

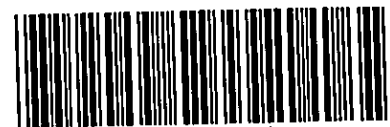
COMPANY REGISTRATION NUMBER 04204314

**Arlacross Limited**  
**Financial Statements**  
**31 December 2010**

**MACINTYRE HUDSON LLP**

Chartered Accountants & Statutory Auditor  
Lyndale House  
Ervington Court  
Meridian Business Park  
Leicester  
LE19 1WL

TUESDAY



\*A5YGAXWW\*

A62

27/09/2011

164

COMPANIES HOUSE

# **Arlacross Limited**

## **Officers and Professional Advisers**

---

<b>Contents</b>	<b>Pages</b>
Officers and professional advisers	<b>1 to 2</b>
The directors' report	<b>3 to 5</b>
Independent auditor's report to the shareholders	<b>6 to 8</b>
Group profit and loss account	<b>9</b>
Note of historical cost profits and losses	<b>10</b>
Group balance sheet	<b>11</b>
Company balance sheet	<b>12</b>
Group cash flow statement	<b>13</b>
Notes to the financial statements	<b>14 to 29</b>

# **Arlacross Limited**

## **Officers and Professional Advisers**

---

### **The Board of Directors**

Mr R Tang  
Mr S Hussain

### **Company Secretary**

Mr R Tang

### **Registered Office**

E3 The Premier Centre  
Abbey Park  
Romsey  
Hants  
SO51 9DG

### **Auditor**

MacIntyre Hudson LLP  
Chartered Accountants  
& Statutory Auditor  
Lyndale House  
Ervington Court  
Meridian Business Park  
Leicester  
LE19 1WL

### **Bankers**

Barclays Bank plc  
1 Churchill Place  
London  
E14 5HP

# **Arlacross Limited**

## **The Directors' Report**

**Year ended 31 December 2010**

---

The directors present their report and the financial statements of the group for the year ended 31 December 2010

### **Principal activities and business review**

The principal activity of the company during the year was that of a holding company. The company did not trade during the year. The principal activity of Arlaform Limited, one of the company's subsidiaries, was that of a management company to Stapleford Park Limited.

The principal activity of Stapleford Park Limited, another of the company's subsidiaries, was that of a luxury country house hotel, sporting estate and membership club.

Stapleford Park Limited is the only trading company included in the consolidated accounts of Arlacross Limited.

The directors aim to present a fair and comprehensive review of the development and performance of Stapleford Park Limited during the financial year and the position at the year end. The review is consistent with the size and nature of its business and written in context of the risks and uncertainties it faces.

Stapleford Park Limited operates a country house hotel and sporting estate in Mid-England. Its revenue derives from room sales, restaurant, club membership, green fees, spa and other related leisure facilities.

The directors consider that the key financial performance indicators are levels of turnover, gross profit margin, averaged room rates, averaged day rates, revenue per average room, and club-membership renewals.

The European economy is still in recession which continues to have a direct effect on the business. The market in the last twelve months has become even more competitive and many hotels have cut their rates. Stapleford Park Limited has responded accordingly in order to remain competitive. The directors consider that the Country House Hotel market for the next twenty four months will continue to be depressed.

Since July 2010, Stapleford Park Limited has upgraded its online capacity to attract internet bookings, early results have indicated that the new initiatives are very promising and may substantially improve the company's business. Leisure bookings in July and August 2010 have increased by over 100% when compared with the same period of 2009. The company does not expect to return to profit in 2010 and it aims to breakeven at operating level in 2011.

### **Results and dividends**

The loss for the year amounted to £1,473,221. The directors have not recommended a dividend.

### **Financial instruments**

The Group uses financial instruments, other than derivatives, comprising borrowings, cash and other liquid resources as well as other items such as trade debtors and creditors that arise directly from its operations.

