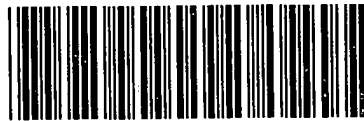


**ARLAFORM LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

TUESDAY



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**ARLAFORM LIMITED**

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**COMPANY INFORMATION**

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<b>DIRECTORS</b>	Mr R Tang Mr S Hussain
<b>COMPANY SECRETARY</b>	Mr R Tang
<b>REGISTERED NUMBER</b>	04204327
<b>REGISTERED OFFICE</b>	E3 The Premier Centre Abbey Park Romsey Hampshire SO51 9DG
<b>INDEPENDENT AUDITORS</b>	MHA MacIntyre Hudson Chartered Accountants & Statutory Auditors Lyndale House Ervington Court Harcourt Way Meridian Business Park Leicester LE19 1WL
<b>BANKERS</b>	Barclays Bank PLC 1 Churchill Place London E14 5HP

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**ARLAFORM LIMITED**

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**CONTENTS**

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	Page
<b>Strategic Report</b>	1
<b>Directors' Report</b>	2 - 3
<b>Independent Auditors' Report</b>	4 - 5
<b>Profit and Loss Account</b>	6
<b>Balance Sheet</b>	7
<b>Notes to the Financial Statements</b>	8 - 14
<p>The following pages do not form part of the statutory financial statements:</p>	
<b>Detailed Profit and Loss Account and Summaries</b>	15 - 16

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**ARLAFORM LIMITED**

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**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**INTRODUCTION**

The directors present their strategic report on the company for the year ended 31 December 2013.

**BUSINESS REVIEW**

The principal activity of the company during the year was the provision of property rental and management services to its subsidiary company, Stapleford Park Limited, a hotel operator.

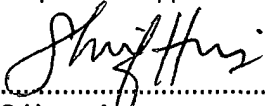
The results for the company for the year were as expected.

**PRINCIPAL RISKS AND UNCERTAINTIES**

It is the policy of the Board of Directors to review all financial risks of the company on an ongoing basis.

**FINANCIAL KEY PERFORMANCE INDICATORS**

Given the straight forward nature of the business, the company's directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the business. This report was approved by the board and signed on its behalf.



.....  
**Mr S Hussain**  
**Director**

Date: 26 September 2014

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## ARLAFORM LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

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The directors present their report and the financial statements for the year ended 31 December 2013.

#### DIRECTORS

The directors who served during the year were:

Mr R Tang  
Mr S Hussain

#### RESULTS AND DIVIDENDS

The loss for the year after exceptional items, after taxation, amounted to £6,099,814 (2012 - loss £31,737).

The directors have not recommended a dividend.

#### DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report, the Directors' 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 judgments 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.

#### DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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ARLAFORM LIMITED

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DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2013

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This report was approved by the board and signed on its behalf.



.....  
**Mr S Hussain**  
Director

Date: 26 September 2014

E3 The Premier Centre  
Abbey Park  
Romsey  
Hampshire  
SO51 9DG

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## ARLAFORM LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ARLAFORM LIMITED

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We have audited the financial statements of Arlaform Limited for the year ended 31 December 2013, which comprise the Profit and Loss Account, Balance Sheet, Accounting Policies 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 an Auditors' 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.

#### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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. 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 directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### BASIS FOR QUALIFIED OPINION ON FINANCIAL STATEMENTS

Included within debtors shown on the balance sheet is an amount of £5,475,675 due from Stapleford Park Limited, a wholly owned subsidiary. The balance sheet of Stapleford Park Limited as at 31 December 2013 reports a deficit of shareholders' funds amounting to £4,795,793. In our opinion Arlaform Limited is unlikely to receive payment for this debt and a provision of £5,475,675 should have been made. Accordingly, Arlaform Limited debtors should be reduced by £5,475,675, the loss for the year increased by £5,475,675 and retained earnings reduced by £5,475,675.

#### UNQUALIFIED OPINION ON FINANCIAL STATEMENTS

In our opinion, except for the matters described in the basis for qualified opinion paragraph, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its 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.

