

**ARLACROSS LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2016**

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**ARLACROSS LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	Mr S Hussain Mr R Tang
<b>Company secretary</b>	Mr R Tang
<b>Registered number</b>	04204314
<b>Registered office</b>	E3 The Premier Centre Abbey Park Romsey Hampshire SO51 9DG
<b>Independent auditors</b>	MHA MacIntyre Hudson Chartered Accountants & Statutory Auditors 11 Merus Court Meridian Business Park Leicester LE19 1RJ
<b>Bankers</b>	Barclays Bank PLC 1 Churchill Place London E14 5HP



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**ARLACROSS LIMITED**

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**ARLACROSS LIMITED**

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**GROUP STRATEGIC REPORT  
FOR THE YEAR ENDED 31 MARCH 2016**

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**Introduction**

The principal activity of the company during the year was that of a holding company.

**Business review**

Turnover for the 15 months to 31 March 2016 was £5.70m (12 months to 31 December 2014: £4.62m), Gross Profit was £4.65m (2013: £3.77m), Gross Profit Margin was 81.6% for the period (2014: 81.6%).

The Average Room Rate achieved for the period was £168 (2014: £167). Average day rate for the period was £419 (2014: £420) and Revenue per Available Room was £79 (2014: £80).

Club Membership continued to be challenging. Revenue for the period has fallen again annualised at £266k (2014: £290k). This is a direct reflection to the economic environment within the locality as well as the general decline in the Golf Sector. Membership since 1 April 2016 is running on an average of £19.5k per month.

Our corporate and wedding business for the period was similar to 2014. There is small growth in this sector since the new year.

The leisure sector is under pressure on room rate. This is due to the increasing number of bookings which are generated from 'comparison web site' which is driving down 'leisure' average room rate.

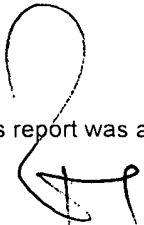
**Principal risks and uncertainties**

The directors have assessed the principal risk and uncertainty as the continued support of the company's shareholders and investors.

**Financial key performance indicators**

**Key Performance Indicators**

- Turnover
- Gross profit margin
- Average room rate

  
This report was approved by the board and signed on its behalf.

.....  
**Mr R Tang**  
Director

Date:  2 December 2016



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## ARLACROSS LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2016

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The directors present their report and the financial statements for the year ended 31 March 2016.

#### Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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 company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Results and dividends

The loss for the period, after taxation and minority interests, amounted to £1,431,495 (2014 - loss £1,017,994).

The directors have not recommended a dividend.

#### Directors

The directors who served during the year were:

Mr S Hussain  
Mr R Tang

#### Future developments

In a difficult and competitive market the directors are looking at indicators to increase revenue and reduce costs to return the business to profitability.

#### Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the Group's auditors are aware of that information.



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ARLACROSS LIMITED

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**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2016**

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**Post balance sheet events**

There have been no significant events affecting the Group since the year end.

**Auditors**

The auditors, MHA MacIntyre Hudson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



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**Mr R Tang**  
Director

Date:

2 December 2016



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**ARLACROSS LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ARLACROSS LIMITED**

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We have audited the financial statements of Arlacross Limited for the year ended 31 March 2016, which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Statement of Cash Flows, the Consolidated and Company Statement of Changes in Equity and the related notes. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, 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 members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of Directors and Auditors**

As explained more fully in the Directors' Responsibilities Statement on page 2, 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 Financial Reporting Council'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 the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Group Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent company's affairs as at 31 March 2016 and of the Group's profit or loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.



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**ARLACROSS LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ARLACROSS LIMITED (CONTINUED)**

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**Emphasis of matter**

In forming our opinion on the Group's financial statements, which is not qualified, we have considered the adequacy of the disclosures made in the note 1 to the financial statements concerning the group's ability to continue as a going concern. The group reported a loss of £1,431,495 in the period ended 31 March 2016 and at that date, the group's total liabilities exceeded its total assets by £12,528,235 and it had net current liabilities of £12,393,450. These conditions, along with other matters set out in note 1 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**

In our opinion the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with those financial statements.

