

REGISTERED NUMBER: 5367151 (England and Wales)

**REPORT OF THE DIRECTOR AND**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010**  
**FOR**  
**ABILITY 31 MILL HARBOUR LIMITED**

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**FOR THE YEAR ENDED 31 DECEMBER 2010**

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**ABILITY 31 MILL HARBOUR LIMITED**  
**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:** 5367151 (England and Wales)

**AUDITORS:** Numera Partners LLP  
6th Floor  
Charles House  
108-110 Finchley Road  
London  
NW3 5JJ

**ABILITY 31 MILL HARBOUR LIMITED (REGISTERED NUMBER. 5367151)**

**REPORT OF THE DIRECTOR**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

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

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of property development and trading

**REVIEW OF BUSINESS**

During the year under review the company continued the sale of flats. In September 2010, the unsold units were hived down to Ability Place Limited, a wholly owned subsidiary

**DIVIDENDS**

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

**FUTURE DEVELOPMENTS**

The director expects the balance of the loan to be repaid in the subsequent period

**EVENTS SINCE THE END OF THE YEAR**

Information relating to events since the end of the year is given in the notes to the financial statements

**DIRECTOR**

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

**COMPANY'S POLICY ON PAYMENT OF CREDITORS**

The company does not follow any code or standard on payment policy in relation to suppliers. Payments to suppliers are made as they fall due

**FINANCIAL INSTRUMENTS**

Information on financial risks and other risks is set out below

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

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

**FINANCIAL INSTRUMENTS - RISK MANAGEMENT**

Due to the nature of the financial instruments used by the company there is no exposure to price risk. The company's approach to managing other risks applicable to the financial instruments concerned is shown below

In respect of bank balances liquidity risk has been managed through continual review of the funding status of the company and its exposure to liquidity risk

In respect of loans these are controlled by the director and are made to and from related companies. The director is aware of group companies' required finance and has determined that these will only be repaid when the properties have been sold and finance is available

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

**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 of the profit or loss of the company for that period. In preparing these financial statements, the director is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

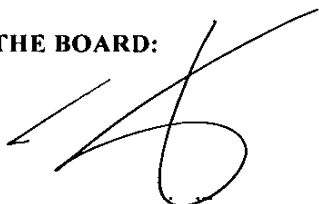
**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

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

**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 SHAREHOLDERS OF**  
**ABILITY 31 MILL HARBOUR LIMITED**

We have audited the financial statements of Ability 31 Mill Harbour Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

**Respective responsibilities of director and auditors**

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

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the director, and the overall presentation of the financial statements.

**Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its 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.

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

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

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



Giles Cohen (Senior Statutory Auditor)  
for and on behalf of Numera Partners LLP  
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 31 MILL HARBOUR LIMITED (REGISTERED NUMBER: 5367151)**

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

	Notes	31 12 10 £	31 12 09 £
<b>TURNOVER</b>		67,368,011	78,380,820
Cost of sales		56,209,991	77,465,073
<b>GROSS PROFIT</b>		11,158,020	915,747
Administrative expenses		622,541	804,344
		10,535,479	111,403
Other operating income		48,618	67,156
<b>OPERATING PROFIT</b>	3	10,584,097	178,559
Interest receivable and similar income		-	2,403
		10,584,097	180,962
Interest payable and similar charges	4	747,994	1,224,387
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		9,836,103	(1,043,425)
Tax on profit/(loss) on ordinary activities	5	950,000	-
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>		8,886,103	(1,043,425)

**DISCONTINUED OPERATIONS**

All of the company's activities were discontinued during the current year

**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses other than the profit for the current year and the loss for the previous year

The notes form part of these financial statements

**ABILITY 31 MILL HARBOUR LIMITED (REGISTERED NUMBER: 5367151)**

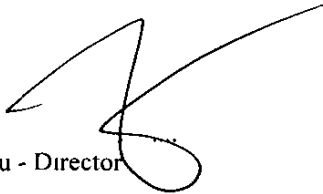
**BALANCE SHEET**  
**31 DECEMBER 2010**

	Notes	31 12 10 £	£	31 12 09 £	£
<b>FIXED ASSETS</b>					
Investments	6		1		1
<b>CURRENT ASSETS</b>					
Stocks	7	-		54,269,220	
Debtors	8	17,726,593		219,696	
Cash at bank		8,294		5,528,455	
		<u>17,734,887</u>		<u>60,017,371</u>	
<b>CREDITORS</b>					
Amounts falling due within one year	9	<u>13,255,187</u>		<u>64,423,774</u>	
<b>NET CURRENT ASSETS/(LIABILITIES)</b>			<u>4,479,700</u>		<u>(4,406,403)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>4,479,701</u>		<u>(4,406,402)</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	12		100		100
Profit and loss account	13		<u>4,479,601</u>		<u>(4,406,502)</u>
<b>SHAREHOLDERS' FUNDS</b>	17		<u>4,479,701</u>		<u>(4,406,402)</u>

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

**NOTES TO THE 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 and are in accordance with applicable accounting standards

**Financial Reporting Standard Number 1**

Exemption has been taken from preparing a cash flow statement on the grounds that the parent company includes the subsidiary in its published financial statements

**Turnover and revenue recognition**

Turnover represents the total sales value of legally completed properties Revenue and profit on sales are recognised upon legal completion

