

REGISTERED NUMBER: 3280282 (England and Wales)

REPORT OF THE DIRECTOR AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009
FOR
ABILITY DEVELOPMENTS LIMITED

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ABILITY DEVELOPMENTS LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2009

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ABILITY DEVELOPMENTS LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2009

DIRECTOR: A C Panayiotou

SECRETARY: J Y Chin

REGISTERED OFFICE. Ability House
7 Portland Place
London
W1B 1PP

REGISTERED NUMBER: 3280282 (England and Wales)

AUDITORS: Accura Partners LLP
Langley House
Park Road
London
N2 8EY

ABILITY DEVELOPMENTS LIMITED
REPORT OF THE DIRECTOR
FOR THE YEAR ENDED 31 DECEMBER 2009

The director presents his report with the financial statements of the company and the group for the year ended 31 December 2009

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of property investment, development and trading

REVIEW OF BUSINESS

The director is satisfied with the performance of the group in the year despite tough economic conditions

Turnover increased to £174.4m in the year principally in respect of a successful sales campaign at the group's Millharbour development. The development was completed during the year and by the balance sheet date approximately 50% of the development had been sold.

Profits also increased during the period to £20.2m. This profitability was assisted by the sale of the shares in Ability (Baker Street) Limited realising a significant profit.

The director was also satisfied with the balance sheet position of the group. The net assets position improved during the year from £109.4m in 2008 to £135.2m in 2009.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2009.

FUTURE DEVELOPMENTS

The director is optimistic regarding the future development of the group.

In respect of the development at Millharbour, the units have continued to be successfully marketed with approximately 85% of the development now sold. In addition the freehold of the site was disposed of after the year end.

The group continues to develop its prime residential property in The Bishops Avenue with an anticipated completion of the development in the latter part of 2010.

The director is optimistic that this in tandem with the continuing excellent relationship with the group's bankers, will lead to further consolidation of the balance sheet position of the group despite the tough economic conditions.

DIRECTOR

A C Panayiotou held office during the whole of the period from 1 January 2009 to the date of this report.

FINANCIAL INSTRUMENTS

Information on financial instruments and other risks is set out below.

Treasury activities take place under procedures and policies monitored by the directors. They are designed to minimise the financial risks faced by the group which primarily arise from interest rate, currency, credit and liquidity risks. It is not the policy of the group to enter into speculative transactions.

FINANCIAL INSTRUMENTS - RISK MANAGEMENT

The most significant treasury exposures faced by the group are raising finance, managing interest rate and currency positions. Treasury policies are in place for managing each of these exposures including the type and use of financial instruments. To reduce its exposure to interest rate changes the group uses interest swaps.

The group has no financial instruments to hedge foreign exchange exposure. The group does not enter into derivative transactions. The fair values of the receivables, payables and cash balances in the accounts approximate their book value.

The main financial risks faced by the group are funding risk and credit risk. The directors continually review the funding status of the company and its exposure to liquidity risk.

DONATIONS

During the year under review the group made donations in the value of £124,072 to various charitable organisations.

ABILITY DEVELOPMENTS LIMITED

REPORT OF THE DIRECTOR
FOR THE YEAR ENDED 31 DECEMBER 2009

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 the group and of the profit or loss of the group 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

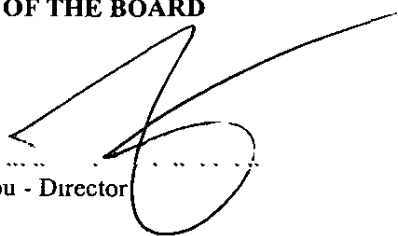
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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 group'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 group's auditors are aware of that information.

AUDITORS

The auditors, Accura Partners LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD


A C Panayiotou - Director

Date

29/9/10

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
ABILITY DEVELOPMENTS LIMITED

We have audited the financial statements of Ability Developments Limited for the year ended 31 December 2009 which comprise the Consolidated Profit and Loss Account, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Cash Flow Statement, 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 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 group's and the parent 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.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2009 and of the group's profit for the year then ended,
- the group financial statements 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 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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 Accura Partners LLP
Statutory Auditors
Langley House
Park Road
London
N2 8EY

