Registered number: 04204314

ARLACROSS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

COMPANY INFORMATION

Directors	S Hussain (resigned 17 May 2018) R Tang S Mohd Ja'afar (appointed 31 March 2018)
Company secretary	R Tang
Registered number	04204314
Registered office	E3 The Premier Centre Abbey Park Romsey Hampshire SO51 9DG
Independent auditors	MHA MacIntyre Hudson Chartered Accountants & Statutory Auditors 11 Merus Court Meridian Business Park Leicester LE19 1RJ
Bankers	Barclays Bank PLC 1 Churchill Place London E14 5HP

ARLACROSS LIMITED

CONTENTS

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2018

Introduction

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

The principal activity of the Group is that of the running of a luxury country house hotel, sporting estate and membership club.

Business review

Turnover for the year to 31 March 2018 was £4.34m (31 March 2017: £4.38m), Gross Profit was £3.42m (2017: £3.44m), Gross Profit Margin was 78.9% for the year (2017: 78.6%). The Average Room Rate achieved for the year was £163 (2017: £158). Average day rate for the year was £471 (2017: £454) and Revenue per Available Room was £75 (2017: £76).

The market condition remains difficult but we have seen some improvement in the corporate market segment. We have explored different marketing strategies during 2017/18 in order to attract new corporate businesses and maintaining existing customers. Those strategies continue throughout the next financial period. In 2017/18 our golf business has accounted for some 40% of the losses for the year.

The Leisure segment has paid dividends in 2017/18 and it has covered some of the corporate sector's shortfall. Leisure business has weakened since April 2018. The special events and wedding side of the business remain very strong and we have put additional resources to make further improvement in 2018/19. We have kept our expenditure as tight as possible, but it is very challenging on wages and salaries following the increase in living wage and workplace pensions. During the year we have continued to refurbish the public rooms of the main house and many guest rooms. We have also carried out major repairs to the roof of the Old Wing and other key supporting facilities. Those works have allowed us to remain competitive against other hotels of similar stature.

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.

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R Tang
Director

Date: 18/12/2018

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2018

The directors present their report and the financial statements for the year ended 31 March 2018.

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 to 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 year, after taxation and minority interests, amounted to £1,386,917 (2017 - loss £1,578,417).

The directors have not recommended a dividend.

Directors

The directors who served during the year were:

S Hussain (resigned 17 May 2018)
R Tang
S Mohd Ja'afar (appointed 31 March 2018)

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.

Financial instruments

The Group's principal financial instrument is intercompany debt. The main purpose of which is to provide finance for the Group's normal trading operations and for future investment. The Group has various other financial instruments such as trade debtors and creditors that arise directly from its trading operations. The main risks arising from the Group's financial instruments are liquidity and credit risks. The Group has clear policies for managing each of these risks, as summarised below.

Liquidity risk

The Group aims to mitigate liquidity risk through continued financial support from the parent and its owners.

Credit risk

The risk of financial loss due to counterparty's failure to honour its obligations arises principally in relation to transactions where the Group provides goods or services on deferred credit terms. The Group mitigates this risk by closely monitoring customer balances and payment history. Given the nature of the Group's activities and the payment policies in place, exposure to bad debts is not considered to be significant.

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.

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.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

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

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R Tang
Director

Date: 18/12/2018

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ARLACROSS LIMITED

Opinion

We have audited the financial statements of Arlacross Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2018, 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, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2018 and of the Group's 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1.3 in the financial statements, which indicates that conditions identified may cast significant doubt on the Group's ability to continue as a going concern. As stated in note 1.3, these events or conditions, along with the other matters as set forth in note 1.3, indicate that a material uncertainty exists that may cast significant doubt on the Group's or the parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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 the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

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.

