

REGISTERED NUMBER: 03280282 (England and Wales)

REPORT OF THE DIRECTOR AND
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011
FOR
ABILITY DEVELOPMENTS LIMITED
CONSOLIDATED FINANCIAL STATEMENTS



ABILITY DEVELOPMENTS LIMITED
CONSOLIDATED FINANCIAL STATEMENTS

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FOR THE YEAR ENDED 31 DECEMBER 2011

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ABILITY DEVELOPMENTS LIMITED
CONSOLIDATED FINANCIAL STATEMENTS

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2011

DIRECTOR: A C Panayiotou

SECRETARY: J Y Chin

REGISTERED OFFICE. 5th Floor
175 Oxford Street
London
W1D 2JS

REGISTERED NUMBER: 03280282 (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 2011

The director presents his report with the financial statements of the company and the group for the year ended 31 December 2011

PRINCIPAL ACTIVITY

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

REVIEW OF BUSINESS

The groups' financial statements present information for the group companies, Ability Developments Limited, Ability Investments Limited, Ability 31 Millharbour Limited, Ability Air Limited, The Ability Group Limited, Ability Shipping Limited, Ability Trio Limited, Ability Place Limited and Ability ML Limited

The director is satisfied with the performance of the company and the group during the period under review

The group's subsidiary, Ability Place Limited successfully sold the remaining units at the Millharbour development in Canary Wharf

These financial statements do not present the financial information included in the group's associated undertakings, principally comprising of The Ability Group's hotel operations. Information relating to these companies can be found in the individual companies' financial statements

The group provides financial support to connected companies which are operating activities in the UK and Europe, and remains in a strong financial position to take advantage of opportunities as they become available. Excellent relations are continued to be enjoyed with the company's banks and professional advisors

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2011

FUTURE DEVELOPMENTS

The company will continue to provide financing support for the UK and European operations of connected companies

Group company Ability Place Limited sold all its units during the period and is expected to cease to trade

DIRECTOR

A C Panayiotou held office during the whole of the period from 1 January 2011 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

ABILITY DEVELOPMENTS LIMITED
CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF THE DIRECTOR
FOR THE YEAR ENDED 31 DECEMBER 2011

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.

The group's principle financial instruments comprise bank balances, bank loans, trade creditors, trade debtors and loans to/from connected companies. The purpose of these instruments is to raise funds for and finance the group's operations.

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 £35,800 to various charitable organisations.

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.

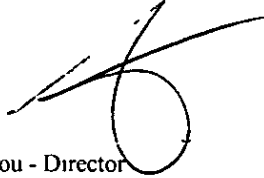
ABILITY DEVELOPMENTS LIMITED
CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF THE DIRECTOR
FOR THE YEAR ENDED 31 DECEMBER 2011

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

ON BEHALF OF THE BOARD:



A C Panayiotou - Director

Date

28/9/12

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 2011 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. In addition, we read all the financial and non-financial information in the Report of the Director to identify material inconsistencies with the audited financial statements. 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 group's and of the parent company's affairs as at 31 December 2011 and of the group's 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 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

28/9/12

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 2011

	Notes	31 12 11 £	£	31 12 10 £	£
TURNOVER			16,559,000		57,049,546
Continuing operations		-		381,681	
Discontinued operations		16,559,000		56,667,865	
Cost of sales	2		12,109,377		44,681,056
GROSS PROFIT	2		4,449,623		12,368,490
Net operating expenses	2		781,727		3,033,752
OPERATING PROFIT	4		3,667,896		9,334,738
Continuing operations		(1,803,926)		(1,570,282)	
Discontinued operations		5,471,822		10,905,020	
Interest receivable and similar income			263,393		307,710
			3,931,289		9,642,448
Amounts written off investments	5		5,091,272		-
			(1,159,983)		9,642,448
Interest payable and similar charges	6		1,634,321		2,481,245
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			(2,794,304)		7,161,203
Tax on (loss)/profit on ordinary activities	7		(220,998)		1,277,000
(LOSS)/PROFIT FOR THE FINANCIAL YEAR FOR THE GROUP			(2,573,306)		5,884,203