Date

29/9/10

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

ABILITY DEVELOPMENTS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	31 12 09 £	£	31 12 08 £	£
TURNOVER			174,417,781		11,993,000
Cost of sales			<u>152,296,369</u>		<u>9,016,252</u>
GROSS PROFIT			22,121,412		2,976,748
Net operating expenses	3		<u>2,145,637</u>		<u>4,818,093</u>
OPERATING PROFIT/(LOSS)			19,975,775		(1,841,345)
Income from fixed asset investments		-		946,374	
Interest receivable and similar income		<u>3,135,138</u>		<u>6,017,172</u>	
			<u>3,135,138</u>		<u>6,963,546</u>
			23,110,913		5,122,201
Interest payable and similar charges	5		<u>2,816,408</u>		<u>1,594,585</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			20,294,505		3,527,616
Tax on profit on ordinary activities	6		<u>11,744</u>		<u>7,921,569</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION			<u>20,282,761</u>		<u>(4,393,953)</u>

CONTINUING OPERATIONS

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

The notes form part of these financial statements

ABILITY DEVELOPMENTS LIMITED

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2009

	31 12 09 £	31 12 08 £
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	20,282,761	(4,393,953)
Unrealised gains on revaluation of assets	<u>5,481,437</u>	<u>1,122,830</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u><u>25,764,198</u></u>	<u><u>(3,271,123)</u></u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES

The difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis is not material

The notes form part of these financial statements

ABILITY DEVELOPMENTS LIMITED - 3280282

CONSOLIDATED BALANCE SHEET
31 DECEMBER 2009

	Notes	31 12 09	31 12 08
		£	£
FIXED ASSETS			
Tangible assets	8	72,067,692	66,615,966
Investments	9	<u>300,010</u>	<u>300,010</u>
		72,367,702	66,915,976
CURRENT ASSETS			
Stocks	10	54,269,219	190,617,784
Debtors	11	81,907,808	70,600,959
Cash at bank and in hand		<u>19,799,564</u>	<u>31,733,211</u>
		155,976,591	292,951,954
CREDITORS			
Amounts falling due within one year	12	<u>70,042,640</u>	<u>250,353,642</u>
NET CURRENT ASSETS		<u>85,933,951</u>	<u>42,598,312</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		158,301,653	109,514,288
CREDITORS			
Amounts falling due after more than one year	13	<u>23,052,763</u>	<u>29,596</u>
NET ASSETS		<u>135,248,890</u>	<u>109,484,692</u>
CAPITAL AND RESERVES			
Called up share capital	17	99	99
Revaluation reserve	18	43,428,719	38,813,628
Profit and loss account	18	<u>91,820,072</u>	<u>70,670,965</u>
SHAREHOLDERS' FUNDS	22	<u>135,248,890</u>	<u>109,484,692</u>

The financial statements were approved by the director on

29/9/10

and were signed by

A C Panayiotou - Director

The notes form part of these financial statements

ABILITY DEVELOPMENTS LIMITED - 3280282

COMPANY BALANCE SHEET
31 DECEMBER 2009

	Notes	31 12 09 £	£	31 12 08 £	£
FIXED ASSETS					
Tangible assets	8		72,067,692		62,615,966
Investments	9		<u>111</u>		<u>113</u>
			72,067,803		62,616,079
CURRENT ASSETS					
Debtors	11	88,786,844		91,581,888	
Cash at bank and in hand		<u>14,430,273</u>		<u>30,341,796</u>	
		103,217,117		121,923,684	
CREDITORS					
Amounts falling due within one year	12	<u>11,997,622</u>		<u>72,597,701</u>	
NET CURRENT ASSETS			<u>91,219,495</u>		<u>49,325,983</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			163,287,298		111,942,062
CREDITORS					
Amounts falling due after more than one year	13		<u>23,052,763</u>		<u>29,596</u>
NET ASSETS			<u>140,234,535</u>		<u>111,912,466</u>
CAPITAL AND RESERVES					
Called up share capital	17		99		99
Revaluation reserve	18		43,428,719		37,947,282
Profit and loss account	18		<u>96,805,717</u>		<u>73,965,085</u>
SHAREHOLDERS' FUNDS	22		<u>140,234,535</u>		<u>111,912,466</u>

The financial statements were approved by the director on 29/9/10 and were signed by

A C Panayiotou - Director

The notes form part of these financial statements

ABILITY DEVELOPMENTS LIMITED

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	31 12 09	31 12 08
		£	£
Net cash inflow/(outflow) from operating activities	1	64,837,884	(9,946,258)
Returns on investments and servicing of finance	2	318,730	5,368,961
Taxation		(28,363,422)	(5,000,000)
Capital expenditure and financial investment	2	<u>(253,322)</u>	<u>(1,366,014)</u>
		36,539,870	(10,943,311)
Financing	2	<u>(43,641,179)</u>	<u>(26,046,001)</u>
Decrease in cash in the period		<u>(7,101,309)</u>	<u>(36,989,312)</u>
<hr/>			
Reconciliation of net cash flow to movement in net debt	3		
Decrease in cash in the period		(7,101,309)	(36,989,312)
Cash outflow from decrease in debt and lease financing		<u>43,641,179</u>	<u>26,046,001</u>
Change in net debt resulting from cash flows		<u>36,539,870</u>	<u>(10,943,311)</u>
Movement in net debt in the period		36,539,870	(10,943,311)
Net debt at 1 January		<u>(100,684,633)</u>	<u>(89,741,322)</u>
Net debt at 31 December		<u>(64,144,763)</u>	<u>(100,684,633)</u>

