

COPY FOR REGISTRAR
OF COMPANIES

COMPANY REGISTRATION NUMBER 04204314

Arlacross Limited
Financial Statements
31 December 2012



MHA MACINTYRE HUDSON

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

Arlacross Limited

Financial Statements

Year ended 31 December 2012

Contents	Pages
Officers and professional advisers	1
The directors' report	2 to 4
Independent auditor's report to the shareholders	5 to 6
Group profit and loss account	7
Group statement of total recognised gains and losses	8
Note of historical cost profits and losses	8
Group balance sheet	9 to 10
Company balance sheet	11 to 12
Group cash flow statement	13
Notes to the financial statements	14 to 28

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

MHA MacIntyre Hudson
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 2012

The directors present their report and the financial statements of the group for the year ended 31 December 2012

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 the 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 margin, average room rate, average daily rates, revenue per average room and club membership renewals.

The European economy is still in recession for the year under review, which continues to have a direct effect on the business. The market in the last twelve months was even more competitive than in 2011. Many hotels continued to reduce their rates and Stapleford Park Limited has responded accordingly in order to remain competitive.

Stapleford Park Limited's online 'Leisure' strategy remained strong in 2012, but this sector has experienced some decline in the early part of 2013. The Directors are pleased to report that since July 2013 they have seen a modest growth in our leisure business. Trading in the new year remains difficult although the Directors have made some gains on our corporate and wedding businesses. The Directors anticipate a small increase on the overall turnover for 2013.

Results and dividends

The loss for the year amounted to £982,650. 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 2012

Directors

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

Mr R Tang
Mr S Hussain

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 accounting 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 2012

Auditor

MHA MacIntyre Hudson 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 S Hussain

Approved by the directors on 27/9/13

Arlacross Limited

Independent Auditor's Report to the Shareholders of Arlacross Limited

Year ended 31 December 2012

We have audited the group and parent company financial statements ("the financial statements") of Arlacross Limited for the year ended 31 December 2012 which comprise the Group 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 pages 3 to 4, 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 of 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 the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 £424,738. Stapleford Park Limited reported a loss, before exceptional items, for the year ended 31 December 2012 of £1,024,107, and at that date its total liabilities exceeded its total assets by £3,545,760. 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 £424,738. 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.

Arlacross Limited

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

Year ended 31 December 2012

Emphasis of matter - Going concern

Notwithstanding our disclaimer of opinion on the group's financial statements, 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 £982,650 in the year ended 31 December 2012 and at that date, the group's total liabilities exceeded its total assets by £7,432,992. 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 matter prescribed by the Companies Act 2006

Notwithstanding our disclaimer of 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.

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 purpose 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 parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made.



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

Lyndale House
Ervington Court
Meridian Business Park
Leicester
LE19 1WL

30 September 2013

Arlacross Limited

Group Profit and Loss Account

Year ended 31 December 2012

	Note	2012 £	2011 £
Group turnover	2	4,296,301	4,410,665
Cost of sales		<u>865,352</u>	<u>899,316</u>
Gross profit		3,430,949	3,511,349
Administrative expenses		<u>4,460,006</u>	4,209,243
Other operating income	3	<u>(6,000)</u>	(6,000)
Operating loss	4	(1,023,057)	(691,894)
Interest payable and similar charges	6	<u>82,520</u>	<u>107,851</u>
Loss on ordinary activities before taxation		(1,105,577)	(799,745)
Tax on loss on ordinary activities	7	<u>–</u>	<u>–</u>
Loss on ordinary activities after taxation		(1,105,577)	(799,745)
Minority interests		<u>(122,927)</u>	<u>(87,972)</u>
Loss attributable to members of the parent company	8	(982,650)	(711,773)
Loss for the financial year		(982,650)	(711,773)

All of the activities of the group are classed as continuing

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 14 to 28 form part of these financial statements.

