

ARLAFORM LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2016



ARLAFORM LIMITED

COMPANY INFORMATION

| | |
|-----------------------------|---|
| Directors | Mr R Tang Mr S Hussain |
| Company secretary | Mr R Tang |
| Registered number | 04204327 |
| Registered office | E3 The Premier Centre Abbey Park Romsey Hampshire SO51 9DG |
| Independent auditors | MHA MacIntyre Hudson Chartered Accountants & Statutory Auditors 11 Merus Court Meridian Business Park Leicester LE19 1RJ |
| Bankers | Barclays Bank PLC 1 Churchill Place London E14 5HP |

ARLAFORM LIMITED

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ARLAFORM LIMITED

**STRATEGIC REPORT
FOR THE PERIOD ENDED 31 MARCH 2016**

Introduction

The directors present their strategic report on the company for the period ended 31 March 2016.

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 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 R Tang
Director

Date:


2 December 2016

ARLAFORM LIMITED

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 MARCH 2016**

The directors present their report and the financial statements for the period ended 31 March 2016.

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the company financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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.

Results and dividends

The loss for the period, after taxation, amounted to £162,797 (2014 - loss £143,947).

The directors have not recommended a dividend.

Directors

The directors who served during the period were:

Mr R Tang
Mr S Hussain

Future developments

There are no proposed changes to the company's activities.

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.

ARLAFORM LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2016**


Post balance sheet events

There have been no significant events affecting the company since the year end.

Auditors

The auditors, MHA MacIntyre Hudson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



.....
Mr R Tang
Director

Date: 2 December 2016

ARLAFORM LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ARLAFORM LIMITED

We have audited the financial statements of Arlaform Limited for the period ended 31 March 2016, which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity, and the related notes. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 on page 2, 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 Financial Reporting Council'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 in the debtors shown on the balance sheet is an amount of £7,646,265 due from Stapleford Park Limited, a wholly owned subsidiary. The balance sheet of Stapleford Park Limited as at 31 March 2016 reports a deficit of shareholders' funds amounting to £6,938,537. In our opinion the company is unlikely to receive any payment of this debt and full provision of £7,646,265 should have been made. Accordingly, debtors should be reduced by £7,646,265, and the loss for the year should be increased by £7,646,265 and retained earnings should be reduced by £7,646,265.

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 March 2016 and of its profit or loss for the period 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.

ARLAFORM LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ARLAFORM LIMITED

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 2 to the financial statements concerning the company's ability to continue as a going concern. The company reported a loss of £162,797 in the period ended 31 March 2016 and, at that date the company's total liabilities exceeded its total assets by £5,579,511 and it had net current liabilities of £5,579,511. These conditions, along with other matters set out in note 2 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 period for which the financial statements are prepared is consistent with those accounts.

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)

for and on behalf of
MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

11 Merus Court
Meridian Business Park
Leicester
LE19 1RJ

15 December 2016

ARLAFORM LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 MARCH 2016

| | Note | 2016 £ | 2014 £ |
|--|------|------------------|------------------|
| Turnover | 4 | 375,000 | 300,000 |
| Gross profit | | <u>375,000</u> | <u>300,000</u> |
| Administrative expenses | | (587,797) | (483,947) |
| Other operating income | 5 | 50,000 | 40,000 |
| Operating loss | 6 | <u>(162,797)</u> | <u>(143,947)</u> |
| Loss for the period | | <u>(162,797)</u> | <u>(143,947)</u> |
| Other comprehensive income for the period | | - | - |
| Total comprehensive income for the period | | <u>(162,797)</u> | <u>(143,947)</u> |

There were no recognised gains and losses other than those included in the profit and loss account.

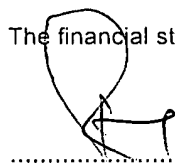
The notes on pages 9 to 20 form part of these financial statements.

ARLAFORM LIMITED
REGISTERED NUMBER:04204327

BALANCE SHEET
AS AT 31 MARCH 2016

| | Note | 31 March 2016 £ | 31 March 2016 £ | 31 December 2014 £ | 31 December 2014 £ |
|--|------|-----------------------|-----------------------|-----------------------------|-----------------------------|
| Fixed assets | | | | | |
| Tangible assets | 9 | | 18,725,884 | | 19,147,783 |
| Investments | 10 | | 1 | | 1 |
| | | | <u>18,725,885</u> | | <u>19,147,784</u> |
| Current assets | | | | | |
| Debtors | 11 | 7,646,311 | | 6,088,565 | |
| Cash at bank and in hand | | 969 | | 969 | |
| | | <u>7,647,280</u> | | <u>6,089,534</u> | |
| Creditors: amounts falling due within one year | 12 | (31,952,676) | | (30,654,032) | |
| Net current liabilities | | | <u>(24,305,396)</u> | | <u>(24,564,498)</u> |
| Total assets less current liabilities | | | <u>(5,579,511)</u> | | <u>(5,416,714)</u> |
| Net assets | | | <u>(5,579,511)</u> | | <u>(5,416,714)</u> |
| Capital and reserves | | | | | |
| Called up share capital | 14 | | 1,125 | | 1,125 |
| Share premium account | 15 | | 578,875 | | 578,875 |
| Profit and loss account | 15 | | (6,159,511) | | (5,996,714) |
| | | | <u>(5,579,511)</u> | | <u>(5,416,714)</u> |

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



Mr R Tang

Director

Date: 2 December 2016

The notes on pages 9 to 20 form part of these financial statements.