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ARLAFORM LIMITED

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ARLAFORM LIMITED

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**EMPHASIS OF MATTER**

Notwithstanding our qualified opinion on the financial statements of the company, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the company's ability to continue as a going concern. At 31 December 2013 the company's total liabilities exceeded its total assets by £5,272,767. These conditions, along with other matters set out in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. Our opinion is not qualified in respect of this material uncertainty. The financial statements do not include any adjustments that would result from a failure to continue as a going concern.

**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion 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.

**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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Robert Nelson BA FCA (Senior Statutory Auditor) (Senior Statutory Auditor)

for and on behalf of  
**MHA MacIntyre Hudson**

Chartered Accountants  
Statutory Auditors

Lyndale House  
Ervington Court  
Harcourt Way  
Meridian Business Park  
Leicester  
LE19 1WL

26 September 2014



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ARLAFORM LIMITED

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PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2013

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	Note	2013 £	2012 £
<b>TURNOVER</b>	1,2	300,000	100,000
Administrative expenses		(383,237)	(171,737)
Other operating income	3	40,000	40,000
<b>OPERATING LOSS</b>	4	(43,237)	(31,737)
<b>EXCEPTIONAL ITEMS</b>			
Other exceptional items	6	(6,056,577)	-
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(6,099,814)	(31,737)
Tax on loss on ordinary activities	7	-	-
<b>LOSS FOR THE FINANCIAL YEAR</b>	14	(6,099,814)	(31,737)

All amounts relate to continuing operations.

There were no recognised gains and losses for 2013 or 2012 other than those included in the Profit and Loss Account.

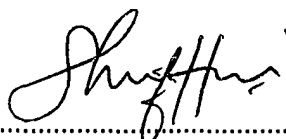
The notes on pages 8 to 14 form part of these financial statements.

**ARLAFORM LIMITED**  
**REGISTERED NUMBER: 04204327**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2013**

	Note	£	2013 £	£	2012 £
<b>FIXED ASSETS</b>					
Tangible assets	8		19,489,800		19,836,640
Investments	9		1		6,056,578
			19,489,801		25,893,218
<b>CURRENT ASSETS</b>					
Debtors: amounts falling due after more than one year	10	5,475,675		4,114,549	
Debtors: amounts falling due within one year	10	45		45	
Cash at bank		969		999	
			5,476,689		4,115,593
<b>CREDITORS: amounts falling due within one year</b>	11	<b>(1,202,702)</b>		<b>(1,201,501)</b>	
<b>NET CURRENT ASSETS</b>			<b>4,273,987</b>		<b>2,914,092</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>23,763,788</b>		<b>28,807,310</b>
<b>CREDITORS: amounts falling due after more than one year</b>	12		<b>(29,036,555)</b>		<b>(27,980,263)</b>
<b>NET (LIABILITIES)/ASSETS</b>			<b>(5,272,767)</b>		<b>827,047</b>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	13		1,125		1,125
Share premium account	14		578,875		578,875
Profit and loss account	14		(5,852,767)		247,047
<b>SHAREHOLDERS' (DEFICIT)/FUNDS</b>	15		<b>(5,272,767)</b>		<b>827,047</b>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



.....  
**Mr S Hussain**  
 Director

Date: 26 September 2014

The notes on pages 8 to 14 form part of these financial statements.

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## ARLAFORM LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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#### 1. ACCOUNTING POLICIES

##### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

##### 1.2 Going concern

The directors have adopted a going concern basis in the preparation of these financial statements. At 31 December 2013 the company's total liabilities exceeded its total assets by £5,272,767. As a result of losses sustained in the current year, its ability to continue to trade and meet its liabilities is dependent upon the continued support of its group's investors. This in turn impacts on its ability to repay group indebtedness generally and on the resultant viability of the group.

The company's ability to continue as a going concern is dependent on the ongoing support of the company's shareholders and investors. The directors have received written confirmation from the shareholders that it is not their present intention to seek recovery of any amounts due to them by members of the group until at least 1 October 2015.

##### 1.3 Cash flow

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is a subsidiary undertaking with at least 90% of voting rights held within the group and the group accounts are publicly available.

##### 1.4 Turnover

The turnover shown in the profit and loss account represents amounts due during the year exclusive of Value Added Tax.

##### 1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% straight line
Plant and machinery	-	15% reducing balance
Fixtures and fittings	-	15% reducing balance
Computer equipment	-	15% reducing balance

##### 1.6 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

##### 1.7 Consolidation

The company was, at the end of the year, a wholly-owned subsidiary of another company incorporated in the EEA and in accordance with Section 400 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts.