# **Arlacross Limited**

## **The Directors' Report *(continued)***

**Year ended 31 December 2010**

---

### **Directors**

The directors who served the company during the year were as follows

Mr R Tang  
Mr S Hussain

### **Fixed assets**

The directors are of the opinion that the land and buildings included in the balance sheet at £15,169,714 are not significantly different to that amount but the value cannot be determined without a professional valuation

### **Directors' responsibilities**

The directors are responsible for preparing 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 the group and of the profit or loss of the group for that year. 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 group will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

In so far as the directors are aware

- there is no relevant audit information of which the group's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

# Arlacross Limited

## The Directors' Report *(continued)*

Year ended 31 December 2010

---

### Auditor

MacIntyre Hudson LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006

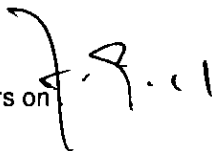
Registered office  
E3 The Premier Centre  
Abbey Park  
Romsey  
Hants  
SO51 9DG

Signed on behalf of the directors



Director  
Mr R Tang

Approved by the directors on



# **Arlacross Limited**

## **Independent Auditor's Report to the Shareholders of Arlacross Limited**

**Year ended 31 December 2010**

---

We have audited the group and parent company financial statements ("the financial statements") of Arlacross Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, Group Statement of Total Recognised Gains and Losses, Group Balance Sheet and Company Balance Sheet, Group Cash Flow Statement 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 shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 (APB's) Ethical Standards for Auditors. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

### **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 group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by directors, and the overall presentation of the financial statements.

# **Arlacross Limited**

## **Independent Auditor's Report to the Shareholders of Arlacross Limited (continued)**

**Year ended 31 December 2010**

---

### **Basis for disclaimer of opinion on financial statements**

The group balance sheet includes the amortised cost of goodwill arising on the acquisition of a subsidiary undertaking, Stapleford Park Limited, in the sum of £525,966. Stapleford Park Limited reported a loss in the year ended 31 December 2010 of £1,642,655, and at that date its total liabilities exceeded its total assets by £7,853,785. These issues suggest that there may be an impairment of the value of the goodwill. However, the directors have not prepared a "value in use" calculation in support of the carrying value of the goodwill of £525,966. We have been unable to obtain sufficient appropriate audit evidence regarding the carrying value of the goodwill by using other audit procedures.

### **Disclaimer of opinion on financial statements**

Because of the significance of the matter described in the Basis for Disclaimer of Opinion on Financial Statements paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly we do not express an opinion on the financial statements.

### **Emphasis of matter - Going concern**

In forming our opinion on the groups' financial statements which is modified, we have considered the adequacy of the disclosures made in the accounting policies to the financial statements concerning the group's ability to continue as a going concern. The group reported a loss of £1,473,221 in the year ended 31 December 2010 and at that date, the group's total liabilities exceeded its total assets by £11,178,665. These conditions along with others described in the accounting policies to the financial statements indicate the existence of a material uncertainty which may cast doubt about the group's ability to continue as a going concern. The financial statements do not include any adjustments that would result from a failure to continue as a going concern.

### **Opinion on other matters prescribed by the Companies Act 2006**

Notwithstanding our disclaimer of an opinion on the financial statements, in our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.



# Arlacross Limited

## Independent Auditor's Report to the Shareholders of Arlacross Limited *(continued)*

Year ended 31 December 2010

---

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

Arising from the limitation of our work referred to above

- we have not obtained all the information and explanations that we consider necessary for the purposes of our audit, and
- we were unable to determine whether adequate accounting records have been kept

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

- 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

*Macintyre Hudson LLP*

ROBERT NELSON FCA (Senior  
Statutory Auditor)  
For and on behalf of  
MACINTYRE HUDSON LLP  
Chartered Accountants  
& Statutory Auditor

Lyndale House  
Ervington Court  
Meridian Business Park  
Leicester  
LE19 1WL

13 September 2011

# Arlacross Limited

## Group Profit and Loss Account

Year ended 31 December 2010

	Note	2010 £	2009 £
<b>Group turnover</b>	<b>2</b>	<b>3,459,675</b>	<b>3,432,459</b>
Cost of sales		<u>725,015</u>	<u>710,552</u>
<b>Gross profit</b>		<b>2,734,660</b>	<b>2,721,907</b>
Administrative expenses		<u>4,346,090</u>	<u>4,021,784</u>
Other operating income	<b>3</b>	<u>(6,000)</u>	<u>(6,000)</u>
<b>Operating loss</b>	<b>4</b>	<b>(1,605,430)</b>	<b>(1,293,877)</b>
Interest payable and similar charges	<b>6</b>	<b>51,606</b>	<b>75,616</b>
<b>Loss on ordinary activities before taxation</b>		<b>(1,657,036)</b>	<b>(1,369,493)</b>
Tax on loss on ordinary activities		—	—
<b>Loss on ordinary activities after taxation</b>		<b>(1,657,036)</b>	<b>(1,369,493)</b>
Minority interests		<u>(183,815)</u>	<u>(152,058)</u>
<b>Loss attributable to members of the parent company</b>	<b>7</b>	<b>(1,473,221)</b>	<b>(1,217,435)</b>
<b>Loss for the financial year</b>		<b><u>£(1,473,221)</u></b>	<b><u>£(1,217,435)</u></b>

