

Arlacross Limited

Financial statements

For the year ended 31 December 2003

Grant Thornton 



Company No. 4204314

Company information

Company registration number	4204314
Registered office	E3 The Premier Centre Abbey Park Romsey Hants SO51 9AQ
Directors	R Tang S Hussain J Dare
Secretary	R Tang
Bankers	Barclays Bank plc 50 Pall Mall London SW1A 1QA
Auditors	Grant Thornton UK LLP Chartered Accountants Registered Auditors 8 West Walk Leicester LE1 7NH

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Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 December 2003.

Principal activities and business review

The company has not traded during the year.

The company is the holding company of a trading group in the hotel and leisure industry. The directors consider the results for the period under review satisfactory.

The company has incurred administrative expenses of £650 (2002: £665) and as a result there was a loss for the year after taxation amounting to £650 (2002: £665).

Results and dividends

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

The directors and their interests in shares of the company

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 31 December 2003	At 1 January 2003
A F Parker	89	89
R Tang	<u>11</u>	<u>11</u>

S Hussain was appointed as a director on 30 January 2004.

J Dare was appointed as a director on 1 May 2004.

A F Parker retired as a director on 20 April 2004.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and 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 proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

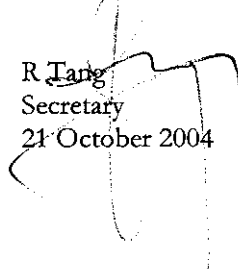
Auditors

On 1 July 2004, the Grant Thornton partnership transferred its business to a limited liability partnership, Grant Thornton UK LLP. Under section 26(5) of the Companies Act 1989, the directors consented to extend the audit appointment to Grant Thornton UK LLP from 1 July 2004.

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD

R. Tang
Secretary
21 October 2004



Report of the independent auditors to the members of Arlacross Limited

We have audited the financial statements of Arlacross Limited for the year ended 31 December 2003 which comprise the principal accounting policies, profit and loss account, balance sheet and notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the report of the directors and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the Directors' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.


Basis of opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2003 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.


GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

LEICESTER
28 October 2004

Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a small group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is small.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Investments

Investments are included at cost less amounts written off.

Going concern

The directors have adopted the going concern basis in the preparation of these financial statements, on the basis of trading forecasts and the continuing support of shareholders.

Profit and loss account

	Note	2003 £	2002 £
Turnover		—	—
Other operating charges	1	650	665
Interest receivable	4	315,000	315,000
Interest payable	5	(315,000)	(315,000)
Loss on ordinary activities before taxation		<u>(650)</u>	<u>(665)</u>
Tax on loss on ordinary activities		—	—
Loss for the financial year		<u><u>(650)</u></u>	<u><u>(665)</u></u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

Balance sheet

	Note	2003 £	2002 £
Fixed assets			
Investments	6	<u>1,000</u>	<u>1,000</u>
Current assets			
Debtors	7	5,320,287	5,005,937
Cash in hand		<u>100</u>	<u>100</u>
		5,320,387	5,006,037
Creditors: amounts falling due within one year	8	<u>823,102</u>	<u>508,102</u>
Net current assets		<u>4,497,285</u>	<u>4,497,935</u>
Total assets less current liabilities		<u>4,498,285</u>	<u>4,498,935</u>
Creditors: amounts falling due after more than one year	9	<u>4,500,000</u>	<u>4,500,000</u>
		<u>(1,715)</u>	<u>(1,065)</u>
Capital and reserves			
Called-up equity share capital	11	<u>100</u>	<u>100</u>
Profit and loss account	12	<u>(1,815)</u>	<u>(1,165)</u>
Deficiency	13	<u>(1,715)</u>	<u>(1,065)</u>

These financial statements were approved by the directors on 21 October 2004 and are signed on their behalf by:

R Tang

Shiriff Hussain
MS HUSSAIN

Notes to the financial statements

1 Other operating income and charges

	2003	2002
	£	£
Administrative expenses	<u>650</u>	<u>665</u>

2 Operating loss

Operating loss is stated after charging:

	2003	2002
	£	£
Directors' emoluments	—	—
Auditors' remuneration:		
Audit fees	<u>650</u>	<u>650</u>

3 Directors and employees

The average number of persons employed by the company during the financial year, including the directors, amounted to 4 (2002 - 2).

No salaries or wages have been paid to employees, including the directors, during the year.

4 Interest receivable

	2003	2002
	£	£
Interest from group undertakings	<u>315,000</u>	<u>315,000</u>

5 Interest payable and similar charges

	2003	2002
	£	£
Other similar charges payable	<u>315,000</u>	<u>315,000</u>

6 Investments

	Shares in group undertaking £
Cost	
At 1 January 2003 and 31 December 2003	<u>1,000</u>
Net book value	
At 31 December 2003	<u>1,000</u>
At 31 December 2002	<u>1,000</u>

At 31 December 2002 the company held (in the case of Stapleford Park Limited, indirectly) more than 20% of the allotted share capital of the following undertakings, all of which are registered in England and Wales:

	Proportion held	Nature of business	Capital and reserves £	Profit/(loss) for the financial year £
Arlaform Limited	90%	Management services	621,100	3,794
Stapleford Park Limited	90%	Hotel and golf course	2,197,632	(1,765,699)
FWD Limited	100%	Dormant	(14,033)	—

7 Debtors

	2003 £	2002 £
Amounts owed by group undertakings	<u>5,320,287</u>	<u>5,005,937</u>

The debtors above include the following amounts falling due after more than one year:

	2003 £	2002 £
Amounts owed by group undertakings	<u>4,497,835</u>	<u>4,498,485</u>

8 Creditors: amounts falling due within one year

	2003	2002
	£	£
Other creditors	822,452	507,452
Accruals and deferred income	650	650
	<u>823,102</u>	<u>508,102</u>

9 Creditors: amounts falling due after more than one year

	2003	2002
	£	£
Convertible 'A' loan stock	1,100,000	1,100,000
Convertible 'B' loan stock	3,000,000	3,000,000
Convertible 'C' loan stock	400,000	400,000
	<u>4,500,000</u>	<u>4,500,000</u>

The convertible loan stock is redeemable at par on 23 May 2006. The loan stock is convertible into A, B and C ordinary shares of the company. Conversion is at a rate of one ordinary share for £1 of loan stock.

The loan stock may be converted at any time prior to the fifth anniversary of 23 May 2001.

10 Ultimate controlling related party

The ultimate controlling related party of the company, under the definitions set out in FRS8, at 31 December 2003 was A F Parker by virtue of his shareholding in the company. Following the sale of A F Parker's shareholding after the year end the new ultimate controlling related party is Innoview Limited.

11 Share capital

Authorised share capital:

	2003	2002
	£	£
1,000 Ordinary shares of £1 each	1,000	1,000
1,100,000 'A' Ordinary shares of £1 each	1,100,000	1,100,000
3,000,000 'B' Ordinary shares of £1 each	3,000,000	3,000,000
400,000 'C' Ordinary shares of £1 each	400,000	400,000
	<u>4,501,000</u>	<u>4,501,000</u>

Allotted, called up and fully paid:

	2003		2002	
	No	£	No	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

12 Reserves

	Profit and loss account
	£
At 1 January 2003	(1,165)
Loss for the year	(650)
At 31 December 2003	<u>(1,815)</u>

13 Reconciliation of movements in shareholders' funds

	2003	2002
	£	£
Loss for the financial year	(650)	(665)
Opening shareholders' equity deficit	<u>(1,065)</u>	<u>(400)</u>
Closing shareholders' equity deficit	<u>(1,715)</u>	<u>(1,065)</u>