

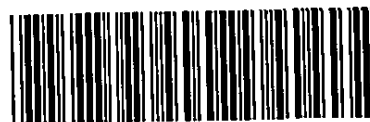
COMPANY REGISTRATION NUMBER 4204314

Arlacross Limited
Financial Statements
31 December 2009

MACINTYRE HUDSON LLP

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

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Arlacross Limited

Financial Statements

Year ended 31 December 2009

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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
& 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 2009

The directors present their report and the financial statements of the group for the year ended 31 December 2009

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.

Results and dividends

The loss for the year amounted to £1,217,435. 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.

Directors

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

Mr S Hussain
Mr R Tang

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.

Arlacross Limited

The Directors' Report *(continued)*

Year ended 31 December 2009

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.

Donations

During the year the company made the following contributions

	2009 £	2008 £
Charitable	<u>£2,650</u>	<u>£1,600</u>

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

[Signature]
1 October 2010

Arlacross Limited

Independent Auditor's Report to the Shareholders of Arlacross Limited

Year ended 31 December 2009

We have audited the group and parent company financial statements ("the financial statements") of Arlacross Limited for the year ended 31 December 2009. 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 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 2 to 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 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.

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.

Qualified opinion on financial statements arising from limitation of scope

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 £576,579. Stapleford Park Limited reported a loss in the year ended 31 December 2009 of £1,357,078, and at that date its total liabilities exceeded its total assets by £6,211,130. 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 £576,579. We have been unable to obtain sufficient appropriate audit evidence regarding the carrying value of the goodwill by using other audit procedures.

Except for the financial effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves about the carrying value of goodwill, in our opinion the financial statements

- give a true and fair view of the state of the company's and group's affairs as at 31 December 2009 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- have been properly prepared in accordance with the Companies Act 2006

Arlacross Limited

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

Year ended 31 December 2009

Emphasis of matter - Going concern

In forming our opinion on the group's financial statements, we have considered the adequacy of the disclosures made in the accounting policies concerning the group's ability to continue as a going concern. The group reported a loss of £1,217,435 in the year ended 31 December 2009 and as of that date, the group's total liabilities exceeded its total assets by £9,705,444. These conditions along with others described in the accounting policies of 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.

Our opinion is not qualified in this respect.

Opinion on other matters prescribed by the Companies Act 2006

Notwithstanding our opinion on the group 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

In respect solely of the limitation on our work relating to goodwill described above:

- we have not received all the information and explanations we require for our audit, and
- we were unable to determine if adequate accounting records had been maintained.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we were unable to determine if adequate accounting records had been maintained.

Lyndale House
Ervington Court
Meridian Business Park
Leicester
LE19 1WL

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Macintyre Hudson LLP

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

Arlacross Limited

Profit and Loss Account

Year ended 31 December 2009

	Note	2009 £	2008 £
Group turnover	2	3,432,459	3,750,008
Cost of sales		<u>710,552</u>	630,162
Gross profit		2,721,907	3,119,846
Administrative expenses		4,021,784	5,030,713
Other operating income	3	<u>(6,000)</u>	(6,000)
Operating loss	4	(1,293,877)	(1,904,867)
Interest payable and similar charges	6	75,616	58,356
Loss on ordinary activities before taxation		<u>(1,369,493)</u>	(1,963,223)
Tax on loss on ordinary activities		—	—
Loss on ordinary activities after taxation		<u>(1,369,493)</u>	(1,963,223)
Minority interests		<u>(152,058)</u>	(218,003)
Loss attributable to members of the parent company		<u>(1,217,435)</u>	(1,745,220)
Loss for the financial year		<u>£(1,217,435)</u>	<u>£(1,745,220)</u>

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 11 to 24 form part of these financial statements

Arlacross Limited

Group Statement of Total Recognised Gains and Losses

Year ended 31 December 2009

	2009	2008
	£	£
Loss for the financial year attributable to the shareholders of the parent company	(1,217,435)	(1,745,220)
Total recognised gains and losses relating to the year	(1,217,435)	(1,745,220)
Prior year adjustment	–	260,511
Total gains and losses recognised since the last annual report	<u>£(1,217,435)</u>	<u>£(1,484,709)</u>

The notes on pages 11 to 24 form part of these financial statements.