All of the activities of the group are classed as continuing

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

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own Profit and Loss Account

The notes on pages 13 to 28 form part of these financial statements

# **Arlacross Limited**

## **Note of Historical Cost Profits and Losses**

**Year ended 31 December 2010**

---

	<b>2010 £</b>	<b>2009 £</b>
Reported loss on ordinary activities before taxation	<b>(1,657,036)</b>	<b>(1,369,493)</b>
Difference between a historical cost depreciation charge and the actual charge calculated on the revalued amount	<b>90,186</b>	<b>70,874</b>
Historical cost loss on ordinary activities before taxation	<b><u>(1,566,850)</u></b>	<b><u>(1,298,619)</u></b>
Historical cost loss for the year after taxation and minority interests	<b><u>(1,383,035)</u></b>	<b><u>(1,146,561)</u></b>

**The notes on pages 13 to 28 form part of these financial statements.**

# Arlacross Limited

## Group Balance Sheet

31 December 2010

	Note	2010 £	2009 £
<b>Fixed assets</b>			
Intangible assets	9	525,966	576,579
Tangible assets	10	16,518,152	16,676,996
		<u>17,044,118</u>	<u>17,253,575</u>
<b>Current assets</b>			
Stocks	12	198,076	182,224
Debtors due within one year	13	214,916	296,879
Cash at bank and in hand		6,148	6,605
		<u>419,140</u>	<u>485,708</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>1,887,445</u>	<u>2,673,386</u>
<b>Net current liabilities</b>		(1,468,305)	(2,187,678)
<b>Total assets less current liabilities</b>		<u>15,575,813</u>	<u>15,065,897</u>
<b>Creditors: amounts falling due after more than one year, including convertible debts</b>	15	27,997,831	25,824,879
Government grants	18	152,550	158,550
		<u>(12,574,568)</u>	<u>(10,917,532)</u>
<b>Minority interests</b>		<u>(1,395,903)</u>	<u>(1,212,088)</u>
		<u>£(11,178,665)</u>	<u>£(9,705,444)</u>
<b>Capital and reserves</b>			
Called-up equity share capital	22	100	100
Revaluation reserve	23	3,382,605	3,472,791
Profit and loss account	23	(14,561,370)	(13,178,335)
<b>Deficit</b>	24	<u>£(11,178,665)</u>	<u>£(9,705,444)</u>

These financial statements were approved by the directors and authorised for issue on 7.8.11, and are signed on their behalf by



Mr R Tang  
Director

The notes on pages 13 to 28 form part of these financial statements.

# Arlacross Limited

## Company Balance Sheet

31 December 2010

	Note	2010 £	£	2009 £
<b>Fixed assets</b>				
Investments	11		<u>1,000</u>	<u>1,000</u>
<b>Current assets</b>				
Debtors due within one year	13	838,860		838,860
Debtors due after one year	13	4,492,215		4,494,493
Cash in hand		<u>100</u>		<u>99</u>
		5,331,175		5,333,452
<b>Creditors: amounts falling due within one year</b>	14	<u>2,500</u>		<u>2,240</u>
<b>Net current assets</b>			<u>5,328,675</u>	<u>5,331,212</u>
<b>Total assets less current liabilities</b>			<u>5,329,675</u>	<u>5,332,212</u>
<b>Creditors: amounts falling due after more than one year, including convertible debts</b>	15		<u>5,338,860</u>	<u>5,338,860</u>
			<u>£(9,185)</u>	<u>£(6,648)</u>
<b>Capital and reserves</b>				
Called-up equity share capital	22		100	100
Profit and loss account	23		<u>(9,285)</u>	<u>(6,748)</u>
<b>Deficit</b>			<u>£(9,185)</u>	<u>£(6,648)</u>

These financial statements were approved by the directors and authorised for issue on 7.8.11 and are signed on their behalf by

  
Mr R Tang  
Director

Company Registration Number 04204314

The notes on pages 13 to 28 form part of these financial statements.

