

COMPANY REGISTRATION NUMBER 4204314

Arlacross Limited
Financial Statements
31 December 2008

MACINTYRE HUDSON LLP

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

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Arlacross Limited

Financial Statements

Year ended 31 December 2008

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Arlacross Limited

Officers and Professional Advisers

The Board of Directors

Mr S Hussain
Mr R Tang

Company Secretary

Mr R Tang

Registered Office

E3 The Premier Centre
Abbey Park
Romsey
Hants
SO51 9DG

Auditor

MacIntyre Hudson LLP
Chartered Accountants
& Registered 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 2008

The directors present their report and the financial statements of the company for the year ended 31 December 2008.

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.

Results and dividends

The loss for the year amounted to £1,000. The directors have not recommended a dividend.

Financial instruments

The company 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. The main purpose of these financial instruments is to raise finance for the operations of the Company. The main risks which may arise from the Company's financial instruments are interest rate risk, credit risk, liquidity risk and foreign currency risk. The directors review and agree policies for managing each of these risks and they are summarised as below. These policies have remained unchanged from previous periods.

Interest rate risk - The Company finances its operations through a mixture of borrowings. The Company manages its exposure to interest rate fluctuations on its borrowings by use of both fixed and floating facilities.

Credit risk - The Company monitors its credit risk closely and considers that its current policies of credit checks meet its objectives of credit risk management. The Company has no significant concentration of credit risk. Amounts shown on the balance sheet best represent the maximum credit risk exposure in the event of other parties failing to perform their obligations under the financial instruments.

Liquidity risk - The Company seeks to manage financial risk by ensuring adequate liquidity is available to meet foreseeable requirements. Cash assets are invested safely and profitably which are achieved through company bank accounts and borrowing facilities.

Directors

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

Mr S Hussain
Mr R Tang

Arlacross Limited

The Directors' Report *(continued)*

Year ended 31 December 2008

Directors' responsibilities

The directors are responsible for preparing the Annual 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). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the company'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 2008

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

Mr R Tang

Director

Approved by the directors on

18 December 2008

Arlacross Limited

Independent Auditor's Report to the Shareholders of Arlacross Limited

Year ended 31 December 2008

We have audited the financial statements of Arlacross Limited for the year ended 31 December 2008, which have been prepared on the basis of the accounting policies set out on page 9.

This report is made solely to the company's shareholders, 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 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

Arlacross Limited

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

Year ended 31 December 2008

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Emphasis of matter - Going concern

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the company's ability to continue as a going concern. The company incurred a net loss of £1,000 during the year ended 31 December 2008 and as of that date, the company's total liabilities exceeded its total assets by £5,815. The financial statements do not include any adjustments that would result from a failure to continue as a going concern. Details of the circumstances relating to this emphasis of matter are described in the basis of accounting within the accounting policies. Our opinion is not qualified in this respect.

Macintyre Hudson LLP

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Ervington Court
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Leicester
LE19 1WL

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MACINTYRE HUDSON LLP
Chartered Accountants
& Registered Auditor

Arlacross Limited

Profit and Loss Account

Year ended 31 December 2008

	Note	2008 £	2007 £
Turnover		–	–
Administrative expenses		<u>1,000</u>	<u>1,000</u>
Operating loss, being loss on ordinary activities before taxation	1	(1,000)	(1,000)
Tax on loss on ordinary activities		–	–
Loss on ordinary activities after taxation, being loss for the financial year		<u>£(1,000)</u>	<u>£(1,000)</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.

The accounting policies and notes on pages 9 to 13 form part of these financial statements.

Arlacross Limited

Balance Sheet

31 December 2008

	Note	2008 £	£	2007 £
Fixed assets				
Investments	3		<u>1,000</u>	<u>1,000</u>
Current assets				
Debtors	4	5,336,695		5,336,695
Cash in hand		<u>100</u>		<u>100</u>
		5,336,795		5,336,795
Creditors: amounts falling due within one year	5	<u>4,750</u>		<u>3,750</u>
Net current assets			<u>5,332,045</u>	<u>5,333,045</u>
Total assets less current liabilities			<u>5,333,045</u>	<u>5,334,045</u>
Creditors: amounts falling due after more than one year	6		<u>5,338,860</u>	<u>5,338,860</u>
			<u>£(5,815)</u>	<u>£(4,815)</u>
Capital and reserves				
Called-up equity share capital	8		<u>100</u>	<u>100</u>
Profit and loss account	9		<u>(5,915)</u>	<u>(4,915)</u>
Deficit	10		<u>£(5,815)</u>	<u>£(4,815)</u>

These financial statements were approved by the directors and authorised for issue on 18.12.2008 and are signed on their behalf by:

Mr R Tang
Director

Company Registration Number: 4204314

The accounting policies and notes on pages 9 to 13 form part of these financial statements.