Arlacross Limited

Group Statement of Total Recognised Gains and Losses

Year ended 31 December 2012

	2012 £	2011 £
Loss for the financial year attributable to the shareholders of the parent company	(982,650)	(711,773)
Unrealised profit on revaluation of certain fixed assets	5,440,096	–
Total gains and losses recognised since the last annual report	<u>4,457,446</u>	<u>(711,773)</u>

Note of Historical Cost Profits and Losses

	2012 £	2011 £
Reported loss on ordinary activities before taxation	(1,105,577)	(799,745)
Difference between a historical cost depreciation charge and the actual charge calculated on the revalued amount	121,330	80,530
Historical cost loss on ordinary activities before taxation	<u>(984,247)</u>	<u>(719,215)</u>
Historical cost loss for the year after taxation and minority interests	<u>(861,320)</u>	<u>(631,243)</u>

The notes on pages 14 to 28 form part of these financial statements

Arlacross Limited

Group Balance Sheet

31 December 2012

	Note	2012 £	2011 £
Fixed assets			
Intangible assets	10	424,738	475,352
Tangible assets	11	22,188,393	16,214,974
		<u>22,613,131</u>	<u>16,690,326</u>
Current assets			
Stocks	13	206,804	211,566
Debtors due within one year	14	166,870	201,758
Cash at bank and in hand		4,940	5,813
		<u>378,614</u>	<u>419,137</u>
Creditors amounts falling due within one year	15	<u>2,111,825</u>	<u>1,996,920</u>
Net current liabilities		(1,733,211)	(1,577,783)
Total assets less current liabilities		20,879,920	15,112,543
Creditors amounts falling due after more than one year, including convertible debts	16	29,100,108	28,340,306
Government grants brought forward	18	140,550	146,550
		<u>(8,360,738)</u>	<u>(13,374,313)</u>
Minority interests		(927,746)	(1,483,875)
		<u>(7,432,992)</u>	<u>(11,890,438)</u>
Capital and reserves			
Called-up equity share capital	22	100	100
Revaluation reserve	23	8,620,841	3,302,075
Profit and loss account	23	(16,053,933)	(15,192,613)
Deficit	24	(7,432,992)	(11,890,438)

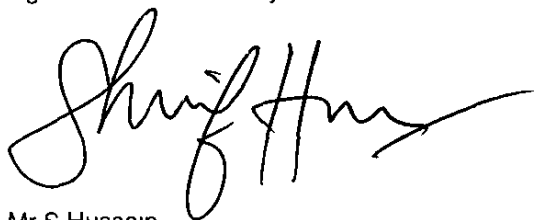
The Balance sheet continues on the following page
The notes on pages 14 to 28 form part of these financial statements

Arlacross Limited

Group Balance Sheet *(continued)*

31 December 2012

These financial statements were approved by the directors and authorised for issue on 27/9/13, and are signed on their behalf by



Mr S Hussain
Director

The notes on pages 14 to 28 form part of these financial statements.

Arlacross Limited

Company Balance Sheet

31 December 2012

	Note	2012 £	£	2011 £
Fixed assets				
Investments	12		<u>1,000</u>	<u>1,000</u>
Current assets				
Debtors due within one year	14	838,860		838,860
Debtors due after one year	14	4,492,215		4,492,215
Cash in hand		100		100
		<u>5,331,175</u>		<u>5,331,175</u>
Creditors: amounts falling due within one year	15	<u>2,500</u>		<u>2,500</u>
Net current assets			<u>5,328,675</u>	<u>5,328,675</u>
Total assets less current liabilities			<u>5,329,675</u>	<u>5,329,675</u>
Creditors amounts falling due after more than one year	16		<u>5,338,860</u>	<u>5,338,860</u>
			<u>(9,185)</u>	<u>(9,185)</u>
Capital and reserves				
Called-up equity share capital	22		100	100
Profit and loss account	23		<u>(9,285)</u>	<u>(9,285)</u>
Deficit			<u>(9,185)</u>	<u>(9,185)</u>