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

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 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; or
- we have not received all the information and explanations we require for our audit.



Robert Nelson BA FCA (Senior Statutory Auditor)

for and on behalf of  
**MHA MacIntyre Hudson**

Chartered Accountants  
Statutory Auditors

11 Merus Court  
Meridian Business Park  
Leicester  
LE19 1RJ

15 December 2016



ARLACROSS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2016

	Note	2016 £	2014 £
Turnover		5,699,834	4,616,093
Cost of sales		(1,049,266)	(849,460)
<b>Gross profit</b>		<b>4,650,568</b>	<b>3,766,633</b>
Administrative expenses		(6,004,655)	(4,709,997)
Other operating income	4	7,000	6,000
<b>Operating loss</b>	5	<b>(1,347,087)</b>	<b>(937,364)</b>
Interest payable and expenses	8	(84,408)	(80,630)
<b>Loss before taxation</b>		<b>(1,431,495)</b>	<b>(1,017,994)</b>
<b>Loss for the year</b>		<b>(1,431,495)</b>	<b>(1,017,994)</b>
<b>Total comprehensive income for the year</b>		<b>(1,431,495)</b>	<b>(1,017,994)</b>
<b>(Loss) for the year attributable to:</b>			
Non-controlling interests		(160,171)	(161,252)
Owners of the parent company		(1,271,324)	(856,742)
		<b>(1,431,495)</b>	<b>(1,017,994)</b>
<b>Total comprehensive income for the year attributable to:</b>			
Non-controlling interest		(160,171)	(161,252)
Owners of the parent company		(1,271,324)	(856,742)
		<b>(1,431,495)</b>	<b>(1,017,994)</b>



CONSOLIDATED BALANCE SHEET  
AS AT 31 MARCH 2016

	Note	31 March 2016 £	31 March 2016 £	31 December 2014 £	31 December 2014 £
<b>Fixed assets</b>					
Tangible assets	11		20,917,617		21,381,043
			<u>20,917,617</u>		<u>21,381,043</u>
<b>Current assets</b>					
Stocks	14	160,427		202,875	
Debtors: amounts falling due within one year	15	173,009		149,552	
Cash at bank and in hand	16	39,145		7,550	
		<u>372,581</u>		<u>359,977</u>	
Creditors: amounts falling due within one year	17	(33,683,648)		(32,707,090)	
<b>Net current liabilities</b>			<u>(33,311,067)</u>		<u>(32,347,113)</u>
<b>Total assets less current liabilities</b>			<u>(12,393,450)</u>		<u>(10,966,070)</u>
Creditors: amounts falling due after more than one year	18		(134,785)		(130,670)
<b>Provisions for liabilities</b>					
<b>Net assets excluding pension asset</b>			<u>(12,528,235)</u>		<u>(11,096,740)</u>
<b>Net liabilities</b>			<u>(12,528,235)</u>		<u>(11,096,740)</u>
<b>Capital and reserves</b>					
Called up share capital	21		100		100
Revaluation reserve	22		8,199,216		8,319,516
Profit and loss account	22		(19,335,664)		(18,184,640)
<b>Equity attributable to owners of the parent Company</b>			<u>(11,136,348)</u>		<u>(9,865,024)</u>
Non-controlling interests			<u>(1,391,887)</u>		<u>(1,231,716)</u>
			<u>(12,528,235)</u>		<u>(11,096,740)</u>



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ARLACROSS LIMITED  
REGISTERED NUMBER:04204314

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CONSOLIDATED BALANCE SHEET (CONTINUED)  
AS AT 31 MARCH 2016


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The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

  
.....  
Mr R Tang

Director

Date:



The notes on pages 14 to 33 form part of these financial statements.