Arlacross Limited

Accounting Policies

Year ended 31 December 2008

Basis of accounting

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

Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of certain fixed assets.

Basis of accounting

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 £1,951,079. 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 company's ability to continue as a going concern is dependent on the ongoing support of the company's shareholders and investors. The directors have received written confirmation from the shareholders that it is not their present intention to seek recovery of any amounts due to them by members of the group until at least 31st December 2010.

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a medium-sized 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 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

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:

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.

Arlacross Limited

Notes to the Financial Statements

Year ended 31 December 2008

1. **Operating loss**

Operating loss is stated after charging:

	2008 £	2007 £
Directors' emoluments	—	—
Auditor's remuneration - as auditor	<u>1,000</u>	<u>1,000</u>

2. **Particulars of employees**

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

3. **Investments**

	Shares in group undertaking £
Cost	
At 1 January 2008 and 31 December 2008	<u>1,000</u>
Net book value	
At 31 December 2008 and 31 December 2007	<u>1,000</u>

Arlacross Limited

Notes to the Financial Statements

Year ended 31 December 2008

3. Investments (continued)

The company owns 88.9% of the issued share capital of the companies listed below, all of which are registered in the United Kingdom:

	2008 £	2007 (restated) £
Aggregate capital and reserves		
Arlaform Limited Management Company	742,213	702,744
Stapleford Park Limited Country House Hotel & Sporting Estate	(4,854,052)	(2,902,973)
SP(ACE) Spa and Lifestyle Limited (formerly FWD Limited) Dormant company	(37,427)	(37,427)

Profit and (loss) for the year

Arlaform Limited	39,469	54,885
Stapleford Park Limited	(1,951,079)	(731,267)
SP(ACE) Spa and Lifestyle Limited (formerly FWD Limited)	—	—

Under the provision of section 248 of the Companies Act 1985 the company is exempt from preparing consolidated accounts and has not done so, therefore the accounts show information about the company as an individual entity.

4. Debtors

	2008 £	2007 £
Amounts owed by group undertakings	<u>5,336,695</u>	<u>5,336,695</u>

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

	2008 £	2007 £
Amounts owed by group undertakings	<u>5,336,695</u>	<u>5,336,695</u>

5. Creditors: amounts falling due within one year

	2008 £	2007 £
Accruals and deferred income	<u>4,750</u>	<u>3,750</u>

Arlacross Limited

Notes to the Financial Statements

Year ended 31 December 2008

6. Creditors: amounts falling due after more than one year

	2008 £	2007 £
Other creditors:		
Other creditors	<u>5,338,860</u>	<u>5,338,860</u>

7. Related party transactions

There were no transactions with the subsidiary Arlaform Limited during the year and the balance due from that company at the balance sheet date was £5,336,695 (2007: £5,336,695).

8. Share capital

Authorised share capital:

	2008 £	2007 £
1,000 Ordinary shares of £1 each	1,000	1,000
1,100,000 'A' Ordinary shares shares of £1 each	1,100,000	1,100,000
3,000,000 'B' Ordinary shares shares of £1 each	3,000,000	3,000,000
400,000 'C' Ordinary shares shares of £1 each	400,000	400,000
	<u>£4,501,000</u>	<u>£4,501,000</u>

Allotted and called up:

	2008 No	£	2007 No	£
100 Ordinary shares fully paid of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

9. Profit and loss account

	2008 £	2007 £
Balance brought forward	(4,915)	(3,915)
Loss for the financial year	(1,000)	(1,000)
Balance carried forward	<u>£(5,915)</u>	<u>£(4,915)</u>

Arlacross Limited

Notes to the Financial Statements

Year ended 31 December 2008

10. Reconciliation of movements in shareholders' funds

	2008	2007
	£	£
Loss for the financial year	(1,000)	(1,000)
Opening shareholders' deficit	(4,815)	(3,815)
Closing shareholders' deficit	<u>(5,815)</u>	<u>(4,815)</u>

11. Ultimate parent company

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

12. Guarantees

The company has guaranteed an operating lease entered into by Stapleford Park Limited, a subsidiary company. The value of the minimum repayments due after the balance sheet date was £60,908 (2007: £nil).