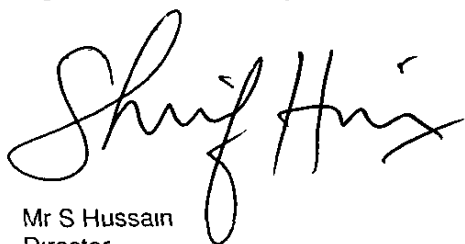
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Arlacross Limited

Company Balance Sheet *(continued)*

31 December 2012

These financial statements were approved by the directors and authorised for issue on 27/9/13, and are signed on their behalf by



Mr S Hussain
Director

Company Registration Number 04204314

The notes on pages 14 to 28 form part of these financial statements.

Arlacross Limited

Group Cash Flow Statement

Year ended 31 December 2012

	Note	2012 £	2011 £
Net cash outflow from operating activities	25	(654,061)	(7,957)
Returns on investments and servicing of finance	25	(82,520)	(107,851)
Capital expenditure and financial investment	25	(91,779)	(146,505)
Cash outflow before financing		<u>(828,360)</u>	<u>(262,313)</u>
Financing	25	759,802	259,494
Decrease in cash	25	<u>(68,558)</u>	<u>(2,819)</u>

The notes on pages 14 to 28 form part of these financial statements

Arlacross Limited

Notes to the Financial Statements

Year ended 31 December 2012

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, before exceptional items, of £1,024,107 (2011: £787,900). 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 2014 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 20 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 2012

1 Accounting policies *(continued)*

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 2012

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.

	2012 £	2011 £
United Kingdom	<u>4,296,301</u>	<u>4,410,665</u>

3 Other operating income

	2012 £	2011 £
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 2012

4. Operating loss

Operating loss is stated after charging

	2012 £	2011 £
Directors' remuneration	—	—
Amortisation of intangible assets	50,614	50,614
Depreciation of owned fixed assets	238,392	449,683
Auditor's remuneration		
- as auditor	16,200	14,000
Operating lease costs		
- Plant and equipment	2,590	2,987
- Other	128,412	128,029

5. Particulars of employees

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

	2012 No	2011 No
Management and administration	20	20
Hotel	139	136
General estate	21	19
	180	175

The aggregate payroll costs of the above were

	2012 £	2011 £
Wages and salaries	2,210,246	1,957,059
Social security costs	153,077	150,575
	2,363,323	2,107,634

6. Interest payable and similar charges

	2012 £	2011 £
Interest payable on bank borrowing	20,613	29,177
Finance charges	47	24,079
Other similar charges payable	61,860	54,595
	82,520	107,851

Arlacross Limited

Notes to the Financial Statements

Year ended 31 December 2012

7. Taxation on ordinary activities Analysis of charge in the year

Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 20% (2011 - 20%)

	2012 £	2011 £
Loss on ordinary activities before taxation	(1,105,577)	(799,745)
(Loss)/profit on ordinary activities by rate of tax	(221,291)	159,949
Expenses not deductible for tax purposes	15,434	(9,571)
Capital allowances for period in excess of depreciation	(177,876)	(96,420)
Unrelieved tax losses	383,733	(53,958)
Total current tax	-	-

8. Profit attributable to members of the parent company

The profit dealt with in the financial statements of the parent company was £Nil (2011 - £Nil)

9. Tax losses

The company has tax losses of £7,471 (2011 £7,471) to use against future trading profits of that company

Arlaform Limited has tax losses of £937,489 (2011 £nil) to use against future trading profits of that company

Stapleford Park Limited has tax losses in the region of £15.5 million (2011 £14.6 million) to use against future trading profits of that company

In Stapleford Park Limited no provision has been made for the deferred tax asset of £4,577,297 (2011 £4,943,776) as it is uncertain when these losses will be recovered