The notes form part of these financial statements

ABILITY DEVELOPMENTS LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009

1 RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	31 12 09 £	31 12 08 £
Operating profit/(loss)	19,975,775	(1,841,346)
Depreciation charges	263,895	275,029
Loss on disposal of fixed assets	19,137	6,511
Decrease/(Increase) in stocks	136,348,565	(31,988,726)
Decrease/(Increase) in debtors	11,239,283	(43,674,673)
(Decrease)/Increase in creditors	<u>(103,008,771)</u>	<u>67,276,947</u>
Net cash outflow from operating activities	<u><u>64,837,884</u></u>	<u><u>(9,946,258)</u></u>

2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	31 12 09 £	31 12 08 £
Returns on investments and servicing of finance		
Interest received	3,135,138	6,017,172
Interest paid	(2,810,067)	(1,576,221)
Interest element of hire purchase payments	(6,341)	(18,364)
Dividends received	<u>-</u>	<u>946,374</u>
Net cash inflow for returns on investments and servicing of finance	<u><u>318,730</u></u>	<u><u>5,368,961</u></u>

Capital expenditure and financial investment

Purchase of tangible fixed assets	(4,288,323)	(1,887,503)
Purchase of fixed asset investments	-	(11)
Sale of tangible fixed assets	<u>4,035,001</u>	<u>521,500</u>
Net cash outflow for capital expenditure and financial investment	<u><u>(253,322)</u></u>	<u><u>(1,366,014)</u></u>

	31 12 09 £	31 12 08 £
Financing		
Loan repayments in year	(43,435,391)	(26,005,652)
Capital repayments in year	<u>(205,788)</u>	<u>(40,349)</u>
Net cash outflow from financing	<u><u>(43,641,179)</u></u>	<u><u>(26,046,001)</u></u>

ABILITY DEVELOPMENTS LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009

3 ANALYSIS OF CHANGES IN NET DEBT

	At 1 1 09 £	Cash flow £	At 31 12 09 £
Net cash			
Cash at bank and in hand	31,733,211	(11,933,647)	19,799,564
Bank overdrafts	<u>(5,160,198)</u>	<u>4,832,338</u>	<u>(327,860)</u>
	<u>26,573,013</u>	<u>(7,101,309)</u>	<u>19,471,704</u>
Debt			
Hire purchase	(205,788)	205,788	-
Debts falling due within one year	(127,051,858)	66,488,154	(60,563,704)
Debts falling due after one year	<u>-</u>	<u>(23,052,763)</u>	<u>(23,052,763)</u>
	<u>(127,257,646)</u>	<u>43,641,179</u>	<u>(83,616,467)</u>
Total	<u>(100,684,633)</u>	<u>36,539,870</u>	<u>(64,144,763)</u>

The notes form part of these financial statements

ABILITY DEVELOPMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

1 ACCOUNTING POLICIES

Accounting convention

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

Basis of consolidation

The consolidated financial statements of the group include the financial statements of the company and its direct and indirect subsidiary undertakings made up to 31 December 2009. The results of subsidiaries acquired are included in the consolidated profit and loss account from the date control passes. Intra group sales and profits are eliminated fully on consolidation.

No separate profit and loss account is presented for the company as provided by s408 of the Companies Act 2006.

Turnover

Turnover represents total sales value of legally completed properties, excluding value added tax. Revenue and profit on sales are recognised upon legal completion.

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.

Freehold property	- see below
Property under construction	- see below
Fixtures and fittings	- 15% on reducing balance
Motor vehicles	- 15% on reducing balance
Computer equipment	- 33% on reducing balance

In accordance with SSAP 19, investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve, and no depreciation is provided in respect of investment properties. The requirement of Companies Act 2006 is to depreciate all properties, but that requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The director considers that to depreciate such properties would not give a true and fair view, but that a true and fair view is given by following SSAP 19 as described above. The effect of this departure from the Companies Act 2006 has not been quantified because it is impracticable and, in the opinion of the directors, would be misleading.

The proportion of investment properties occupied by the group for the purposes of its own accounts is depreciated at 2% on a straight line basis.