ARLACROSS LIMITED  
REGISTERED NUMBER:04204314

COMPANY BALANCE SHEET  
AS AT 31 MARCH 2016

		Note	31 March 2016 £	31 March 2016 £	31 December 2014 £
<b>Fixed assets</b>					
Investments	12		1,000		1,000
			<u>1,000</u>		<u>1,000</u>
<b>Current assets</b>					
Debtors: amounts falling due within one year	15	5,331,075		5,331,075	
Cash at bank and in hand	16	100		100	
		<u>5,331,175</u>		<u>5,331,175</u>	
Creditors: amounts falling due within one year	17	(5,341,360)		(5,341,360)	
<b>Net current liabilities</b>			<u>(10,185)</u>		<u>(10,185)</u>
<b>Total assets less current liabilities</b>			<u>(9,185)</u>		<u>(9,185)</u>
<b>Net assets excluding pension asset</b>			<u>(9,185)</u>		<u>(9,185)</u>
<b>Net liabilities</b>			<u>(9,185)</u>		<u>(9,185)</u>
<b>Capital and reserves</b>					
Called up share capital	21	100		100	
Profit and loss account	22	(9,285)		(9,285)	
		<u>(9,185)</u>		<u>(9,185)</u>	

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

  
.....  
Mr R Tang

Director

Date:

2 December 2016



## ARLACROSS LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2016**

	Called up share capital	Revaluation reserve	Profit and loss account	Equity attributable to owners of parent Company	Non- controlling interests	Total equity
	£	£	£	£	£	£
At 1 January 2015	100	8,319,516	(18,184,640)	(9,865,024)	(1,231,716)	(11,096,740)
Comprehensive income for the year						
Loss for the year	-	-	(1,271,324)	(1,271,324)	(160,171)	(1,431,495)
Surplus on revaluation of freehold property	-	-	120,300	120,300	-	120,300
Total comprehensive income for the year	-	-	(1,151,024)	(1,151,024)	(160,171)	(1,311,195)
Transfer to profit and loss account	-	(120,300)	-	(120,300)	-	(120,300)
At 31 March 2016	100	8,199,216	(19,335,664)	(11,136,348)	(1,391,887)	(12,528,235)



ARLACROSS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2014

	Called up share capital	Revaluation reserve	Profit and loss account	Equity attributable to owners of parent Company	Non- controlling interests	Total equity
	£	£	£	£	£	£
At 1 January 2014	100	8,417,911	(17,426,293)	(9,008,282)	(1,070,464)	(10,078,746)
<b>Comprehensive income for the year</b>						
Loss for the year	-	-	(856,742)	(856,742)	(161,252)	(1,017,994)
Surplus on revaluation of freehold property	-	-	98,395	98,395	-	98,395
<b>Total comprehensive income for the year</b>	-	-	(758,347)	(758,347)	(161,252)	(919,599)
Transfer to profit and loss account	-	(98,395)	-	(98,395)	-	(98,395)
<b>At 31 December 2014</b>	<b>100</b>	<b>8,319,516</b>	<b>(18,184,640)</b>	<b>(9,865,024)</b>	<b>(1,231,716)</b>	<b>(11,096,740)</b>

The notes on pages 14 to 33 form part of these financial statements.



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ARLACROSS LIMITED

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COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2016

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	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2015	100	(9,285)	(9,185)
At 31 March 2016	100	(9,285)	(9,185)

COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2014

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	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2014	100	(9,285)	(9,185)
At 31 December 2014	100	(9,285)	(9,185)

The notes on pages 14 to 33 form part of these financial statements.



