

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

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**FOR THE YEAR ENDED 31 DECEMBER 2015**

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**ABILITY HOTELS (DUNBLANE) LIMITED**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

<b>DIRECTOR:</b>	A.C. Panayiotou
<b>REGISTERED OFFICE:</b>	Top Floor Hampton by Hilton 42-50 Kimpton Road Luton Bedfordshire LU2 0NB
<b>REGISTERED NUMBER:</b>	06417474
<b>AUDITORS:</b>	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 principal activity of the company is the operation of the Doubletree Dunblane hotel by Hilton.

The director is satisfied with the performance of the company during the year under review. During the year the hotel experienced an increase in turnover of 3.4%. This was due to an increase in average room rate and occupancy.

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 £1,141k (2014: £5,881k loss) and after intercompany loan interest a loss of £240k (2014: £7,094k 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.

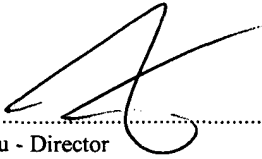
The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies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

We have audited the financial statements of Ability Hotels (Dunblane) 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.

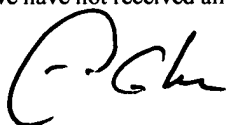
**Opinion on other matter prescribed by the Companies Act 2006**

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.



**INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

	Notes	31.12.15 £	31.12.14 £
<b>TURNOVER</b>		8,325,966	8,045,160
Cost of sales		<u>1,056,055</u>	<u>1,028,006</u>
<b>GROSS PROFIT</b>		7,269,911	7,017,154
Administrative expenses		<u>6,138,501</u>	<u>12,900,605</u>
		1,131,410	(5,883,451)
Other operating income		<u>10,338</u>	<u>1,959</u>
<b>OPERATING PROFIT/(LOSS)</b>	3	1,141,748	(5,881,492)
Interest payable and similar charges	4	<u>1,382,093</u>	<u>1,212,864</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(240,345)	(7,094,356)
Tax on loss on ordinary activities	5	<u>44,721</u>	<u>49,971</u>
<b>LOSS FOR THE FINANCIAL YEAR</b>		<u><u>(285,066)</u></u>	<u><u>(7,144,327)</u></u>

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 £
<b>LOSS FOR THE YEAR</b>	(285,066)	(7,144,327)
<b>OTHER COMPREHENSIVE INCOME</b>		
Property revaluation	816,984	(2,020,547)
Income tax relating to other comprehensive income	-	527,424
	<hr/>	<hr/>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>	816,984	(1,493,123)
	<hr/>	<hr/>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>531,918</u>	<u>(8,637,450)</u>

The notes form part of these financial statements

**BALANCE SHEET**  
**31 DECEMBER 2015**

	Notes	31.12.15	31.12.14
		£	£
<b>FIXED ASSETS</b>			
Intangible assets	6	-	-
Tangible assets	7	23,299,999	22,600,000
		<u>23,299,999</u>	<u>22,600,000</u>
<b>CURRENT ASSETS</b>			
Stocks	8	13,210	23,545
Debtors	9	446,987	363,180
Cash at bank and in hand		258,099	355,144
		<u>718,296</u>	<u>741,869</u>
<b>CREDITORS</b>			
Amounts falling due within one year	10	1,351,577	2,439,205
<b>NET CURRENT LIABILITIES</b>		<u>(633,281)</u>	<u>(1,697,336)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		22,666,718	20,902,664
<b>CREDITORS</b>			
Amounts falling due after more than one year	11	(32,188,227)	(33,039,738)
<b>PROVISIONS FOR LIABILITIES</b>	13	(698,558)	(653,837)
<b>NET LIABILITIES</b>		<u><u>(10,220,067)</u></u>	<u><u>(12,790,911)</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	1	1
Revaluation reserve	15	813,606	-
Other reserves	15	2,038,925	-
Retained earnings	15	(13,072,599)	(12,790,912)
<b>SHAREHOLDERS' FUNDS</b>		<u><u>(10,220,067)</u></u>	<u><u>(12,790,911)</u></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 £
<b>Balance at 1 January 2014</b>	1	(5,646,585)	1,493,123	-	(4,153,461)
<b>Changes in equity</b>					
Total comprehensive income	-	(7,144,327)	(1,493,123)	-	(8,637,450)
<b>Balance at 31 December 2014</b>	1	(12,790,912)	-	-	(12,790,911)
<b>Changes in equity</b>					
Total comprehensive income	-	(281,687)	813,606	2,038,925	2,570,844
<b>Balance at 31 December 2015</b>	1	(13,072,599)	813,606	2,038,925	(10,220,067)

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.

**Goodwill**

Goodwill, being the amount paid in connection with the acquisition of a business in 2007, was being amortised evenly over its estimated useful life of 20 years. Following an impairment review last year, the whole amount was released to the profit and loss account.

**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

Long leasehold property - 175 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.