# **Arlacross Limited**

## **Group Cash Flow Statement**

**Year ended 31 December 2010**

---

	<b>Note</b>	<b>2010 £</b>	<b>2009 £</b>
<b>Net cash outflow from operating activities</b>	<b>25</b>	<b>(810,418)</b>	<b>(589,106)</b>
<b>Returns on investments and servicing of finance</b>	<b>25</b>	<b>(51,606)</b>	<b>(75,616)</b>
<b>Capital expenditure and financial investment</b>	<b>25</b>	<b>(318,467)</b>	<b>(327,612)</b>
<b>Cash outflow before financing</b>		<b>(1,180,491)</b>	<b>(992,334)</b>
<b>Financing</b>	<b>25</b>	<b>2,050,792</b>	<b>1,027,932</b>
<b>Increase in cash</b>	<b>25</b>	<b><u>£870,301</u></b>	<b><u>£35,598</u></b>

**The notes on pages 13 to 28 form part of these financial statements.**

# Arlacross Limited

## Notes to the Financial Statements

Year ended 31 December 2010

---

### 1. Accounting policies

#### Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets

The directors have adopted a going concern basis in the preparation of these financial statements. Stapleford Park Limited, the company's principal trading subsidiary, has incurred losses for the year of £1,642,655 (2009 £1,357,078). As a result of losses sustained in this and prior years, its ability to continue to trade and meet its liabilities is dependent upon the continued support of the group's investors. This in turn impacts on its ability to repay group indebtedness generally and on the resultant viability of Arlacross Limited and the group.

The directors have received written confirmation from the groups' investors that it is not their present intention to seek recovery of any amounts due to them by members of the group until at least 1st October 2012 and additional funds will be made available to the group to enable them to meet their liabilities as they fall due.

#### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over five years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

#### Turnover

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

#### Amortisation

Amortisation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Goodwill - 20 years straight line

#### Fixed assets

All fixed assets are initially recorded at cost.

#### Depreciation

Depreciation is calculated so as to write off the cost or revaluation of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Plant & Machinery	- 15% per annum reducing balance
Fixtures & Fittings	- 15% per annum reducing balance
Motor Vehicles	- 25% per annum reducing balance

# Arlacross Limited

## Notes to the Financial Statements

Year ended 31 December 2010

---

### 1 Accounting policies *(continued)*

On adoption of Financial Reporting Standard 15, the company has followed the transitional provisions to retain the book value of the land which was revalued in 1996, but not to adopt a policy of revaluation in the future

Freehold buildings and the cost of improvements to the long leasehold golf course land are depreciated at 2% per annum straight line

Freehold land is not depreciated

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve

The carrying value of tangible fixed assets is reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve

#### **Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

#### **Hire purchase agreements**

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account at a constant rate of charge on the balance of capital repayments outstanding

#### **Finance lease agreements**

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account at a constant rate of charge on the balance of capital repayments outstanding, and the capital element which reduces the outstanding obligation for future instalments

#### **Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

#### **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



# Arlacross Limited

## Notes to the Financial Statements

Year ended 31 December 2010

---

### 1. Accounting policies *(continued)*

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

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.

#### Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

#### Deferred government grants

Deferred government grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate.

### 2. Turnover

The turnover and loss before tax are attributable to the one principal activity of the group.

An analysis of turnover is given below.

	2010 £	2009 £
United Kingdom	<u>3,459,675</u>	<u>3,432,459</u>

### 3. Other operating income

	2010 £	2009 £
Other operating income - government grants received	<u>6,000</u>	<u>6,000</u>

# Arlacross Limited

## Notes to the Financial Statements

Year ended 31 December 2010

### 4 Operating loss

Operating loss is stated after charging/(crediting)

	2010 £	2009 £
Directors' remuneration	-	-
Amortisation of intangible assets	50,613	50,614
Depreciation of owned fixed assets	401,885	410,088
Depreciation of assets held under hire purchase agreements	75,426	102,149
Profit on disposal of fixed assets	-	(950)
Auditor's remuneration		
- as auditor	15,390	17,243
Operating lease costs		
- Plant and equipment	7,400	10,961
- Other	128,456	121,169

### 5. Particulars of employees

The average number of staff employed by the group during the financial year amounted to

	2010 No	2009 No
Management and administration	23	20
Hotel	121	108
General estate	18	16
	<u>162</u>	<u>144</u>

The aggregate payroll costs of the above were

	2010 £	2009 £
Wages and salaries	1,795,813	1,771,893
Social security costs	139,934	147,287
	<u>£1,935,747</u>	<u>£1,919,180</u>

### 6. Interest payable and similar charges

	2010 £	2009 £
Interest payable on bank borrowing	25,543	15,646
Finance charges	26,063	59,970
	<u>£51,606</u>	<u>£75,616</u>

# Arlacross Limited

## Notes to the Financial Statements

Year ended 31 December 2010

---

**7. Loss attributable to members of the parent company**

The loss dealt with in the financial statements of the parent company was £2,537 (2009 - £833)