ARLACROSS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2016**

	31 March 2016 £	31 December 2014 £
<b>Cash flows from operating activities</b>		
Loss for the financial year	(1,431,495)	(1,017,994)
<b>Adjustments for:</b>		
Depreciation of tangible assets	671,877	559,000
Profit on disposal of tangible assets	(332)	(10,353)
Government grants	(7,000)	(6,000)
Interest paid	84,408	80,630
Decrease/(increase) in stocks	42,448	(14,423)
(Increase)/decrease in debtors	(23,457)	36,589
(Decrease) in creditors	(94,455)	(137,805)
Increase in amounts owed to groups	1,298,644	414,774
<b>Net cash generated from operating activities</b>	<b>540,638</b>	<b>(95,582)</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(212,901)	(176,930)
Sale of tangible fixed assets	4,782	33,930
Hire purchase interest paid	(1,398)	(891)
<b>Net cash flows from investing activities</b>	<b>(209,517)</b>	<b>(143,891)</b>
<b>Cash flows from financing activities</b>		
Repayment of loans	-	(136,600)
Advances/repayment of finance leases	16,775	(3,333)
Interest paid	(83,010)	(79,739)
<b>Net cash used in financing activities</b>	<b>(66,235)</b>	<b>(219,672)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>264,886</b>	<b>(459,145)</b>
Cash and cash equivalents at beginning of year	(632,949)	(173,804)
<b>Cash and cash equivalents at the end of year</b>	<b>(368,063)</b>	<b>(632,949)</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	39,145	7,550
Bank overdrafts	(407,208)	(640,499)
	<b>(368,063)</b>	<b>(632,949)</b>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

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**1. Accounting policies**

**1.1 Company information**

The entity is a members' limited liability company which is incorporated in the UK. The registered office is E3, The Premier Centre, Abbey Park, Romsey, Hampshire, SO51 9DG.

**1.2 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold property and golf course land and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 29.

The company's functional and presentational currency is British Sterling (£).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the company's accounting policies (see note 2).

The following principal accounting policies have been applied:

**1.3 Going concern**

The directors have adopted the going concern basis in the preparation of these financial statements. At 31 March 2016 the group's total liabilities exceeded its total assets by £12,528,235. As a result of group losses sustained in this and prior years, its ability to continue to trade and meet its liabilities is dependent upon the continued support of its group's investors.

The group and company's ability to continue as a going concern is dependent on the ongoing support of the group'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 31 December 2017 and additional funds will be made available to the group to enable them to meet their liabilities as they fall due.

**1.4 Basis of consolidation**

The consolidated financial statements present the results of the Group and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Profit and Loss Account from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 1 January 2014.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

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**1. Accounting policies (continued)**

**1.5 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**1.6 Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

**1.7 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

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**1. Accounting policies (continued)**

**1.7 Tangible fixed assets (continued)**

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, over the following bases:

Freehold property	- 2% straight line per annum
Golf course land	- 2% straight line per annum
Plant and machinery	- 15% reducing balance per annum
Motor vehicles	- 25% reducing balance per annum
Fixtures and fittings	- 15% reducing balance per annum
Computer equipment	- 15% reducing balance per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Profit and Loss Account.

**1.8 Revaluation of tangible fixed assets**

Individual freehold and leasehold properties are carried at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Balance Sheet date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the Consolidated Profit and Loss Account unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

**1.9 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

**1.10 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a last in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.



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**ARLACROSS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

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**1. Accounting policies (continued)**

**1.11 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**1.12 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

**1.13 Financial instruments**

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Consolidated Profit and Loss Account if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

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**1. Accounting policies (continued)**

**1.13 Financial instruments (continued)**

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Profit and Loss Account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

**1.14 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**1.15 Government grants**

Deferred government grants in respect of capital expenditure are treated as deferred income and are credited to the Consolidated Profit and Loss Account over the estimated useful life of the assets to which they relate.

**1.16 Finance costs**

Finance costs are charged to the Consolidated Profit and Loss Account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

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**1. Accounting policies (continued)**

**1.17 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 Consolidated 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.

**1.18 Borrowing costs**

All borrowing costs are recognised in the Consolidated Profit and Loss Account in the year in which they are incurred.