MHA MacIntyre Hudson

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
Date: 21/12/18

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 £	2017 £
Turnover		**4,338,017**	4,376,675
Cost of sales		**(914,952)**	(937,498)
Gross profit		**3,423,065**	3,439,177
Administrative expenses		**(4,864,736)**	(5,111,878)
Other operating income	4	**6,000**	6,000
Operating loss	5	**(1,435,671)**	(1,666,701)
Interest payable and expenses	8	**(124,591)**	(108,996)
Loss before taxation		**(1,560,262)**	(1,775,697)
Loss for the financial year		**(1,560,262)**	(1,775,697)
Other comprehensive income		**-**	-
Total comprehensive income for the year		**(1,560,262)**	(1,775,697)
Loss for the year attributable to:			
Non-controlling interests		**(173,345)**	(197,280)
Owners of the parent company		**(1,386,917)**	(1,578,417)
		(1,560,262)	(1,775,697)
Total comprehensive income for the year attributable to:			
Non-controlling interest		**(173,345)**	(197,280)
Owners of the parent company		**(1,386,917)**	(1,578,417)
		(1,560,262)	(1,775,697)

There were no recognised gains and losses for 2018 or 2017 other than those included in the Consolidated Profit and Loss Account.

The notes on pages 17 to 33 form part of these financial statements.

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2018

	Note		2018 £		2017 £
Fixed assets					
Tangible assets	11		**20,707,022**		21,074,912
			20,707,022		21,074,912
Current assets					
Stocks	14	**118,483**		172,870	
Debtors: amounts falling due within one year	15	**196,996**		171,025	
Cash at bank and in hand	16	**112,586**		37,193	
		428,065		381,088	
Creditors: amounts falling due within one year	17	**(34,989,052)**		(33,897,160)	
Net current liabilities			**(34,560,987)**		(33,516,072)
Total assets less current liabilities			**(13,853,965)**		(12,441,160)
Creditors: amounts falling due after more than one year	18		**(2,010,229)**		(1,862,772)
Net liabilities			**(15,864,194)**		(14,303,932)
Capital and reserves					
Called up share capital	23		**100**		100
Profit and loss account	24		**(14,101,782)**		(12,714,865)
Equity attributable to owners of the parent Company			**(14,101,682)**		(12,714,765)
Non-controlling interests			**(1,762,512)**		(1,589,167)
			(15,864,194)		(14,303,932)

**CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2018**

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

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R Tang
Director

Date: 18/12/2018

The notes on pages 17 to 33 form part of these financial statements.

COMPANY BALANCE SHEET
AS AT 31 MARCH 2018

	Note		2018 £		2017 £
Fixed assets					
Investments	12		**1,000**		1,000
			1,000		1,000
Current assets					
Debtors: amounts falling due within one year	15	**5,331,075**		5,331,075	
Cash at bank and in hand	16	**100**		100	
		5,331,175		5,331,175	
Creditors: amounts falling due within one year	17	**(5,341,360)**		(5,341,360)	
Net current liabilities			**(10,185)**		(10,185)
Total assets less current liabilities			**(9,185)**		(9,185)
Net liabilities			**(9,185)**		(9,185)
Capital and reserves					
Called up share capital	23		**100**		100
Profit and loss account	24		**(9,285)**		(9,285)
			(9,185)		(9,185)

COMPANY BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2018

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

....

R Tang
Director

Date: 18\12\2018

The notes on pages 17 to 33 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018

	Called up share capital	Profit and loss account	Equity attributable to owners of parent Company	Non-controlling interests	Total equity
	£	£	£	£	£
At 1 April 2017	100	(12,714,865)	(12,714,765)	(1,589,167)	(14,303,932)
Comprehensive income for the year					
Loss for the year	-	(1,386,917)	(1,386,917)	(173,345)	(1,560,262)
Total comprehensive income for the year	-	(1,386,917)	(1,386,917)	(173,345)	(1,560,262)
At 31 March 2018	100	(14,101,782)	(14,101,682)	(1,762,512)	(15,864,194)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017

