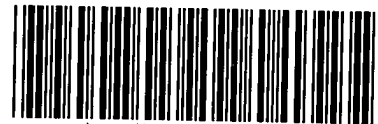


**STRATEGIC REPORT, REPORT OF THE DIRECTOR AND**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014**  
**FOR**  
**ABILITY HOTELS (CAMBRIDGE) LIMITED**

WEDNESDAY



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**FOR THE YEAR ENDED 31 DECEMBER 2014**

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**ABILITY HOTELS (CAMBRIDGE) LIMITED**

**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**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:** 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 2014**

The director presents his strategic report for the year ended 31 December 2014.

**REVIEW OF BUSINESS**

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

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 8%. This was due to an increase in average room rate and increase in occupancy.

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 7, show a loss on ordinary activities before tax of £6,942k (2013: £266k profit). This year the loss has been caused by a swap breakage fee of £7,700k as a result of refinancing during the year. Without this fee, the profit before tax would have been £758k.

**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**

During the year, the company redeemed the bank loan which resulted in a swap breakage fee of £7,700k. This one-off cost is reflected in the profit and loss account. The bank loan was re-financed on a new long term facility taking advantage of the low interest rates in the market place. The impact of the re-financing should enable the company to report increased profitability in the future.

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 2014**

**FUTURE DEVELOPMENTS**

During the period under review the company applied for permitted development in order to increase the capacity of the hotel. In 2015, the company was successful in obtaining planning permission to extend the hotel to create additional bedrooms. The company will be implementing the planning in 2015, which will increase the value and revenue of the property.

**ON BEHALF OF THE BOARD:**

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

Date: 4/08/2015

**REPORT OF THE DIRECTOR**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

The director presents his report with the financial statements of the company for the year ended 31 December 2014.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2014.

**FUTURE DEVELOPMENTS**

Future developments of the company is discussed in the strategic report.

**EVENTS SINCE THE END OF THE YEAR**

Information relating to events since the end of the year is given in the notes to the financial statements.

**DIRECTOR**

A.C. Panayiotou held office during the whole of the period from 1 January 2014 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 2014**

**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: 4/08/2015 .....

**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 2014 which comprise the Profit and Loss Account, the Balance Sheet, 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 2014 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: 4/8/15

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



**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

|                                                                 | Notes | 31.12.14<br>£             | 31.12.13<br>£         |
|-----------------------------------------------------------------|-------|---------------------------|-----------------------|
| <b>TURNOVER</b>                                                 |       | 9,498,936                 | 8,676,502             |
| Cost of sales                                                   |       | <u>660,723</u>            | <u>519,745</u>        |
| <b>GROSS PROFIT</b>                                             |       | 8,838,213                 | 8,156,757             |
| Administrative expenses                                         |       | <u>14,003,796</u>         | <u>6,056,786</u>      |
|                                                                 |       | (5,165,583)               | 2,099,971             |
| Other operating income                                          |       | <u>65,000</u>             | <u>65,000</u>         |
| <b>OPERATING (LOSS)/PROFIT</b>                                  | 3     | (5,100,583)               | 2,164,971             |
| Interest payable and similar charges                            | 4     | <u>1,842,304</u>          | <u>1,898,925</u>      |
| <b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES<br/>BEFORE TAXATION</b> |       | (6,942,887)               | 266,046               |
| Tax on (loss)/profit on ordinary activities                     | 5     | <u>-</u>                  | <u>-</u>              |
| <b>(LOSS)/PROFIT FOR THE FINANCIAL<br/>YEAR</b>                 |       | <u><u>(6,942,887)</u></u> | <u><u>266,046</u></u> |

**CONTINUING OPERATIONS**

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

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

|                                                               | 31.12.14<br>£      | 31.12.13<br>£    |
|---------------------------------------------------------------|--------------------|------------------|
| <b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>                   | (6,942,887)        | 266,046          |
| Unrealised surplus on revaluation of properties               | 5,559,676          | 1,359,198        |
|                                                               | <hr/>              | <hr/>            |
| <b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b> | <b>(1,383,211)</b> | <b>1,625,244</b> |
|                                                               | <hr/>              | <hr/>            |

**NOTE OF HISTORICAL COST PROFITS AND LOSSES**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

|                                                                                                                                              | 31.12.14<br>£      | 31.12.13<br>£  |
|----------------------------------------------------------------------------------------------------------------------------------------------|--------------------|----------------|
| <b>REPORTED (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>                                                                         | (6,942,887)        | 266,046        |
| Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount | 160,735            | 160,735        |
|                                                                                                                                              | <hr/>              | <hr/>          |
| <b>HISTORICAL COST (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>                                                                  | <b>(6,782,152)</b> | <b>426,781</b> |
|                                                                                                                                              | <hr/>              | <hr/>          |
| <b>HISTORICAL COST (LOSS)/PROFIT FOR THE YEAR RETAINED AFTER TAXATION</b>                                                                    | <b>(6,782,152)</b> | <b>426,781</b> |
|                                                                                                                                              | <hr/>              | <hr/>          |