**2. Judgements in applying accounting policies and key sources of estimation uncertainty**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

**(i) Useful economic lives of tangible assets**

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 11 for the carrying amount of the tangible fixed assets, and note 1.7 for the useful economic lives for each class of assets.

**3. Turnover**

The whole of the turnover is attributable to the one principal activity of the group.

All turnover arose within the United Kingdom.



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**ARLACROSS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

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**4. Other operating income**

	2016 £	2014 £
Government grants receivable	7,000	6,000
	<u>7,000</u>	<u>6,000</u>

**5. Operating loss**

The operating loss is stated after charging:

	2016 £	2014 £
Depreciation of fixed assets owned by the group	667,568	556,848
Depreciation of fixed assets held under hire purchase contracts	4,309	2,152
Operating lease rentals - plant and machinery	139,656	9,569
Operating lease rentals - other operating leases	192,519	190,887
Profit on disposal of fixed assets	-	(9,377)
	<u>-</u>	<u>-</u>
Government grants	(7,000)	(6,000)
	<u>(7,000)</u>	<u>(6,000)</u>

During the year, no director received any emoluments (2014 - £NIL).

**6. Auditors' remuneration**

	2016 £	2014 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	3,000	2,760
	<u>3,000</u>	<u>2,760</u>
<b>Fees payable to the Group's auditor and its associates in respect of:</b>		
Fees payable to the company's auditor and its associates for the auditing of accounts of associates of the company	16,000	15,030
Taxation compliance services	-	210
	<u>16,000</u>	<u>15,240</u>



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**ARLACROSS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

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**7. Employees**

Staff costs were as follows:

	2016 £	2014 £
Wages and salaries	2,649,118	2,057,901
Social security costs	165,524	146,847
	<u>2,814,642</u>	<u>2,204,748</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2016 No.	2014 No.
Management and administration	22	23
Hotel	139	123
General estate	14	17
	<u>175</u>	<u>163</u>

**8. Interest payable and similar charges**

	2016 £	2014 £
Bank interest payable	83,010	79,739
Finance leases and hire purchase contracts	1,398	891
	<u>84,408</u>	<u>80,630</u>

**9. Parent company profit for the year**

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and Loss Account in these financial statements. The profit after tax of the parent company for the year was £Nil (2014 - £NIL).



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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016

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10. Intangible assets

Group and Company

	Goodwill £
<b>Cost</b>	
At 1 January 2015	1,012,272
At 31 March 2016	<u>1,012,272</u>
<b>Amortisation</b>	
At 1 January 2015	1,012,272
At 31 March 2016	<u>1,012,272</u>
<b>Net book value</b>	
At 31 March 2016	<u><u>-</u></u>
At 31 December 2014	<u><u>-</u></u>



ARLACROSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

11. Tangible fixed assets

Group

	Freehold property £	Golf course land £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost or valuation</b>							
At 1 January 2015	20,588,277	2,903,693	1,281,729	114,983	3,777,496	156,167	28,822,345
Additions	110,978	-	52,369	32,823	5,644	11,087	212,901
Disposals	(1,950)	-	-	(2,500)	-	-	(4,450)
At 31 March 2016	<u>20,697,305</u>	<u>2,903,693</u>	<u>1,334,098</u>	<u>145,306</u>	<u>3,783,140</u>	<u>167,254</u>	<u>29,030,796</u>
<b>Depreciation</b>							
At 1 January 2015	2,450,389	697,518	933,749	91,721	3,238,212	29,713	7,441,302
Charge for period	384,061	72,592	50,456	10,669	129,178	24,921	671,877
At 31 March 2016	<u>2,834,450</u>	<u>770,110</u>	<u>984,205</u>	<u>102,390</u>	<u>3,367,390</u>	<u>54,634</u>	<u>8,113,179</u>
<b>Net book value</b>							
At 31 March 2016	<u>17,862,855</u>	<u>2,133,583</u>	<u>349,893</u>	<u>42,916</u>	<u>415,750</u>	<u>112,620</u>	<u>20,917,617</u>
At 31 December 2014	<u>18,137,888</u>	<u>2,206,175</u>	<u>347,980</u>	<u>23,262</u>	<u>539,284</u>	<u>126,454</u>	<u>21,381,043</u>