**8 Tax losses**

The company has tax losses of £7,471 (2009 £4,100) to use against future trading profits of that company

Stapleford Park Limited has tax losses of £14,364,062 (2009 £13,197,489) to use against future trading profits of that company

In Stapleford Park Limited no provision has been made for the deferred tax asset of £4,842,053 (2009 £3,284,820) as it is uncertain when these losses will be recovered

**9. Intangible fixed assets**

**Group**

**Goodwill**  
**£**

**Cost**

**At 1 January 2010 and 31 December 2010**

**1,012,272**

**Amortisation**

At 1 January 2010

**435,693**

Charge for the year

**50,613**

**At 31 December 2010**

**£486,306**

**Net book value**

**At 31 December 2010**

**525,966**

At 31 December 2009

**576,579**

# Arlacross Limited

## Notes to the Financial Statements

Year ended 31 December 2010

10. Tangible fixed assets Group	Freehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Golf Course Land £	Total £
<b>Cost or valuation</b>						
At 1 Jan 2010	14,066,370	1,128,255	3,774,846	97,476	2,903,693	21,970,640
Additions	278,289	18,995	21,183	—	—	318,467
<b>At 31 Dec 2010</b>	<b>14,344,659</b>	<b>1,147,250</b>	<b>3,796,029</b>	<b>97,476</b>	<b>2,903,693</b>	<b>22,289,107</b>
<b>Depreciation</b>						
At 1 Jan 2010	1,427,452	685,921	2,696,073	77,050	407,148	5,293,644
Charge for the year	185,964	66,350	161,816	5,107	58,074	477,311
<b>At 31 Dec 2010</b>	<b>1,613,416</b>	<b>752,271</b>	<b>2,857,889</b>	<b>82,157</b>	<b>465,222</b>	<b>5,770,955</b>
<b>Net book value</b>						
<b>At 31 Dec 2010</b>	<b>12,731,243</b>	<b>394,979</b>	<b>938,140</b>	<b>15,319</b>	<b>2,438,471</b>	<b>16,518,152</b>
At 31 Dec 2009	12,638,918	442,334	1,078,773	20,426	2,496,545	16,676,996

In respect of certain fixed assets stated at valuations, the comparable historical cost and depreciation values are as follows

	2010 £	2009 £
<b>Net book value at end of year</b>	<b>15,169,714</b>	<b>15,135,463</b>
<b>Historical cost:</b>		
At 1 Jan 2010	12,943,218	12,635,047
Cost of additions to revalued assets	278,289	308,171
At 31 Dec 2010	<b>13,221,507</b>	<b>12,943,218</b>
<b>Depreciation:</b>		
At 1 Jan 2010	1,280,546	1,109,876
Charge for year	153,852	170,670
At 31 Dec 2010	<b>1,434,398</b>	<b>1,280,546</b>
<b>Net historical cost value:</b>		
At 31 Dec 2010	<b>11,787,109</b>	<b>11,662,672</b>
At 1 Jan 2010	<b>11,662,672</b>	<b>11,525,171</b>

# Arlacross Limited

## Notes to the Financial Statements

Year ended 31 December 2010

### 10. Tangible fixed assets *(continued)* Hire purchase agreements

Included within the net book value of £16,518,152 is £427,412 (2009 - £578,842) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £75,426 (2009 - £102,149)

#### Capital commitments

	2010 £	2009 £
Contracted but not provided for in the financial statements	<u>23,400</u>	<u>243,064</u>

### 11. Investments Company

Group  
companies  
£

#### Cost

At 1 January 2010 and 31 December 2010	<u>1,000</u>
--	--------------

#### Net book value

At 31 December 2010 and 31 December 2009	<u>1,000</u>
--	--------------

The company owns 88.9% of the issued share capital of the companies listed below except for SP(ACE) Spa and Lifestyle Limited in which it owns 100% of the issued share capital

	2010 £	2009 £
<b>Aggregate capital and reserves</b>		
Arlaform Limited		
Management company	820,015	781,244
Stapleford Park Limited		
Country house and sporting estate	(7,853,785)	(6,211,130)
SP(ACE) Spa and Lifestyle Limited (formerly FWD Limited)	(37,427)	(37,427)
<b>Dormant</b>		
<b>Profit and (loss) for the year</b>		
Arlaform Limited	38,771	39,031
Stapleford Park Limited	(1,642,655)	(1,357,078)
SP(ACE) Spa and Lifestyle Limited (formerly FWD Limited)	—	—