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ARLAFORM LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013

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2. **TURNOVER**

The whole of the turnover is attributable to the one principal activity of the company.

All turnover arose within the United Kingdom.

3. **OTHER OPERATING INCOME**

	2013 £	2012 £
Management charges receivable	40,000	40,000

4. **OPERATING LOSS**

The operating loss is stated after charging/(crediting):

	2013 £	2012 £
Depreciation of tangible fixed assets: - owned by the company	382,301	170,508
Auditors' remuneration	1,200	1,200
Profit on disposal	(294)	-

5. **STAFF COSTS**

The company has no employees other than the directors, who did not receive any remuneration (2012 - £NIL).

6. **EXCEPTIONAL ITEMS**

	2013 £	2012 £
Impairment of investment	6,056,577	-

During the year the investment in Stapleford Park Limited has been impaired as a result of the continued losses and the negative balance sheet in that company.

7. **TAXATION**

	2013 £	2012 £
UK corporation tax charge on loss for the year	-	-

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ARLAFORM LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013

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7. TAXATION (continued)

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2012 - lower than) the standard rate of corporation tax in the UK of 20% (2012 - 20%). The differences are explained below:

	2013 £	2012 £
Loss on ordinary activities before tax	<u>(6,099,814)</u>	<u>(31,737)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2012 - 20%)	(1,219,963)	(6,348)
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	47,994	-
Capital allowances for year in excess of depreciation	(145,270)	(181,150)
Unrelieved tax losses	105,924	187,498
Other tax charge (relief) on exceptional items	1,211,315	-
<b>Current tax charge for the year</b> (see note above)	<u>-</u>	<u>-</u>

**Factors that may affect future tax charges**

The company has tax losses of £1,467,108 (2012: £937,489) to use against future trading profits of the company.

ARLAFORM LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013

8. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>					
At 1 January 2013	18,636,415	329,800	888,236	152,697	20,007,148
Additions	-	29,095	5,850	762	35,707
Disposals	-	-	-	(484)	(484)
At 31 December 2013	<u>18,636,415</u>	<u>358,895</u>	<u>894,086</u>	<u>152,975</u>	<u>20,042,371</u>
<b>Depreciation</b>					
At 1 January 2013	101,971	16,490	44,412	7,635	170,508
Charge for the year	239,968	60,267	82,066	-	382,301
On disposals	-	-	-	(238)	(238)
At 31 December 2013	<u>341,939</u>	<u>76,757</u>	<u>126,478</u>	<u>7,397</u>	<u>552,571</u>
<b>Net book value</b>					
At 31 December 2013	<u><u>18,294,476</u></u>	<u><u>282,138</u></u>	<u><u>767,608</u></u>	<u><u>145,578</u></u>	<u><u>19,489,800</u></u>
At 31 December 2012	<u><u>18,534,444</u></u>	<u><u>313,310</u></u>	<u><u>843,824</u></u>	<u><u>145,062</u></u>	<u><u>19,836,640</u></u>

9. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 January 2013 and 31 December 2013	<u>6,056,578</u>
<b>Impairment</b>	
At 1 January 2013	-
Charge for the year	6,056,577
At 31 December 2013	<u>6,056,577</u>
<b>Net book value</b>	
At 31 December 2013	<u><u>1</u></u>
At 31 December 2012	<u><u>6,056,578</u></u>

**ARLAFORM LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**9. FIXED ASSET INVESTMENTS (continued)**

**Subsidiary undertakings**

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding
Stapleford Park Limited	Ordinary shares	100%

Name	Business	Registered office
Stapleford Park Limited	Country House Hotel and Sporting Estate	E3 The Premier Centre, Abbey Park, Romsey, Hants, SO51 9DG

Under the provision of section 400 of the Companies Act 2006 the company is exempt from preparing consolidated accounts and has not done so, therefore the accounts show information about the company as an individual entity.