Properties in the course of construction are independently valued on an open market basis. Where independent valuation is not available, it is the policy of the company to use director's estimation of open market value. Any surplus or deficit arising is transferred to the revaluation reserve. The director considers that this accounting policy will provide a true and fair view.

Stocks

Work in progress is shown at the lower of cost and net realisable value. Stock comprises direct materials, labour costs, site overheads, associated professional charges and other attributable overheads which have been incurred in bringing the stocks to their present location and condition. Cost also includes interest arising from the finance of stock at the rate of 100%. Net realisable value represents the estimated selling prices less all estimated costs of completion and costs to be incurred in marketing and selling. It is the policy of the group to stop capitalising interest arising on finance from the date of completion of the development of the property.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

ABILITY DEVELOPMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2009

1 ACCOUNTING POLICIES - continued

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Fixed assets investments

Fixed assets investments are carried at cost less impairments.

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.

2 STAFF COSTS

	31 12 09	31 12 08
	£	£
Wages and salaries	613,281	722,368
Social security costs	<u>78,397</u>	<u>99,767</u>
	<u>691,678</u>	<u>822,135</u>

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

	31 12 09	31 12 08
Administration	<u>7</u>	<u>5</u>

ABILITY DEVELOPMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2009

3 OPERATING PROFIT/(LOSS)

The operating profit (2008 - operating loss) is stated after charging

	31 12 09	31 12 08
	£	£
Depreciation - owned assets	263,895	222,769
Depreciation - assets on hire purchase contracts	-	52,260
Loss on disposal of fixed assets	19,137	6,511
Auditors' remuneration	33,702	60,602
Auditors' remuneration for non audit work	60,317	144,611
All other services	<u>24,396</u>	<u>-</u>

Director's remuneration	<u>300,000</u>	<u>550,000</u>
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Information regarding the highest paid director is as follows

	31 12 09	31 12 08
	£	£
Emoluments etc	<u>300,000</u>	<u>550,000</u>

4 PROFIT ON DISPOSAL OF SUBSIDIARIES

Included within turnover is profit on disposal of a property held as trading stock by a wholly-owned subsidiary of Ability Developments Limited, Ability (Baker Street) Limited. The transaction was conducted for the shares of the entity, however in the director's opinion the group disposed of the property held for resale and as such this commercial substance over legal form has been utilised in order that the financial statements give a true and fair view.

5 INTEREST PAYABLE AND SIMILAR CHARGES

	31 12 09	31 12 08
	£	£
Bank interest	12,208	7,364
Bank loan interest	2,575,399	1,561,585
Bank charges	222,460	6,646
Interest on VAT	-	626
Hire purchase	<u>6,341</u>	<u>18,364</u>
	<u>2,816,408</u>	<u>1,594,585</u>

ABILITY DEVELOPMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2009

6 TAXATION

Analysis of the tax charge

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

	31 12 09	31 12 08
	£	£
Current tax		
UK corporation tax	-	7,126,913
Prior year underprovision	3,707	215,029
Interest on corporation tax	<u>8,037</u>	<u>579,627</u>
 Tax on profit on ordinary activities	 <u>11,744</u>	 <u>7,921,569</u>

Factors affecting the tax charge

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

	31 12 09	31 12 08
	£	£
Profit on ordinary activities before tax	<u>20,294,505</u>	<u>3,527,616</u>
 Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008 - 28%)	 5,682,461	 987,732
Effects of		
Excess of depreciation over capital allowances	189,481	68,246
Loss on disposal of assets	5,358	1,823
Non deductible expenses	9,253	77,102
Balancing allowance on disposal of assets	(7,420)	(15,486)
Adjustment for sale of property in 2008	(5,988,870)	6,610,000
Prior year underprovision	3,707	215,029
Losses carried forward/(utilised)	109,737	(144,790)
Losses from LLP	-	(192,729)
Interest on corporation tax	<u>8,037</u>	<u>579,627</u>
 Current tax charge	 <u>11,744</u>	 <u>7,921,569</u>

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 only if the property were sold and it is the group's intention to hold these properties for long term investment. The total amount unprovided for is £12,160,041. At present, it is not envisaged that any tax will become payable in the foreseeable future.