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 2011

	31 12 11 £	31 12 10 £
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	(2,573,306)	5,884,203
Unrealised gains on revaluation of asset	-	3,281,032
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	(2,573,306)	9,165,235

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
CONSOLIDATED FINANCIAL STATEMENTS

REGISTERED NUMBER
03280282

CONSOLIDATED BALANCE SHEET
31 DECEMBER 2011

	Notes	31 12 11 £	£	31 12 10 £	£
FIXED ASSETS					
Tangible assets	9		77,232,077		86,435,229
Investments	10		8,943,111		13,170,731
			<u>86,175,188</u>		<u>99,605,960</u>
CURRENT ASSETS					
Stocks	11		-		11,646,473
Debtors amounts falling due within one year	12	20,609,326			22,557,272
Debtors amounts falling due after more than one year	12	69,307,279			63,589,631
Cash at bank and in hand		5,942,046			3,204,180
			<u>95,858,651</u>		<u>100,997,556</u>
CREDITORS					
Amounts falling due within one year	13	30,901,809			56,189,391
NET CURRENT ASSETS			<u>64,956,842</u>		<u>44,808,165</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>151,132,030</u>		<u>144,414,125</u>
CREDITORS					
Amounts falling due after more than one year	14		9,291,211		-
NET ASSETS			<u>141,840,819</u>		<u>144,414,125</u>
CAPITAL AND RESERVES					
Called up share capital	17		99		99
Revaluation reserve	18		42,195,592		46,709,751
Profit and loss account	18		99,645,128		97,704,275
SHAREHOLDERS' FUNDS	22		<u>141,840,819</u>		<u>144,414,125</u>

The financial statements were approved by the director on

28/19/12

and were signed by

A C Panayiotou - Director

The notes form part of these financial statements

ABILITY DEVELOPMENTS LIMITED
CONSOLIDATED FINANCIAL STATEMENTS

COMPANY BALANCE SHEET
31 DECEMBER 2011

	Notes	31 12 11 £	£	31 12 10 £	£
FIXED ASSETS					
Tangible assets	9		77,232,077		86,435,229
Investments	10		111		111
			<u>77,232,188</u>		<u>86,435,340</u>
CURRENT ASSETS					
Debtors amounts falling due within one year	12	37,575,465		35,126,207	
Debtors amounts falling due after more than one year	12	69,307,279		63,589,631	
Cash at bank and in hand		5,937,918		3,202,982	
		<u>112,820,662</u>		<u>101,918,820</u>	
CREDITORS					
Amounts falling due within one year	13	34,188,001		48,664,293	
NET CURRENT ASSETS			<u>78,632,661</u>		<u>53,254,527</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			155,864,849		139,689,867
CREDITORS					
Amounts falling due after more than one year	14		9,291,211		-
NET ASSETS			<u>146,573,638</u>		<u>139,689,867</u>
CAPITAL AND RESERVES					
Called up share capital	17		99		99
Revaluation reserve	18		42,195,592		46,709,751
Profit and loss account	18		104,377,947		92,980,017
SHAREHOLDERS' FUNDS	22		<u>146,573,638</u>		<u>139,689,867</u>

The notes form part of these financial statements

ABILITY DEVELOPMENTS LIMITED
CONSOLIDATED FINANCIAL STATEMENTS

COMPANY BALANCE SHEET - continued
31 DECEMBER 2011

The financial statements were approved by the director on 28/9/12 and were signed by