**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

**Fixed asset investments**

Investments in subsidiaries are carried out at cost less impairment

**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

**Exemption from preparing consolidated financial statements**

The financial statements contain information about Ability 31 Mill Harbour Limited as an individual company and do not contain consolidated financial information as the parent of the group The company is exempt under section 400 of the Companies Act 2006 as it and its results are included in the consolidated financial statements of the parent company, Ability Developments Limited

**2 STAFF COSTS**

	31 12 10	31 12 09
	£	£
Wages and salaries	150,000	150,000
Social security costs	18,469	18,478
	<u>168,469</u>	<u>168,478</u>

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

	31 12 10	31 12 09
Management	<u>1</u>	<u>1</u>

**3 OPERATING PROFIT**

The operating profit is stated after charging

	31 12 10	31 12 09
	£	£
Auditors' remuneration	12,500	14,000
Auditors' remuneration for non audit work	79,310	17,984
All other services	<u>-</u>	<u>24,396</u>

**ABILITY 31 MILL HARBOUR LIMITED (REGISTERED NUMBER: 5367151)**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

**3 OPERATING PROFIT - continued**

Director's remuneration	<u>150,000</u>	<u>150,000</u>
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**4 INTEREST PAYABLE AND SIMILAR CHARGES**

	31 12 10	31 12 09
	£	£
Bank loan interest	<u>747,994</u>	<u>1,224,387</u>

**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	<u>950,000</u>	<u>-</u>
Tax on profit/(loss) on ordinary activities	<u>950,000</u>	<u>-</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 10	31 12 09
	£	£
Profit/(loss) on ordinary activities before tax	<u>9,836,103</u>	<u>(1,043,425)</u>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 - 28%)	2,754,109	(292,159)
Effects of Group relief	(1,804,109)	-
Losses available for future period	<u>-</u>	<u>292,159</u>
Current tax charge	<u>950,000</u>	<u>-</u>

**6 FIXED ASSET INVESTMENTS**

	Shares in group undertakings £
<b>COST</b>	
At 1 January 2010 and 31 December 2010	<u>1</u>
<b>NET BOOK VALUE</b>	
At 31 December 2010	<u>1</u>
At 31 December 2009	<u>1</u>

**ABILITY 31 MILL HARBOUR LIMITED (REGISTERED NUMBER: 5367151)**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

**6 FIXED ASSET INVESTMENTS - continued**

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

**Ability Place Limited**

Nature of business Property trading

Class of shares	% holding
Ordinary	100.00

**7 STOCKS**

	31 12 10 £	31 12 09 £
Work-in-progress	-	54,269,220

Included within stock as at 31 December 2009 is capitalised interest of £7,511,367. 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.

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

	31 12 10 £	31 12 09 £
Trade debtors	46,350	20,703
Other debtors	-	77,292
Amounts owed by group undertakings	17,680,243	-
VAT	-	111,473
Prepayments	-	10,228
	<u>17,726,593</u>	<u>219,696</u>

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

	31 12 10 £	31 12 09 £
Bank loans and overdrafts (see note 10)	10,779,760	56,487,523
Payments on account	1,131,239	1,199,864
Trade creditors	10,505	1,897
Amounts owed to group undertakings	-	6,221,763
Tax	950,000	-
VAT	2,204	-
Accruals and deferred income	(1)	259,173
Accrued expenses	381,480	253,554
	<u>13,255,187</u>	<u>64,423,774</u>

**10 LOANS**

An analysis of the maturity of loans is given below

	31 12 10 £	31 12 09 £
Amounts falling due within one year or on demand		
Bank loans	<u>10,779,760</u>	<u>56,487,523</u>

**ABILITY 31 MILL HARBOUR LIMITED (REGISTERED NUMBER 5367151)**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

**11 SECURED DEBTS**

The following secured debts are included within creditors

	31 12 10	31 12 09
	£	£
Bank loans	10,779,760	56,487,523

The bank loan is secured by a debenture incorporating a fixed charge over the property, floating charge over the whole of the company's assets, and cross-company guarantees provided by Ability Developments Limited and Ability Hotels (Dunblane) Limited, a connected company. The bank loan is a joint facility with Ability Place Limited.

**12 CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid			31 12 10	31 12 09
Number	Class	Nominal value	£	£
100	Ordinary	£1	100	100

**13 RESERVES**

	Profit and loss account £
At 1 January 2010	(4,406,502)
Profit for the year	8,886,103
At 31 December 2010	4,479,601

**14 ULTIMATE PARENT COMPANY**

The company is a wholly owned subsidiary of Ability Developments Limited, a company registered in England and Wales. Ability Developments Limited is a wholly owned subsidiary of the ultimate parent company, A P Ability Holdings Limited, which is a company registered in Cyprus. A P Ability Holdings Limited is under the control of The Costas Panayiotou 1997 Settlement Trust.

**15 RELATED PARTY DISCLOSURES**

With regards to related party transactions, the company has taken advantage of exemptions on the grounds that the details of the subsidiary are included in the consolidated accounts of the parent company, Ability Developments Limited. The consolidated accounts are publicly available from the registered office.

**16 POST BALANCE SHEET EVENTS**

After the balance sheet date, dividends of £5m have been voted to the shareholders of the company.

**ABILITY 31 MILL HARBOUR LIMITED (REGISTERED NUMBER 5367151)**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

**17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	31 12 10	31 12 09
	£	£
Profit/(Loss) for the financial year	8,886,103	(1,043,425)
Net addition/(reduction) to shareholders' funds	8,886,103	(1,043,425)
Opening shareholders' funds	(4,406,402)	(3,362,977)
Closing shareholders' funds	4,479,701	(4,406,402)