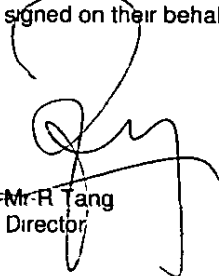
Arlacross Limited

Group Balance Sheet

31 December 2009

	Note	2009 £	2008 £
Fixed assets			
Intangible assets	8	576,579	627,193
Tangible assets	9	16,676,996	16,860,671
		<u>17,253,575</u>	<u>17,487,864</u>
Current assets			
Stocks	11	182,224	212,350
Debtors	12	296,879	509,175
Cash at bank and in hand		5,517	3,832
		<u>484,620</u>	<u>725,357</u>
Creditors amounts falling due within one year	13	<u>2,672,298</u>	<u>2,756,018</u>
Net current liabilities		<u>(2,187,678)</u>	<u>(2,030,661)</u>
Total assets less current liabilities		<u>15,065,897</u>	<u>15,457,203</u>
Creditors amounts falling due after more than one year, including convertible debts	14	25,824,879	24,840,692
Government grants brought forward	17	158,550	164,550
		<u>(10,917,532)</u>	<u>(9,548,039)</u>
Minority interests		<u>(1,212,088)</u>	<u>(1,060,030)</u>
		<u>£(9,705,444)</u>	<u>£(8,488,009)</u>
Capital and reserves			
Called-up equity share capital	20	100	100
Revaluation reserve	21	3,472,791	3,543,665
Profit and loss account	21	(13,178,335)	(12,031,774)
Deficit	22	<u>£(9,705,444)</u>	<u>£(8,488,009)</u>

These financial statements were approved by the directors and authorised for issue on 30 October 2010, and are signed on their behalf by


Mr. R. Tang
Director

The notes on pages 11 to 24 form part of these financial statements.

Arlacross Limited

Balance Sheet

31 December 2009

	Note	2009 £	£	2008 £
Fixed assets				
Investments	10		<u>1,000</u>	<u>1,000</u>
Current assets				
Debtors	12	5,333,353		5,336,695
Cash in hand		99		100
		<u>5,333,452</u>		<u>5,336,795</u>
Creditors amounts falling due within one year	13	<u>2,240</u>		<u>4,750</u>
Net current assets			<u>5,331,212</u>	<u>5,332,045</u>
Total assets less current liabilities			<u>5,332,212</u>	<u>5,333,045</u>
Creditors amounts falling due after more than one year	14		<u>5,338,860</u>	<u>5,338,860</u>
			<u>£(6,648)</u>	<u>£(5,815)</u>
Capital and reserves				
Called-up equity share capital	20		100	100
Profit and loss account	21		<u>(6,748)</u>	<u>(5,915)</u>
Deficit			<u>£(6,648)</u>	<u>£(5,815)</u>

These financial statements were approved by the directors and authorised for issue on *20 October 2010* and are signed on their behalf by


Mr R Tang
Director

Company Registration Number 4204314

The notes on pages 11 to 24 form part of these financial statements.

Arlacross Limited

Group Cash Flow Cash Flow Statement

Year ended 31 December 2009

	Note	2009	2008
		£	£
Net cash outflow from operating activities	23	(589,106)	(1,244,891)
Returns on investments and servicing of finance	23	(75,616)	(58,356)
Capital expenditure and financial investment	23	(327,612)	(636,496)
Cash outflow before financing		(992,334)	(1,939,743)
Financing	23	1,027,932	1,408,755
Increase/(decrease) in cash	23	<u>£35,598</u>	<u>£(530,988)</u>

The notes on pages 11 to 24 form part of these financial statements.

