REGISTERED NUMBER: 3280282 (England and Wales)

REPORT OF THE DIRECTOR AND

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

FOR

ABILITY DEVELOPMENTS LIMITED
CONSOLIDATED FINANCIAL STATEMENTS

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ABILITY DEVELOPMENTS LIMITED
CONSOLIDATED FINANCIAL STATEMENTS

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ABILITY DEVELOPMENTS LIMITED
CONSOLIDATED FINANCIAL STATEMENTS

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2010

DIRECTOR:	A C Panayiotou
SECRETARY.	J Y Chin
REGISTERED OFFICE:	5th Floor 175 Oxford Street London W1D 2JS
REGISTERED NUMBER:	3280282 (England and Wales)
AUDITORS.	Numera Partners LLP Statutory Auditors 6th Floor Charles House 108-110 Finchley Road London NW3 5JJ

ABILITY DEVELOPMENTS LIMITED
CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF THE DIRECTOR
FOR THE YEAR ENDED 31 DECEMBER 2010

The director presents his report with the financial statements of the company and the group for the year ended 31 December 2010

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 results for the year and financial position of the company are shown in the annexed financial statements

Turnover for the year represents mainly the continued successful sale of the Millharbour development and this contributed to the profit for the year

The development of the prime residential property in Bishops Avenue completed towards the later part of the year

The director is satisfied with the balance sheet position of the group The net assets position improved during the year from £135 2m to £144 1m

DIVIDENDS
No dividends will be distributed for the year ended 31 December 2010

FUTURE DEVELOPMENTS
The sale of the development in Bishops Avenue is expected in the foreseeable future and this will contribute to the cash flow position of the group

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

DIRECTOR
A C Panayiotou held office during the whole of the period from 1 January 2010 to the date of this report

GROUP'S POLICY ON PAYMENT OF CREDITORS
The company does not follow any code or standard on payment policy in relation to suppliers The majority of payments are made on average within 23 days of the date of the supplier's invoice

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 a 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 fair values of the receivables, parables 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 £22,800 to various charitable organisations

ABILITY DEVELOPMENTS LIMITED
CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF THE DIRECTOR
FOR THE YEAR ENDED 31 DECEMBER 2010

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,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,

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, Numera Partners LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting

ON BEHALF OF THE BOARD:



A C Panayiotou - Director

Date 12/9/11

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ABILITY DEVELOPMENTS LIMITED CONSOLIDATED FINANCIAL STATEMENTS

We have audited the financial statements of Ability Developments Limited Consolidated Financial Statements for the year ended 31 December 2010 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 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 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 2010 and of the group's profit 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

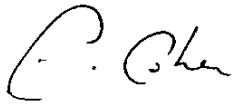
Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ABILITY DEVELOPMENTS LIMITED CONSOLIDATED 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 Numera Partners LLP
Statutory Auditors
6th Floor
Charles House
108-110 Finchley Road
London
NW3 5JJ

Date 12/9/11

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

ABILITY DEVELOPMENTS LIMITED
CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	31 12 10 £	31 12 09 £
TURNOVER		57,049,546	174,417,781
Cost of sales		44,681,056	152,296,369
GROSS PROFIT		12,368,490	22,121,412
Administrative expenses		3,444,051	2,538,720
		8,924,439	19,582,692
Other operating income		410,299	393,083
OPERATING PROFIT	3	9,334,738	19,975,775
Interest receivable and similar income		307,710	3,135,138
		9,642,448	23,110,913
Interest payable and similar charges	4	2,481,245	2,816,408
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		7,161,203	20,294,505
Tax on profit on ordinary activities	5	1,277,000	11,744
PROFIT FOR THE FINANCIAL YEAR FOR THE GROUP		5,884,203	20,282,761

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 FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2010

	31 12 10 £	31 12 09 £
PROFIT FOR THE FINANCIAL YEAR	5,884,203	20,282,761
Unrealised gains on revaluation of assets	3,281,032	5,481,437
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	9,165,235	25,764,198

