

Company registration number 09333595 (England and Wales)

ABILITY HOTELS (IV) HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

ABILITY HOTELS (IV) HOLDINGS LIMITED

COMPANY INFORMATION

Directors	Andreas Costas Panayiotou Jonathan David Bregman Juin Yong Chin Martyn David Giles
Secretary	Juin Yong Chin
Company number	09333595
Registered office	Hilton London Syon Park Syon Park London Road Brentford Middlesex UK TW8 8JF
Auditor	FLS Accounting Solutions Limited T/A SP Vinshaw 36 The Metro Centre Dwight Road Watford WD18 9SB

ABILITY HOTELS (IV) HOLDINGS LIMITED

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ABILITY HOTELS (IV) HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present the strategic report for the year ended 31 December 2022.

Review of the business

The principal activity of the company is that of a holding company.

Principal risks and uncertainties

Throughout the year and subsequent to the year-end, the global economy has seen high levels of market volatility in connection with the COVID-19 pandemic and the war in Ukraine. The business is closely monitoring the latest market developments relating to these and its potential impact on the entity.

The ultimate impact of COVID-19 pandemic and the war is highly uncertain. Whilst the impact of COVID-19 has somewhat settled following the global vaccine programme and the opening up of wider economy during the year, the wider impact of Ukraine war is very much unknown. The war in Ukraine has caused increase in energy costs which in turn has contributed to high level of inflation globally. The management continues to review any developments of both the COVID-19 pandemic and the war in Ukraine in the context of the risks presented to the company's business.

In addition, the management team meets regularly to review the financial performance of the subsidiaries' property portfolio, and the financial covenant ratios within the financing agreements are monitored on an ongoing basis.

Some risks are excluded because the management considers them not to be material to the company. Additionally there may be risks and uncertainties not presently known to the management team or which they are deemed immaterial to the company.

Borrowings

As with all loan finance, there is a risk that the company may be at risk of default under the financing arrangements.

To mitigate against this risk, the management team meets regularly to review the performance of the company and its subsidiaries. The covenant ratios within the financing agreement are monitored on an ongoing basis.

Future developments

The director expects the business to continue operating for the foreseeable future.

On behalf of the board

Juin Yong Chin
Director

20 September 2023

ABILITY HOTELS (IV) HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their annual report and financial statements for the year ended 31 December 2022.

Principal activities

The principal activity of the company continued to be that of holding company.

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Andreas Costas Panayiotou
Jonathan David Bregman
Juin Yong Chin
Martyn David Giles

Auditor

The auditor, FLS Accounting Solutions Limited T/A SP Vinshaw, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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 directors must not approve the financial statements unless they are 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 directors are required to:

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

The directors are 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 them to ensure that the financial statements comply with the Companies Act 2006. They are 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 of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Medium-sized companies exemption

This report has been prepared in accordance with the provisions applicable to companies entitled to the medium-sized companies exemption.

ABILITY HOTELS (IV) HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

On behalf of the board

Juin Yong Chin
Director

20 September 2023

ABILITY HOTELS (IV) HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ABILITY HOTELS (IV) HOLDINGS LIMITED

Opinion

We have audited the financial statements of Ability Hotels (IV) Holdings Limited (the 'company') for the year ended 31 December 2022 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

ABILITY HOTELS (IV) HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ABILITY HOTELS (IV) HOLDINGS LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

ABILITY HOTELS (IV) HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ABILITY HOTELS (IV) HOLDINGS LIMITED

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the hospitality sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation including compliance with customs regulations, data protection, anti-bribery, employment, and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- obtaining an understanding of the policies and procedures including internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations in order to design audit procedures that are appropriate in the circumstances (but not for the purpose of expressing an opinion on the effectiveness of the company's internal control).

To address the risk of fraud through management bias and override of controls, we:

- identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, design and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion
- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates in relation to income recognition, collectability of debtors, impairment of tangible and intangible assets and valuation of stock were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions

ABILITY HOTELS (IV) HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ABILITY HOTELS (IV) HOLDINGS LIMITED

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

- evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation (i.e. gives a true and fair view);

- reading the minutes of meetings of those charged with governance;

- enquiring of management as to actual and potential litigation and claims;

- reviewing correspondence with HMRC and the company's legal advisors; and

- Concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve collusion, forgery, deliberate concealment and omissions, misrepresentations, or the override of internal control.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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 an auditor's report 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.