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ARLACROSS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016

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11. Tangible fixed assets (continued)

The net book value of land and buildings may be further analysed as follows:

	31 March 2016 £	31 December 2014 £
Freehold	17,862,855	18,137,888
Long leasehold	2,133,583	2,206,175
	<u>19,996,438</u>	<u>20,344,063</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	31 March 2016 £	31 December 2014 £
Plant and machinery	<u>37,302</u>	<u>12,197</u>



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**ARLACROSS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

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**12. Fixed asset investments****Company**

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 January 2015	1,000
At 31 March 2016	1,000
At 31 March 2016	-
<b>Net book value</b>	
At 31 March 2016	1,000
At 31 December 2014	1,000

SP(ACE) Spa and Lifestyle Limited, a subsidiary undertaking, is not consolidated as it is not considered to be material to the group.

Details of the principal subsidiaries can be found under note 13.

**13. Subsidiary undertakings**

The following were subsidiary undertakings of the company:

Name	Country of incorporation	Holding	Principal activity
Arlaform Limited	United Kingdom	88.9 %	Management company
Stapleford Park Limited	United Kingdom	88.9 %	Country house and sporting estate
SP(ACE) Spa and Lifestyle Limited	United Kingdom	100 %	Non-trading



ARLACROSS LIMITED

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14. Stocks

	Group 31 March 2016 £	Group 31 December 2014 £	Company 31 March 2016 £	Company 31 December 2014 £
Goods for resale	160,427	202,875	-	-
	<u>160,427</u>	<u>202,875</u>	<u>-</u>	<u>-</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Stock recognised in cost of sales during the period as an expense was £1,049,266 (2014 - £849,460)

15. Debtors

	Group 31 March 2016 £	Group 31 December 2014 £	Company 31 March 2016 £	Company 31 December 2014 £
Due within one year				
Trade debtors	19,935	13,958	-	-
Amounts owed by group undertakings	-	-	5,331,075	5,331,075
Other debtors	48,660	19,224	-	-
Prepayments and accrued income	104,414	116,370	-	-
	<u>173,009</u>	<u>149,552</u>	<u>5,331,075</u>	<u>5,331,075</u>

16. Cash and cash equivalents

	Group 31 March 2016 £	Group 31 December 2014 £	Company 31 March 2016 £	Company 31 December 2014 £
Cash at bank and in hand	39,145	7,550	100	100
Less: bank overdrafts	(407,208)	(640,499)	-	-
	<u>(368,063)</u>	<u>(632,949)</u>	<u>100</u>	<u>100</u>



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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

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**17. Creditors: Amounts falling due within one year**

	<b>Group 31 March 2016 £</b>	<b>Group 31 December 2014 £</b>	<b>Company 31 March 2016 £</b>	<b>Company 31 December 2014 £</b>
Debenture loans	579,000	579,000	-	-
Bank overdrafts	407,208	640,499	-	-
Trade creditors	278,492	499,389	-	-
Amounts owed to group undertakings	31,017,619	29,718,975	5,338,860	5,338,860
Taxation and social security	168,898	147,570	-	-
Obligations under hire purchase contracts	8,993	3,333	-	-
Other creditors	410,284	428,345	-	-
Accruals and deferred income	813,154	689,979	2,500	2,500
	<b>33,683,648</b>	<b>32,707,090</b>	<b>5,341,360</b>	<b>5,341,360</b>

Convertible instruments amounting to £579,000 (31 December 2014 - £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.

The convertible instruments 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.

The bank loans and overdrafts amounting to £407,208 (31 December 2014 - £640,499) 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.