NOTE OF HISTORICAL COST PROFITS AND LOSSES

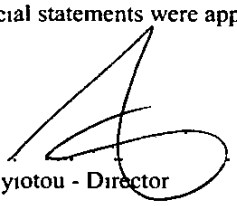
The difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis is not material

The notes form part of these financial statements

CONSOLIDATED BALANCE SHEET
31 DECEMBER 2010

	Notes	31 12 10 £	31 12 10 £	31 12 09 £	31 12 09 £
FIXED ASSETS					
Tangible assets	7		86,435,229		72,067,692
Investments	8		13,170,731		8,167,079
			99,605,960		80,234,771
CURRENT ASSETS					
Stocks	9	11,646,473		54,269,219	
Debtors amounts falling due within one year	10	22,557,272		23,310,415	
Debtors amounts falling due after more than one year	10	63,589,631		50,730,324	
Cash at bank and in hand		3,204,180		19,799,564	
		100,997,556		148,109,522	
CREDITORS					
Amounts falling due within one year	11	56,189,391		70,042,640	
NET CURRENT ASSETS			44,808,165		78,066,882
TOTAL ASSETS LESS CURRENT LIABILITIES			144,414,125		158,301,653
CREDITORS					
Amounts falling due after more than one year	12		-		23,052,763
NET ASSETS			144,414,125		135,248,890
CAPITAL AND RESERVES					
Called up share capital	15		99		99
Revaluation reserve	16		46,709,751		43,428,719
Profit and loss account	16		97,704,275		91,820,072
SHAREHOLDERS' FUNDS	20		144,414,125		135,248,890

The financial statements were approved by the director on 12/9/11 and were signed by



A C Panayiotou - Director

The notes form part of these financial statements

COMPANY BALANCE SHEET
31 DECEMBER 2010

	Notes	31 12 10 £	£	31 12 09 £	£
FIXED ASSETS					
Tangible assets	7		86,435,229		72,067,692
Investments	8		111		111
			86,435,340		72,067,803
CURRENT ASSETS					
Debtors amounts falling due within one year	10	35,126,207		38,056,519	
Debtors amounts falling due after more than one year	10	63,589,631		50,730,325	
Cash at bank and in hand		3,202,982		14,430,273	
		101,918,820		103,217,117	
CREDITORS					
Amounts falling due within one year	11	48,664,293		11,997,622	
NET CURRENT ASSETS			53,254,527		91,219,495
TOTAL ASSETS LESS CURRENT LIABILITIES			139,689,867		163,287,298
CREDITORS					
Amounts falling due after more than one year	12		-		23,052,763
NET ASSETS			139,689,867		140,234,535
CAPITAL AND RESERVES					
Called up share capital	15		99		99
Revaluation reserve	16		46,709,751		43,428,719
Profit and loss account	16		92,980,017		96,805,717
SHAREHOLDERS' FUNDS	20		139,689,867		140,234,535

The financial statements were approved by the director on 12/9/11 and were signed by

A C Panayiotou - Director

The notes form part of these financial statements

continued

ABILITY DEVELOPMENTS LIMITED
CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	31 12 10 £	£	31 12 09 £	£
Net cash inflow from operating activities	1		42,985,814		72,704,953
Returns on investments and servicing of finance	2		(2,173,535)		318,730
Taxation			(223,534)		(28,363,422)
Capital expenditure and financial investment	2		(15,826,213)		(8,120,391)
			24,762,532		36,539,870
Financing	2		(41,351,970)		(43,641,179)
Decrease in cash in the period			(16,589,438)		(7,101,309)

Reconciliation of net cash flow to movement in net debt	3				
Decrease in cash in the period		(16,589,438)		(7,101,309)	
Cash outflow from decrease in debt and lease financing		41,351,970		43,641,179	
Change in net debt resulting from cash flows			24,762,532		36,539,870
Movement in net debt in the period			24,762,532		36,539,870
Net debt at 1 January			(64,144,763)		(100,684,633)
Net debt at 31 December			(39,382,231)		(64,144,763)