Sadikali Gulamabas Premji FCCA (Senior Statutory Auditor)

For and on behalf of FLS Accounting Solutions Limited T/A SP Vinshaw 20 September 2023

**Chartered Certified Accountants
Statutory Auditor**

36 The Metro Centre
Dwight Road
Watford
WD18 9SB

ABILITY HOTELS (IV) HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Turnover	3	-	-
Administrative expenses		(37,637)	(75,767)
Operating loss	4	(37,637)	(75,767)
Interest receivable and similar income	6	1,172,755	1,143,103
Interest payable and similar expenses	7	(901,808)	(879,301)
Profit before taxation		233,310	188,035
Tax on profit	8	-	-
Profit for the financial year		233,310	188,035

The profit and loss account has been prepared on the basis that all operations are continuing operations.

ABILITY HOTELS (IV) HOLDINGS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 £	2021 £
Profit for the year	233,310	188,035
Other comprehensive income	-	-
Total comprehensive income for the year	<u>233,310</u>	<u>188,035</u>

ABILITY HOTELS (IV) HOLDINGS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2022

		2022	2021
	Notes	£	£
Fixed assets			
Investments	9	100	100
Current assets			
Debtors	11	14,093,706	12,920,951
Cash at bank and in hand		534	36,070
		14,094,240	12,957,021
Creditors: amounts falling due within one year	12	(5,103,110)	(4,199,201)
Net current assets		8,991,130	8,757,820
Total assets less current liabilities		8,991,230	8,757,920
Creditors: amounts falling due after more than one year	13	(8,504,440)	(8,504,440)
Net assets		486,790	253,480
Capital and reserves			
Called up share capital	15	100	100
Profit and loss reserves		486,690	253,380
Total equity		486,790	253,480

These financial statements have been prepared in accordance with the provisions relating to medium-sized companies.

The financial statements were approved by the board of directors and authorised for issue on 20 September 2023 and are signed on its behalf by:

Juin Yong Chin
Director

Martyn David Giles
Director

Company registration number 09333595 (England and Wales)

ABILITY HOTELS (IV) HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2021	100	65,345	65,445
Year ended 31 December 2021:			
Profit and total comprehensive income	-	188,035	188,035
Balance at 31 December 2021	100	253,380	253,480
Year ended 31 December 2022:			
Profit and total comprehensive income	-	233,310	233,310
Balance at 31 December 2022	100	486,690	486,790

ABILITY HOTELS (IV) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

Ability Hotels (IV) Holdings Limited is a private company limited by shares incorporated in England and Wales. The registered office is Hilton London Syon Park, Syon Park, London Road, Brentford, Middlesex, UK, TW8 8JF.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Ability Hotels (IV) Holdings Limited is a wholly owned subsidiary of Ability Hotels (IV) Group Limited and the results of Ability Hotels (IV) Holdings Limited are included in the consolidated financial statements of A.P. The Ability Group Limited which are available from its registered office address in Cyprus.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The directors regard the foreseeable future as no less than twelve months following the publication of its annual financial statements. The directors have considered the Company's working capital forecasts and projections, support from its ultimate parent undertaking, taking account of reasonable possible changes in trading performance, impact of Covid-19, the war in Ukraine and the current state of its operating market, and are satisfied that the Company should be able to remain in operational existence. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

ABILITY HOTELS (IV) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.4 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.5 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

ABILITY HOTELS (IV) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.6 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.7 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

ABILITY HOTELS (IV) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Valuation of debtors is based upon ongoing assessments of the probable estimated losses inherent in the trade and other debtors portfolio. Assessments are conducted by the board employing a methodology and guidelines, which are continually monitored and improved. The primary component of this methodology comprises specific allowances and collective allowances.

A debtor is subject to impairment test when valid indications exist, at the assessment date, which demonstrate that the customer will not be able to meet his obligations and/or when the flow of receipts decelerates over time. Usually such indications include failure of communication with the customers and indications of significant financial difficulty.

Amounts individually provided for concern claims evaluated individually for impairment based upon management's best estimate of the present value of the cash flows which are expected to be received.

