

REGISTERED NUMBER: 06581169 (England and Wales)

**STRATEGIC REPORT, REPORT OF THE DIRECTOR AND**  
**AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013**  
**FOR**  
**ABILITY HOTELS (SYON) LIMITED**



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**FOR THE YEAR ENDED 31 DECEMBER 2013**

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**ABILITY HOTELS (SYON) LIMITED**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

<b>DIRECTOR:</b>	A.C. Panayiotou
<b>SECRETARY:</b>	J.Y. Chin
<b>REGISTERED OFFICE:</b>	Top Floor Hampton by Hilton 42-50 Kimpton Road Luton Bedfordshire LU2 0NB
<b>REGISTERED NUMBER:</b>	06581169 (England and Wales)
<b>AUDITORS:</b>	Numeria Partners LLP Statutory Auditors 6th Floor Charles House 108-110 Finchley Road London NW3 5JJ

**Ability Hotels (Syon) Limited**  
**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

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

**REVIEW OF BUSINESS**

The principal activity of the company is a holding company. The subsidiary's principal activity is the operation of a Hilton Hotel.

The director is satisfied with the performance of the subsidiary in the year under review. During the year the hotel was successfully rebranded to a core 5 star Hilton Hotel. The rebranding has enabled the subsidiary to capitalise on key Hilton sales and marketing initiatives, as well as significant cost savings which have allowed the subsidiary to increase both turnover and profitability in the year. The subsidiary also benefitted in the prior period due to the success of the London Olympics and the director is confident that these factors will lead to a further period of growth and profitability in the next financial period.

The results of the subsidiary show an operating profit on ordinary activities before tax of £7,741k (2012: £181k). This includes a one off intercompany balance release of £7m, without this release, the profit before tax is £741k. This is mainly attributable to an increase in turnover of 0.5% and more effective control over the company's operating expenses since the rebranding. The rebranding of the hotel resulted in significant cost savings overall. The hotel increased their gross profit by £288k, whilst increasing operating profits by £560k.

**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 subsidiary's operations and its results are subject to a number of factors which could affect the subsidiary's business, many of which are common to the hotel industry and beyond the subsidiary'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 subsidiary. 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 subsidiary's bank borrowings are currently with one major lender and the financing arrangements contain security over the assets of the subsidiary. Therefore, there is a potential risk that the subsidiary may be at risk of default under the financing arrangements.

To mitigate against this risk the management team meets regularly to review the financial performance of the hotel, the financial covenant ratios within the financing agreements are monitored on an ongoing basis.

Furthermore, during the year the subsidiary restructured their finances and entered into a 5 year loan. This has further mitigated the borrowing risks associated with the company. As a result of the restructure and in accordance with FRS 4 there were residual loan issue costs of £189k brought forward from 2012 in respect of the original finance agreement which have been written off. In addition the new arrangement fees of £75k have also been written off in 2013.

**FIXED OPERATING EXPENSES**

The subsidiary'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 subsidiary 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.

**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

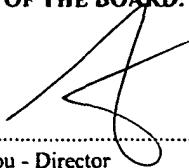
**KEY SENIOR PERSONNEL AND MANAGEMENT**

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

The key senior management in the hotel is provided by Hilton and therefore there is a pool of staff available should key personnel leave.

**ON BEHALF OF THE BOARD:**



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

Date: .....

30/9/14

**REPORT OF THE DIRECTOR**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

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

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of a holding company.

**DIVIDENDS**

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

**FUTURE DEVELOPMENTS**

It is anticipated that the hotel in the subsidiary will increase its occupancy and room rates for the forthcoming year.

**DIRECTOR**

A.C. Panayiotou held office during the whole of the period from 1 January 2013 to the date of this report.

**FINANCIAL INSTRUMENTS**

Information on financial risks and other risks is set out below:

Treasury activities take place under procedures and policies monitored by the director. They are designed to minimise the financial risks faced by the company which primarily arise from interest rate, credit and 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.

Rent debtors are managed in respect of credit and cash flow risk by carrying out checks on prospective tenants and the regular monitoring of amounts outstanding for both time and credit limits. Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Derivative transactions entered into by the company comprise interest rate swaps to limit the company's exposure to interest rate risk.

**STATEMENT OF DIRECTOR'S RESPONSIBILITIES**

The director is responsible for preparing the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**REPORT OF THE DIRECTOR**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**ON BEHALF OF THE BOARD:**



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

Date: 30/9/14 .....

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

We have audited the financial statements of Ability Hotels (Syon) Limited for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of director and auditors**

As explained more fully in the Statement of Director's Responsibilities, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Report of the Director to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

In our opinion the information given in the Strategic Report and the Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Giles Cohen (Senior Statutory Auditor)  
for and on behalf of Numera Partners LLP  
Statutory Auditors  
6th Floor  
Charles House  
108-110 Finchley Road  
London  
NW3 5JJ

Date: 30/9/14

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



**ABILITY HOTELS (SYON) LIMITED (REGISTERED NUMBER: 06581169)**

**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

	Notes	31.12.13 £	31.12.12 £
<b>TURNOVER</b>		-	-
Administrative expenses		7,133,482	227,756
<b>OPERATING LOSS</b>	3	(7,133,482)	(227,756)
Interest receivable and similar income		460	787
		(7,133,022)	(226,969)
Interest payable and similar charges	4	-	143,135
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(7,133,022)	(370,104)
Tax on loss on ordinary activities	5	-	-
<b>LOSS FOR THE FINANCIAL YEAR</b>		(7,133,022)	(370,104)

**CONTINUING OPERATIONS**

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

**TOTAL RECOGNISED GAINS AND LOSSES**

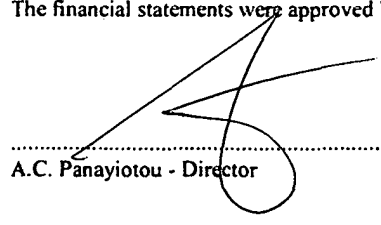
The company has no recognised gains or losses other than the losses for the current year or previous year.