Arlacross Limited

Notes to the Financial Statements

Year ended 31 December 2009

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 £1,357,078 (2008 - £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 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 November 2011

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 twenty 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 due 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 2009

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 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 reducing balance

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

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 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

Arlacross Limited

Notes to the Financial Statements

Year ended 31 December 2009

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

	2009	2008
	£	£
United Kingdom	<u>3,432,459</u>	<u>3,750,008</u>

3. Other operating income

	2009	2008
	£	£
Other operating income - government grants received	<u>6,000</u>	<u>6,000</u>

4. Operating loss

Operating loss is stated after charging/(crediting)

	2009	2008
	£	£
Amortisation of intangible assets	50,614	50,613
Depreciation of owned fixed assets	410,088	627,206
Depreciation of assets held under hire purchase agreements	102,149	131,105
Profit on disposal of fixed assets	(950)	(9,000)
Auditor's remuneration		
- as auditor	17,243	15,600
Operating lease costs		
- Plant and equipment	10,961	7,896
- Other	<u>121,169</u>	<u>113,288</u>

Arlacross Limited

Notes to the Financial Statements

Year ended 31 December 2009

5. Particulars of employees

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

	2009 No	2008 No
Management and administration	20	25
Hotel	108	100
General estate	16	42
	<u>144</u>	<u>167</u>

The aggregate payroll costs of the above were

	2009 £	2008 £
Wages and salaries	1,771,893	2,070,217
Social security costs	147,287	171,393
	<u>£1,919,180</u>	<u>£2,241,610</u>

6. Interest payable and similar charges

	2009 £	2008 £
Interest payable on bank borrowing	15,646	31
Finance charges	59,970	58,325
	<u>£75,616</u>	<u>£58,356</u>

7. Loss attributable to members of the parent company

The loss dealt with in the financial statements of the parent company was £833 (2008 - £1,000)

Arlacross Limited

Notes to the Financial Statements

Year ended 31 December 2009

8. Intangible fixed assets

Group	Goodwill £
Cost	
At 1 January 2009 and 31 December 2009	<u>1,012,272</u>
Amortisation	
At 1 January 2009	385,079
Charge for the year	50,614
At 31 December 2009	<u>£435,693</u>
Net book value	
At 31 December 2009	<u>576,579</u>
At 31 December 2008	<u>627,193</u>

9. Tangible fixed assets

Group	Freehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Golf Course Land £	Total £
Cost or valuation						
At 1 Jan 2009	13,758,198	1,124,699	3,764,062	113,926	2,903,693	21,664,578
Additions	308,172	3,556	10,784	6,050	—	328,562
Disposals	—	—	—	(22,500)	—	(22,500)
At 31 Dec 2009	<u>£14,066,370</u>	<u>£1,128,255</u>	<u>£3,774,846</u>	<u>£97,476</u>	<u>£2,903,693</u>	<u>£21,970,640</u>
Depreciation						
At 1 Jan 2009	1,243,982	608,490	2,507,604	94,757	349,074	4,803,907
Charge for the year	183,470	77,431	188,469	4,793	58,074	512,237
On disposals	—	—	—	(22,500)	—	(22,500)
At 31 Dec 2009	<u>£1,427,452</u>	<u>£685,921</u>	<u>£2,696,073</u>	<u>£77,050</u>	<u>£407,148</u>	<u>£5,293,644</u>
Net book value						
At 31 Dec 2009	<u>12,638,918</u>	<u>442,334</u>	<u>1,078,773</u>	<u>20,426</u>	<u>2,496,545</u>	<u>16,676,996</u>
At 31 Dec 2008	<u>12,514,216</u>	<u>516,209</u>	<u>1,256,458</u>	<u>19,169</u>	<u>2,554,619</u>	<u>16,860,671</u>

During the year there was a change in depreciation method for Freehold Property, Plant & Machinery, Fixtures & Fittings and Motor Vehicles from straight line to reducing balance. This had the effect of reducing the depreciation charge for the year by £254,763.