ABILITY DEVELOPMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2009

7 PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £22,840,632 (2008 - £(3,752,057) loss)

8 TANGIBLE FIXED ASSETS

Group

	Freehold property £	Property under construction £	Fixtures and fittings £
COST OR VALUATION			
At 1 January 2009	16,000,000	50,305,325	59,107
Additions	-	4,213,238	52,715
Disposals	(4,000,000)	-	-
Revaluations	-	5,481,437	-
	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2009	<u>12,000,000</u>	<u>60,000,000</u>	<u>111,822</u>
DEPRECIATION			
At 1 January 2009	320,000	-	32,281
Charge for year	160,000	-	11,931
Eliminated on disposal	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2009	<u>480,000</u>	<u>-</u>	<u>44,212</u>
NET BOOK VALUE			
At 31 December 2009	<u>11,520,000</u>	<u>60,000,000</u>	<u>67,610</u>
At 31 December 2008	<u>15,680,000</u>	<u>50,305,325</u>	<u>26,826</u>

ABILITY DEVELOPMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2009

8 TANGIBLE FIXED ASSETS - continued

Group

	Motor vehicles £	Computer equipment £	Totals £
COST OR VALUATION			
At 1 January 2009	933,185	26,254	67,323,871
Additions	-	22,370	4,288,323
Disposals	(77,080)	-	(4,077,080)
Revaluations	-	-	5,481,437
	<u>856,105</u>	<u>48,624</u>	<u>73,016,551</u>
At 31 December 2009			
DEPRECIATION			
At 1 January 2009	341,204	14,421	707,906
Charge for year	80,677	11,287	263,895
Eliminated on disposal	(22,942)	-	(22,942)
	<u>398,939</u>	<u>25,708</u>	<u>948,859</u>
At 31 December 2009			
NET BOOK VALUE			
At 31 December 2009	<u>457,166</u>	<u>22,916</u>	<u>72,067,692</u>
At 31 December 2008	<u>591,981</u>	<u>11,833</u>	<u>66,615,965</u>

Cost or valuation at 31 December 2009 is represented by

	Freehold property £	Property under construction £	Fixtures and fittings £
Valuation brought forward at 1 January 2009	4,514,159	33,433,123	-
Valuation in 2009	-	5,481,437	-
Cost	<u>7,485,841</u>	<u>21,085,440</u>	<u>111,822</u>
	<u>12,000,000</u>	<u>60,000,000</u>	<u>111,822</u>

	Motor vehicles £	Computer equipment £	Totals £
Valuation brought forward at 1 January 2009	-	-	37,947,282
Valuation in 2009	-	-	5,481,437
Cost	<u>856,105</u>	<u>48,624</u>	<u>29,587,832</u>
	<u>856,105</u>	<u>48,624</u>	<u>73,016,551</u>

ABILITY DEVELOPMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2009

8 TANGIBLE FIXED ASSETS - continued

Group

If freehold properties and properties under construction had not been revalued they would have been included at the following historical cost

	31 12 09	31 12 08
	£	£
Cost	<u>28,571,282</u>	<u>27,491,698</u>
Aggregate depreciation	<u>449,151</u>	<u>299,434</u>

Freehold property to the value of £12,000,000 and properties under construction of £60,000,000 were valued by the director at open market value in accordance with the provisions of SSAP 19

Fixed assets, included in the above, which are held under hire purchase contracts are as follows

	Motor vehicles £
COST OR VALUATION	
At 1 January 2009	585,138
Transfer to ownership	<u>(585,138)</u>
At 31 December 2009	-
DEPRECIATION	
At 1 January 2009	288,997
Transfer to ownership	<u>(288,997)</u>
At 31 December 2009	-
NET BOOK VALUE	
At 31 December 2009	-
At 31 December 2008	<u>296,141</u>

ABILITY DEVELOPMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2009

8 TANGIBLE FIXED ASSETS - continued

Company

	Freehold property £	Property under construction £	Fixtures and fittings £
COST OR VALUATION			
At 1 January 2009	12,000,000	50,305,325	59,107
Additions	-	4,213,238	52,715
Revaluations	-	5,481,437	-
	<u>12,000,000</u>	<u>60,000,000</u>	<u>111,822</u>
At 31 December 2009			
DEPRECIATION			
At 1 January 2009	320,000	-	32,281
Charge for year	160,000	-	11,931
Eliminated on disposal	-	-	-
	<u>480,000</u>	<u>-</u>	<u>44,212</u>
At 31 December 2009			
NET BOOK VALUE			
At 31 December 2009	<u>11,520,000</u>	<u>60,000,000</u>	<u>67,610</u>
At 31 December 2008	<u>11,680,000</u>	<u>50,305,325</u>	<u>26,826</u>