A C Panayiotou - Director

The notes form part of these financial statements

ABILITY DEVELOPMENTS LIMITED
CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	31 12 11 £	£	31 12 10 £	£
Net cash inflow from operating activities	1		10,024,294		42,985,814
Returns on investments and servicing of finance	2		(1,370,928)		(2,173,535)
Taxation			(1,046,000)		(223,534)
Capital expenditure and financial investment	2		7,933,089		(15,826,213)
			15,540,455		24,762,532
Financing	2		(13,110,990)		(41,351,970)
Increase/(decrease) in cash in the period			2,429,465		(16,589,438)
Reconciliation of net cash flow to movement in net debt	3				
Increase/(decrease) in cash in the period		2,429,465		(16,589,438)	
Cash outflow from decrease in debt		14,835,495		41,351,970	
Change in net debt resulting from cash flows			17,264,960		24,762,532
Movement in net debt in the period			17,264,960		24,762,532
Net debt at 1 January			(39,382,231)		(64,144,763)
Net debt at 31 December			(22,117,271)		(39,382,231)

The notes form part of these financial statements

ABILITY DEVELOPMENTS LIMITED
CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011

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

Year ended 31 December 2011

	Continuing £	Discontinued £	Total £
Operating profit	(1,803,926)	5,471,822	3,667,896
Depreciation charges	26,611	-	26,611
Loss on disposal of fixed assets	379,800	-	379,800
Decrease in stocks	-	11,646,473	11,646,473
Increase in debtors	(3,809,086)	85,384	(3,723,702)
(Decrease)/increase in creditors	(187,314)	(1,785,470)	(1,972,784)
Net cash outflow from continuing operating activities	(5,393,915)		
Net cash inflow from discontinued operating activities		15,418,209	
Net cash inflow from operating activities			10,024,294

Year ended 31 December 2010

	Continuing £	Discontinued £	Total £
Operating profit	(1,570,282)	10,905,020	9,334,738
Depreciation charges	178,889	-	178,889
Profit on disposal of fixed assets	(442,833)	-	(442,833)
Decrease in stocks	-	42,622,746	42,622,746
Increase in debtors	(12,139,480)	33,313	(12,106,167)
(Decrease)/increase in creditors	3,573,451	(175,010)	3,398,441
Net cash outflow from continuing operating activities	(10,400,255)		
Net cash inflow from discontinued operating activities		53,386,069	
Net cash inflow from operating activities			42,985,814

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

	31 12 11 £	31 12 10 £
Returns on investments and servicing of finance		
Interest received	263,393	307,710
Interest paid	(1,634,321)	(2,482,403)
Interest element of hire purchase or finance lease rentals payments	-	1,158
Net cash outflow for returns on investments and servicing of finance	(1,370,928)	(2,173,535)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(2,183,459)	(11,722,560)
Purchase of fixed asset investments	(863,652)	(5,003,652)
Sale of tangible fixed assets	10,980,200	899,999
Net cash inflow/(outflow) for capital expenditure and financial investment	7,933,089	(15,826,213)

The notes form part of these financial statements

ABILITY DEVELOPMENTS LIMITED
CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011

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

	31 12 11 £	31 12 10 £
Financing		
Loan repayments in year	(14,835,495)	(41,351,970)
Amount introduced by directors	1,724,505	-
Net cash outflow from financing	<u>(13,110,990)</u>	<u>(41,351,970)</u>

3 ANALYSIS OF CHANGES IN NET DEBT

	At 1 1 11 £	Cash flow £	At 31 12 11 £
Net cash			
Cash at bank and in hand	3,204,180	2,737,866	5,942,046
Bank overdrafts	(321,914)	(308,401)	(630,315)
	<u>2,882,266</u>	<u>2,429,465</u>	<u>5,311,731</u>
Debt			
Debts falling due within one year	(42,264,497)	14,835,495	(27,429,002)
	<u>(42,264,497)</u>	<u>14,835,495</u>	<u>(27,429,002)</u>
Total	<u>(39,382,231)</u>	<u>17,264,960</u>	<u>(22,117,271)</u>

The notes form part of these financial statements

ABILITY DEVELOPMENTS LIMITED
CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

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 2011. 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
Fixtures and fittings	- 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.