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

1 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	31 12 10 £	31 12 09 £
Operating profit	9,334,738	19,975,775
Depreciation charges	178,889	263,895
(Profit)/Loss on disposal of fixed assets	(442,833)	19,137
Decrease in stocks	42,622,746	136,348,565
Increase in debtors	(12,106,164)	(3,439,779)
Increase/(Decrease) in creditors	3,398,438	(80,462,640)
Net cash inflow from operating activities	42,985,814	72,704,953

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

	31 12 10 £	31 12 09 £
Returns on investments and servicing of finance		
Interest received	307,710	3,135,138
Interest paid	(2,482,403)	(2,810,067)
Interest element of hire purchase or finance lease rentals payments	1,158	(6,341)
Net cash (outflow)/inflow for returns on investments and servicing of finance	(2,173,535)	318,730
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(11,722,560)	(4,288,323)
Purchase of fixed asset investments	(5,003,652)	(7,867,069)
Sale of tangible fixed assets	899,999	4,035,001
Net cash outflow for capital expenditure and financial investment	(15,826,213)	(8,120,391)
Financing		
Loan repayments in year	(41,351,970)	(43,435,391)
Capital repayments in year	-	(205,788)
Net cash outflow from financing	(41,351,970)	(43,641,179)

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

3 ANALYSIS OF CHANGES IN NET DEBT

	At 1 1 10 £	Cash flow £	At 31 12 10 £
Net cash			
Cash at bank and in hand	19,799,564	(16,595,384)	3,204,180
Bank overdrafts	(327,860)	5,946	(321,914)
	19,471,704	(16,589,438)	2,882,266
Debt			
Debts falling due within one year	(60,563,704)	18,299,207	(42,264,497)
Debts falling due after one year	(23,052,763)	23,052,763	-
	(83,616,467)	41,351,970	(42,264,497)
Total	(64,144,763)	24,762,532	(39,382,231)

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

1 ACCOUNTING POLICIES

Accounting convention
The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and are in accordance with applicable accounting standards

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 2010 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 net rental income and 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

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

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

continued

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

Comparative amounts
These financial statements include adjustments made to the comparative amounts where necessary in order to make the current and previous period figures comparable

2 STAFF COSTS

	31 12 10	31 12 09
	£	£
Wages and salaries	781,485	613,281
Social security costs	96,568	78,397
	878,053	691,678

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

	31 12 10	31 12 09
Administration	9	7

3 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	31 12 10	31 12 09
	£	£
Depreciation - owned assets	178,889	263,895
(Profit)/Loss on disposal of fixed assets	(442,833)	19,137
Auditors' remuneration	30,040	33,702
Auditors' remuneration for non-audit work	124,176	60,317
All other services	20,731	24,396
Foreign exchange differences	41,013	-
Director's remuneration	300,000	300,000

continued

3 OPERATING PROFIT - continued

Information regarding the highest paid director is as follows

	31 12 10	31 12 09
	£	£
Emoluments etc	300,000	300,000

4 INTEREST PAYABLE AND SIMILAR CHARGES

	31 12 10	31 12 09
	£	£
Bank interest	2,572	12,208
Bank loan interest	1,487,249	2,575,399
Bank charges	335,442	222,460
Interest payable	657,140	-
Hire purchase	(1,158)	6,341
	2,481,245	2,816,408

5 TAXATION

Analysis of the tax charge

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

	31 12 10	31 12 09
	£	£
Current tax		
UK corporation tax	1,277,000	-
Prior year underprovision	-	3,707
Interest on corporation tax	-	8,037
Tax on profit on ordinary activities	1,277,000	11,744

continued

5 TAXATION - continued

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 10	31 12 09
	£	£
Profit on ordinary activities before tax	7,161,203	20,294,505
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 - 28%)	2,005,137	5,682,461
Effects of		
Excess of depreciation over capital allowances	42,532	189,481
Profit/Loss on disposal of assets	(123,993)	5,358
Non-deductible expenses	4,867	9,253
Balancing allowance on disposal of assets	(7,557)	(7,420)
Group relief	(643,986)	-
Adjustment for sale of property in 2008	-	(5,988,870)
Prior year under provision	-	3,707
Interest on corporation tax	-	8,037
Losses carried forward/ (utilised)	-	109,737
Current tax charge	1,277,000	11,744