**10. DEBTORS**

	2013 £	2012 £
<b>Due after more than one year</b>		
Amounts owed by group undertakings	<u>5,475,675</u>	<u>4,114,549</u>
	2013 £	2012 £
<b>Due within one year</b>		
Other debtors	<u>45</u>	<u>45</u>

**11. CREDITORS:  
Amounts falling due within one year**

	2013 £	2012 £
Amounts owed to group undertakings	838,860	838,860
Other creditors	300,000	300,000
Accruals and deferred income	63,842	62,641
	<u>1,202,702</u>	<u>1,201,501</u>

Other creditors includes a shareholder loan of £300,000 (2012: £300,000) which is unsecured and interest free.

ARLAFORM LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013

12. CREDITORS:

Amounts falling due after more than one year

	2013 £	2012 £
Debenture loans (convertible)	579,000	579,000
Amounts owed to group undertakings	28,457,555	27,401,263
	29,036,555	27,980,263

13. SHARE CAPITAL

	2013 £	2012 £
<b>Allotted, called up and fully paid</b>		
1,000 Ordinary shares of £1 each	1,000	1,000
1,250 'A' Ordinary shares of £0.10 each	125	125
	1,125	1,125

14. RESERVES

	Share premium account £	Profit and loss account £
At 1 January 2013	578,875	247,047
Loss for the financial year	-	(6,099,814)
At 31 December 2013	578,875	(5,852,767)

15. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2013 £	2012 £
Opening shareholders' funds	827,047	858,784
Loss for the financial year	(6,099,814)	(31,737)
Closing shareholders' (deficit)/funds	(5,272,767)	827,047



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ARLAFORM LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013

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**16. RELATED PARTY TRANSACTIONS**

Included in creditors is a loan from Innoview Properties Limited, the ultimate parent company, amounting to £24,844,340 (2012: £23,788,048). No interest is currently being charged on this loan.

The company has taken advantage of the exemptions available under Financial Reporting Standard 8 not to disclose transactions with other members of the group controlled by Arlacross Limited.

**17. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The company is under the control of Arlacross Limited by virtue of its majority shareholding in the company.

The ultimate parent company is Innoview Properties Limited, incorporated in the British Virgin Islands, which wholly owns Arlacross Limited.

**18. CREDITORS - CAPITAL INSTRUMENTS**

Convertible instruments amounting to £579,000 (2012 - £579,000) are included in creditors.

The 'B' loan stock is convertible into 'A' and 'B' ordinary shares of the company. Conversion is at a rate of 1 ordinary share for £4,632 of loan stock. The loan stock carries a nominal interest rate of 6% per annum, although currently no interest is being charged.

**19. GUARANTEES**

A cross guarantee and debenture exists between Stapleford Park Limited and Arlaform Limited over net bank borrowings. At 31 December 2013 net bank borrowings of Stapleford Park Limited amounted to £314,518 (2012: £546,363).

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ARLAFORM LIMITED

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DETAILED TRADING AND PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2013

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	Page	2013 £	2012 £
<b>TURNOVER</b>		<b>300,000</b>	<b>100,000</b>
Other operating income	16	<b>40,000</b>	<b>40,000</b>
		<hr/>	<hr/>
		<b>340,000</b>	<b>140,000</b>
 <b>LESS: OVERHEADS</b>			
Administration expenses	16	<b>(383,237)</b>	<b>(171,737)</b>
		<hr/>	<hr/>
<b>OPERATING LOSS</b>		<b>(43,237)</b>	<b>(31,737)</b>
Exceptional items	16	<b>(6,056,577)</b>	-
		<hr/>	<hr/>
<b>LOSS FOR THE YEAR</b>		<b>(6,099,814)</b>	<b>(31,737)</b>
		<hr/> <hr/>	<hr/> <hr/>

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ARLAFORM LIMITED

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SCHEDULE TO THE DETAILED ACCOUNTS  
FOR THE YEAR ENDED 31 DECEMBER 2013

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	2013 £	2012 £
<b>OTHER OPERATING INCOME</b>		
Management charges receivable	<u>40,000</u>	<u>40,000</u>
	2013 £	2012 £
<b>ADMINISTRATION EXPENSES</b>		
Auditors' remuneration	1,200	1,200
Bank charges	30	29
Depreciation	382,301	170,508
Profit on sale of tangible assets	(294)	-
	<u>383,237</u>	<u>171,737</u>
	2013 £	2012 £
<b>EXCEPTIONAL ITEMS</b>		
Other exceptional items	<u>(6,056,577)</u>	<u>-</u>