Additionally as per SSAP 19, properties occupied by the group have been 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.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Deferred tax

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

Foreign currencies

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

ABILITY DEVELOPMENTS LIMITED
CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

1 ACCOUNTING POLICIES - continued

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 ANALYSIS OF OPERATIONS

	Continuing £	31 12 11 Discontinued £	Total £
Cost of sales	-	12,109,377	12,109,377
Gross profit	-	4,449,623	4,449,623
Net operating expenses			
Administrative expenses	1,951,963	299,558	2,251,521
Other operating income	(148,037)	(1,321,757)	(1,469,794)
	1,803,926	(1,022,199)	781,727

	Continuing £	31 12 10 Discontinued £	Total £
Cost of sales	-	44,681,056	44,681,056
Gross profit	381,681	11,986,809	12,368,490
Net operating expenses			
Administrative expenses	1,951,963	1,492,088	3,444,051
Other operating income	-	(410,299)	(410,299)
	1,951,963	1,081,789	3,033,752

3 STAFF COSTS

	31 12 11 £	31 12 10 £
Wages and salaries	825,406	781,485
Social security costs	117,587	96,568
	942,993	878,053

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

	31 12 11	31 12 10
Administration	11	9

ABILITY DEVELOPMENTS LIMITED
CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

4 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	31 12 11	31 12 10
	£	£
Depreciation - owned assets	26,611	178,889
Loss/(profit) on disposal of fixed assets	379,800	(442,833)
Auditors' remuneration	16,000	30,040
Auditors' remuneration for non audit work	18,682	124,176
All other services	-	20,731
Foreign exchange differences	6,645	41,013
	<u>312,500</u>	<u>300,000</u>
Director's remuneration	<u>312,500</u>	<u>300,000</u>

Information regarding the highest paid director is as follows

	31 12 11	31 12 10
	£	£
Emoluments etc	<u>312,500</u>	<u>300,000</u>

5 AMOUNTS WRITTEN OFF INVESTMENTS

	31 12 11	31 12 10
	£	£
Amounts written off investment	<u>5,091,272</u>	<u>-</u>

6 INTEREST PAYABLE AND SIMILAR CHARGES

	31 12 11	31 12 10
	£	£
Bank interest	80,047	2,572
Bank loan interest	1,256,908	1,487,249
Bank charges	297,366	335,442
Interest payable	-	657,140
Hire purchase	-	(1,158)
	<u>1,634,321</u>	<u>2,481,245</u>

7 TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the loss on ordinary activities for the year was as follows

	31 12 11	31 12 10
	£	£
Current tax	-	1,277,000
UK corporation tax	-	-
Prior year underprovision	<u>(220,998)</u>	<u>-</u>
Tax on (loss)/profit on ordinary activities	<u>(220,998)</u>	<u>1,277,000</u>

ABILITY DEVELOPMENTS LIMITED
CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

7 TAXATION - continued

Factors affecting the tax (credit)/charge

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

	31 12 11 £	31 12 10 £
(Loss)/profit on ordinary activities before tax	(2,794,304)	7,161,203
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26% (2010 - 28%)	(726,519)	2,005,137
Effects of		
Excess of depreciation over capital allowances	(1,305)	42,532
Profit/Loss on disposal of assets	98,748	(123,993)
Non deductible expenses	1,332,464	4,867
Balancing allowance on disposal of assets	-	(7,557)
Group relief	(703,388)	(643,986)
Prior year underprovision	(220,998)	-
Current tax (credit)/charge	(220,998)	1,277,000

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 £10,970,854. At present, it is not envisaged that any tax will become payable in the foreseeable future.

8 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 £6,883,771 (2010 - £(3,825,700) loss).

