

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

FRIDAY



A6G0E81L

A47

29/09/2017

#160

COMPANIES HOUSE

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Page
Company Information	1
Strategic Report	2
Report of the Director	3
Report of the Independent Auditors	5
Income Statement	6
Other Comprehensive Income	7
Balance Sheet	8
Statement of Changes in Equity	9
Notes to the Financial Statements	10

ABILITY HOTELS (CAMBRIDGE) 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: 06418183

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 principal activity of the company is the operation of the Doubletree by Hilton Cambridge Garden Inn Hotel.

During the year the hotel experienced a decrease in turnover of 11.6%. This was due to renovation works being carried out to the hotel.

The Hilton Hotel in Cambridge is one of the few branded hotels in the city centre and therefore one of only a few hotels in the area with a recognisable global name.

The results of the company for the year, as set out on page 6, show a net profit before interest on intercompany loans of £1,820k (2015: £2,657k) and after intercompany loan interest a loss of £262k (2015: £559k profit).

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

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.

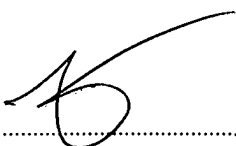
The company has appropriate systems in place for recruitment, reward and compensation and performance management. Development and maintenance of the company's culture also plays a leading role in minimising risk.

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.

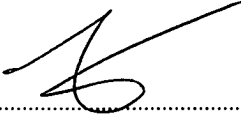
The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies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

30/6/17

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

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

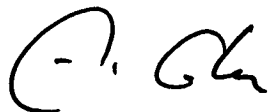
Opinion on other matter prescribed by the Companies Act 2006

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 (CAMBRIDGE) LIMITED (REGISTERED NUMBER: 06418183)

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	31.12.16 £	31.12.15 £
TURNOVER		8,769,283	9,919,713
Cost of sales		526,079	695,341
GROSS PROFIT		8,243,204	9,224,372
Administrative expenses		6,487,686	6,632,595
		1,755,518	2,591,777
Other operating income		65,000	65,000
OPERATING PROFIT	4	1,820,518	2,656,777
Interest receivable and similar income		327	286
		1,820,845	2,657,063
Interest payable and similar expenses	5	2,083,270	2,098,089
(LOSS)/PROFIT BEFORE TAXATION		(262,425)	558,974
Tax on (loss)/profit	6	57,640	(3,534)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(320,065)	562,508

The notes form part of these financial statements

ABILITY HOTELS (CAMBRIDGE) LIMITED (REGISTERED NUMBER: 06418183)

OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	31.12.16 £	31.12.15 £
(LOSS)/PROFIT FOR THE YEAR		(320,065)	562,508
OTHER COMPREHENSIVE INCOME			
Property revaluation		-	339,501
Income tax relating to other comprehensive income		-	29,639
		<hr/>	<hr/>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		-	369,140
		<hr/>	<hr/>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(320,065)</u>	<u>931,648</u>

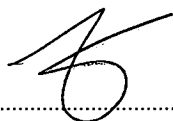
The notes form part of these financial statements

ABILITY HOTELS (CAMBRIDGE) LIMITED (REGISTERED NUMBER: 06418183)

BALANCE SHEET
31 DECEMBER 2016

	Notes	31.12.16 £	31.12.15 £
FIXED ASSETS			
Tangible assets	7	59,595,664	59,800,000
CURRENT ASSETS			
Stocks	8	21,197	15,209
Debtors	9	311,313	268,954
Cash at bank and in hand		1,079,603	1,210,250
		<u>1,412,113</u>	<u>1,494,413</u>
CREDITORS			
Amounts falling due within one year	10	<u>1,762,727</u>	<u>1,590,854</u>
NET CURRENT LIABILITIES		<u>(350,614)</u>	<u>(96,441)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>59,245,050</u>	<u>59,703,559</u>
CREDITORS			
Amounts falling due after more than one year	11	(38,860,287)	(39,056,371)
PROVISIONS FOR LIABILITIES	15	<u>(5,500,534)</u>	<u>(5,442,894)</u>
NET ASSETS		<u><u>14,884,229</u></u>	<u><u>15,204,294</u></u>
CAPITAL AND RESERVES			
Called up share capital	16	1	1
Revaluation reserve	17	20,775,575	20,775,575
Retained earnings	17	(5,891,347)	(5,571,282)
SHAREHOLDERS' FUNDS	22	<u><u>14,884,229</u></u>	<u><u>15,204,294</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 £	Total equity £
Balance at 1 January 2015	1	(6,364,120)	20,636,765	14,272,646
Changes in equity				
Total comprehensive income	-	792,838	138,810	931,648
Balance at 31 December 2015	1	(5,571,282)	20,775,575	15,204,294
Changes in equity				
Total comprehensive income	-	(320,065)	-	(320,065)
Balance at 31 December 2016	1	(5,891,347)	20,775,575	14,884,229