The method of depreciation was changed to better reflect the residual value of the assets.

Arlacross Limited

Notes to the Financial Statements

Year ended 31 December 2009

9. Tangible fixed assets *(continued)*

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

	2009 £	2008 £
Net book value at end of year	<u>15,135,463</u>	<u>15,068,835</u>
Historical cost:		
At 1 Jan 2009	12,635,045	12,613,889
Cost of additions to revalued assets brought forward	308,172	21,156
At 31 Dec 2009	<u>£12,943,217</u>	<u>£12,635,045</u>
Depreciation:		
At 1 Jan 2009	1,109,876	923,982
Charge for year	170,670	185,894
At 31 Dec 2009	<u>£1,280,546</u>	<u>£1,109,876</u>
Net historical cost value		
At 31 Dec 2009	<u>11,662,671</u>	<u>11,525,169</u>
At 1 Jan 2009	<u>11,525,169</u>	<u>11,689,907</u>

Hire purchase agreements

Included within the net book value of £16,676,996 is £578,842 (2008 - £708,668) 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 £102,149 (2008 - £131,105)

Capital commitments

	2009 £	2008 £
Contracted but not provided for in the financial statements	<u>243,064</u>	<u>-</u>

10. Investments Company

	Group companies £
Cost	
At 1 January 2009 and 31 December 2009	<u>1,000</u>
Net book value	
At 31 December 2009 and 31 December 2008	<u>1,000</u>

Arlacross Limited

Notes to the Financial Statements

Year ended 31 December 2009

10 Investments (continued)

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

		2009 £	2008 (restated) £
Aggregate capital and reserves			
Arlaform Limited	Management company	781,244	742,213
Stapleford Park Limited	Country house and sporting estate	(6,211,130)	(4,854,052)
SP(ACE) Spa and Lifestyle Limited (formerly FWD Limited)	Dormant	(37,427)	(37,427)
Profit and (loss) for the year			
Arlaform Limited		39,031	39,469
Stapleford Park Limited		(1,357,078)	(1,951,079)
SP(ACE) Spa and Lifestyle Limited (formerly FWD Limited)		-	-

All of the above companies are registered in the United Kingdom

Arlaform Limited and Stapleford Park Limited have been included in the consolidated financial statements. SP(ACE) Spa and Lifestyle Limited has not been included as it is not considered to be material to the financial statements

11. Stocks

	Group		Company	
	2009 £	2008 £	2009 £	2008 £
Raw materials	46,055	45,038	-	-
Finished goods	136,169	167,312	-	-
	<u>£182,224</u>	<u>£212,350</u>	<u>-</u>	<u>-</u>

12. Debtors

	Group		Company	
	2009 £	2008 £	2009 £	2008 £
Trade debtors	132,314	193,424	-	-
Amounts owed by group undertakings	-	-	5,333,353	5,336,695
Other debtors	11,393	141,990	-	-
Directors current accounts	17,705	-	-	-
Prepayments and accrued income	135,467	173,761	-	-
	<u>£296,879</u>	<u>£509,175</u>	<u>£5,333,353</u>	<u>£5,336,695</u>

Arlacross Limited

Notes to the Financial Statements

Year ended 31 December 2009

12. Debtors (continued)

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

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Amounts owed by group undertakings	<u>-</u>	<u>-</u>	<u>5,333,353</u>	<u>5,336,695</u>

13. Creditors: amounts falling due within one year

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Bank loans and overdrafts	1,013,758	987,171	-	-
Trade creditors	440,232	376,547	-	-
Hire purchase agreements	265,075	281,830	-	-
Other creditors including taxation and social security				
Other taxation and social security	110,882	167,044	-	-
Other creditors	332,907	326,919	-	-
Accruals and deferred income	509,444	616,507	2,240	4,750
	<u>£2,672,298</u>	<u>£2,756,018</u>	<u>£2,240</u>	<u>£4,750</u>