Hire purchase contracts amounting to £8,933 (31 December 2014 - £3,333) are secured against the assets to which they relate.



ARLACROSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016

18. Creditors: Amounts falling due after more than one year

	Group 31 March 2016 £	Group 31 December 2014 £	Company 31 March 2016 £	Company 31 December 2014 £
Net obligations under hire purchase contracts	13,235	2,120	-	-
Government grants received	121,550	128,550	-	-
	<u>134,785</u>	<u>130,670</u>	<u>-</u>	<u>-</u>

Hire purchase contracts amounting to £13,235 (31 December 2014 - £2,120) are secured against the assets to which they relate.

19. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 31 March 2016 £	Group 31 December 2014 £
Within one year	8,993	3,333
Between 1-2 years	13,235	2,120
	<u>22,228</u>	<u>5,453</u>



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**ARLACROSS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

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**20. Financial instruments**

	Group 31 March 2016 £	Group 31 December 2014 £	Company 31 March 2016 £	Company 31 December 2014 £
<b>Financial assets</b>				
Financial assets that are debt instruments measured at amortised cost	68,595	33,182	5,331,075	5,331,075
	<u>68,595</u>	<u>33,182</u>	<u>5,331,075</u>	<u>5,331,075</u>
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	(32,285,395)	(31,225,709)	(5,338,860)	(5,338,860)
	<u>(32,285,395)</u>	<u>(31,225,709)</u>	<u>(5,338,860)</u>	<u>(5,338,860)</u>

Group financial assets measured at amortised cost comprise trade debtors of £19,935 (31 December 2014 - £13,958) and other debtors of £48,660 (31 December 2014 - £19,224). Company financial assets measured at amortised cost comprise amounts owed by group companies of £5,331,075 (31 December 2014 - £5,331,075).

Group financial liabilities measured at amortised cost comprise debenture loans of £579,000 (31 December 2014 - £579,000), trade creditors of £278,492 (31 December 2014 - £499,389), amounts owed to group companies of £31,017,619 (31 December 2014 - £29,718,975) and other creditors of £410,284 (31 December 2014 - £428,345). Company financial liabilities measured at amortised cost comprise amounts owed to group companies of £5,338,860 (31 December 2014 - £5,338,860).

**21. Share capital**

	31 March 2016 £	31 December 2014 £
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

The shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.



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**ARLACROSS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

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**22. Reserves****Revaluation reserve**

Includes all current and prior period revaluations of land and buildings to fair value. Revaluations are recognised in profit or loss in the year they occur and are then transferred from the Profit and Loss Account to the Revaluation Reserve. Any amounts debited or credited to the Revaluation Reserve are not allowable as an expense or income for tax purposes. All amounts are non-distributable.

**Profit and loss account**

Includes all current and prior period retained profits and losses.

**23. Commitments under operating leases**

At 31 March 2016 the Group and the company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 31 March 2016 £	Group 31 December 2014 £
Not later than 1 year	522,913	498,781
Later than 1 year and not later than 5 years	1,887,850	2,281,266
Later than 5 years	17,097,659	17,551,674
	<u>19,508,422</u>	<u>20,331,721</u>

**24. Guarantees**

A cross guarantee and debenture exists between Stapleford Park Limited and Arlaform Limited over the net bank borrowings. At 31 March 2016 net bank borrowings amounted to £366,136 (31 December 2014 - £637,979).

**25. Transactions with directors**

During the year the following interest free loans were advanced to directors:

	B/fwd £	Advances £	Credits £	C/fwd £
Mr S Hussain	(52,789)	153,798	(93,409)	7,600



**NOTES TO THE FINANCIAL STATEMENTS  
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**26. Related party transactions**

**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 £112,299 (31 December 2014 - £47,544). At the year end the balance due to Kelmay Limited was £7,500 (31 December 2014 - £6,060).

**TBW Accountancy Limited**

During the previous accounting period TBW Accountancy Limited, a company in which Mr R Tang is a director, provided services to Stapleford Park Limited amounting £480.

