REGISTERED NUMBER: 06291634

STRATEGIC REPORT, REPORT OF THE DIRECTOR AND

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

FOR

ABILITY HOTELS (LIVERPOOL) LIMITED

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

ABILITY HOTELS (LIVERPOOL) LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2013

DIRECTOR:	A.C. Panayiotou
SECRETARY:	J.Y. Chin
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

ABILITY HOTELS (LIVERPOOL) LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013

The director presents his strategic report for the year ended 31 December 2013.

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 turnover from hotel operations increased. The increase was due to an improvement in occupancy, average room rate and food and beverage operations. The improvement in occupancy levels also led to higher profit from the Prima Bar which is gaining popularity as a venue for dinner and beverages.

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 company's bank borrowings are currently with one major lender and the financing arrangements contain security over the assets of the company. Therefore, there is a potential 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 financial performance of the hotel, the financial covenant ratios within the financing agreements are monitored on an ongoing basis.

Furthermore, during the year the company restructured their finances and entered into a 6 year loan. This has further mitigated the borrowing risks associated with the company. As a result of the restructure and in accordance with FRS 4 there were residual loan issue costs of £426k brought forward from 2012 in respect of the original finance agreement which have been written off. In addition the new arrangement fees of £75k have also been written off in 2013.

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.

ON BEHALF OF THE BOARD:

....
Director

Date: 30/9/14

REPORT OF THE DIRECTOR
FOR THE YEAR ENDED 31 DECEMBER 2013

The director presents his report with the financial statements of the company for the year ended 31 December 2013.

DIVIDENDS
No dividends will be distributed for the year ended 31 December 2013.

FUTURE DEVELOPMENTS
It is anticipated that the hotel will increase its occupancy and average room rates for the forthcoming year, with a consequential positive effect on turnover and profits.

In addition, the hotel will continue to market The Playground nightclub for special occasions or conventions during the week, which will increase turnover and profitability.

DIRECTOR
A.C. Panayiotou held office during the whole of the period from 1 January 2013 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 2013

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:

....
Director

Date: 30/9/14

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 2013 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses 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).

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 2013 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\9\14

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)

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	31.12.13 £	31.12.12 £
TURNOVER		10,847,167	10,754,822
Cost of sales		1,538,740	1,471,231
GROSS PROFIT		9,308,427	9,283,591
Administrative expenses		8,365,009	7,406,644
		943,418	1,876,947
Other operating income		436,789	509,319
OPERATING PROFIT	3	1,380,207	2,386,266
Interest receivable and similar income		1,821	2,075
		1,382,028	2,388,341
Interest payable and similar charges	4	1,951,072	1,796,911
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(569,044)	591,430
Tax on (loss)/profit on ordinary activities	5	-	-
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(569,044)	591,430

CONTINUING OPERATIONS
None of the company's activities were acquired or discontinued during the current year or previous year.

The notes form part of these financial statements

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2013

	31.12.13 £	31.12.12 £
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	(569,044)	591,430
Unrealised deficit on revaluation of properties	(4,532,434)	-
Difference between the historical cost depreciation charge and the actual cost depreciation charge for the year calculated on the revalued amount	116,471	65,686
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	(4,985,007)	657,116

NOTE OF HISTORICAL COST PROFITS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2013

	31.12.13 £	31.12.12 £
REPORTED (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	(569,044)	591,430
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	116,471	65,686
Unrealised surplus/(deficit) on revaluation of properties	(4,532,434)	-
HISTORICAL COST (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	(4,985,007)	657,116
HISTORICAL COST (LOSS)/PROFIT FOR THE YEAR RETAINED AFTER TAXATION	(4,985,007)	657,116

The notes form part of these financial statements

BALANCE SHEET
31 DECEMBER 2013

	Notes	31.12.13 £	31.12.13 £	31.12.12 £	31.12.12 £
FIXED ASSETS					
Tangible assets	6		57,500,000		62,791,232
CURRENT ASSETS					
Stocks	7	143,870		138,302	
Debtors	8	619,663		698,433	
Cash at bank and in hand		1,706,803		1,768,980	
		2,470,336		2,605,715	
CREDITORS					
Amounts falling due within one year	9	3,907,160		2,829,094	
NET CURRENT LIABILITIES			(1,436,824)		(223,379)
TOTAL ASSETS LESS CURRENT LIABILITIES			56,063,176		62,567,853
CREDITORS					
Amounts falling due after more than one year	10		45,570,136		46,973,335
NET ASSETS			10,493,040		15,594,518
CAPITAL AND RESERVES					
Called up share capital	13		1		1
Revaluation reserve	14		12,158,254		16,807,159
Profit and loss account	14		(1,665,215)		(1,212,642)
SHAREHOLDERS' FUNDS	18		10,493,040		15,594,518

The financial statements were approved by the director on 30\9\14 and were signed by:

....