	Motor vehicles £	Computer equipment £	Totals £
COST OR VALUATION			
At 1 January 2009	933,185	26,254	63,323,871
Additions	-	22,370	4,288,323
Disposals	(77,080)	-	(77,080)
Revaluations	-	-	5,481,437
	<u>856,105</u>	<u>48,624</u>	<u>73,016,551</u>
At 31 December 2009			
DEPRECIATION			
At 1 January 2009	341,204	14,421	707,906
Charge for year	80,677	11,287	263,895
Eliminated on disposal	(22,942)	-	(22,942)
	<u>398,939</u>	<u>25,708</u>	<u>948,859</u>
At 31 December 2009			
NET BOOK VALUE			
At 31 December 2009	<u>457,166</u>	<u>22,916</u>	<u>72,067,692</u>
At 31 December 2008	<u>591,981</u>	<u>11,833</u>	<u>62,615,965</u>

ABILITY DEVELOPMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2009

8 TANGIBLE FIXED ASSETS - continued

Company

Cost or valuation at 31 December 2009 is represented by

	Freehold property £	Property under construction £	Fixtures and fittings £
Valuation brought forward at 1 January 2009	4,514,159	33,433,123	-
Valuation in 2009	-	5,481,437	-
Cost	<u>7,485,841</u>	<u>21,085,440</u>	<u>111,822</u>
	<u>12,000,000</u>	<u>60,000,000</u>	<u>111,822</u>

	Motor vehicles £	Computer equipment £	Totals £
Valuation brought forward at 1 January 2009	-	-	37,947,282
Valuation in 2009	-	-	5,481,437
Cost	<u>856,105</u>	<u>48,624</u>	<u>29,587,832</u>
	<u>856,105</u>	<u>48,624</u>	<u>73,016,551</u>

If freehold properties and properties under construction had not been revalued they would have been included at the following historical cost

	31 12 09 £	31 12 08 £
Cost	<u>28,571,282</u>	<u>24,358,044</u>
Aggregate depreciation	<u>449,151</u>	<u>299,434</u>

Freehold property to the value of £12,000,000 and properties under construction of £60,000,000 were valued by the director at open market value in accordance with the provisions of SSAP 19

ABILITY DEVELOPMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2009

8 TANGIBLE FIXED ASSETS - continued

Company

Fixed assets, included in the above, which are held under hire purchase contracts are as follows

	Motor vehicles £
COST OR VALUATION	
At 1 January 2009	585,138
Transfer to ownership	<u>(585,138)</u>
At 31 December 2009	—
DEPRECIATION	
At 1 January 2009	288,997
Transfer to ownership	<u>(288,997)</u>
At 31 December 2009	—
NET BOOK VALUE	
At 31 December 2009	<u>—</u>
At 31 December 2008	<u>296,141</u>

9 FIXED ASSET INVESTMENTS

Group

	Unlisted investments £
COST	
At 1 January 2009 and 31 December 2009	<u>300,010</u>
NET BOOK VALUE	
At 31 December 2009	<u>300,010</u>
At 31 December 2008	<u>300,010</u>

Company

	Unlisted investments £
COST	
At 1 January 2009	113
Disposals	<u>(2)</u>
At 31 December 2009	<u>111</u>
NET BOOK VALUE	
At 31 December 2009	<u>111</u>
At 31 December 2008	<u>113</u>

ABILITY DEVELOPMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2009

9 FIXED ASSET INVESTMENTS - continued

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

Subsidiaries

Ability Investments Limited

Nature of business Property management and letting

	%
Class of shares	holding
Ordinary shares	100 00

The company did not trade during the year

Ability Air Limited

Nature of business Charter of passenger aircraft and travel

	%
Class of shares	holding
Ordinary shares	100 00

Ability Shipping Limited

Nature of business Yacht chartering

	%
Class of shares	holding
Ordinary	100 00

Ability 31 Mill Harbour Limited

Nature of business Property investment and development

	%
Class of shares	holding
Ordinary share	100 00

The Ability Group Limited

Nature of business Property investment and development

	%
Class of shares	holding
Ordinary share	100 00

The Ability Group Limited did not trade during the period ending 31 December 2006

Ability Trio Limited

Nature of business Property investments and developments

	%
Class of shares	holding
Ordinary share	100 00

Ability Trio Limited did not trade during the year

Ability ML Limited *

Nature of business Property investments and developments

	%
Class of shares	holding
Ordinary share	100 00

ABILITY DEVELOPMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2009

9 FIXED ASSET INVESTMENTS - continued

Ability (Highdown) Limited

Nature of business Property investments and developments

	%
Class of shares	holding
Ordinary	100 00

This company did not trade during the period

Ability Place Limited

Nature of business Property investment and development

	%
Class of shares	holding
Ordinary	100 00

The company did not trade during the period

Qualifying undertakings

Ability Shipping LLP *

Nature of business Yacht owning and chartering

	%
Class of shares	holding
Ordinary	10 00

* Held through intermediate subsidiary company

Ability Yacht Charter LLP *

Nature of business Yacht owning & chartering

	%
Class of shares	holding
Ordinary	10 00

* Held through intermediate subsidiary company

Ability Air Charter LLP *

Nature of business Charter of passenger aircraft and travel

	%
Class of shares	holding
Ordinary	10 00

* Held through intermediate subsidiary company

ABILITY DEVELOPMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2009

10 STOCKS

	Group	
	31 12 09	31 12 08
	£	£
Properties for sale	<u>54,269,219</u>	<u>190,617,784</u>