Year ended 31 December 2012

11	Tangible fixed assets						
	Group	Freehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Golf course land £	Total £
	Cost or valuation						
	At 1 Jan 2012	14,357,604	1,201,135	3,847,954	125,226	2,903,693	22,435,612
	Additions	–	55,512	36,267	–	–	91,779
	Revaluation	6,120,032	–	–	–	–	6,120,032
	At 31 Dec 2012	20,477,636	1,256,647	3,884,221	125,226	2,903,693	28,647,423
	Depreciation						
	At 1 Jan 2012	1,801,227	811,518	2,998,610	85,987	523,296	6,220,638
	Charge for the year	101,971	24,125	44,412	9,810	58,074	238,392
	At 31 Dec 2012	1,903,198	835,643	3,043,022	95,797	581,370	6,459,030
	Net book value						
	At 31 Dec 2012	18,574,438	421,004	841,199	29,429	2,322,323	22,188,393
	At 31 Dec 2011	12,556,377	389,617	849,344	39,239	2,380,397	16,214,974

Arlacross Limited

Notes to the Financial Statements

Year ended 31 December 2012

11. Tangible fixed assets *(continued)*

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

	2012 £	2011 £
Net book value at end of year	<u>20,896,761</u>	<u>14,936,774</u>
Historical cost		
At 1 Jan 2012	13,234,452	13,221,507
Cost of additions to revalued assets brought forward	-	12,945
At 31 Dec 2012	<u>13,234,452</u>	<u>13,234,452</u>
Depreciation		
At 1 Jan 2012	1,599,753	1,434,398
Charge for year	160,045	165,355
At 31 Dec 2012	<u>1,759,798</u>	<u>1,599,753</u>
Net historical cost value		
At 31 Dec 2012	<u>11,474,654</u>	<u>11,634,699</u>
At 1 Jan 2012	<u>11,634,699</u>	<u>11,787,109</u>
Capital commitments		
	2012 £	2011 £
Contracted but not provided for in the financial statements	-	<u>11,692</u>

12. Investments Company

	Group companies £
Cost	
At 1 January 2012 and 31 December 2012	<u>1,000</u>
Net book value	
At 31 December 2012 and 31 December 2011	<u>1,000</u>

Arlacross Limited

Notes to the Financial Statements

Year ended 31 December 2012

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

		2012 £	2011 £
Aggregate capital and reserves			
Arlaform Limited	Management company	827,047	858,784
Stapleford Park Limited	Country house and sporting estate	(3,545,760)	(8,641,685)
SP(ACE) Spa and Lifestyle Limited (formerly FWD Limited)	Dormant	(37,427)	(37,427)
Profit and (loss) for the year			
Arlaform Limited		(31,737)	38,769
Stapleford Park Limited		5,095,925	(787,900)
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

13. Stocks

	Group		Company	
	2012 £	2011 £	2012 £	2011 £
Raw materials	40,991	49,441	—	—
Finished goods	165,813	162,125	—	—
	<u>206,804</u>	<u>211,566</u>	<u>—</u>	<u>—</u>

14 Debtors

	Group		Company	
	2012 £	2011 £	2012 £	2011 £
Trade debtors	28,980	22,217	—	—
Amounts owed by group undertakings	—	—	5,331,075	5,331,075
Other debtors	930	15,021	—	—
Prepayments and accrued income	136,960	164,520	—	—
	<u>166,870</u>	<u>201,758</u>	<u>5,331,075</u>	<u>5,331,075</u>

Arlacross Limited

Notes to the Financial Statements

Year ended 31 December 2012

14 Debtors (continued)

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

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Amounts owed by group undertakings	<u>–</u>	<u>–</u>	<u>4,492,215</u>	<u>4,492,215</u>