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

1. STATUTORY INFORMATION

Ability Hotels (Cambridge) Limited is a private company, limited by shares, registered in Not specified/Other. 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.

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.

Long leasehold	- Straight line over 120 years
Fixtures and fittings	- 15% on reducing balance
Computer equipment	- 33% 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.

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 profit or loss on a straight line basis over the period of the lease.

Other income

Other income represents loan interest recharged to group companies.

Pension

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

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.

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.

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

3. EMPLOYEES AND DIRECTORS

	31.12.16	31.12.15
	£	£
Wages and salaries	1,768,978	1,852,397
	<u> </u>	<u> </u>

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

	31.12.16	31.12.15
Operations	70	80
Administration	14	10
	<u> </u>	<u> </u>
	84	90
	<u> </u>	<u> </u>

	31.12.16	31.12.15
	£	£
Director's remuneration	-	-
	<u> </u>	<u> </u>

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	31.12.16	31.12.15
	£	£
Hire of plant and machinery	39,066	43,370
Depreciation - owned assets	688,351	650,821
Auditors' remuneration	5,000	9,000
Foreign exchange differences	170	(265)
	<u> </u>	<u> </u>

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	31.12.16	31.12.15
	£	£
Bank loan interest	1,874,260	1,891,597
Interest on intercompany loan	209,010	206,492
	<u> </u>	<u> </u>
	2,083,270	2,098,089
	<u> </u>	<u> </u>

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	57,640	(3,534)
	<u> </u>	<u> </u>
Tax on (loss)/profit	57,640	(3,534)
	<u> </u>	<u> </u>

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

6. TAXATION - continued

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)/profit before tax	<u>(262,425)</u>	<u>558,974</u>
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20%)	(52,485)	111,795
Effects of:		
Excess of depreciation charges over capital allowances charges	77,641	57,557
Expenses not allowable for tax purposes	720	41,298
Losses brought forward utilised against current year profits. periods	(25,876)	(210,650)
Deferred tax movement	<u>57,640</u>	<u>(3,534)</u>
Total tax charge/(credit)	<u><u>57,640</u></u>	<u><u>(3,534)</u></u>

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	339,501	29,639	369,140
	<u>339,501</u>	<u>29,639</u>	<u>369,140</u>

7. TANGIBLE FIXED ASSETS

	Long leasehold £	Fixtures and fittings £	Computer equipment £	Totals £
COST OR VALUATION				
At 1 January 2016	62,532,121	1,259,087	107,457	63,898,665
Additions	319,323	164,692	-	484,015
At 31 December 2016	<u>62,851,444</u>	<u>1,423,779</u>	<u>107,457</u>	<u>64,382,680</u>
DEPRECIATION				
At 1 January 2016	3,404,879	594,995	98,791	4,098,665
Charge for year	561,174	124,317	2,860	688,351
At 31 December 2016	<u>3,966,053</u>	<u>719,312</u>	<u>101,651</u>	<u>4,787,016</u>
NET BOOK VALUE				
At 31 December 2016	<u>58,885,391</u>	<u>704,467</u>	<u>5,806</u>	<u>59,595,664</u>
At 31 December 2015	<u>59,127,242</u>	<u>664,092</u>	<u>8,666</u>	<u>59,800,000</u>

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 £	Fixtures and fittings £	Computer equipment £	Totals £
Valuation in 2009	7,614,183	-	-	7,614,183
Valuation in 2010	11,800,984	-	-	11,800,984
Valuation in 2013	1,359,198	-	-	1,359,198
Valuation in 2014	5,559,676	-	-	5,559,676
Valuation in 2015	339,501	-	-	339,501
Cost	36,177,902	1,423,779	107,457	37,709,138
	<u>62,851,444</u>	<u>1,423,779</u>	<u>107,457</u>	<u>64,382,680</u>

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

	31.12.16 £	31.12.15 £
Cost	<u>35,858,580</u>	<u>35,858,580</u>
Aggregate depreciation	<u>2,367,310</u>	<u>2,367,310</u>

Long leasehold, including plant and machinery and fixture and fittings to the sum of £59.8m has been valued by CBRE on 30 April 2016.