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 £12,144,535 At present, it is not envisaged that any tax will become payable in the foreseeable future

6 LOSS 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 loss for the financial year was £(3,825,700) (2009 - £22,840,632 profit)

continued

7 TANGIBLE FIXED ASSETS

Group

	Freehold property £	Property under construction £	Fixtures and fittings £
COST OR VALUATION			
At 1 January 2010	12,000,000	60,000,000	111,822
Additions	-	11,718,968	-
Revaluations	3,281,032	-	-
Reclassification	71,718,968	(71,718,968)	-
At 31 December 2010	87,000,000	-	111,822
DEPRECIATION			
At 1 January 2010	480,000	-	44,212
Charge for year	160,000	-	10,141
Eliminated on disposal	-	-	-
At 31 December 2010	640,000	-	54,353
NET BOOK VALUE			
At 31 December 2010	86,360,000	-	57,469
At 31 December 2009	11,520,000	60,000,000	67,610

	Motor vehicles £	Computer equipment £	Totals £
COST OR VALUATION			
At 1 January 2010	856,105	48,624	73,016,551
Additions	-	3,592	11,722,560
Disposals	(856,105)	-	(856,105)
Revaluations	-	-	3,281,032
At 31 December 2010	-	52,216	87,164,038
DEPRECIATION			
At 1 January 2010	398,939	25,708	948,859
Charge for year	-	8,748	178,889
Eliminated on disposal	(398,939)	-	(398,939)
At 31 December 2010	-	34,456	728,809
NET BOOK VALUE			
At 31 December 2010	-	17,760	86,435,229
At 31 December 2009	457,166	22,916	72,067,692

continued

7 TANGIBLE FIXED ASSETS - continued

Group

Cost or valuation at 31 December 2010 is represented by

	Freehold property £	Fixtures and fittings £	Computer equipment £	Totals £
Valuation brought forward at 1 January 2010	43,428,719	-	-	43,428,719
Valuation in 2010	3,281,032	-	-	3,281,032
Cost	40,290,249	111,822	52,216	40,454,287
	87,000,000	111,822	52,216	87,164,038

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

	31 12 10 £	31 12 09 £
Cost	40,290,249	28,571,282
Aggregate depreciation	399,244	299,433

Freehold properties to the value of £87,000,000 by the director on open market value in accordance with the provisions of SSAP19 and FRS15

Company

	Freehold property £	Property under construction £	Fixtures and fittings £
COST OR VALUATION			
At 1 January 2010	12,000,000	60,000,000	111,822
Additions	-	11,718,968	-
Revaluations	3,281,032	-	-
Reclassification	71,718,968	(71,718,968)	-
At 31 December 2010	87,000,000	-	111,822
DEPRECIATION			
At 1 January 2010	480,000	-	44,212
Charge for year	160,000	-	10,141
Eliminated on disposal	-	-	-
At 31 December 2010	640,000	-	54,353
NET BOOK VALUE			
At 31 December 2010	86,360,000	-	57,469
At 31 December 2009	11,520,000	60,000,000	67,610

continued

7 TANGIBLE FIXED ASSETS - continued

Company

	Motor vehicles £	Computer equipment £	Totals £
COST OR VALUATION			
At 1 January 2010	856,105	48,624	73,016,551
Additions	-	3,592	11,722,560
Disposals	(856,105)	-	(856,105)
Revaluations	-	-	3,281,032
At 31 December 2010	-	52,216	87,164,038
DEPRECIATION			
At 1 January 2010	398,939	25,708	948,859
Charge for year	-	8,748	178,889
Eliminated on disposal	(398,939)	-	(398,939)
At 31 December 2010	-	34,456	728,809
NET BOOK VALUE			
At 31 December 2010	-	17,760	86,435,229
At 31 December 2009	457,166	22,916	72,067,692

