOL) 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:

06291634 (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 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.

During the year the company experienced an increase in turnover of 1.7% from hotel and Playground nightclub operations.

The results of the company for the year, as set out on page 6, show a net profit before interest on intercompany loans of £2,325k (2015: £1,990k) and after intercompany loan interest a loss of £759k (2015: £1,260k).

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.

FUTURE DEVELOPMENTS

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

ON BEHALF OF THE BOARD:



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

Date: 30/6/17

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.

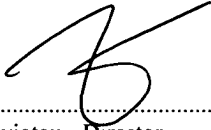
The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies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



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 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.

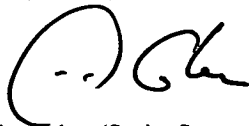
Opinion on other matter prescribed by the Companies Act 2006

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 (LIVERPOOL) LIMITED (REGISTERED NUMBER: 06291634)

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	31.12.16 £	31.12.15 £
TURNOVER		11,080,255	10,893,993
Cost of sales		1,488,899	1,491,046
GROSS PROFIT		9,591,356	9,402,947
Administrative expenses		7,766,562	7,930,732
		1,824,794	1,472,215
Other operating income		500,450	517,581
OPERATING PROFIT	4	2,325,244	1,989,796
Interest receivable and similar income		623	759
		2,325,867	1,990,555
Interest payable and similar expenses	5	3,085,767	3,250,684
LOSS BEFORE TAXATION		(759,900)	(1,260,129)
Tax on loss	6	155,698	(30,423)
LOSS FOR THE FINANCIAL YEAR		(915,598)	(1,229,706)

The notes form part of these financial statements

OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	31.12.16 £	31.12.15 £
LOSS FOR THE YEAR		(915,598)	(1,229,706)
OTHER COMPREHENSIVE INCOME			
Property revaluation		-	(13,089,605)
Income tax relating to other comprehensive income		-	2,710,331
		<hr/>	<hr/>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		-	(10,379,274)
		<hr/>	<hr/>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(915,598)</u>	<u>(11,608,980)</u>

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

BALANCE SHEET
31 DECEMBER 2016

	Notes	31.12.16 £	£	31.12.15 £	£
FIXED ASSETS					
Tangible assets	7		59,787,096		60,300,000
CURRENT ASSETS					
Stocks	8	77,062		84,317	
Debtors	9	1,151,698		1,378,356	
Cash at bank and in hand		546,539		447,478	
		<u>1,775,299</u>		<u>1,910,151</u>	
CREDITORS					
Amounts falling due within one year	10	47,575,068		47,665,183	
NET CURRENT LIABILITIES			<u>(45,799,769)</u>		<u>(45,755,032)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			13,987,327		14,544,968
CREDITORS					
Amounts falling due after more than one year	11		(6,939,174)		(6,736,915)
PROVISIONS FOR LIABILITIES	12		<u>(3,393,524)</u>		<u>(3,237,826)</u>
NET ASSETS			<u><u>3,654,629</u></u>		<u><u>4,570,227</u></u>
CAPITAL AND RESERVES					
Called up share capital	13		1		1
Revaluation reserve	14		12,745,823		12,869,186
Other reserves	14		821,531		821,531
Retained earnings	14		<u>(9,912,726)</u>		<u>(9,120,491)</u>
SHAREHOLDERS' FUNDS			<u><u>3,654,629</u></u>		<u><u>4,570,227</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	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
Changes in equity					
Total comprehensive income	-	(792,235)	(123,363)	-	(915,598)
Balance at 31 December 2016	1	(9,912,726)	12,745,823	821,531	3,654,629

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

1. STATUTORY INFORMATION

Ability Hotels (Liverpool) 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.