ABILITY DEVELOPMENTS LIMITED
CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

9 TANGIBLE FIXED ASSETS

Group

	Freehold property £	Fixtures and fittings £	Computer equipment £	Totals £
COST OR VALUATION				
At 1 January 2011	87,000,000	111,822	52,216	87,164,038
Additions	2,118,903	50,958	13,598	2,183,459
Disposals	(12,000,000)	-	-	(12,000,000)
At 31 December 2011	77,118,903	162,780	65,814	77,347,497
DEPRECIATION				
At 1 January 2011	640,000	54,354	34,455	728,809
Charge for year	-	16,263	10,348	26,611
Eliminated on disposal	(640,000)	-	-	(640,000)
At 31 December 2011	-	70,617	44,803	115,420
NET BOOK VALUE				
At 31 December 2011	77,118,903	92,163	21,011	77,232,077
At 31 December 2010	86,360,000	57,468	17,761	86,435,229

Cost or valuation at 31 December 2011 is represented by

	Freehold property £	Fixtures and fittings £	Computer equipment £	Totals £
Valuation in 2008	33,433,123	-	-	33,433,123
Valuation in 2009	5,481,437	-	-	5,481,437
Valuation in 2010	3,281,032	-	-	3,281,032
Cost	34,923,311	162,780	65,814	35,151,905
	77,118,903	162,780	65,814	77,347,497

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

	31 12 11 £	31 12 10 £
Cost	34,923,311	40,290,249
Aggregate depreciation	-	399,244

Freehold properties to the value of £77,118,903 was valued by the director on open market value at the balance sheet date in accordance with the provisions of SSAP 19

ABILITY DEVELOPMENTS LIMITED
CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

9 TANGIBLE FIXED ASSETS - continued

Company

	Freehold property £	Fixtures and fittings £	Computer equipment £	Totals £
COST OR VALUATION				
At 1 January 2011	87,000,000	111,822	52,216	87,164,038
Additions	2,118,903	50,958	13,598	2,183,459
Disposals	(12,000,000)	-	-	(12,000,000)
At 31 December 2011	77,118,903	162,780	65,814	77,347,497
DEPRECIATION				
At 1 January 2011	640,000	54,353	34,456	728,809
Charge for year	-	16,263	10,348	26,611
Eliminated on disposal	(640,000)	-	-	(640,000)
At 31 December 2011	-	70,616	44,804	115,420
NET BOOK VALUE				
At 31 December 2011	77,118,903	92,164	21,010	77,232,077
At 31 December 2010	86,360,000	57,469	17,760	86,435,229

Cost or valuation at 31 December 2011 is represented by

	Freehold property £	Fixtures and fittings £	Computer equipment £	Totals £
Valuation in 2008	33,433,123	-	-	33,433,123
Valuation in 2009	5,481,437	-	-	5,481,437
Valuation in 2010	3,281,032	-	-	3,281,032
Cost	34,923,311	162,780	65,814	35,151,905
	77,118,903	162,780	65,814	77,347,497

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

	31 12 11 £	31 12 10 £
Cost	34,923,311	40,290,249

Freehold properties to the value of £77,118,903 was valued by the director on open market value at the balance sheet date in accordance with the provisions of SSAP 19

ABILITY DEVELOPMENTS LIMITED
CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

10 FIXED ASSET INVESTMENTS

Group

	Unlisted investments £
COST	
At 1 January 2011	13,170,731
Additions	863,652
Impairments	(5,091,272)
At 31 December 2011	8,943,111
NET BOOK VALUE	
At 31 December 2011	8,943,111
At 31 December 2010	13,170,731

Company

	Unlisted investments £
COST	
At 1 January 2011 and 31 December 2011	111
NET BOOK VALUE	
At 31 December 2011	111
At 31 December 2010	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 Non trading company

	%
Class of shares	holding
Ordinary shares	100 00

Ability Air Limited

Nature of business Holding company

	%
Class of shares	holding
Ordinary shares	100 00

Ability Shipping Limited

Nature of business Holding company

	%
Class of shares	holding
Ordinary	100 00

ABILITY DEVELOPMENTS LIMITED
CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