Cost or valuation at 31 December 2010 is represented by

	Freehold property £	Fixtures and fittings £	Computer equipment £	Totals £
Valuation brought forward at 1 January 2010	43,428,719	-	-	43,428,719
Valuation in 2010	3,281,032	-	-	3,281,032
Cost	40,290,249	111,822	52,216	40,454,287
	87,000,000	111,822	52,216	87,164,038

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

	31 12 10 £	31 12 09 £
Cost	40,290,249	28,571,282

Freehold properties to the value of £87,000,000 were valued by the director on open market value in accordance with the provisions of SSAP 19 and FRS15

continued

8 FIXED ASSET INVESTMENTS

Group

	Unlisted investments £
COST	
At 1 January 2010	8,167,079
Additions	5,003,652
At 31 December 2010	13,170,731
NET BOOK VALUE	
At 31 December 2010	13,170,731
At 31 December 2009	8,167,079

Company

	Unlisted investments £
COST	
At 1 January 2010 and 31 December 2010	111
NET BOOK VALUE	
At 31 December 2010	111
At 31 December 2009	111

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

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

continued

8 **FIXED ASSET INVESTMENTS - continued**

Ability 31 Mill Harbour Limited
Nature of business Property investments and developments

	%
Class of shares	holding
Ordinary share	100 00

The Ability Group Limited
Nature of business Property investments and developments

	%
Class of shares	holding
Ordinary share	100 00

The Ability Group Limited did not trade during the period ending 31 December 2010

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 periods ending 31 December 2010

Ability ML Limited *
Nature of business Property investments and developments

	%
Class of shares	holding
Ordinary share	100 00

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 ending 31st December 2010

Ability Place Limited*
Nature of business Property investments and developments

	%
Class of shares	holding
Ordinary	100 00

* held through intermediate subsidiary company

Qualifying undertakings

Ability Shipping LLP *
Nature of business Yacht owning and chartering

	%
Class of shares	holding
Ordinary	10 00

* Held through intermediate subsidiary company

continued

8 **FIXED ASSET INVESTMENTS - continued**

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

9 **STOCKS**

	Group	
	31 12 10	31 12 09
	£	£
Properties for sale	11,646,473	54,269,219

10 **DEBTORS**

	Group		Company	
	31 12 10	31 12 09	31 12 10	31 12 09
	£	£	£	£
Amounts falling due within one year				
Trade debtors	72,001	62,120	25,651	41,418
Ground rent debtor	-	77,292	-	-
Amounts owed by group undertakings	136,606	98,603	12,802,200	15,067,427
Amounts owed by connected undertakings	20,628,985	21,623,819	20,628,985	21,620,793
Other debtors	586,129	1,123,451	556,473	1,123,452
VAT	1,106,598	298,616	1,085,945	187,143
Prepayments & accrued income	26,953	26,514	26,953	16,286
	22,557,272	23,310,415	35,126,207	38,056,519
Amounts falling due after more than one year				
Amounts owed by connected undertakings	63,589,631	50,730,324	63,589,631	50,730,325
	63,589,631	50,730,324	63,589,631	50,730,325
Aggregate amounts	86,146,903	74,040,739	98,715,838	88,786,844

continued

11 CREDITORS· AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31 12 10	31 12 09	31 12 10	31 12 09
	£	£	£	£
Bank loans and overdrafts (see note 13)	42,586,411	60,891,564	31,820,056	4,569,674
Payments on account	1,131,239	1,199,864	-	-
Trade creditors	130,876	888,746	111,321	886,849
Amounts owed to group undertakings	-	-	7,162,638	-
Amounts owed to connected undertakings	10,394,898	6,018,559	9,297,923	6,018,559
Tax	1,277,000	-	-	-
Tax re previous year	1,357	224,891	1,357	224,891
Social security and other taxes	6,213	75	6,213	75
Other creditors	35,655	36,464	35,655	36,464
Net wages control account	42	-	44	-
Deferred income	-	286,941	-	27,767
Accrued expenses	625,700	495,536	229,086	233,343
	56,189,391	70,042,640	48,664,293	11,997,622

12 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	31 12 10	31 12 09	31 12 10	31 12 09
	£	£	£	£
Bank loans (see note 13)	-	23,052,763	-	23,052,763