**BALANCE SHEET**  
**31 DECEMBER 2014**

|                                              | Notes | 31.12.14<br>£    | £                  | 31.12.13<br>£     | £                   |
|----------------------------------------------|-------|------------------|--------------------|-------------------|---------------------|
| <b>FIXED ASSETS</b>                          |       |                  |                    |                   |                     |
| Tangible assets                              | 6     |                  | 59,600,000         |                   | 54,500,000          |
| <b>CURRENT ASSETS</b>                        |       |                  |                    |                   |                     |
| Stocks                                       | 7     | 21,795           |                    | 20,174            |                     |
| Debtors                                      | 8     | 334,988          |                    | 341,596           |                     |
| Cash at bank and in hand                     |       | 1,261,642        |                    | 646,316           |                     |
|                                              |       | <u>1,618,425</u> |                    | <u>1,008,086</u>  |                     |
| <b>CREDITORS</b>                             |       |                  |                    |                   |                     |
| Amounts falling due within one year          | 9     | <u>3,341,969</u> |                    | <u>28,220,711</u> |                     |
| <b>NET CURRENT LIABILITIES</b>               |       |                  | <u>(1,723,544)</u> |                   | <u>(27,212,625)</u> |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> |       |                  | 57,876,456         |                   | 27,287,375          |
| <b>CREDITORS</b>                             |       |                  |                    |                   |                     |
| Amounts falling due after more than one year | 10    |                  | <u>38,127,743</u>  |                   | <u>6,155,451</u>    |
| <b>NET ASSETS</b>                            |       |                  | <u>19,748,713</u>  |                   | <u>21,131,924</u>   |
| <b>CAPITAL AND RESERVES</b>                  |       |                  |                    |                   |                     |
| Called up share capital                      | 14    |                  | 1                  |                   | 1                   |
| Revaluation reserve                          | 15    |                  | 25,386,803         |                   | 19,987,862          |
| Profit and loss account                      | 15    |                  | <u>(5,638,091)</u> |                   | <u>1,144,061</u>    |
| <b>SHAREHOLDERS' FUNDS</b>                   | 21    |                  | <u>19,748,713</u>  |                   | <u>21,131,924</u>   |

The financial statements were approved by the director on 4/08/2015 and were signed by:

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**1. ACCOUNTING POLICIES**

**Accounting convention**

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

**Financial Reporting Standard number 1**

Exemption has been taken from preparing a cash flow statement on the grounds that the parent company includes the subsidiary in its published financial statements.

**Related party exemption**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 8 Related Party Disclosures, not to disclose related party transactions with wholly owned companies within the group.

**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.

**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.

**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.

**Debt instruments**

Debt 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.

**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**

|                    | 31.12.14         | 31.12.13         |
|--------------------|------------------|------------------|
|                    | £                | £                |
| Wages and salaries | <u>1,791,082</u> | <u>1,707,998</u> |

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**2. STAFF COSTS - continued**

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

|                | 31.12.14  | 31.12.13  |
|----------------|-----------|-----------|
| Operations     | 80        | 69        |
| Administration | 10        | 10        |
|                | <u>90</u> | <u>79</u> |

**3. OPERATING (LOSS)/PROFIT**

The operating loss (2013 - operating profit) is stated after charging/(crediting):

|                              | 31.12.14         | 31.12.13 |
|------------------------------|------------------|----------|
|                              | £                | £        |
| Hire of plant and machinery  | 36,887           | 40,195   |
| Depreciation - owned assets  | 550,247          | 553,261  |
| Auditors' remuneration       | 11,000           | 10,000   |
| Foreign exchange differences | (359)            | (578)    |
| Swap breakage fee            | 7,700,000        | -        |
|                              | <u>7,700,000</u> | <u>-</u> |
| Director's remuneration      | -                | -        |
|                              | <u>-</u>         | <u>-</u> |

**4. INTEREST PAYABLE AND SIMILAR CHARGES**

|                               | 31.12.14         | 31.12.13         |
|-------------------------------|------------------|------------------|
|                               | £                | £                |
| Bank loan interest            | 1,731,376        | 1,780,755        |
| Interest on intercompany loan | 110,928          | 118,170          |
|                               | <u>1,842,304</u> | <u>1,898,925</u> |

**5. TAXATION**

**Analysis of the tax charge**

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2014 nor for the year ended 31 December 2013.