Director

The notes form part of these financial statements

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	31.12.13 £	31.12.13 £	31.12.12 £	31.12.12 £
Net cash inflow from operating activities	1		2,816,359		3,793,868
Returns on investments and servicing of finance	2		(1,949,251)		(1,794,836)
Capital expenditure	2		(145,364)		(87,633)
			721,744		1,911,399
Financing	2		(783,921)		(1,520,902)
(Decrease)/increase in cash in the period			(62,177)		390,497

	Notes	31.12.13 £	31.12.13 £	31.12.12 £	31.12.12 £
Reconciliation of net cash flow to movement in net debt	3				
(Decrease)/increase in cash in the period		(62,177)		390,497	
Cash outflow from decrease in debt		1,055,259		1,520,903	
Change in net debt resulting from cash flows			993,082		1,911,400
Movement in net debt in the period			993,082		1,911,400
Net debt at 1 January			(45,852,415)		(47,763,815)
Net debt at 31 December			(44,859,333)		(45,852,415)

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	31.12.13	31.12.12
	£	£
Operating profit	1,380,207	2,386,266
Depreciation charges	904,161	971,493
Increase in stocks	(5,568)	(27,565)
Decrease in debtors	78,770	195,551
Increase in creditors	458,789	268,123
Net cash inflow from operating activities	2,816,359	3,793,868

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	31.12.13	31.12.12
	£	£
Returns on investments and servicing of finance		
Interest received	1,821	2,075
Interest paid	(1,951,072)	(1,796,911)
Net cash outflow for returns on investments and servicing of finance	(1,949,251)	(1,794,836)
Capital expenditure		
Purchase of tangible fixed assets	(145,364)	(87,633)
Net cash outflow for capital expenditure	(145,364)	(87,633)
Financing		
Loan repayments in year	(835,515)	(1,520,902)
Group loan repayments in year	(374,842)	-
Loan arrangement fee write off	426,436	-
Net cash outflow from financing	(783,921)	(1,520,902)

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.1.13	Cash flow	At 31.12.13
	£	£	£
Net cash:			
Cash at bank and in hand	1,768,980	(62,177)	1,706,803
	1,768,980	(62,177)	1,706,803
Debt:			
Debts falling due within one year	(648,060)	(347,940)	(996,000)
Debts falling due after one year	(46,973,335)	1,403,199	(45,570,136)
	(47,621,395)	1,055,259	(46,566,136)
Total	(45,852,415)	993,082	(44,859,333)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

1. ACCOUNTING POLICIES

Accounting convention
The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

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

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

Long leasehold	- Straight line over 150 years
Plant and machinery	- 15% on reducing balance
Fixtures and fittings	- 15% on reducing balance

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

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

Deferred tax
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

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.

Debt instruments
Debts instruments are stated at their net proceeds on issue. Issue costs are amortised to the profit and loss account over the life of the instrument.

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 .

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

2. STAFF COSTS

	31.12.13	31.12.12
	£	£
Wages and salaries	2,933,534	2,832,472

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

	31.12.13	31.12.12
Operation	196	185
Administration	5	6
	201	191

continued...

3. OPERATING PROFIT

The operating profit is stated after charging:

	31.12.13	31.12.12
	£	£
Hire of plant and machinery	39,422	35,133
Depreciation - owned assets	904,162	971,494
Auditors' remuneration	10,000	10,000
Director's remuneration	-	-

4. INTEREST PAYABLE AND SIMILAR CHARGES

	31.12.13	31.12.12
	£	£
Bank loan interest	1,951,072	1,796,911

5. TAXATION

Analysis of the tax charge
No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2013 nor for the year ended 31 December 2012.

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

	31.12.13	31.12.12
	£	£
(Loss)/profit on ordinary activities before tax	(569,044)	591,430
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23% (2012 - 24%)	(130,880)	141,943
Effects of:		
Excess of capital allowances over depreciation charges	(14,928)	(44,232)
Losses available for future periods	155,854	-
Group relief	-	(68,868)
Trading losses carried forward	-	(18,527)
Wear and tear allowance	(10,046)	(10,316)
Current tax charge	-	-

Factors that may affect future tax charges
No provision has been made for deferred tax on gains recognised on revaluing property to its market value. Such tax would become payable if the properties were sold and the total amount unprovided for is £2,431,650. No provision has been made in these accounts in accordance with FRS 19.

continued...