13 LOANS

An analysis of the maturity of loans is given below

	Group		Company	
	31 12 10	31 12 09	31 12 10	31 12 09
	£	£	£	£
Amounts falling due within one year or on demand				
Bank overdrafts	321,914	327,860	335,319	493,494
Bank loan	42,264,497	60,563,704	31,484,737	4,076,180
	42,586,411	60,891,564	31,820,056	4,569,674
Amounts falling due between one and two years				
Bank loans - 1-2 years	-	23,052,763	-	23,052,763

continued

14 SECURED DEBTS

The following secured debts are included within creditors

	Group		Company	
	31 12 10	31 12 09	31 12 10	31 12 09
	£	£	£	£
Bank overdraft	321,914	327,860	-	-
Bank loans	42,264,497	83,616,467	31,484,737	27,128,943
	42,586,411	83,944,327	31,484,737	27,128,943

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

15 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid

Number	Class	Nominal value	31 12 10	31 12 09
			£	£
99	Ordinary	£1	99	99

16 RESERVES

Group

	Profit and loss account	Revaluation reserve	Totals
	£	£	£
At 1 January 2010	91,820,072	43,428,719	135,248,791
Profit for the year	5,884,203		5,884,203
Property revaluation	-	3,281,032	3,281,032
At 31 December 2010	97,704,275	46,709,751	144,414,026

Company

	Profit and loss account	Revaluation reserve	Totals
	£	£	£
At 1 January 2010	96,805,717	43,428,719	140,234,436
Deficit for the year	(3,825,700)		(3,825,700)
Property revaluation	-	3,281,032	3,281,032
At 31 December 2010	92,980,017	46,709,751	139,689,768

17 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

continued

18 CONTINGENT LIABILITIES

The group has acted as guarantor in respect of banking facilities in connected companies totalling £45,200,000 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

19 RELATED PARTY DISCLOSURES

Included in debtors falling due within one year is a balance of £136,606 (2009 £98,603) owed by the entity's parent company, A P Ability Holdings Limited, in respect of financing transactions

Also included in debtors falling due with one year are the following amounts arising from financing transactions

Owed by Ability Finance Luxembourg Holdings SARL - £20,566,842 (2009 £21,570,265)
Owed by Ability Real Estate SARL - £46,055 (2009 £45,570)
Owed by Ability (Hotels) Limited- £16,089 (2009 £4,959)
Owed by Ability Hotels (Liverpool) Limited - £6,942,929 (2009 £6,905,595)
Owed by Ability Hotels (Dunblane) Limited - £15,903,121 (2009 £11,137,746)
Owed by Ability Hotels (Cambridge) Limited - £9,162,054 (2009 £9,255,051)
Owed by Ability Hotels (Syon) Limited - £18,187,948 (2009 £10,141,349)
Owed by Ability Hotels (Luton) Limited - £12,183,699 (2009 £11,997,957)

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

Included in creditors falling due within one year is an amount of £1,096,975 (2009 £3,025 debtor) owed to Ability Air Charter LLP The entities are related by virtue of Ability Air Limited being a designated member of the LLP

Also included in creditors falling due within one year is an amount owed of £2,625,784 (2009 Nil) to Domel Properties Limited This balance arose as a result of financing transactions during the year The companies are related by virtue of being fellow subsidiaries of A P Ability Holdings Limited

In addition, included in creditors falling due within one year is an amount of £6,672,138 (2009 £6,018,550) owed to Floxenra Investments Limited This balance arose as a result of financing transactions during the year The company is connected by virtue of being under the ultimate common control of the Costas Panayiotou 1997 Settlement Trust

20 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	31 12 10	31 12 09
	£	£
Profit for the financial year	5,884,203	20,282,761
Other recognised gains and losses relating to the year (net)	3,281,032	5,481,437
Net addition to shareholders' funds	9,165,235	25,764,198
Opening shareholders' funds	135,248,890	109,484,692
Closing shareholders' funds	144,414,125	135,248,890

continued

20 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS - continued

Company

	31 12 10	31 12 09
	£	£
(Loss)/Profit for the financial year	(3,825,700)	22,840,632
Other recognised gains and losses relating to the year (net)	3,281,032	5,481,437
Net (reduction)/addition to shareholders' funds	(544,668)	28,322,069
Opening shareholders' funds	140,234,535	111,912,466
Closing shareholders' funds	139,689,867	140,234,535