**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:

|                                                                                                                       | 31.12.14           | 31.12.13       |
|-----------------------------------------------------------------------------------------------------------------------|--------------------|----------------|
|                                                                                                                       | £                  | £              |
| (Loss)/profit on ordinary activities before tax                                                                       | <u>(6,942,887)</u> | <u>266,046</u> |
| (Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21% (2013 - 23%) | (1,458,006)        | 61,191         |
| Effects of:                                                                                                           |                    |                |
| Excess of depreciation charges over capital allowances charges purposes                                               | 45,713             | 38,687         |
| Losses brought forward utilised against current year profits.                                                         | -                  | (99,878)       |
| Losses available for future periods                                                                                   | <u>1,412,293</u>   | <u>-</u>       |
| Current tax charge                                                                                                    | <u>-</u>           | <u>-</u>       |

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**5. TAXATION - continued**

**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 £5,077,361. No provision has been made in these accounts in accordance with FRS 19.

**6. TANGIBLE FIXED ASSETS**

|                          | Long<br>leasehold<br>£ | Fixtures<br>and<br>fittings<br>£ | Computer<br>equipment<br>£ | Totals<br>£ |
|--------------------------|------------------------|----------------------------------|----------------------------|-------------|
| <b>COST OR VALUATION</b> |                        |                                  |                            |             |
| At 1 January 2014        | 56,411,323             | 878,817                          | 107,457                    | 57,397,597  |
| Additions                | 4,046                  | 86,525                           | -                          | 90,571      |
| Revaluations             | 5,559,676              | -                                | -                          | 5,559,676   |
| At 31 December 2014      | 61,975,045             | 965,342                          | 107,457                    | 63,047,844  |
| <b>DEPRECIATION</b>      |                        |                                  |                            |             |
| At 1 January 2014        | 2,417,681              | 391,765                          | 88,151                     | 2,897,597   |
| Charge for year          | 457,839                | 86,037                           | 6,371                      | 550,247     |
| At 31 December 2014      | 2,875,520              | 477,802                          | 94,522                     | 3,447,844   |
| <b>NET BOOK VALUE</b>    |                        |                                  |                            |             |
| At 31 December 2014      | 59,099,525             | 487,540                          | 12,935                     | 59,600,000  |
| At 31 December 2013      | 53,993,642             | 487,052                          | 19,306                     | 54,500,000  |

Cost or valuation at 31 December 2014 is represented by:

|                   | Long<br>leasehold<br>£ | Fixtures<br>and<br>fittings<br>£ | Computer<br>equipment<br>£ | Totals<br>£ |
|-------------------|------------------------|----------------------------------|----------------------------|-------------|
| 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   |
| Cost              | 35,641,004             | 965,342                          | 107,457                    | 36,713,803  |
|                   | 61,975,045             | 965,342                          | 107,457                    | 63,047,844  |

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

|                        |            |            |
|------------------------|------------|------------|
|                        | 31.12.14   | 31.12.13   |
|                        | £          | £          |
| Cost                   | 35,641,005 | 35,636,958 |
| Aggregate depreciation | 2,068,281  | 1,771,178  |

The company's hotel which includes leasehold property, fixture and fittings and computer equipment to the sum of £59,600,000 is included at open market value as valued by the director on 31 December 2014.

**7. STOCKS**

|        |          |          |
|--------|----------|----------|
|        | 31.12.14 | 31.12.13 |
|        | £        | £        |
| Stocks | 21,795   | 20,174   |

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

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

|               | 31.12.14       | 31.12.13       |
|---------------|----------------|----------------|
|               | £              | £              |
| Trade debtors | 155,234        | 131,151        |
| Other debtors | 1,463          | 21,530         |
| Prepayments   | 178,291        | 188,915        |
|               | <u>334,988</u> | <u>341,596</u> |

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

|                                         | 31.12.14         | 31.12.13          |
|-----------------------------------------|------------------|-------------------|
|                                         | £                | £                 |
| Bank loans and overdrafts (see note 11) | -                | 25,517,708        |
| Trade creditors                         | 121,930          | 173,595           |
| Amounts owed to group undertakings      | 1,738,240        | 1,294,306         |
| Social security and other taxes         | 31,213           | 28,235            |
| VAT                                     | 328,864          | 232,185           |
| Other creditors                         | 49,771           | 41,702            |
| Advance deposits                        | 133,265          | 121,793           |
| Deferred income                         | 211,250          | 276,250           |
| Accrued expenses                        | 727,436          | 534,937           |
|                                         | <u>3,341,969</u> | <u>28,220,711</u> |