10 FIXED ASSET INVESTMENTS - continued

Ability 31 Mill Harbour Limited

Nature of business Non trading company

	%
Class of shares	holding
Ordinary share	100 00

The Ability Group Limited

Nature of business Dormant company

	%
Class of shares	holding
Ordinary share	100 00

Ability Trio Limited

Nature of business Non trading company

	%
Class of shares	holding
Ordinary share	100 00

Ability (Highdown) Limited

Nature of business Dormant company

	%
Class of shares	holding
Ordinary share	100 00

Ability Shipping LLP *

Nature of business Non trading LLP

	%
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 Place Limited

Nature of business Property investments and developments

	%
Class of shares	holding
Ordinary	100 00

* Held through intermediate subsidiary company

ABILITY DEVELOPMENTS LIMITED
CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

10 FIXED ASSET INVESTMENTS - continued

Ability ML Limited

Nature of business Non trading company

Class of shares	%
Ordinary	holding
	100 00

* Held through intermediate subsidiary

11 STOCKS

	Group
	31 12 11 31 12 10
	£ £
Work-in-progress	- 11,646,473

12 DEBTORS

	Group	Company
	31 12 11 31 12 10	31 12 11 31 12 10
	£ £	£ £
Amounts falling due within one year		
Trade debtors	5,071 72,001	5,071 25,651
Amounts owed by group undertakings	145,726 136,606	17,025,618 12,665,594
Amounts owed by connected undertakings	19,598,218 20,628,985	- -
Other debtors	752,610 586,129	746,610 556,473
Owed by connected company	- -	19,598,218 20,628,985
Owed by parent company	- -	145,726 136,606
Tax debtors	46,000 -	- -
VAT	52,657 1,106,598	45,178 1,085,945
Prepayments & accrued income	9,044 26,953	9,044 26,953
	<u>20,609,326</u> <u>22,557,272</u>	<u>37,575,465</u> <u>35,126,207</u>
Amounts falling due after more than one year		
Amounts owed by connected undertakings	69,307,279 63,589,631	69,307,279 63,589,631
	<u>69,307,279</u> <u>63,589,631</u>	<u>69,307,279</u> <u>63,589,631</u>
Aggregate amounts	<u>89,916,605</u> <u>86,146,903</u>	<u>106,882,744</u> <u>98,715,838</u>

ABILITY DEVELOPMENTS LIMITED
CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31 12 11	31 12 10	31 12 11	31 12 10
	£	£	£	£
Bank loans and overdrafts (see note 15)	28,059,317	42,586,411	28,067,070	31,820,056
Payments on account	180	1,131,239	-	-
Trade creditors	346,629	130,876	346,624	111,321
Amounts owed to group undertakings	-	-	3,986,833	7,162,638
Amounts owed to connected undertakings	615,249	10,394,898	-	-
Tax	-	1,277,000	-	-
Tax re previous year	57,359	1,357	-	1,357
Social security and other taxes	49,526	6,213	43,737	6,213
Owed to connected company	-	-	-	9,297,923
Other creditors	9,460	35,655	9,460	35,655
Net wages control account	8,678	42	-	44
Directors' current accounts	1,724,505	-	1,724,505	-
Accrued expenses	30,906	625,700	9,772	229,086
	<u>30,901,809</u>	<u>56,189,391</u>	<u>34,188,001</u>	<u>48,664,293</u>

14 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	31 12 11	31 12 10	31 12 11	31 12 10
	£	£	£	£
Other creditors	<u>9,291,211</u>	<u>-</u>	<u>9,291,211</u>	<u>-</u>

15 LOANS

An analysis of the maturity of loans is given below

	Group		Company	
	31 12 11	31 12 10	31 12 11	31 12 10
	£	£	£	£
Amounts falling due within one year or on demand				
Bank overdrafts	630,315	321,914	638,068	335,319
Bank loan	27,429,002	42,264,497	27,429,002	31,484,737
	<u>28,059,317</u>	<u>42,586,411</u>	<u>28,067,070</u>	<u>31,820,056</u>