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

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Bank loans and overdrafts	<u>1,013,758</u>	<u>987,171</u>	<u>-</u>	<u>-</u>

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

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Convertible loans	579,000	579,000	-	-
Bank loans and overdrafts	364,167	443,834	-	-
Hire purchase agreements	119,372	370,014	-	-
Other creditors	24,762,340	23,447,844	5,338,860	5,338,860
	<u>£25,824,879</u>	<u>£24,840,692</u>	<u>£5,338,860</u>	<u>£5,338,860</u>

Arlacross Limited

Notes to the Financial Statements

Year ended 31 December 2009

- 14 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	
	2009	2008	2009	2008
	£	£	£	£
Bank loans and overdrafts	<u>364,167</u>	<u>443,834</u>	<u>-</u>	<u>-</u>

15. Creditors: Capital instruments

Convertible instruments amounting to £579,000 (2008 - £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

16. Commitments under hire purchase agreements

Future commitments under hire purchase agreements are as follows

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Amounts payable within 1 year	265,075	281,830	-	-
Amounts payable between 2 to 5 years	<u>119,372</u>	<u>370,014</u>	<u>-</u>	<u>-</u>
	<u>384,447</u>	<u>651,844</u>	<u>-</u>	<u>-</u>

17 Government grants

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Received and receivable:				
At 1 January 2009	164,550	170,550	-	-
Amortisation	<u>(6,000)</u>	<u>(6,000)</u>	<u>-</u>	<u>-</u>
Net balance at 31 December 2009	<u>£158,550</u>	<u>£164,550</u>	<u>-</u>	<u>-</u>

The above grants were received from the English Tourist Board

Arlacross Limited

Notes to the Financial Statements

Year ended 31 December 2009

18 Commitments under operating leases

At 31 December 2009 the group had annual commitments under non-cancellable operating leases as set out below

Group	2009		2008	
	Land and buildings £	Other items £	Land and buildings £	Other items £
Operating leases which expire				
Within 2 to 5 years	-	37,669	-	37,669
After more than 5 years	128,029	-	113,080	-
	<u>£128,029</u>	<u>£37,669</u>	<u>£113,080</u>	<u>£37,669</u>

19 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 £5,333,353 (2008 £5,336,695)

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 £1,310,243 (2008 £1,147,477) and management charges of £40,000 (2008 £40,000). The amount due to Arlaform Limited at the balance sheet date was £20,418,407 (2008 £19,068,164)

Transactions between Innoview Limited and Arlacross Limited

During the year Innoview Limited, the controlling related party, provided a loan to Arlacross Limited. The amount due to Innoview Limited at the balance sheet date was £5,338,860 (2008 £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 £20,302,480 (2008 £18,987,984)

Arlacross Limited

Notes to the Financial Statements

Year ended 31 December 2009

20. Share capital

Authorised share capital:

	2009 £	2008 £
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.

	2009 No	£	2008 No	£
100 Ordinary shares fully paid of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

21. Reserves Group

	Revaluation reserve £	Profit and loss account £
Balance brought forward	3,543,665	(12,031,774)
Loss for the year	—	(1,217,435)
Other movements		
- transfer (to)/from revaluation reserve	(70,874)	70,874
Balance carried forward	<u>£3,472,791</u>	<u>£(13,178,335)</u>

Company

	Profit and loss account £
Balance brought forward	(5,915)
Loss for the year	(833)
Balance carried forward	<u>£(6,748)</u>

Arlacross Limited

Notes to the Financial Statements

Year ended 31 December 2009

22 Reconciliation of movements in shareholders' funds

	2009 £	2008 £
Loss for the financial year	(1,217,435)	(1,745,220)
Transfer from revaluation reserve	70,874	80,530
Transfer to profit and loss account	(70,874)	(80,530)
Net reduction to shareholders' deficit	£(1,217,435)	£(1,745,220)
Opening shareholders' deficit	(8,488,009)	(7,003,300)
Prior year adjustment	—	260,511
Closing shareholders' deficit	<u>(9,705,444)</u>	<u>(8,488,009)</u>

Included in Stapleford Park Limited during the previous year a prior year adjustment took place to amend the depreciation charged to the profit and loss account during the year ended 31 December 2007. This resulted in a reduction in the loss for the year by £260,511.