15. Creditors amounts falling due within one year

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Bank loans and overdrafts	274,191	206,506	–	–
Trade creditors	671,148	511,669	–	–
Directors' loan accounts	100,429	93,017	–	–
Other creditors including taxation and social security				
Other taxation and social security	151,787	203,472	–	–
Other creditors	349,964	333,334	–	–
Accruals and deferred income	564,306	648,922	2,500	2,500
	<u>2,111,825</u>	<u>1,996,920</u>	<u>2,500</u>	<u>2,500</u>

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

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Bank loans and overdrafts	<u>274,191</u>	<u>206,506</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

16. Creditors amounts falling due after more than one year, including convertible debts

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Convertible loans	579,000	579,000	–	–
Bank loans and overdrafts	273,200	409,800	–	–
Amounts owed to group undertakings	28,247,908	27,351,506	5,338,860	5,338,860
	<u>29,100,108</u>	<u>28,340,306</u>	<u>5,338,860</u>	<u>5,338,860</u>

Arlacross Limited

Notes to the Financial Statements

Year ended 31 December 2012

16. Creditors: amounts falling due after more than one year, including convertible debts *(continued)*

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

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Bank loans and overdrafts	<u>273,200</u>	<u>409,800</u>	<u>-</u>	<u>-</u>

17. Creditors Capital instruments

Convertible instruments amounting to £579,000 (2011 - £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.

18. Government grants

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Received and receivable:				
At 1 January 2012	(146,550)	(152,550)	-	-
Released in the year	<u>6,000</u>	<u>6,000</u>	<u>-</u>	<u>-</u>
At 31 December 2012	<u>(140,550)</u>	<u>(146,550)</u>	<u>-</u>	<u>-</u>

Arlacross Limited

Notes to the Financial Statements

Year ended 31 December 2012

19 Commitments under operating leases

At 31 December 2012 the group had annual commitments under non-cancellable operating leases as set out below

Group	2012		2011	
	Land and buildings £	Other items £	Land and buildings £	Other items £
Operating leases which expire				
Within 1 year	-	-	-	4,983
Within 2 to 5 years	-	23,966	-	23,966
After more than 5 years	428,029	-	128,029	-
	<u>428,029</u>	<u>23,966</u>	<u>128,029</u>	<u>28,949</u>

20. Transactions with the directors

Transactions between Stapleford Park Limited and the director

Mr S Hussain, a director of the company, has provided the company with loans during the year. At 31 December 2011 the company owed Mr S Hussain £100,429 (2011 £93,017)

During the previous year the company purchased a vehicle from Mr R Tang, a director of the company, at a value of £8,750

Kelmay Limited

During the year Kelmay Limited, a company in which Mr R Tang and Mr S Hussain are both directors and shareholders, provided services to Stapleford Park Limited amounting to £67,256 (2011 £32,022)

At the year end the balance due to Kelmay Limited was £Nil (2011 £4,200)

Lushmass Limited

Mr R Tang is a director of Lushmass Limited. At the year end the balance due to Lushmass Limited was £21,000 (2011 £21,000)

21 Related party transactions

Transactions between Innoview Properties Limited and Arlacross Limited

During the year Innoview Properties Limited, the controlling related party, provided a loan to Arlacross Limited. The amount due to Innoview Properties Limited at the balance sheet date was £5,338,860 (2011 £5,338,860)

Transactions between Innoview Properties Limited and Arlaform Limited

During the year Innoview Properties Limited provided a loan to Arlaform Limited. The amount due to Innoview Properties Limited at the balance sheet date was £23,788,048 (2011 £22,891,646)

Arlacross Limited

Notes to the Financial Statements

Year ended 31 December 2012

22. Share capital Allotted and called up.

	2012	£	2011	£
	No		No	
100 Ordinary shares fully paid of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

23 Reserves Group

	Revaluation reserve £	Profit and loss account £
Balance brought forward	3,302,075	(15,192,613)
Loss for the year	–	(982,650)
Other gains and losses		
- Revaluation of fixed assets	5,440,096	–
Other movements		
- transfer to/from revaluation reserve	(121,330)	121,330
Balance carried forward	<u>8,620,841</u>	<u>(16,053,933)</u>