Included within stock is capitalised interest of £7,511,367 (2008 £14,748,920) This figure represents 100% of interest arising from the financing of stock up to the point of practical completion of the development of the properties

11 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	Company	
	31 12 09	31 12 08	31 12 09
	£	£	31 12 08
	£	£	£
Trade debtors	62,120	-	41,418
Ground rent debtor	77,292	-	-
Amounts owed by parent company	98,603	92,248	-
Amounts owed by group undertakings	-	-	15,067,427
Amounts owed by connected undertakings	80,221,212	67,768,244	72,351,118
Other debtors	1,123,451	2,416,734	1,123,452
VAT	298,616	118,689	187,143
Prepayments and accrued income	<u>26,514</u>	<u>205,044</u>	<u>16,286</u>
	<u>81,907,808</u>	<u>70,600,959</u>	<u>88,786,844</u>
	<u>81,907,808</u>	<u>70,600,959</u>	<u>91,581,888</u>

12 CREDITORS. AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	Company	
	31 12 09	31 12 08	31 12 09
	£	£	31 12 08
	£	£	£
Bank loans and overdrafts (see note 14)	60,891,564	132,212,056	4,569,674
Hire purchase contracts (see note 15)	-	176,192	-
Payments on account	1,199,864	72,420,454	-
Trade creditors	888,746	2,652,297	886,849
Amounts owed to group undertakings	-	-	-
Amounts owed to connected undertaking	6,018,559	8,584,110	6,018,559
Tax	-	7,126,913	-
Tax re previous year	224,891	21,449,656	224,891
Social security and other taxes	75	18,534	75
Other creditors	36,464	1,519,631	36,464
Deposits held	-	2,700	-
Deferred income	286,941	-	27,767
Accrued expenses	<u>495,536</u>	<u>4,191,099</u>	<u>233,343</u>
	<u>70,042,640</u>	<u>250,353,642</u>	<u>11,997,622</u>
	<u>70,042,640</u>	<u>250,353,642</u>	<u>72,597,701</u>

ABILITY DEVELOPMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2009

13 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	31 12 09	31 12 08	31 12 09	31 12 08
	£	£	£	£
Bank loans (see note 14)	23,052,763	-	23,052,763	-
Hire purchase contracts (see note 15)	-	29,596	-	29,596
	<u>23,052,763</u>	<u>29,596</u>	<u>23,052,763</u>	<u>29,596</u>

14 LOANS

An analysis of the maturity of loans is given below

	Group		Company	
	31 12 09	31 12 08	31 12 09	31 12 08
	£	£	£	£
Amounts falling due within one year or on demand				
Bank overdrafts	327,860	5,160,198	493,494	5,004,022
Bank loan	<u>60,563,704</u>	<u>127,051,858</u>	<u>4,076,180</u>	<u>23,134,284</u>
	<u>60,891,564</u>	<u>132,212,056</u>	<u>4,569,674</u>	<u>28,138,306</u>
Amounts falling due between one and two years				
Bank loans - 1-2 years	<u>23,052,763</u>	-	<u>23,052,763</u>	-

15 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

Group & Company

	Hire purchase contracts	
	31 12 09	31 12 08
	£	£
Gross obligations repayable		
Within one year	-	182,563
Between one and five years	-	<u>29,892</u>
	-	<u>212,455</u>
Finance charges repayable		
Within one year	-	6,371
Between one and five years	-	<u>296</u>
	-	<u>6,667</u>
Net obligations repayable		
Within one year	-	176,192
Between one and five years	-	<u>29,596</u>
	-	<u>205,788</u>

ABILITY DEVELOPMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2009

16 SECURED DEBTS

The following secured debts are included within creditors

	Group		Company	
	31 12 09	31 12 08	31 12 09	31 12 08
	£	£	£	£
Bank overdraft	327,860	5,160,198	-	-
Bank loans	<u>83,616,467</u>	<u>127,051,858</u>	<u>27,128,943</u>	<u>23,134,284</u>
	<u><u>83,944,327</u></u>	<u><u>132,212,056</u></u>	<u><u>27,128,943</u></u>	<u><u>23,134,284</u></u>