ARLAFORM LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2016

| | Called up share capital | Share premium account | Profit and loss account | Total equity |
|--|----------------------------|-----------------------------|----------------------------|--------------------|
| | £ | £ | £ | £ |
| At 1 January 2015 | 1,125 | 578,875 | (5,996,714) | (5,416,714) |
| Comprehensive income for the period | | | | |
| Loss for the period | - | - | (162,797) | (162,797) |
| At 31 March 2016 | <u>1,125</u> | <u>578,875</u> | <u>(6,159,511)</u> | <u>(5,579,511)</u> |

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

| | Called up share capital | Share premium account | Profit and loss account | Total equity |
|--|----------------------------|-----------------------------|----------------------------|--------------------|
| | £ | £ | £ | £ |
| At 1 January 2014 | 1,125 | 578,875 | (5,852,767) | (5,272,767) |
| Comprehensive income for the year | | | | |
| Loss for the year | - | - | (143,947) | (143,947) |
| At 31 December 2014 | <u>1,125</u> | <u>578,875</u> | <u>(5,996,714)</u> | <u>(5,416,714)</u> |

The notes on pages 9 to 20 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2016**

1. General information

The entity is a members' limited liability company which is incorporated in England. The registered office is E3, The Premier Centre, Abbey Park, Romsey, Hampshire, SO51 9DG.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 20.

The company's functional and presentational currency is British Sterling (£).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Arlacross Limited as at 31 March 2016 and these financial statements may be obtained from E3, The Premier Centre, Abbey Park, Romsey, Hampshire, SO51 9DG.

2.3 Going concern

The directors have adopted the going concern basis in the preparation of these financial statements. At 31 March 2016 the company's total liabilities exceeded its total assets by £5,579,511. As a result of losses sustained in the current and previous years, 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 31 December 2017.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2016

2. Accounting policies (continued)

2.4 Turnover

The turnover shown in the Profit and Loss Account represents the total value of sales made during the year, exclusive of Value Added Tax.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, over the following bases:

| | |
|-----------------------|----------------------------------|
| Freehold property | - 2% straight line per annum. |
| Plant and machinery | - 15% reducing balance per annum |
| Motor vehicles | - 25% reducing balance per annum |
| Fixtures and fittings | - 15% reducing balance per annum |
| Computer equipment | - 15% reducing balance per annum |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Profit and Loss Account.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2016

2. Accounting policies (continued)

2.9 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and Loss Account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an 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.

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 income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2016**

2. Accounting policies (continued)

2.11 Borrowing costs

All borrowing costs are recognised in the Profit and Loss Account in the period in which they are incurred.

2.12 Taxation

Tax is recognised in the Profit and Loss Account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.13 Consolidation

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.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

(i) Useful economic lives of tangible fixed assets

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 9 for the carrying amount of tangible fixed assets, and note 2.5 for the useful economic lives of each class of assets.

4. Turnover

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

All turnover arose within the United Kingdom.

ARLAFORM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2016

5. Other operating income

| | 2016 £ | 2014 £ |
|-------------------------------|---------------|---------------|
| Management charges receivable | 50,000 | 40,000 |
| | <u>50,000</u> | <u>40,000</u> |

6. Operating loss

The operating loss is stated after charging:

| | 2016 £ | 2014 £ |
|---|-----------|----------------|
| Depreciation of tangible fixed assets | 587,797 | 493,812 |
| Profit on disposal of tangible fixed assets | - | (9,865) |
| | <u>-</u> | <u>(9,865)</u> |

During the period, no director received any emoluments (2014 - £NIL).

7. Employees

The company has no employees other than the directors, who did not receive any remuneration (2014 - £NIL).