All of the above companies are registered in the United Kingdom

SP(ACE) Spa and Lifestyle Limited is not consolidated as it is not considered to be material to the group

# Arlacross Limited

## Notes to the Financial Statements

Year ended 31 December 2010

### 12. Stocks

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Raw materials	47,958	46,055	—	—
Finished goods	150,118	136,169	—	—
	<u>£198,076</u>	<u>£182,224</u>	<u>—</u>	<u>—</u>

### 13 Debtors

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Trade debtors	36,915	132,314	—	—
Amounts owed by group undertakings	—	—	5,331,075	5,333,353
Other debtors	15,314	11,393	—	—
Directors current accounts	586	17,705	—	—
Prepayments and accrued income	162,101	135,467	—	—
	<u>£214,916</u>	<u>£296,879</u>	<u>£5,331,075</u>	<u>£5,333,353</u>

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

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Amounts owed by group undertakings	<u>—</u>	<u>—</u>	<u>4,492,215</u>	<u>4,494,493</u>

### 14. Creditors: amounts falling due within one year

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Bank loans and overdrafts	169,872	1,014,846	—	—
Trade creditors	511,037	440,232	—	—
Hire purchase agreements	117,131	265,075	—	—
Other creditors including taxation and social security	—	—	—	—
Other taxation and social security	114,916	110,882	—	—
Other creditors	325,087	332,907	—	—
Accruals and deferred income	649,402	509,444	2,500	2,240
	<u>£1,887,445</u>	<u>£2,673,386</u>	<u>£2,500</u>	<u>£2,240</u>

# Arlacross Limited

## Notes to the Financial Statements

Year ended 31 December 2010

### 14. Creditors: amounts falling due within one year *(continued)*

The following liabilities disclosed under creditors falling due within one year are secured by the company

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans and overdrafts	169,872	1,014,846	—	—
Hire purchase agreements	117,131	265,075	—	—
	<u>£287,003</u>	<u>£1,279,921</u>	<u>—</u>	<u>—</u>

The bank loans and overdrafts are secured by way of a fixed and floating charge over all the property and assets of Stapleford Park Limited and Arlaform Limited due to the cross guarantee that exists between these two companies

### 15. Creditors: amounts falling due after more than one year, including convertible debts

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Convertible loans	579,000	579,000	—	—
Bank loans and overdrafts	580,550	364,167	—	—
Hire purchase agreements	—	119,372	—	—
Amounts owed to group undertakings	26,838,281	24,762,340	5,338,860	5,338,860
	<u>£27,997,831</u>	<u>£25,824,879</u>	<u>£5,338,860</u>	<u>£5,338,860</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans and overdrafts	580,550	364,167	—	—
Hire purchase agreements	—	119,372	—	—
	<u>£580,550</u>	<u>£483,539</u>	<u>—</u>	<u>—</u>

### 16. Creditors: Capital instruments

Convertible instruments amounting to £579,000 (2009 - £579,000) are included in creditors

The convertible 'B' loan stock was redeemable at par on or before 23 May 2006. The stock was not redeemed and the loan has been recategorised

# Arlacross Limited

## Notes to the Financial Statements

Year ended 31 December 2010

### 17. Commitments under hire purchase agreements

Future commitments under hire purchase agreements are as follows

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Amounts payable within 1 year	117,131	265,075	-	-
Amounts payable between 2 to 5 years	-	119,372	-	-
	<u>117,131</u>	<u>384,447</u>	<u>-</u>	<u>-</u>

### 18 Government grants

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
<b>Received and receivable:</b>				
At 1 January 2010	(158,550)	(164,550)	-	-
Amortisation	6,000	6,000	-	-
Net balance at 31 December 2010	<u>£152,550</u>	<u>£158,550</u>	<u>-</u>	<u>-</u>

The above grants were received from the English Tourist Board

### 19. Commitments under operating leases

At 31 December 2010 the group had annual commitments under non-cancellable operating leases as set out below

Group	2010		2009	
	Land and buildings £	Other items £	Land and buildings £	Other items £
Operating leases which expire				
Within 2 to 5 years	-	26,628	-	37,669
After more than 5 years	128,029	-	128,029	-
	<u>£128,029</u>	<u>£26,628</u>	<u>£128,029</u>	<u>£37,669</u>



# **Arlacross Limited**

## **Notes to the Financial Statements**

**Year ended 31 December 2010**

---

### **20 Transactions with the directors**

#### **Transactions between Stapleford Park Limited and the director**

During the previous year Mr S Hussain, a director of the company, received a loan from the company. The balance at the start of the year was £17,705 (2009 £Nil), the balance at the end of the year was £586 (2009 £17,705) and the maximum during the year was £17,705 (2009 £25,896). During the year a balance of £Nil (2009 £Nil) was written off. No interest was charged on this loan.