8. STOCKS

	31.12.16 £	31.12.15 £
Stocks	<u>21,197</u>	<u>15,209</u>

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.16 £	31.12.15 £
Trade debtors	132,995	98,938
Other debtors	(504)	1,996
Prepayments	178,822	168,020
	<u>311,313</u>	<u>268,954</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.16 £	31.12.15 £
Bank loans and overdrafts (see note 12)	238,027	109,646
Trade creditors	173,788	90,753
Social security and other taxes	31,072	33,423
VAT	246,224	272,069
Other creditors	87,336	39,869
Advance deposits	152,754	151,558
Deferred income	81,250	146,250
Accrued expenses	752,276	747,286
	<u>1,762,727</u>	<u>1,590,854</u>

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

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

	31.12.16	31.12.15
	£	£
Bank loans (see note 12)	32,758,408	32,950,111
Amounts owed to group undertakings	6,101,879	6,106,260
	<u>38,860,287</u>	<u>39,056,371</u>

12. LOANS

An analysis of the maturity of loans is given below:

	31.12.16	31.12.15
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	-	105
Bank loans	238,027	109,541
	<u>238,027</u>	<u>109,646</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	263,082	237,861
	<u>263,082</u>	<u>237,861</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	939,580	863,811
	<u>939,580</u>	<u>863,811</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans more 5 yr by instal	31,555,746	31,848,439
	<u>31,555,746</u>	<u>31,848,439</u>

Bank loans amounts falling due in more than five years repayable by instalments incur an interest rate of 5.5% and is repayable in 2024.

13. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31.12.16	31.12.15
	£	£
In more than five years	-	400,000
	<u>-</u>	<u>400,000</u>

14. SECURED DEBTS

The following secured debts are included within creditors:

	31.12.16	31.12.15
	£	£
Bank loans	32,996,435	33,059,652
	<u>32,996,435</u>	<u>33,059,652</u>

The bank loan is secured by way of debenture and legal charge over the assets of the company.

15. PROVISIONS FOR LIABILITIES

	31.12.16	31.12.15
	£	£
Deferred tax	5,500,534	5,442,894
	<u>5,500,534</u>	<u>5,442,894</u>

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

15. PROVISIONS FOR LIABILITIES - continued

	Deferred tax £
Balance at 1 January 2016	5,442,894
Provided during year	57,640
	<hr/>
Balance at 31 December 2016	5,500,534
	<hr/>

16. CALLED UP SHARE CAPITAL

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

17. RESERVES

	Retained earnings £	Revaluation reserve £	Totals £
At 1 January 2016	(5,571,282)	20,775,575	15,204,293
Deficit for the year	(320,065)		(320,065)
	<hr/>	<hr/>	<hr/>
At 31 December 2016	(5,891,347)	20,775,575	14,884,228
	<hr/>	<hr/>	<hr/>

18. 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 £12,532 (2015: £14,616) for the year under review.

19. CONTINGENT LIABILITIES

The parent company is party to a facility which includes loan finance amounting to £11.7m. This loan has been guaranteed by Ability Hotels (Cambridge) Limited and Ability Hotels (Luton Inn) Limited. The company also provides cross guarantee to Ability Hotels (Luton Inn) Limited amounting to £13m.

20. 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.

21. ULTIMATE CONTROLLING PARTY

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

22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31.12.16 £	31.12.15 £
(Loss)/profit for the financial year	(320,065)	562,508
Other comprehensive income relating to the year (net)	-	369,140
	<hr/>	<hr/>
Net (reduction)/addition to shareholders' funds	(320,065)	931,648
Opening shareholders' funds	15,204,294	14,272,646
	<hr/>	<hr/>
Closing shareholders' funds	14,884,229	15,204,294
	<hr/>	<hr/>

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

23. PARENT COMPANY

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