**Hire purchase and leasing commitments**

Rentals paid under operating leases are charged to profit or loss 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**

**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.

**Pensions**

The company operates a defined contribution pension scheme for the benefit of its employees. Contributions payable for the year are charged to the profit and loss account.

**2. STAFF COSTS**

	31.12.15	31.12.14
	£	£
Wages and salaries	2,791,345	2,563,908
Social security costs	155,271	168,751
	<u>2,946,616</u>	<u>2,732,659</u>

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

	31.12.15	31.12.14
Operation	164	164
Administration	19	19
	<u>183</u>	<u>183</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	27,317	53,926
Depreciation - owned assets	302,716	310,069
Goodwill amortisation	-	360,000
Auditors' remuneration	10,000	10,000
Swap breakage fee	-	1,739,165
	<u>-</u>	<u>-</u>
Director's remuneration	-	-

**4. INTEREST PAYABLE AND SIMILAR CHARGES**

	31.12.15	31.12.14
	£	£
Bank loan interest	-	934,880
Intercompany loan interest	1,382,093	277,984
	<u>1,382,093</u>	<u>1,212,864</u>

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

**5. TAXATION**

**Analysis of the tax charge**

The tax charge on the loss on ordinary activities for the year was as follows:

	31.12.15	31.12.14
	£	£
Deferred tax	44,721	49,971
Tax on loss on ordinary activities	<u>44,721</u>	<u>49,971</u>

**Reconciliation of total tax 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	<u>(240,345)</u>	<u>(7,094,356)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2014 - 21%)	(48,069)	(1,489,815)
Effects of:		
Capital allowances in excess of depreciation	(23,095)	(57,643)
Losses available to carry forward	71,164	1,547,458
Deferred tax	<u>44,721</u>	<u>49,971</u>
Total tax charge	<u>44,721</u>	<u>49,971</u>

**Tax effects relating to effects of other comprehensive income**

	31.12.15	31.12.14
	Gross £	Tax £
Property revaluation	816,984	-
	<u>816,984</u>	<u>-</u>
	Gross £	Tax £
Property revaluation	(2,020,547)	527,424
	<u>(2,020,547)</u>	<u>527,424</u>

**6. INTANGIBLE FIXED ASSETS**

	Goodwill £
<b>COST</b>	
At 1 January 2015	
and 31 December 2015	<u>2,520,000</u>
<b>AMORTISATION</b>	
At 1 January 2015	
and 31 December 2015	<u>2,520,000</u>
<b>NET BOOK VALUE</b>	
At 31 December 2015	<u>-</u>
At 31 December 2014	<u>-</u>

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

**7. TANGIBLE FIXED ASSETS**

	Long leasehold £	Plant and machinery £	Totals £
<b>COST OR VALUATION</b>			
At 1 January 2015	23,417,494	2,400,111	25,817,605
Additions	-	185,731	185,731
Revaluations	816,984	-	816,984
	<hr/>	<hr/>	<hr/>
At 31 December 2015	24,234,478	2,585,842	26,820,320
<b>DEPRECIATION</b>			
At 1 January 2015	1,731,575	1,486,030	3,217,605
Charge for year	137,750	164,966	302,716
	<hr/>	<hr/>	<hr/>
At 31 December 2015	1,869,325	1,650,996	3,520,321
<b>NET BOOK VALUE</b>			
At 31 December 2015	22,365,153	934,846	23,299,999
	<hr/>	<hr/>	<hr/>
At 31 December 2014	21,685,919	914,081	22,600,000
	<hr/>	<hr/>	<hr/>

Cost or valuation at 31 December 2015 is represented by:

	Long leasehold £	Plant and machinery £	Totals £
Valuation in 2010	1,922,995	-	1,922,995
Valuation in 2014	(2,020,547)	-	(2,020,547)
Valuation in 2015	816,984	-	816,984
Cost	23,515,046	2,585,842	26,100,888
	<hr/>	<hr/>	<hr/>
	24,234,478	2,585,842	26,820,320
	<hr/>	<hr/>	<hr/>

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

	31.12.15 £	31.12.14 £
Cost	23,515,046	23,515,046
	<hr/>	<hr/>
Aggregate depreciation	671,857	537,486
	<hr/>	<hr/>

Long leasehold, including plant and machinery to the sum of £23.3m has been valued on a fair value basis by Savills after the year end.

**8. STOCKS**

	31.12.15 £	31.12.14 £
Stocks	13,210	23,545
	<hr/>	<hr/>

**9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.12.15 £	31.12.14 £
Trade debtors	180,434	209,938
Amounts owed by group undertakings	143,028	4,275
Other debtors	6,384	60,856
Prepayments	117,141	88,111
	<hr/>	<hr/>
	446,987	363,180
	<hr/>	<hr/>



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

**10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.12.15	31.12.14
	£	£
Bank loans and overdrafts (see note 12)	-	1,214
Trade creditors	112,337	163,767
Amounts owed to group undertakings	-	992,348
Social security and other taxes	43,138	38,058
VAT	155,215	156,960
Other creditors	341,724	306,679
Wages control	147,069	153,146
Deferred income	203,195	279,479
Accrued expenses	348,899	347,554
	<u>1,351,577</u>	<u>2,439,205</u>