6. TANGIBLE FIXED ASSETS

	Long leasehold	Plant and machinery	Fixtures and fittings	Totals
	£	£	£	£
COST OR VALUATION				
At 1 January 2013	60,007,536	4,879,951	370,039	65,257,526
Additions	32,437	937	111,990	145,364
Revaluations	(4,532,434)	-	-	(4,532,434)
At 31 December 2013	55,507,539	4,880,888	482,029	60,870,456
DEPRECIATION				
At 1 January 2013	408,215	1,934,740	123,339	2,466,294
Charge for year	408,437	441,922	53,803	904,162
At 31 December 2013	816,652	2,376,662	177,142	3,370,456
NET BOOK VALUE				
At 31 December 2013	54,690,887	2,504,226	304,887	57,500,000
At 31 December 2012	59,599,321	2,945,211	246,700	62,791,232

Cost or valuation at 31 December 2013 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)
Cost	43,767,507	4,880,888	482,029	49,130,424
	55,507,539	4,880,888	482,029	60,870,456

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

	31.12.13	31.12.12
	£	£
Cost	43,767,506	43,735,070
Aggregate depreciation	1,428,526	1,136,561

Long leasehold property was valued by Chartered Surveyors, HVS on 01 June 2014.

7. STOCKS

	31.12.13	31.12.12
	£	£
Stocks	143,870	138,302

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.13	31.12.12
	£	£
Trade debtors	332,948	408,436
Other debtors	70,590	127,538
Prepayments	216,125	162,459
	619,663	698,433

continued...

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.13	31.12.12
	£	£
Bank loans and overdrafts (see note 11)	996,000	648,060
Trade creditors	160,943	160,498
Other creditors	293,712	246,415
Social security and other taxes	35,360	34,165
VAT	369,904	342,421
Hilton creditor	7,571	660
Other loans	688,821	417,483
Accruals and deferred income	1,354,849	979,392
	3,907,160	2,829,094

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

	31.12.13	31.12.12
	£	£
Bank loans (see note 11)	39,018,485	39,775,504
Other loans (see note 11)	6,551,651	7,197,831
	45,570,136	46,973,335

11. LOANS

An analysis of the maturity of loans is given below:

	31.12.13	31.12.12
	£	£
Amounts falling due within one year or on demand:		
Bank loans	996,000	648,060
Amounts falling due between one and two years:		
Bank loans 1-2 years	1,120,000	746,252
Amounts falling due between two and five years:		
Bank loans - 2-5 years	37,898,485	39,029,252
Other loans - 2-5 years	6,551,651	7,197,831
	44,450,136	46,227,083

Bank loans amounts falling due in more than five years repayable by instalments incur a weighted average interest rate of 5.18 % and mature in 2019. This bank loan was refinanced during the year and reflects the effects of interest rate swaps in transforming floating rate liabilities to fixed rate liabilities.

Costs incurred in connection with the refinancing of the bank loan do not qualify as issue costs under FRS4 Financial Instruments. Further, arrangement fees relating to the original loan, which have not been amortised under the original loan terms do not qualify as issue costs. FRS4 dictates that costs that do not qualify as issue costs should be written off to the profit and loss account as incurred. As a result, approximately £501,000 of finance costs have been reflected in the profit and loss account during the period under review.

continued...

12. SECURED DEBTS

The following secured debts are included within creditors:

	31.12.13	31.12.12
	£	£
Bank loans	40,014,485	40,423,564

The bank loans are secured by way of legal charge and debentures over the assets of the company. Also, an amount of £10m is secured by way of cross guarantee by a connected company.

13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.13 £	31.12.12 £
1	Ordinary	£1	1	1

14. RESERVES

	Profit and loss account £	Revaluation reserve £	Totals £
At 1 January 2013	(1,212,642)	16,807,159	15,594,517
Deficit for the year	(569,044)		(569,044)
Revaluation during the period	-	(4,532,434)	(4,532,434)
Depreciation on revaluation	116,471	(116,471)	-
At 31 December 2013	(1,665,215)	12,158,254	10,493,039

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 £18,007 (2012: £16,879) for the year under review.

16. RELATED PARTY DISCLOSURES

Ability Developments Limited

As regards to related party disclosures in respect of group transactions, the company has taken advantage of exemptions contained in FRS 8 on the grounds that details of the subsidiary are included in publicly available consolidated accounts of the ultimate parent company, A.P. Ability Holdings Limited.

17. ULTIMATE CONTROLLING PARTY

The company is under the control of the ultimate parent company, A.P. Ability Holdings Limited. A.P. Ability Holdings Limited is incorporated in Cyprus, and is under the ultimate control of The Costas Panayiotou 1997 Settlement Trust.

continued...

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31.12.13	31.12.12
	£	£
(Loss)/profit for the financial year	(569,044)	591,430
Other recognised gains and losses relating to the year (net)	(4,415,963)	65,686
Difference between the historic cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	(116,471)	(65,686)
Net (reduction)/addition to shareholders' funds	(5,101,478)	591,430
Opening shareholders' funds	15,594,518	15,003,088
Closing shareholders' funds	10,493,040	15,594,518