During the year Mr S Hussain provided the company with loans amounting to £1,381,288 (2009 £1,354,620). This amount was credited to the Arlaform Limited loan account.

During the year Mr R Tang paid expenses on behalf of the company amounting to £1,500 (2009 £Nil). This amount has been credited to the Arlaform Limited loan account.

#### **T.B.W Chartered Accountants**

During the year the company purchased services from T B W Chartered Accountants, a company in which Mr R Tang, a director of the company, is a partner. The balance at the start of the year was £Nil (2009 £Nil). The total amount purchased was £353 (2009 £322). The balance due to T B W Chartered Accountants at the year end was £Nil (2009 £Nil). No amounts were written off during the year.

#### **Kelmay Limited**

During the year the company provided a loan to Kelmay Limited, a company in which Mr R Tang and Mr S Hussain are directors and shareholders. The balance due at the start of the year was £Nil (2009 £136,407), the amount outstanding at the year end was £Nil (2009 £Nil). During the year £5,519 (2009 £113,732) was transferred to the Arlaform Limited loan account.

In addition, during the year the company incurred costs from Kelmay Limited amounting to £9,813 (2009 £53,865) and credit notes amounting to £Nil (2009 £53,865). The amount outstanding at the year end was £9,813 (2009 £Nil).

Kelmay Limited charges rent and management charges to Stapleford Park Limited. Included in accruals at the year end was £60,000 (2009 £50,865).

#### **Bamado Limited**

During the year the company received a loan from Bamado Limited, a company in which Mr R Tang is a director, amounting to £171,277 (2009 £Nil). This amount was credited to the Arlaform Limited loan account.

#### **Lushmass Limited**

During the year the company received invoices from Lushmass Limited, a company in which Mr R Tang is a director, amounting to £Nil (2009 £21,000). The amount outstanding at the year end was £21,000 (2009 £21,000).

# Arlacross Limited

## Notes to the Financial Statements

Year ended 31 December 2010

### 21. Related party transactions

#### Transactions between Arlacross Limited and Arlaform Limited

During the year Arlacross Limited, the ultimate parent of the group, provided a loan to Arlaform Limited, a subsidiary of the group. The amount due to Arlacross Limited at the balance sheet date was £5,331,075 (2009 £5,333,353)

#### Transactions between Arlaform Limited and Stapleford Park Limited

During the year Arlaform Limited provided Stapleford Park Limited, another subsidiary of the group, with an additional loan of £2,073,663 (2009 £1,310,243) and management charges of £40,000 (2009 £40,000). The amount due to Arlaform Limited at the balance sheet date was £22,532,070 (2009 £20,418,407)

#### Transactions between Innoview Limited and Arlacross Limited

During the year Innoview Limited, the ultimate controlling party, provided a loan to Arlacross Limited. The amount due to Innoview Limited at the balance sheet date was £5,338,860 (2009 £5,338,860)

#### Transactions between Innoview Limited and Arlaform Limited

During the year Innoview Limited provided a loan to Arlaform Limited. The amount due to Innoview Limited at the balance sheet date was £22,378,421 (2009 £20,302,480)

#### Transactions between Arlaform Limited and SP(ACE)Spa and Lifestyle Limited

During the year Arlaform Limited provided SP(ACE) Spa and Lifestyle Limited with a loan amounting to £Nil (2009 £45). The amount due to Arlaform Limited at the balance sheet date was £Nil (2009 £45)

### 22 Share capital

#### Authorised share capital:

	2010 £	2009 £
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 and called up:

	2010 No	£	2009 No	£
100 Ordinary shares fully paid of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

# Arlacross Limited

## Notes to the Financial Statements

Year ended 31 December 2010

### 23. Reserves Group

	Revaluation reserve £	Profit and loss account £
Balance brought forward	3,472,791	(13,178,335)
Loss for the year	–	(1,473,221)
Other movements		
- transfer (to)/from revaluation reserve	(90,186)	90,186
Balance carried forward	<u>£3,382,605</u>	<u>£(14,561,370)</u>

### Company

	Profit and loss account £
Balance brought forward	(6,748)
Loss for the year	(2,537)
Balance carried forward	<u>£(9,285)</u>