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

	31.12.15	31.12.14
	£	£
Amounts owed to group undertakings	<u>32,188,227</u>	<u>33,039,738</u>

**12. LOANS**

An analysis of the maturity of loans is given below:

	31.12.15	31.12.14
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>-</u>	<u>1,214</u>

**13. PROVISIONS FOR LIABILITIES**

	31.12.15	31.12.14
	£	£
Deferred tax	<u>698,558</u>	<u>653,837</u>
		Deferred tax
		£
Balance at 1 January 2015		653,837
Provided during year		<u>44,721</u>
Balance at 31 December 2015		<u>698,558</u>

**14. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

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

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

**15. RESERVES**

	Retained earnings £	Revaluation reserve £	Other reserves £	Totals £
At 1 January 2015	(12,790,912)	-	-	(12,790,912)
Deficit for the year	(285,066)			(285,066)
Revaluation reserve	-	816,985	-	816,985
Capital contribution	-	-	2,038,925	2,038,925
Depreciation on revaluation surplus	3,379	(3,379)	-	-
At 31 December 2015	<u>(13,072,599)</u>	<u>813,606</u>	<u>2,038,925</u>	<u>(10,220,068)</u>

**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 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.

**19. PENSION CONTRIBUTION**

The company operates a defined contribution pension scheme for the benefit of its employees. The costs of the scheme are recognised in the year in which contributions are payable and amounted to £13,222 (2014: £7,794) for the year under review.

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

Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
<b>FIXED ASSETS</b>			
Intangible assets	5,040,000	-	5,040,000
Tangible assets	24,805,491	-	24,805,491
	<u>29,845,491</u>	<u>-</u>	<u>29,845,491</u>
<b>CURRENT ASSETS</b>			
Stocks	31,516	-	31,516
Debtors	260,918	-	260,918
Prepayments and accrued income	143,253	-	143,253
Cash at bank and in hand	446,438	-	446,438
	<u>882,125</u>	<u>-</u>	<u>882,125</u>
<b>CREDITORS</b>			
Amounts falling due within one year	(2,445,555)	-	(2,445,555)
<b>NET CURRENT LIABILITIES</b>	<u>(1,563,430)</u>	<u>-</u>	<u>(1,563,430)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	28,282,061	-	28,282,061
<b>CREDITORS</b>			
Amounts falling due after more than one year	(31,434,750)	-	(31,434,750)
<b>PROVISIONS FOR LIABILITIES</b>	-	(603,866)	(603,866)
<b>NET LIABILITIES</b>	<u>(3,152,689)</u>	<u>(603,866)</u>	<u>(3,756,555)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	1	-	1
Revaluation reserve	1,890,029	-	1,890,029
Retained earnings	(5,042,719)	(603,866)	(5,646,585)
<b>SHAREHOLDERS' FUNDS</b>	<u>(3,152,689)</u>	<u>(603,866)</u>	<u>(3,756,555)</u>

**RECONCILIATION OF EQUITY - continued**  
**31 DECEMBER 2014**

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
<b>FIXED ASSETS</b>				
Tangible assets		22,600,000	-	22,600,000
<b>CURRENT ASSETS</b>				
Stocks		23,545	-	23,545
Debtors		363,180	-	363,180
Cash at bank and in hand		355,144	-	355,144
		741,869	-	741,869
<b>CREDITORS</b>				
Amounts falling due within one year		(2,439,205)	-	(2,439,205)
<b>NET CURRENT LIABILITIES</b>		(1,697,336)	-	(1,697,336)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		20,902,664	-	20,902,664
<b>CREDITORS</b>				
Amounts falling due after more than one year		(33,039,738)	-	(33,039,738)
<b>PROVISIONS FOR LIABILITIES</b>		-	(653,837)	(653,837)
<b>NET LIABILITIES</b>		(12,137,074)	(653,837)	(12,790,911)
<b>CAPITAL AND RESERVES</b>				
Called up share capital		1	-	1
Retained earnings		(12,137,075)	(653,837)	(12,790,912)
<b>SHAREHOLDERS' FUNDS</b>		(12,137,074)	(653,837)	(12,790,911)

The notes form part of these financial statements

**RECONCILIATION OF LOSS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
<b>TURNOVER</b>	8,045,160	-	8,045,160
Cost of sales	(1,028,006)	-	(1,028,006)
<b>GROSS PROFIT</b>	7,017,154	-	7,017,154
Administrative expenses	(12,900,605)	-	(12,900,605)
Other operating income	1,959	-	1,959
<b>OPERATING LOSS</b>	(5,881,492)	-	(5,881,492)
Interest payable and similar charges	(1,212,864)	-	(1,212,864)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	(7,094,356)	-	(7,094,356)
Tax on loss on ordinary activities	-	(49,971)	(49,971)
<b>LOSS FOR THE FINANCIAL YEAR</b>	(7,094,356)	(49,971)	(7,144,327)