**Innoview Properties Limited**

Included in creditors due within less than one year is a loan from Innoview Properties Limited, the ultimate parent company, amounting to £5,338,860 (31 December 2014 - £5,338,860). No interest is currently being charged on this loan.

During the year Innoview Properties Limited provided a loan to Arlaform Limited. The amount due to Innoview Properties at the balance sheet date was £26,557,759 (31 December 2014 - £25,259,115).

During the period key management personnel were paid remuneration totalling £255,302 (12 months ended 31 December 2014 - £211,118).

The company has taken advantage of the exemption under Financial Reporting Standard 102, section 33 from the requirement to disclose transactions with group companies on the grounds that all subsidiaries are wholly owned by members of the group.

**27. Controlling party**

The controlling party of the company, under the definitions set out in Financial Reporting Standard No.8 is Innoview Properties Limited, a company incorporated in the British Virgin Islands, by virtue of its shareholding.

**28. Comparative information**

The company changed its accounting reference date from 31 December each year to 31 March, resulting in a reporting period of 15 months to 31 March 2016 (prior period: 12 months to 31 December 2014).



ARLACROSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

29. First time adoption of FRS 102

The Group and company transitioned to FRS 102 from previously extant UK GAAP as at 1 January 2014. The impact of the transition to FRS 102 is as follows:

Group

	As previously stated 1 January 2014 £	Effect of transition 1 January 2014 £	FRS 102 (as restated) 1 January 2014 £	As previously stated 31 December 2014 £	Effect of transition 31 December 2014 £	FRS 102 (as restated) 31 December 2014 £
Fixed assets	21,786,691	-	21,786,691	21,381,043	-	21,381,043
Current assets	380,461	-	380,461	359,977	-	359,977
Creditors: amounts falling due within one year	(2,086,093)	(29,883,201)	(31,969,294)	(2,409,115)	(30,297,975)	(32,707,090)
<b>Net current liabilities</b>	<b>(1,705,632)</b>	<b>(29,883,201)</b>	<b>(31,588,833)</b>	<b>(2,049,138)</b>	<b>(30,297,975)</b>	<b>(32,347,113)</b>
<b>Total assets less current liabilities</b>	<b>20,081,059</b>	<b>(29,883,201)</b>	<b>(9,802,142)</b>	<b>19,331,905</b>	<b>(30,297,975)</b>	<b>(10,966,070)</b>
Creditors: amounts falling due after more than one year	(30,159,804)	29,883,201	(276,603)	(30,428,645)	30,297,975	(130,670)
<b>Net liabilities</b>	<b>(10,078,745)</b>	<b>-</b>	<b>(10,078,745)</b>	<b>(11,096,740)</b>	<b>-</b>	<b>(11,096,740)</b>
Capital and reserves	(10,078,745)	-	(10,078,745)	(11,096,740)	-	(11,096,740)



ARLACROSS LIMITED

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29. First time adoption of FRS 102 (continued)

	As previously stated 31 December 2014 £	Effect of transition 31 December 2014 £	FRS 102 (as restated) 31 December 2014 £
Turnover	4,616,093	-	4,616,093
Cost of sales	(849,460)	-	(849,460)
	<hr/>	<hr/>	<hr/>
	3,766,633	-	3,766,633
Administrative expenses	(4,709,997)	-	(4,709,997)
Other operating income	6,000	-	6,000
	<hr/>	<hr/>	<hr/>
Operating profit	(937,364)	-	(937,364)
Interest payable and similar charges	(80,630)	-	(80,630)
	<hr/>	<hr/>	<hr/>
Loss on ordinary activities after taxation and for the financial year	(1,017,994)	-	(1,017,994)
	<hr/>	<hr/>	<hr/>

Explanation of changes to previously reported profit and equity:

- 1 Intercompany loans have been reclassified as current liabilities.