### 24 Reconciliation of movements in shareholders' funds

	2010 £	2009 £
Loss for the financial year	(1,473,221)	(1,217,435)
Transfer from revaluation reserve	90,186	70,874
Amortisation of issue expenses on non-equity shares		
Transfer to profit and loss account	(90,186)	(70,874)
Net reduction to shareholders' deficit	<u>(1,473,221)</u>	<u>(1,217,435)</u>
Opening shareholders' deficit	<u>(9,705,444)</u>	<u>(8,488,009)</u>
Closing shareholders' deficit	<u>(11,178,665)</u>	<u>(9,705,444)</u>

# Arlacross Limited

## Notes to the Financial Statements

Year ended 31 December 2010

### 25. Notes to the cash flow statement

#### Reconciliation of operating loss to net cash outflow from operating activities

	2010 £	2009 £
Operating loss	(1,605,430)	(1,293,877)
Amortisation	50,613	50,614
Depreciation	477,311	512,237
Profit on disposal of fixed assets	—	(950)
(Increase)/decrease in stocks	(15,852)	30,126
Decrease in debtors	81,963	212,296
Increase/(decrease) in creditors	206,977	(93,552)
Release of grants	(6,000)	(6,000)
Net cash outflow from operating activities	<u>£(810,418)</u>	<u>£(589,106)</u>

#### Returns on investments and servicing of finance

	2010 £	2009 £
Bank interest paid	(29)	(29)
Bank loan interest	(25,514)	(15,617)
Interest element of hire purchase	(26,063)	(59,970)
Net cash outflow from returns on investments and servicing of finance	<u>(51,606)</u>	<u>(75,616)</u>

#### Capital expenditure

	2010 £	2009 £
Payments to acquire tangible fixed assets	(318,467)	(328,562)
Receipts from sale of fixed assets	—	950
Net cash outflow from capital expenditure	<u>(318,467)</u>	<u>(327,612)</u>

#### Financing

	2010 £	2009 £
Increase in/(repayment of) bank loans	242,167	(19,167)
Capital element of hire purchase	(267,316)	(267,397)
Net inflow from other long-term creditors	2,075,941	1,314,496
Net cash inflow from financing	<u>2,050,792</u>	<u>1,027,932</u>

# Arlacross Limited

## Notes to the Financial Statements

Year ended 31 December 2010

### 25. Notes to the cash flow statement (continued)

#### Reconciliation of net cash flow to movement in net debt

	2010	2009
	£	£
Increase in cash in the period	870,301	35,598
Net cash (inflow) /outflow from bank loans	(242,167)	19,167
Cash outflow in respect of hire purchase	267,316	267,397
Net cash inflow from other long-term creditors	(2,075,941)	(1,314,496)
	(1,180,491)	(992,334)
Change in net debt	(1,180,491)	(992,334)
Net debt at 1 January 2010	(27,098,195)	(26,105,861)
Net debt at 31 December 2010	£(28,278,686)	£(27,098,195)

#### Analysis of changes in net debt

	At 1 Jan 2010 £	Cash flows £	At 31 Dec 2010 £
Net cash			
Cash in hand and at bank	6,605	(457)	6,148
Overdrafts	(938,180)	870,758	(67,422)
	(931,575)	870,301	(61,274)
Debt			
Debt due within 1 year	(76,666)	(25,784)	(102,450)
Debt due after 1 year	(25,705,507)	(2,292,324)	(27,997,831)
Hire purchase agreements	(384,447)	267,316	(117,131)
	(26,166,620)	(2,050,792)	(28,217,412)
Net debt	£(27,098,195)	£(1,180,491)	£(28,278,686)

### 26 Ultimate parent company

The controlling party of the company, under the definitions set out in Financial Reporting Standard No 8 is Innoview Limited, by virtue of its shareholding

# **Arlacross Limited**

## **Notes to the Financial Statements**

**Year ended 31 December 2010**

---

### **27. Guarantees**

A cross guarantee exists between Stapleford Park Limited and Arlacross Limited over an operating lease agreement entered into by Stapleford Park Limited. The value of the minimum repayments due after the balance sheet date was £19,931 (2009 £34,878)

A cross guarantee and debenture exists between Stapleford Park Limited and Arlaform Limited over the net bank borrowings held at Barclays Bank plc. At 31 December 2010 the net bank borrowings of Stapleford Park Limited amounted to £747,725 (2009 £1,377,308)

### **28. Going concern**

The groups' ability to continue as a going concern is dependent on the ongoing support of the groups 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 1st October 2012 and additional funds will be made available to the group to enable them to meet their liabilities as they fall due.