	Called up share capital	Profit and loss account	Equity attributable to owners of parent Company	Non-controlling interests	Total equity
	£	£	£	£	£
At 1 April 2016	100	(11,136,448)	(11,136,348)	(1,391,887)	(12,528,235)
Comprehensive income for the year					
Loss for the year	-	(1,578,417)	(1,578,417)	(197,280)	(1,775,697)
Total comprehensive income for the year	-	(1,578,417)	(1,578,417)	(197,280)	(1,775,697)
At 31 March 2017	100	(12,714,865)	(12,714,765)	(1,589,167)	(14,303,932)

The notes on pages 17 to 33 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2017	100	(9,285)	(9,185)
At 31 March 2018	**100**	**(9,285)**	**(9,185)**

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2016	100	(9,285)	(9,185)
At 31 March 2017	**100**	**(9,285)**	**(9,185)**

The notes on pages 17 to 33 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018

	2018 £	2017 £
Cash flows from operating activities		
Loss for the financial year	**(1,560,262)**	(1,775,697)
Adjustments for:		
Depreciation of tangible assets	**590,177**	599,577
Loss on disposal of tangible assets	**-**	(603)
Government grants	**(6,000)**	(6,000)
Interest paid	**124,591**	108,996
Decrease/(increase) in stocks	**54,387**	(12,443)
(Increase)/decrease in debtors	**(25,971)**	1,984
(Decrease)/increase in creditors	**(70,149)**	204,089
Increase in amounts owed to groups	**1,074,691**	202,723
Net cash generated from operating activities	**181,464**	(677,374)
Cash flows from investing activities		
Purchase of tangible fixed assets	**(222,287)**	(759,509)
Sale of tangible fixed assets	**-**	3,240
HP interest paid	**(1,218)**	(1,204)
Net cash from investing activities	**(223,505)**	(757,473)
Cash flows from financing activities		
New secured loans	**326,246**	1,875,413
Repayment of/new hire purchase agreements	**(8,277)**	(4,680)
Interest paid	**(123,373)**	(107,792)
Net cash used in financing activities	**194,596**	1,762,941
Net increase in cash and cash equivalents	**152,555**	328,094
Cash and cash equivalents at beginning of year	**(39,969)**	(368,063)
Cash and cash equivalents at the end of year	**112,586**	(39,969)
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**112,586**	37,193
Bank overdrafts	**-**	(77,162)
	112,586	(39,969)

The notes on pages 17 to 33 form part of these financial statements.

1. Accounting policies

1.1 Company information

The entity is a private company limited by shares which is incorporated in England and Wales, registration number 04204314. 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 unless otherwise specified within these accounting policies 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.

The Company's functional and presentational currency is British Pound 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 judgment in applying the Group's accounting policies (see note 2).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

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. The Group reported a loss of £1,560,262 in the year ended 31 March 2018 and at that date, the Group's total liabilities exceeded its total assets by £15,864,194 and it had net current liabilities of £34,560,987. 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 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 from them by members of the group within 12 months of the signing of the Balance Sheet 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.

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.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract 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 ten years.

1. Accounting policies (continued)

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.

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	- Over the remaining term of the lease
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 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

1.9 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 first 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.

1.10 Debtors

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

1. Accounting policies (continued)

1.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice. 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 Group's cash management.

1.12 Financial instruments

The Group only enters into basic financial instrument 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 debtors and creditors, 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 the 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.

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 of the recoverable amount, 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.

1. Accounting policies (continued)

1.13 Creditors

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

1.14 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.

1.15 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.

1.16 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.

1.17 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 Group 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.

3. Turnover

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

All turnover arose within the United Kingdom.