8. Taxation

| | 2016 £ | 2014 £ |
|-------------------|-----------|-----------|
| Total current tax | - | - |
| | <u>-</u> | <u>-</u> |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2016

8. Taxation (continued)

Factors affecting tax charge for the period/year

The tax assessed for the period/year is higher than (2014 - higher than) the standard rate of corporation tax in the UK of 20% (2014 - 20%). The differences are explained below:

| | 2016 £ | 2014 £ |
|--|------------------|------------------|
| Profit on ordinary activities before tax | <u>(162,797)</u> | <u>(143,947)</u> |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2014 - 20%) | (32,559) | (28,789) |
| Effects of: | | |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | 76,812 | 61,445 |
| Capital allowances for period/year in excess of depreciation | (126,495) | (112,399) |
| Unrelieved tax losses | 82,242 | 79,743 |
| Total tax charge for the period/year | <u>-</u> | <u>-</u> |

Factors that may affect future tax charges

The company has tax losses of £2,224,838 (31 December 2014 - £1,865,826) to use against future trading profits of the company.

ARLAFORM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2016**

9. Tangible fixed assets

| | Freehold property £ | Plant and machinery £ | Motor vehicles £ | Fixtures and fittings £ | Computer equipment £ | Total £ |
|--------------------------|---------------------------|-----------------------------|------------------------|-------------------------------|----------------------------|-------------------|
| Cost or valuation | | | | | | |
| At 1 January 2015 | 18,747,056 | 340,533 | 11,167 | 934,208 | 156,167 | 20,189,131 |
| Additions | 110,978 | 40,139 | - | 5,644 | 11,087 | 167,848 |
| Disposals | (1,950) | - | - | - | - | (1,950) |
| At 31 March 2016 | <u>18,856,084</u> | <u>380,672</u> | <u>11,167</u> | <u>939,852</u> | <u>167,254</u> | <u>20,355,029</u> |
| Depreciation | | | | | | |
| At 1 January 2015 | 649,162 | 112,044 | 2,792 | 247,637 | 29,713 | 1,041,348 |
| Charge for the period | 384,061 | 46,147 | 3,490 | 129,178 | 24,921 | 587,797 |
| At 31 March 2016 | <u>1,033,223</u> | <u>158,191</u> | <u>6,282</u> | <u>376,815</u> | <u>54,634</u> | <u>1,629,145</u> |
| Net book value | | | | | | |
| At 31 March 2016 | <u>17,822,861</u> | <u>222,481</u> | <u>4,885</u> | <u>563,037</u> | <u>112,620</u> | <u>18,725,884</u> |
| At 31 December 2014 | <u>18,097,894</u> | <u>228,489</u> | <u>8,375</u> | <u>686,571</u> | <u>126,454</u> | <u>19,147,783</u> |

ARLAFORM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2016

10. Fixed asset investments

| | Investments in subsidiary companies £ |
|--------------------------|---|
| Cost or valuation | |
| At 1 January 2015 | 6,056,578 |
| At 31 March 2016 | <u>6,056,578</u> |
| Impairment | |
| At 1 January 2015 | 6,056,577 |
| At 31 March 2016 | <u>6,056,577</u> |
| Net book value | |
| At 31 March 2016 | <u>1</u> |
| At 31 December 2014 | <u>1</u> |

Subsidiary undertakings

The following were subsidiary undertakings of the company:

| Name | Country of incorporation | Class of shares | Holding | Principal activity |
|-------------------------|-----------------------------|--------------------|---------|--------------------|
| Stapleford Park Limited | England | Ordinary shares | 100 % | Hotel operator |

11. Debtors

| | 31 March 2016 £ | 31 December 2014 £ |
|------------------------------------|-----------------------|-----------------------------|
| Amounts owed by group undertakings | 7,646,265 | 6,088,519 |
| Other debtors | 46 | 46 |
| | <u>7,646,311</u> | <u>6,088,565</u> |

ARLAFORM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2016

12. Creditors: Amounts falling due within one year

| | 31 March 2016 £ | 31 December 2014 £ |
|------------------------------------|-----------------------|-----------------------------|
| Debenture loans | 579,000 | 579,000 |
| Amounts owed to group undertakings | 31,009,834 | 29,711,190 |
| Other creditors | 300,000 | 300,000 |
| Accruals and deferred income | 63,842 | 63,842 |
| | <u>31,952,676</u> | <u>30,654,032</u> |

Other creditors include a shareholder loan of £300,000 (31 December 2014 - £300,000) which is unsecured and interest free.

13. Creditors: Capital instruments

Convertible instruments amounting to £579,000 (31 December 2014 - £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.

14. Share capital

| | 31 March 2016 £ | 31 December 2014 £ |
|---|-----------------------|-----------------------------|
| Shares classified as equity | | |
| Allotted, called up and fully paid | | |
| 1,000 Ordinary shares of £1 each | 1,000 | 1,000 |
| 1,250 'A' Ordinary shares of £0.10 each | 125 | 125 |
| | <u>1,125</u> | <u>1,125</u> |

The shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2016**

15. Reserves

Share premium

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Profit and loss account

Includes all current and prior period retained profits and losses. All amounts are distributable.