Bank loans reflect the effect of interest rate swaps in transforming floating rate liabilities into fixed rate liabilities

ABILITY DEVELOPMENTS LIMITED
CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

16 SECURED DEBTS

The following secured debts are included within creditors

	Group		Company	
	31 12 11	31 12 10	31 12 11	31 12 10
	£	£	£	£
Bank overdraft	630,315	321,914	-	-
Bank loans	27,429,002	42,264,497	27,429,002	31,484,737
	<u>28,059,317</u>	<u>42,586,411</u>	<u>27,429,002</u>	<u>31,484,737</u>

Bank loans and mortgages are secured by way of a mortgage debenture and floating charge over all the assets of the company

17 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid

Number	Class	Nominal value	31 12 11	31 12 10
		£1	£	£
99	Ordinary		99	99

18 RESERVES

Group

	Profit and loss account	Revaluation reserve	Totals
	£	£	£
At 1 January 2011	97,704,275	46,709,751	144,414,026
Deficit for the year	(2,573,306)		(2,573,306)
Transfer	4,514,159	(4,514,159)	-
At 31 December 2011	<u>99,645,128</u>	<u>42,195,592</u>	<u>141,840,720</u>

Company

	Profit and loss account	Revaluation reserve	Totals
	£	£	£
At 1 January 2011	92,980,017	46,709,751	139,689,768
Profit for the year	6,883,771		6,883,771
Transfer	4,514,159	(4,514,159)	-
At 31 December 2011	<u>104,377,947</u>	<u>42,195,592</u>	<u>146,573,539</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
CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

20 CONTINGENT LIABILITIES

The group has acted as guarantor in respect of banking facilities in connected entities totalling £22,314,522 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 £145,726 (2010 £136,606) owed by the entity's parent company, A P Ability Holdings Limited, in respect of financing transactions.

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

Owed by Ability (Hotels) Limited - £19,768 (2010 £16,089)
Owed by Ability M3 Holdings SARL - £345 (2010 £nil)
Owed by Ability M3 SARL - £11,694,723 (2010 £11,689,398)
Owed by Ability Lubeck Retail Holdings SARL - £1,451,812 (2010 £1,449,524)
Owed to Ability Lubeck Retail SARL - £(103,723) (2010 108,795)
Owed by Ability Rostock Retail SARL - £26,300 (2010 £23,567)
Owed by Ability Elsdorf Retail SARL - £584,277 (2010 £581,598)
Owed by Ability Finance SARL - £5,659,524 (2010 £6,712,419)
Owed by Ability Luxembourg Holdings SARL - £219,130 (2010 £nil)
Owed by Ability Real Estate SARL - £46,055 (2010 £46,055)

Included in debtors falling due in more than one year are the following balances:

Owed by Ability Hotels (Liverpool) Limited - £8,818,745 (2010 £6,942,929)
Owed by Ability Hotels (Dunblane) Limited - £17,254,102 (2010 £15,903,121)
Owed by Ability Hotels (Cambridge) Limited - £8,924,928 (2010 £9,162,054)
Owed by Ability Hotels (Syon) Limited - £22,400,050 (2010 £18,187,948)
Owed by Ability Hotels (Luton) Limited - £10,754,984 (2010 £12,183,699)
Owed by Ability Hotels (Glasgow) Limited - £1,154,470 (2010 £1,209,880)

Included within creditors falling due within one year is an amount of £615,249 (2010 £1,096,975) owed to the group's investment, Ability Air Charter LLP. This arose as a result of financing transactions during the year.

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

Included in creditors falling due after more than one year is an amount of £6,665,427 (2010 £6,672,138) and £2,625,784 (2010 £2,625,784) owed to Floxera Investments Limited and Domel Properties Limited, respectively in respect of financing transactions.