Company

	Profit and loss account £
Balance brought forward	(9,285)
Balance carried forward	<u>(9,285)</u>

Arlacross Limited

Notes to the Financial Statements

Year ended 31 December 2012

24 Reconciliation of movements in shareholders' funds

	2012 £	2011 £
Loss for the financial year	(982,650)	(711,773)
Other net recognised gains and losses	5,440,096	–
Transfer from revaluation reserve	121,330	80,530
Transfer to profit and loss account	(121,330)	(80,530)
Net addition/(reduction) to shareholders' deficit	4,457,446	(711,773)
Opening shareholders' deficit	(11,890,438)	(11,178,665)
Closing shareholders' deficit	<u>(7,432,992)</u>	<u>(11,890,438)</u>

25 Notes to the cash flow statement Reconciliation of operating loss to net cash outflow from operating activities

	2012 £	2011 £
Operating loss	(1,023,057)	(691,894)
Amortisation	50,614	50,614
Depreciation	238,392	449,683
Decrease/(increase) in stocks	4,762	(13,490)
Decrease in debtors	34,888	13,158
Increase in creditors	46,340	189,972
Release of grants	(6,000)	(6,000)
Net cash outflow from operating activities	<u>(654,061)</u>	<u>(7,957)</u>

Returns on investments and servicing of finance

	2012 £	2011 £
Interest paid	(82,473)	(83,772)
Interest element of finance leases and similar	(47)	(24,079)
Net cash outflow from returns on investments and servicing of finance	<u>(82,520)</u>	<u>(107,851)</u>

Capital expenditure

	2012 £	2011 £
Payments to acquire tangible fixed assets	(91,779)	(146,505)
Net cash outflow from capital expenditure	<u>(91,779)</u>	<u>(146,505)</u>

Arlacross Limited

Notes to the Financial Statements

Year ended 31 December 2012

25 Notes to the cash flow statement (continued) Financing

	2012 £	2011 £
Repayment of bank loans	(136,600)	(136,600)
Loan advances from group undertakings	896,402	513,225
Capital element of finance leases and similar	—	(117,131)
Net cash inflow from financing	<u>759,802</u>	<u>259,494</u>

Reconciliation of net cash flow to movement in net debt

	2012 £	2011 £
Decrease in cash in the period	(68,558)	(2,819)
Net cash outflow from bank loans	136,600	136,600
Net cash (inflow) from long-term amounts owed to group undertakings	(896,402)	(513,225)
Cash outflow in respect of finance leases and similar	—	117,131
Change in net debt resulting from cash flows	<u>(828,360)</u>	<u>(262,313)</u>
Movement in net debt in the period	<u>(828,360)</u>	<u>(262,313)</u>
Net debt at 1 January 2012	(28,540,999)	(28,278,686)
Net debt at 31 December 2012	<u>(29,369,359)</u>	<u>(28,540,999)</u>

Analysis of changes in net debt

	At 1 Jan 2012 £	Cash flows £	At 31 Dec 2012 £
Net cash			
Cash in hand and at bank	5,813	(873)	4,940
Overdrafts	(69,906)	(67,685)	(137,591)
	<u>(64,093)</u>	<u>(68,558)</u>	<u>(132,651)</u>
Debt			
Debt due within 1 year	(136,600)	—	(136,600)
Debt due after 1 year	(28,340,306)	(759,802)	(29,100,108)
	<u>(28,476,906)</u>	<u>(759,802)</u>	<u>(29,236,708)</u>
Net debt	<u>(28,540,999)</u>	<u>(828,360)</u>	<u>(29,369,359)</u>

Arlacross Limited

Notes to the Financial Statements

Year ended 31 December 2012

26. Ultimate parent company

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

27. Guarantees

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 2012 the net bank borrowings of Stapleford Park Limited amounted to £546,363 (2011: £615,255).