Bank loans are secured by way of debentures, fixed and floating charges over the assets of the group

17 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid				
Number	Class	Nominal value	31 12 09	31 12 08
		£1	£	£
99	Ordinary		<u>99</u>	<u>99</u>

18 RESERVES

Group			
	Profit and loss account	Revaluation reserve	Totals
	£	£	£
At 1 January 2009	70,670,965	38,813,628	109,484,593
Profit for the year	20,282,761		20,282,761
Transfer of reserves	866,346	(866,346)	-
Property revaluation	<u>-</u>	<u>5,481,437</u>	<u>5,481,437</u>
At 31 December 2009	<u><u>91,820,072</u></u>	<u><u>43,428,719</u></u>	<u><u>135,248,791</u></u>
Company			
	Profit and loss account	Revaluation reserve	Totals
	£	£	£
At 1 January 2009	73,965,085	37,947,282	111,912,367
Profit for the year	22,840,632		22,840,632
Property revaluation	<u>-</u>	<u>5,481,437</u>	<u>5,481,437</u>
At 31 December 2009	<u><u>96,805,717</u></u>	<u><u>43,428,719</u></u>	<u><u>140,234,436</u></u>

19 ULTIMATE PARENT COMPANY

The company's ultimate parent undertaking is A P Ability Holdings Limited, a company registered in Cyprus. A P Ability Holdings Limited is under the control of The Costas Panayiotou 1997 Settlement Trust.

ABILITY DEVELOPMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2009

20 CONTINGENT LIABILITIES

The group has acted as guarantor in respect of banking facilities in connected companies totalling £41,690,383 and €7,769,000

The group is from time to time party to legal actions arising in the ordinary course of business. The director is advised that there are no current actions which could have a material adverse effect on the financial position of the company.

21 RELATED PARTY DISCLOSURES

Included in debtors falling due within one year is a balance of £98,603 (2008 £92,247) owed by the entity's parent company, A P Ability Holdings Limited, in respect of financing transactions.

Included in debtors falling due within one year are the following amounts, which arose as a result of financing transactions:

Owed by Ability Air Charter LLP - £1,103,025 (2008 £nil)

Owed by Ability Yacht Charter LLP - £4,965,199 (2008 £1,552,060)

The entities are related by virtue of Ability Shipping Limited, a wholly owned subsidiary of the company being a designated member in the LLPs.

Also included within debtors falling due within one year are the following balances:

Owed by Ability Finance Luxembourg SARL - £21,570,265 (2008 £20,585,664)

Owed by Ability Real Estate SARL - £45,570 (2008 £18,302)

The above companies are connected by virtue of being under the common control of A P Ability Holdings Limited.

Also included within debtors falling due within one year are the following balances:

Owed by Ability (Hotels) Limited - £4,959 (2008 £2,096)

Owed by Ability Hotels (Liverpool) Limited - £6,905,595 (2008 £3,601,197)

Owed by Ability Hotels (Dunblane) Limited - £11,137,746 (2008 £8,418,836)

Owed by Ability Hotels (Cambridge) Limited - £9,255,051 (2008 £9,583,785)

Owed by Ability Hotels (Syon) Limited - £10,141,349 (2008 £9,964,669)

Owed by Ability Hotels (Luton) Limited - £11,997,957 (2008 £11,400,589)

The above companies are connected by virtue of being under the common ultimate control of the Costas Panayiotou 1997 Settlement Trust.

Also included in creditors falling due within one year is a balance of £6,018,559 (2008 £5,997,399) owed to Floxenna Investments Limited in respect of financing transactions. The company is connected by virtue of being under the common control of the Costas Panayiotou 1997 Settlement Trust.

ABILITY DEVELOPMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2009

22 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	31 12 09	31 12 08
	£	£
Profit/(Loss) for the financial year	20,282,761	(4,393,953)
Other recognised gains and losses relating to the year (net)	<u>5,481,437</u>	<u>1,122,830</u>
Net addition/(reduction) to shareholders' funds	25,764,198	(3,271,123)
Opening shareholders' funds	<u>109,484,692</u>	<u>112,755,815</u>
Closing shareholders' funds	<u>135,248,890</u>	<u>109,484,692</u>

Company

	31 12 09	31 12 08
	£	£
Profit/(Loss) for the financial year	22,840,632	(3,752,057)
Other recognised gains and losses relating to the year (net)	<u>5,481,437</u>	<u>1,122,830</u>
Net addition/(reduction) to shareholders' funds	28,322,069	(2,629,227)
Opening shareholders' funds	<u>111,912,466</u>	<u>114,541,693</u>
Closing shareholders' funds	<u>140,234,535</u>	<u>111,912,466</u>