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

ABILITY DEVELOPMENTS LIMITED
CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

22 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	31 12 11 £	31 12 10 £
(Loss)/profit for the financial year	(2,573,306)	5,884,203
Other recognised gains and losses relating to the year (net)	-	3,281,032
Net (reduction)/addition to shareholders' funds	(2,573,306)	9,165,235
Opening shareholders' funds	144,414,125	135,248,890
Closing shareholders' funds	141,840,819	144,414,125

Company

	31 12 11 £	31 12 10 £
Profit/(loss) for the financial year	6,883,771	(3,825,700)
Other recognised gains and losses relating to the year (net)	-	3,281,032
Net addition/(reduction) to shareholders' funds	6,883,771	(544,668)
Opening shareholders' funds	139,689,867	140,234,535
Closing shareholders' funds	146,573,638	139,689,867

ABILITY DEVELOPMENTS LIMITED
CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011

	31 12 11	£	31 12 10	£
Sales of property		16,559,000		57,049,546
Cost of sales				
Opening stock	11,646,473		-	
Opening work in progress	-		54,269,219	
Purchases	462,904		762,956	
Legal fees	-		574,273	
Sales commissions	-		721,081	
	12,109,377		56,327,529	
Closing work in progress	-		(11,646,473)	
		12,109,377		44,681,056
GROSS PROFIT		4,449,623		12,368,490
Other income				
Rents received	187,391		410,299	
Other income	1,282,403		-	
Deposit account interest	22,490		54,375	
Interest on director's loan	2,319		1,427	
Interest on interco loans	238,584		244,752	
Other interest receivable	-		7,156	
		1,733,187		718,009
		6,182,810		13,086,499
Expenditure				
Rates and water	113,695		197,298	
Rent	59,940		122,451	
Insurance	5,932		61,442	
Light and heat	10,034		27,241	
Directors' salaries	312,500		300,000	
Directors' social security	40,859		46,586	
Wages	512,906		481,485	
Social security	76,728		49,982	
Telephone	18,696		7,111	
Post and stationery	28,214		29,736	
Advertising	30,372		133,433	
Motor and travel	245,653		98,082	
Computer expenses	51,073		77,834	
Repairs and renewals	12,097		24,606	
Household and cleaning	16,080		27,929	
Charitable donations	35,800		22,800	
Sundry expenses	9,636		29,043	
Recruitment expenses	-		13,756	
Legal fees	90,734		196,805	
Professional fees	91,122		80,619	
Auditors' remuneration	16,000		30,040	
Auditors' remuneration for non audit work	18,682		144,907	
Foreign exchange losses	6,645		41,013	
Commission paid	1,579		630	
Carried forward	1,804,977	6,182,810	2,244,829	13,086,499

This page does not form part of the statutory financial statements

ABILITY DEVELOPMENTS LIMITED
CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011

	31 12 11		31 12 10	
	£	£	£	£
Brought forward	1,804,977	6,182,810	2,244,829	13,086,499
Entertainment	33,589		17,383	
Bad debts	6,544		10,000	
		1,845,110		2,272,212
		4,337,700		10,814,287
Finance costs				
Interest on corporation tax	-		1,435,783	
Bank interest	80,047		2,572	
Bank loan interest	1,256,908		1,487,249	
Bank charges	297,366		335,442	
Interest payable	-		657,140	
Hire purchase	-		(1,158)	
		1,634,321		3,917,028
		2,703,379		6,897,259
Depreciation				
Freehold property	-		160,000	
Fixtures and fittings	16,263		10,141	
Computer equipment	10,348		8,748	
		26,611		178,889
		2,676,768		6,718,370
(Loss)/Profit on disposal of fixed assets				
Freehold property	(379,800)		-	
Motor vehicles	-		442,833	
		(379,800)		442,833
		2,296,968		7,161,203
Amounts written off investments				
Amounts written off investment		5,091,272		-
NET (LOSS)/PROFIT		(2,794,304)		7,161,203

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