16. Guarantees

A cross guarantee and debenture exists between Stapleford Park Limited and Arlaform Limited over net bank borrowings. At 31 March 2016 net bank borrowings of Stapleford Park Limited amounted to £366,136 (31 December 2014 - £637,979).

17. Related party transactions

Included in creditors are loans from Innoview Properties Limited, the ultimate parent company, amounting to £26,557,759 (31 December 2014 - £25,259,115). No interest is currently being charged on these loans.

Arlacross Limited

Included in creditors are loans from Arlacross Limited, the parent company, amounting to £5,331,075 (31 December 2014 - £5,331,075). The loans are interest free and repayable on demand.

The company has taken advantage of the exemption under Financial Reporting Standard 102, section 33 from the requirement to disclose transactions with group companies on the grounds that all subsidiaries are wholly owned by members of the group.

18. Controlling party

The directors consider that the parent undertaking of this company is Arlacross Limited, a company registered in England. Group accounts are prepared by Arlacross Limited, which can be obtained from E3, The Premier Centre, Abbey Park, Romsey, SO51 9DG.

Innoview Properties Limited, a company incorporated in the British Virgin Islands, is the company's controlling related party under the definitions set out in Financial Reporting Standard 102, by virtue of its shareholding in Arlacross Limited.

19. Comparative information

The company changed its accounting reference date from 31 December each year to 31 March, resulting in a reporting period of 15 months to 31 March 2016 (prior period: 12 months to 31 December 2014).

ARLAFORM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2016

20. First time adoption of FRS 102

| | As previously stated 1 January 2014 £ | Effect of transition 1 January 2014 £ | FRS 102 (as restated) 1 January 2014 £ | As previously stated 31 December 2014 £ | Effect of transition 31 December 2014 £ | FRS 102 (as restated) 31 December 2014 £ |
|---|---|---|--|--|--|---|
| Fixed assets | 19,489,801 | - | 19,489,801 | 19,147,784 | - | 19,147,784 |
| Current assets | 5,476,689 | - | 5,476,689 | 6,089,534 | - | 6,089,534 |
| Creditors: amounts falling due within one year | (1,202,702) | (29,036,555) | (30,239,257) | (1,202,702) | (29,451,330) | (30,654,032) |
| Net current liabilities | 4,273,987 | (29,036,555) | (24,762,568) | 4,886,832 | (29,451,330) | (24,564,498) |
| Total assets less current liabilities | 23,763,788 | (29,036,555) | (5,272,767) | 24,034,616 | (29,451,330) | (5,416,714) |
| Creditors: amounts falling due after more than one year | (29,036,555) | 29,036,555 | - | (29,451,330) | 29,451,330 | - |
| Net liabilities | (5,272,767) | - | (5,272,767) | (5,416,714) | - | (5,416,714) |
| Capital and reserves | (5,272,767) | - | (5,272,767) | (5,416,714) | - | (5,416,714) |

ARLAFORM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2016

20. First time adoption of FRS 102 (continued)

| | As previously stated 31 December 2014 £ | Effect of transition 31 December 2014 £ | FRS 102 (as restated) 31 December 2014 £ |
|--|--|--|---|
| Turnover | 300,000 | - | 300,000 |
| Administrative expenses | (483,947) | - | (483,947) |
| Other operating income | 40,000 | - | 40,000 |
| Operating profit | (143,947) | - | (143,947) |
| Loss on ordinary activities after taxation and for the financial year | (143,947) | - | (143,947) |

Explanation of changes to previously reported profit and equity:

- 1 Intercompany loans have been reclassified as current liabilities.

ARLAFORM LIMITED

DETAILED PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 MARCH 2016

| | 31 March 2016 £ | 31 December 2014 £ |
|---------------------------------|-----------------------|-----------------------------|
| Turnover | 375,000 | 300,000 |
| Gross profit | <u>375,000</u> | <u>300,000</u> |
| Other operating income | 50,000 | 40,000 |
| | <u>425,000</u> | <u>340,000</u> |
| Less: overheads | | |
| Administration expenses | (587,797) | (483,947) |
| Operating loss | 6 (162,797) | (143,947) |
| Loss for the period/year | <u>(162,797)</u> | <u>(143,947)</u> |

ARLAFORM LIMITED

SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE PERIOD ENDED 31 MARCH 2016

Other operating income

| | 31 March 2016 £ | 31 December 2014 £ |
|-------------------------------|-----------------------|-----------------------------|
| Management charges receivable | 50,000 | 40,000 |
| | <u>50,000</u> | <u>40,000</u> |

Administration expenses

| | 31 March 2016 £ | 31 December 2014 £ |
|-----------------------------------|-----------------------|-----------------------------|
| Depreciation | 587,797 | 493,812 |
| Profit on sale of tangible assets | - | (9,865) |
| | <u>587,797</u> | <u>483,947</u> |