

REGISTERED NUMBER: 06589180 (England and Wales)

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



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FOR THE YEAR ENDED 31 DECEMBER 2016

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ABILITY HOTELS (LUTON) 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:	06589180 (England and Wales)
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 that of a holding company. Its subsidiary companies principal activities are the operation of Hilton Hotels in Cambridge and Luton.

The company holds the mezzanine loan for the group. As such the profit and loss account includes interest charged on this debt and the company reported a loss for the period primarily in this regard.

ABILITY HOTELS (CAMBRIDGE) LIMITED

During the year the Cambridge hotel experienced an decrease in turnover of 11.6%. This was principally due to development work being undertaken at the hotel during the period. 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 show a net loss before interest on intercompany loans of £53k (2015: £764k profit) and after intercompany loan interest a loss of £262k (2015: £558k profit).

ABILITY HOTELS (LUTON INN) LIMITED

During the year the Luton hotel experienced an increase in turnover of 15%. This was due to an increase in average room rates and increase in occupancy. The Hilton Hotel in Luton benefits from its close proximity to the Luton airport. The results of the company for the year show a net profit before interest on intercompany loans of £1,444k (2015: £1,110k) and after intercompany loan interest a profit of £1,382k (2015: £1,025k).

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 subsidiaries' operations and its results are subject to a number of factors which could affect the subsidiaries' business, many of which are common to the hotel industry and beyond the subsidiaries' 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 companies. The companies have 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 teams meet regularly to review the performance of the hotels. The covenant ratios within the financing agreement are applied to the hotels and monitored on an ongoing basis.

FIXED OPERATING EXPENSES

The company's subsidiaries incur 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's subsidiaries have 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 subsidiaries is partially attributable to the efforts and abilities of its senior managers. Failure to retain their senior management teams or other key personnel may threaten the success of the subsidiaries operations.

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

The key senior management in the hotels 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 2016

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.

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). 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:

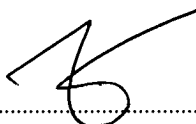
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

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 (LUTON) LIMITED

We have audited the financial statements of Ability Hotels (Luton) 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; 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 (LUTON) LIMITED (REGISTERED NUMBER: 06589180)

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	31.12.16 £	31.12.15 £
TURNOVER		-	-
Administrative expenses		195,882	70,267
OPERATING LOSS	4	(195,882)	(70,267)
Interest receivable and similar income		475,279	480,773
		279,397	410,506
Interest payable and similar expenses	5	1,976,926	2,166,582
LOSS BEFORE TAXATION		(1,697,529)	(1,756,076)
Tax on loss	6	-	-
LOSS FOR THE FINANCIAL YEAR		<u>(1,697,529)</u>	<u>(1,756,076)</u>

The notes form part of these financial statements

ABILITY HOTELS (LUTON) LIMITED (REGISTERED NUMBER: 06589180)

OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	31.12.16 £	31.12.15 £
LOSS FOR THE YEAR		(1,697,529)	(1,756,076)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(1,697,529)</u>	<u>(1,756,076)</u>

The notes form part of these financial statements

ABILITY HOTELS (LUTON) LIMITED (REGISTERED NUMBER: 06589180)

BALANCE SHEET
31 DECEMBER 2016

	Notes	31.12.16 £	£	31.12.15 £	£
FIXED ASSETS					
Investments	7		26,771,646		26,493,746
CURRENT ASSETS					
Debtors	8	6,082,312		5,991,369	
Cash at bank and in hand		502,526		6,260,982	
		<u>6,584,838</u>		<u>12,252,351</u>	
CREDITORS					
Amounts falling due within one year	9	<u>205,892</u>		<u>201,849</u>	
NET CURRENT ASSETS			<u>6,378,946</u>		<u>12,050,502</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			33,150,592		38,544,248
CREDITORS					
Amounts falling due after more than one year	10		<u>37,786,481</u>		<u>41,482,608</u>
NET LIABILITIES			<u>(4,635,889)</u>		<u>(2,938,360)</u>
CAPITAL AND RESERVES					
Called up share capital	13		1		1
Retained earnings	14		<u>(4,635,890)</u>		<u>(2,938,361)</u>
SHAREHOLDERS' FUNDS			<u>(4,635,889)</u>		<u>(2,938,360)</u>

The financial statements were approved by the director on 30/6/17 and were signed by:



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

ABILITY HOTELS (LUTON) LIMITED (REGISTERED NUMBER: 06589180)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2015	1	(1,182,285)	(1,182,284)
Changes in equity			
Total comprehensive income	-	(1,756,076)	(1,756,076)
Balance at 31 December 2015	1	(2,938,361)	(2,938,360)
Changes in equity			
Total comprehensive income	-	(1,697,529)	(1,697,529)
Balance at 31 December 2016	1	(4,635,890)	(4,635,889)

The notes form part of these financial statements

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

1. STATUTORY INFORMATION

Ability Hotels (Luton) Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

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.

The presence of net liabilities arises as a result of amounts owed to group companies, Ability (Hotels) Limited, Ability Hotels (Luton) Limited and Ability Developments Limited. Ability (Hotels) Limited, Ability Hotels (Luton) Limited and Ability Developments Limited have informed the company that they have undertaken to continue to provide such financial support as the company requires for its continued operations for the foreseeable future. Accordingly, the accounts have been prepared on a going concern basis.

Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

Preparation of consolidated financial statements

The financial statements contain information about Ability Hotels (Luton) Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, A.P. The Ability Group Limited, .

Fixed assets investments

Investments in subsidiaries are stated at cost less impairment.

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.

Other income

Other income represents loan interest recharged to group companies.

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.

3. EMPLOYEES AND DIRECTORS

There were no staff costs for the year ended 31 December 2016 nor for the year ended 31 December 2015.

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

4. OPERATING LOSS

The operating loss is stated after charging:

	31.12.16	31.12.15
	£	£
Auditors' remuneration	1,000	1,000
	<u> </u>	<u> </u>

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

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	31.12.16	31.12.15
	£	£
Bank loan interest	1,119,805	1,119,136
Interest on intercompany loan	857,121	1,047,446
	<u>1,976,926</u>	<u>2,166,582</u>

6. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose for the year ended 31 December 2016 nor for the year ended 31 December 2015.

Reconciliation of total tax charge included in profit and loss

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

	31.12.16	31.12.15
	£	£
Loss before tax	<u>(1,697,529)</u>	<u>(1,756,076)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20%)	(339,506)	(351,215)
Effects of: Losses available for future periods	<u>339,506</u>	<u>351,215</u>
Total tax charge	<u>-</u>	<u>-</u>

7. FIXED ASSET INVESTMENTS

	Unlisted investments £
COST	
At 1 January 2016	26,493,746
Additions	277,900
At 31 December 2016	<u>26,771,646</u>
NET BOOK VALUE	
At 31 December 2016	<u>26,771,646</u>
At 31 December 2015	<u>26,493,746</u>

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

Ability Hotels (Cambridge) Limited

Registered office:

Nature of business: Operation of hotel

	%
Class of shares:	holding
Ordinary	100.00

Ability Hotels (Luton Inn) Limited

Registered office:

Nature of business: Operation of hotel

	%
Class of shares:	holding
Ordinary	100.00

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

continued...

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

14. RESERVES

	Retained earnings £
At 1 January 2016	(2,938,361)
Deficit for the year	(1,697,529)
	<hr/>
At 31 December 2016	<u>(4,635,890)</u>

15. 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.

16. ULTIMATE CONTROLLING PARTY

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

17. PARENT COMPANY

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