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

Long leasehold property	- 150 years straight line
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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 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	<u>2,742,989</u>	<u>2,693,377</u>

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

	31.12.16	31.12.15
Operation	186	201
Administration	<u>18</u>	<u>5</u>
	<u>204</u>	<u>206</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	54,351	60,015
Depreciation - owned assets	803,286	928,285
Auditors' remuneration	<u>10,000</u>	<u>10,000</u>

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	31.12.16 £	31.12.15 £
Intercompany loan interest	<u>3,085,767</u>	<u>3,250,684</u>

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

6. TAXATION

Analysis of the tax charge/(credit)

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

	31.12.16 £	31.12.15 £
Deferred tax	155,698	(30,423)
Tax on loss	155,698	(30,423)

Reconciliation of total tax charge/(credit) 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	(759,900)	(1,260,129)
Loss multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20%)	(151,980)	(252,026)
Effects of:		
Depreciation in excess of capital allowances	82,140	18,347
Wear and tear allowance	(2,502)	(9,530)
Losses available for future periods	72,342	243,209
Deferred taxation	155,698	(30,423)
Total tax charge/(credit)	155,698	(30,423)

Tax effects relating to effects of other comprehensive income

There were no tax effects for the year ended 31 December 2016.

	Gross £	31.12.15 Tax £	Net £
Property revaluation	(13,089,605)	2,710,331	(10,379,274)
Other reserves	821,531	-	821,531
	(12,268,074)	2,710,331	(9,557,743)

7. TANGIBLE FIXED ASSETS

	Long leasehold £	Plant and machinery £	Fixtures and fittings £	Totals £
COST OR VALUATION				
At 1 January 2016	59,619,220	5,011,292	807,582	65,438,094
Additions	119,205	51,093	120,084	290,382
At 31 December 2016	59,738,425	5,062,385	927,666	65,728,476
DEPRECIATION				
At 1 January 2016	1,718,279	3,091,150	328,665	5,138,094
Charge for year	417,751	295,685	89,850	803,286
At 31 December 2016	2,136,030	3,386,835	418,515	5,941,380
NET BOOK VALUE				
At 31 December 2016	57,602,395	1,675,550	509,151	59,787,096
At 31 December 2015	57,900,941	1,920,142	478,917	60,300,000

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 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	44,139,673	5,062,385	927,666	50,129,724
	<u>59,738,425</u>	<u>5,062,385</u>	<u>927,666</u>	<u>65,728,476</u>

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

	31.12.16 £	31.12.15 £
Cost	<u>44,020,468</u>	<u>44,020,468</u>
Aggregate depreciation	<u>1,343,219</u>	<u>1,343,219</u>

Long leasehold, including plant and machinery and fixture and fittings to the sum of £60.3m has been valued by Savills on 11 April 2016.

8. STOCKS

	31.12.16 £	31.12.15 £
Stocks	<u>77,062</u>	<u>84,317</u>

9. DEBTORS

	31.12.16 £	31.12.15 £
Amounts falling due within one year:		
Trade debtors	572,197	844,982
Other debtors	27,330	27,330
Prepayments	202,171	156,044
	<u>801,698</u>	<u>1,028,356</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>1,151,698</u>	<u>1,378,356</u>

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

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

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.16	31.12.15
	£	£
Trade creditors	192,459	244,305
Other creditors	385,165	380,991
Amounts owed to group undertakings	45,548,868	45,441,641
Social security and other taxes	46,558	33,645
VAT	339,137	363,258
Accruals and deferred income	1,062,881	1,201,343
	<u>47,575,068</u>	<u>47,665,183</u>

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

	31.12.16	31.12.15
	£	£
Amounts owed to group undertakings	<u>6,939,174</u>	<u>6,736,915</u>

12. PROVISIONS FOR LIABILITIES

	31.12.16	31.12.15
	£	£
Deferred tax	<u>3,393,524</u>	<u>3,237,826</u>
		Deferred tax
		£
Balance at 1 January 2016		3,237,826
Provided during year		155,698
Balance at 31 December 2016		<u>3,393,524</u>

13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			31.12.16	31.12.15
Number:	Class:	Nominal value:	£	£
1	Ordinary	£1	<u>1</u>	<u>1</u>

14. RESERVES

	Retained earnings	Revaluation reserve	Other reserves	Totals
	£	£	£	£
At 1 January 2016	(9,120,491)	12,869,186	821,531	4,570,226
Deficit for the year	(915,598)			(915,598)
Depreciation on revaluation surplus	123,363	(123,363)	-	-
At 31 December 2016	<u>(9,912,726)</u>	<u>12,745,823</u>	<u>821,531</u>	<u>3,654,628</u>

15. 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 £19,045 (2015: £17,616) for the year under review.

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

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.

19. PARENT COMPANY

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