23. Notes to the cash flow statement

Reconciliation of operating loss to net cash outflow from operating activities

	2009 £	2008 £
Operating loss	(1,293,877)	(1,904,867)
Amortisation	50,614	50,613
Depreciation	512,237	758,311
Profit on disposal of fixed assets	(950)	(9,000)
Decrease/(increase) in stocks	30,126	(38,479)
Decrease/(increase) in debtors	212,296	(103,262)
(Decrease)/increase in creditors	(93,552)	7,793
Release of grants	(6,000)	(6,000)
Net cash outflow from operating activities	<u>£(589,106)</u>	<u>£(1,244,891)</u>

Returns on investments and servicing of finance

	2009 £	2008 £
Bank interest paid	(29)	(31)
Bank loan interest	(15,617)	—
Interest element of hire purchase	(59,970)	(58,325)
Net cash outflow from returns on investments and servicing of finance	<u>(75,616)</u>	<u>(58,356)</u>

Capital expenditure

	2009 £	2008 £
Payments to acquire tangible fixed assets	(328,562)	(645,496)
Receipts from sale of fixed assets	950	9,000
Net cash outflow from capital expenditure	<u>(327,612)</u>	<u>(636,496)</u>

Arlacross Limited

Notes to the Financial Statements

Year ended 31 December 2009

23 Notes to the cash flow statement (continued) Financing

	2009 £	2008 £
(Repayment of)/increase in bank loans	(19,167)	460,000
Capital element of hire purchase	(267,397)	(200,221)
Net inflow from other long-term creditors	1,314,496	1,148,976
Net cash inflow from financing	<u>1,027,932</u>	<u>1,408,755</u>

Reconciliation of net cash flow to movement in net debt

	2009 £	2008 £
Increase/(decrease) in cash in the period	35,598	(530,988)
Net cash outflow from/(inflow) from bank loans	19,167	(460,000)
Cash outflow in respect of hire purchase	267,397	200,221
Net cash (inflow) from other long-term creditors	<u>(1,314,496)</u>	<u>(1,148,976)</u>
Change in net debt resulting from cash flows	(992,334)	(1,939,743)
New finance leases	-	(695,970)
Movement in net debt in the period	<u>(992,334)</u>	<u>(2,635,713)</u>
Net debt at 1 January 2009	(26,105,861)	(23,470,148)
Net debt at 31 December 2009	<u>£(27,098,195)</u>	<u>£(26,105,861)</u>

Analysis of changes in net debt

	At 1 Jan 2009 £	Cash flows £	At 31 Dec 2009 £
Net cash			
Cash in hand and at bank	3,832	1,685	5,517
Overdrafts	(971,005)	33,913	(937,092)
	<u>(967,173)</u>	<u>35,598</u>	<u>(931,575)</u>
Debt			
Debt due within 1 year	(16,166)	(60,500)	(76,666)
Debt due after 1 year	(24,470,678)	(1,234,829)	(25,705,507)
Hire purchase agreements	(651,844)	267,397	(384,447)
	<u>(25,138,688)</u>	<u>(1,027,932)</u>	<u>(26,166,620)</u>
Net debt	<u>£(26,105,861)</u>	<u>£(992,334)</u>	<u>£(27,098,195)</u>

Arlacross Limited

Notes to the Financial Statements

Year ended 31 December 2009

24. Ultimate parent company

Innoview Limited is the company's controlling relating party under the definitions set out in Financial Reporting Standard No. 8 by virtue of its shareholding in the company

25 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 £34,878 (2008: £60,908)