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

|                                    | 31.12.14          | 31.12.13         |
|------------------------------------|-------------------|------------------|
|                                    | £                 | £                |
| Bank loans (see note 11)           | 33,002,445        | -                |
| Amounts owed to group undertakings | 5,125,298         | 6,155,451        |
|                                    | <u>38,127,743</u> | <u>6,155,451</u> |

**11. LOANS**

An analysis of the maturity of loans is given below:

|                                                   | 31.12.14          | 31.12.13          |
|---------------------------------------------------|-------------------|-------------------|
|                                                   | £                 | £                 |
| Amounts falling due within one year or on demand: |                   |                   |
| Bank loans                                        | <u>-</u>          | <u>25,517,708</u> |
| Amounts falling due between one and two years:    |                   |                   |
| Bank loans - 1-2 years                            | <u>108,345</u>    | <u>-</u>          |
| Amounts falling due between two and five years:   |                   |                   |
| Bank loans - 2-5 years                            | <u>781,433</u>    | <u>-</u>          |
| Amounts falling due in more than five years:      |                   |                   |
| Repayable by instalments                          |                   |                   |
| Bank loans more 5 yr by instal                    | <u>32,112,667</u> | <u>-</u>          |

Bank loans amounts falling due in more than five years repayable by instalments incur a weighted average interest rate of 5.6% and mature in 2024.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**12. OPERATING LEASE COMMITMENTS**

The following operating lease payments are committed to be paid within one year:

|                            | Land and buildings |                | Other operating leases |               |
|----------------------------|--------------------|----------------|------------------------|---------------|
|                            | 31.12.14           | 31.12.13       | 31.12.14               | 31.12.13      |
|                            | £                  | £              | £                      | £             |
| Expiring:                  |                    |                |                        |               |
| Between one and five years | -                  | -              | 54,965                 | 53,000        |
| In more than five years    | 400,000            | 400,000        | -                      | -             |
|                            | <u>400,000</u>     | <u>400,000</u> | <u>54,965</u>          | <u>53,000</u> |

**13. SECURED DEBTS**

The following secured debts are included within creditors:

|            | 31.12.14          | 31.12.13          |
|------------|-------------------|-------------------|
|            | £                 | £                 |
| Bank loans | <u>33,002,445</u> | <u>25,517,708</u> |

During the year the company restructured its finances and as a result the loan secured on the property was redeemed in full. This resulted in a swap breakage fee amounting to £7,700,000 and this has been reflected in the profit and loss account.

The company has refinanced the hotel on a new 10 year fixed term agreement. The bank loan is secured by way of debenture and legal charge over the assets of the company.

**14. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

| Number: | Class:   | Nominal value: | 31.12.14 | 31.12.13 |
|---------|----------|----------------|----------|----------|
|         |          |                | £        | £        |
| 1       | Ordinary | £1             | <u>1</u> | <u>1</u> |

**15. RESERVES**

|                                                | Profit and loss account | Revaluation reserve | Totals            |
|------------------------------------------------|-------------------------|---------------------|-------------------|
|                                                | £                       | £                   | £                 |
| At 1 January 2014                              | 1,144,061               | 19,987,862          | 21,131,923        |
| Deficit for the year                           | (6,942,887)             |                     | (6,942,887)       |
| Revaluation during the period                  | -                       | 5,559,676           | 5,559,676         |
| Transfer of depreciation charge on revaluation | 160,735                 | (160,735)           | -                 |
| At 31 December 2014                            | <u>(5,638,091)</u>      | <u>25,386,803</u>   | <u>19,748,712</u> |

**16. 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 £18,653 (2013: £17,199) for the year under review.

**17. CONTINGENT LIABILITIES**

The company's parent has entered into a bank loan of £10.8m. This loan has been guaranteed by the company.



**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**18. RELATED PARTY DISCLOSURES**

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 incorporated in Cyprus.

**19. POST BALANCE SHEET EVENTS**

After the balance sheet date the company was granted permission to extend the hotel to create additional bedrooms.

**20. 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.

**21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

|                                                              | 31.12.14<br>£      | 31.12.13<br>£     |
|--------------------------------------------------------------|--------------------|-------------------|
| (Loss)/profit for the financial year                         | (6,942,887)        | 266,046           |
| Other recognised gains and losses relating to the year (net) | 5,559,676          | 1,359,198         |
| <b>Net (reduction)/addition to shareholders' funds</b>       | <b>(1,383,211)</b> | <b>1,625,244</b>  |
| Opening shareholders' funds                                  | 21,131,924         | 19,506,680        |
| <b>Closing shareholders' funds</b>                           | <b>19,748,713</b>  | <b>21,131,924</b> |