The accuracy of provisions depends on the accuracy of future cash flows for specific allowances and the model assumptions and parameters used in determining collective allowances. While this necessarily involves judgment, management believes that their provisions are reasonable and supportable.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Revenue

	2022 £	2021 £
Interest income	1,172,755	1,143,103

4 Operating loss

	2022 £	2021 £
Operating loss for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	240	240

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022 Number	2021 Number
Directors	4	4

ABILITY HOTELS (IV) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

6 Interest receivable and similar income

	2022	2021
	£	£
Interest income		
Interest receivable from group companies	1,172,755	1,143,103

7 Interest payable and similar expenses

	2022	2021
	£	£
Interest on bank overdrafts and loans	758,186	765,400
Interest payable to group undertakings	143,622	113,901
	901,808	879,301

8 Taxation

No liability to UK corporation tax arose for the year ended 31 December 2022 nor for the year ended 31 December 2021.

9 Fixed asset investments

	Notes	2022	2021
		£	£
Investments in subsidiaries	10	100	100

ABILITY HOTELS (IV) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

10 Subsidiaries

Details of the company's subsidiaries at 31 December 2022 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Ability Hotels (IV) UK Limited	England & Wales	Holding company	Ordinary shares	100.00	-
Ability Hotels (IV) Finance Limited	England & Wales	Holding company	Ordinary shares	-	100.00
Ability Hotels (Newcastle) Holdings Limited	England & Wales	Holding company	Ordinary shares	-	100.00
Ability Hotels (Peterborough) Holdings Limited	England & Wales	Holding company	Ordinary shares	-	100.00
Ability Hotels (Liverpool Plaza) Limited	England & Wales	Holding company	Ordinary shares	-	100.00
Ability Hotels (Newcastle) Limited	England & Wales	Holding company	Ordinary shares	-	100.00
Ability Hotels (Peterborough) Limited	England & Wales	Operation of hotel	Ordinary shares	-	100.00

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Capital and Reserves	Profit/(Loss)
	£	£
Ability Hotels (IV) UK Limited	172,037	829
Ability Hotels (IV) Finance Limited	(2,444,999)	(3,166,061)
Ability Hotels (Newcastle) Holdings Limited	(4,518)	4,457
Ability Hotels (Peterborough) Holdings Limited	120,296	132,591
Ability Hotels (Liverpool Plaza) Limited	13,554,320	3,215,037
Ability Hotels (Newcastle) Limited	947,574	(277,580)
Ability Hotels (Peterborough) Limited	2,272,966	(214,903)

11 Debtors

	2022	2021
	£	£
Amounts falling due within one year:		
Amounts owed by group undertakings	14,027,587	12,854,832
Prepayments and accrued income	66,119	66,119
	<u>14,093,706</u>	<u>12,920,951</u>

ABILITY HOTELS (IV) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

12 Creditors: amounts falling due within one year

	2022 £	2021 £
Amounts owed to group undertakings	4,980,762	4,069,639
Accruals and deferred income	122,348	129,562
	<u>5,103,110</u>	<u>4,199,201</u>

13 Creditors: amounts falling due after more than one year

	Notes	2022 £	2021 £
Bank loans and overdrafts	14	<u>8,504,440</u>	<u>8,504,440</u>

14 Loans and overdrafts

	2022 £	2021 £
Bank loans	<u>8,504,440</u>	<u>8,504,440</u>
Payable after one year	<u>8,504,440</u>	<u>8,504,440</u>

Loans are secured by way of mortgage debentures, floating charges and legal charges over the assets of the company. The loan is repayable in 2024 and the interest rate is 9%.

15 Share capital

	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

16 Contingent liabilities

The company has given guarantees and charges over its assets in favour of other group companies in support of certain borrowings of those companies. At the balance sheet date the amount outstanding under these borrowings was approximately £59.03 million (2021: £59.98 million).

ABILITY HOTELS (IV) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

17 Related party transactions

The company has taken advantage of FRS 102, Section 33.1A, for the disclosure of transactions entered into between two or more members of a group, provided that any subsidiary which is party to the transaction is wholly owned by such a member.

Amounts owed to and from group companies are therefore shown in aggregate.

Included in debtors is an amount of £14,027,587 (2021: £12,854,832) owed by group undertakings.

Included in creditors is an amount of £4,980,762 (2021: £4,069,639) owed to group undertakings.

18 Controlling party

The immediate parent company is Ability Hotels (IV) Group Limited incorporated in England & Wales.

The ultimate parent undertaking is A.P. The Ability Group Limited, incorporated in Cyprus.

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

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.