21 COMPARATIVE AMOUNTS

The financial statements include the following adjustments made to the comparative amounts for the year ended 31 December 2009

Amounts of £50,730,325 in respect of amounts owed by connected companies have been reallocated from debtors falling due within one year to debtors falling due over one year This adjustment has been done in order to make the 31 December 2009 and 31 December 2010 comparable

An amount of £7,867,069 has been reallocated from current assets to fixed assets within the balance sheet This has been done in order to make the 31 December 2010 and 31 December 2009 amounts comparable following a reclassification of unlisted investments from current assets to fixed assets

ABILITY DEVELOPMENTS LIMITED
CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2010

	31 12 10		31 12 09	
	£	£	£	£
Turnover				
Sales of property	57,049,546		152,018,715	
Sales S106	-		13,878,665	
Sales non-refundable deposit	-		7,361,401	
Sales - commercial lease	-		1,159,000	
		57,049,546		174,417,781
Cost of sales				
Opening work in progress	54,269,219		190,617,784	
Purchases	762,956		15,117,023	
Legal fees	574,273		291,211	
Show rooms	-		39,649	
Sales commissions	721,081		499,921	
	56,327,529		206,565,588	
Closing work in progress	(11,646,473)		(54,269,219)	
		44,681,056		152,296,369
GROSS PROFIT		12,368,490		22,121,412
Other income				
Rents received	410,299		393,083	
Deposit account interest	54,375		290,671	
Interest on director's loan	1,427		-	
Interest on intercompany loans	244,752		2,802,720	
Other interest receivable	7,156		41,747	
		718,009		3,528,221
		13,086,499		25,649,633
Expenditure				
Rent, rates and water	319,749		362,801	
Insurance	61,442		80,149	
Light and heat	27,241		134,738	
Directors' salaries	300,000		300,000	
Directors' social security	46,586		45,371	
Wages	481,485		313,281	
Social security	49,982		33,026	
Telephone	7,111		21,738	
Post and stationery	29,736		14,707	
Advertising	133,433		27,981	
Motor and travel	98,082		83,384	
Computer expenses	77,834		51,609	
Repairs and renewals	24,606		79,762	
Household and cleaning	27,929		27,788	
Charitable donations	22,800		124,072	
Sundry expenses	29,043		23,678	
Recruitment expenses	13,756		-	
Legal fees	196,805		123,377	
Professional fees	80,619		89,928	
Auditors' remuneration	30,040		33,702	
Carried forward	2,058,279	13,086,499	1,971,092	25,649,633

ABILITY DEVELOPMENTS LIMITED
CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2010

	31 12 10		31 12 09	
	£	£	£	£
Brought forward	2,058,279	13,086,499	1,971,092	25,649,633
Auditors' remuneration for non-audit work	144,907		84,713	
Foreign exchange losses	41,013		-	
Commission paid	630		8,549	
Entertainment	17,383		33,048	
Bad debts	10,000		-	
		2,272,212		2,097,402
		10,814,287		23,552,231
Finance costs				
Provision for exit fee	-		158,286	
Interest on corporation tax	1,435,783		-	
Bank interest	2,572		12,208	
Bank loan interest	1,487,249		2,575,399	
Bank charges	335,442		222,460	
Interest payable	657,140		-	
Hire purchase	(1,158)		6,341	
		3,917,028		2,974,694
		6,897,259		20,577,537
Depreciation				
Freehold property	160,000		160,000	
Fixtures and fittings	10,141		11,931	
Motor vehicles	-		80,677	
Computer equipment	8,748		11,287	
		178,889		263,895
		6,718,370		20,313,642
Profit/(Loss) on disposal of fixed assets				
Motor vehicles		442,833		(19,137)
NET PROFIT		7,161,203		20,294,505