**ABILITY HOTELS (SYON) LIMITED (REGISTERED NUMBER: 06581169)**

**BALANCE SHEET**  
**31 DECEMBER 2013**

	Notes	31.12.13 £	£	31.12.12 £	£
<b>FIXED ASSETS</b>					
Tangible assets	6		-		764,206
Investments	7		1,817,089		1,817,089
			<u>1,817,089</u>		<u>2,581,295</u>
<b>CURRENT ASSETS</b>					
Debtors	8	10,937,849		17,400,474	
Cash at bank and in hand		<u>17,359</u>		<u>267,076</u>	
		10,955,208		17,667,550	
<b>CREDITORS</b>					
Amounts falling due within one year	9	<u>96,073</u>		<u>816,942</u>	
<b>NET CURRENT ASSETS</b>					
			<u>10,859,135</u>		<u>16,850,608</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
			12,676,224		19,431,903
<b>CREDITORS</b>					
Amounts falling due after more than one year	10		<u>20,869,953</u>		<u>20,492,610</u>
<b>NET LIABILITIES</b>					
			<u>(8,193,729)</u>		<u>(1,060,707)</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	11		1		1
Profit and loss account	12		<u>(8,193,730)</u>		<u>(1,060,708)</u>
<b>SHAREHOLDERS' FUNDS</b>					
	15		<u>(8,193,729)</u>		<u>(1,060,707)</u>

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

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

The notes form part of these financial statements

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

**1. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

The presence of net liabilities arises as a result of amounts owed to a connected undertaking, Ability Developments Limited. Ability Developments Limited has informed the company that it has 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.

**Accounting convention**

The financial statements have been prepared under the historical cost convention.

**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.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Plant and machinery - 16.67% reducing balance

**Fixed assets investments**

Investments in subsidiaries are carried at cost less impairment.

**2. STAFF COSTS**

There were no staff costs for the year ended 31 December 2013 nor for the year ended 31 December 2012.

**3. OPERATING LOSS**

The operating loss is stated after charging:

	31.12.13	31.12.12
	£	£
Hire of plant and machinery	-	69,132
Depreciation - owned assets	127,393	152,877
	<u>          </u>	<u>          </u>
Director's remuneration	-	-
	<u>          </u>	<u>          </u>

**4. INTEREST PAYABLE AND SIMILAR CHARGES**

	31.12.13	31.12.12
	£	£
Hire purchase	-	143,135
	<u>          </u>	<u>          </u>

**5. TAXATION**

**Analysis of the tax charge**

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

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**6. TANGIBLE FIXED ASSETS**

	Plant and machinery £
<b>COST</b>	
At 1 January 2013	1,100,500
Disposals	(1,100,500)
At 31 December 2013	-
<b>DEPRECIATION</b>	
At 1 January 2013	336,294
Charge for year	127,393
Eliminated on disposal	(463,687)
At 31 December 2013	-
<b>NET BOOK VALUE</b>	
At 31 December 2013	-
At 31 December 2012	764,206

**7. FIXED ASSET INVESTMENTS**

	Unlisted investments £
<b>COST</b>	
At 1 January 2013 and 31 December 2013	1,817,089
<b>NET BOOK VALUE</b>	
At 31 December 2013	1,817,089
At 31 December 2012	1,817,089

The company's investments at the balance sheet date in the share capital of companies include the following:

**Ability Hotels (Syon Park) Limited**  
Nature of business: Operation of hotel

	%
Class of shares:	holding
Ordinary	100.00

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

	31.12.13 £	31.12.12 £
Amounts owed by group undertakings	10,937,849	17,400,474

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

	31.12.13 £	31.12.12 £
Trade creditors	2	2
Amounts owed to group undertakings	96,071	806,779
VAT	-	7,381
Accrued expenses	-	2,780
	96,073	816,942

**ABILITY HOTELS (SYON) LIMITED (REGISTERED NUMBER: 06581169)**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

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

	31.12.13	31.12.12
	£	£
Amounts owed to connected undertakings	<u>20,869,953</u>	<u>20,492,610</u>

**11. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.13	31.12.12
			£	£
1	Ordinary	£1	<u>1</u>	<u>1</u>

**12. RESERVES**

	Profit and loss account £
At 1 January 2013	(1,060,708)
Deficit for the year	<u>(7,133,022)</u>
At 31 December 2013	<u>(8,193,730)</u>

**13. RELATED PARTY DISCLOSURES**

As regards to related party disclosures in respect of group transactions, the company has taken advantage of exemptions contained in FRS8 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.

**14. 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.

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

	31.12.13	31.12.12
	£	£
Loss for the financial year	<u>(7,133,022)</u>	<u>(370,104)</u>
<b>Net reduction of shareholders' funds</b>	<u>(7,133,022)</u>	<u>(370,104)</u>
Opening shareholders' funds	<u>(1,060,707)</u>	<u>(690,603)</u>
<b>Closing shareholders' funds</b>	<u>(8,193,729)</u>	<u>(1,060,707)</u>