4. Other operating income

	2018	2017
	£	£
Government grants receivable	**6,000**	6,000
	6,000	6,000

5. Operating loss

The operating loss is stated after charging/(crediting):

	2018	2017
	£	£
Depreciation of fixed assets owned by the group	**584,965**	592,628
Depreciation of fixed assets held under hire purchase contracts	**5,212**	6,949
Operating lease rentals - plant and machinery	**66,959**	66,959
Operating lease rentals - other operating leases	**154,015**	154,015
Profit on disposal of fixed assets	**-**	(603)
Government grants	**(6,000)**	(6,000)

During the year, no director received any emoluments.

6. Auditors' remuneration

	2018 £	2017 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	**3,000**	3,000
Fees payable to the Group's auditor and its associates in respect of:		
The auditing of accounts of associates of the Group pursuant to legislation	**18,000**	18,000

7. Employees

Staff costs were as follows:

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Wages and salaries	**2,140,140**	2,178,004	-	-
Social security costs	**164,665**	164,546	-	-
	2,304,805	2,342,550	-	-

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

	2018 No.	2017 No.
Management and administration	**15**	22
Hotel	**120**	121
General estate	**13**	14
	148	157

8. Interest payable and similar expenses

	2018 £	2017 £
Bank interest payable	**123,373**	107,792
Finance leases and hire purchase contracts	**1,218**	1,204
	124,591	108,996

9. Taxation

	2018 £	2017 £
Total current tax	-	-

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017 - higher than) the standard rate of corporation tax in the UK of 19% (2017 - 20%). The differences are explained below:

	2018 £	2017 £
Loss on ordinary activities before tax	**(1,560,262)**	(1,775,697)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	**(296,450)**	(355,139)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**2,134**	74,953
Capital allowances for year in excess of depreciation	**8,134**	(87,359)
Qualifying profit on disposal of fixed assets	-	(35)
Unrelieved tax losses carried forward	**286,182**	366,086
Other differences leading to an increase in the tax charge	-	1,494
Total tax charge for the year	-	-

Factors that may affect future tax charges

From 1 April 2017 the main rate of corporation tax in the UK decreased to 19% and will decrease to 17% for the year beginning 1 April 2020.

The Company has tax losses of £7,470 (2017 - £7,470) to utilise against future trading profits.

Arlaform Limited has tax losses of £2,843,273 (2017 - £2,639,966) to utilise against future trading profits.

Stapleford Park Limited has tax losses of £21,326,244 (2017 - £20,023,330) to utilise against future trading profits.

10. Intangible assets

Group and Company

	Goodwill £
Cost	
At 1 April 2017	**1,012,272**
At 31 March 2018	**1,012,272**
Amortisation	
At 1 April 2017	**1,012,272**
At 31 March 2018	**1,012,272**
Net book value	
At 31 March 2018	-
At 31 March 2017	-

11. Tangible fixed assets

Group

	Freehold property £	Golf course land £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation							
At 1 April 2017	20,697,305	2,903,693	1,440,050	143,906	4,253,529	346,822	29,785,305
Additions	9,761	-	116,349	-	11,792	84,385	222,287
At 31 March 2018	20,707,066	2,903,693	1,556,399	143,906	4,265,321	431,207	30,007,592
Depreciation							
At 1 April 2017	3,144,758	796,451	1,037,457	110,861	3,522,404	98,462	8,710,393
Charge for the year on owned assets	310,503	26,341	61,747	2,945	133,517	49,912	584,965
Charge for the year on financed assets	-	-	-	5,212	-	-	5,212
At 31 March 2018	3,455,261	822,792	1,099,204	119,018	3,655,921	148,374	9,300,570
Net book value							
At 31 March 2018	17,251,805	2,080,901	457,195	24,888	609,400	282,833	20,707,022
At 31 March 2017	17,552,547	2,107,242	402,593	33,045	731,125	248,360	21,074,912

11. Tangible fixed assets (continued)

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

	2018 £	2017 £
Freehold	**17,251,805**	17,552,547
Long leasehold	**2,080,901**	2,107,242
	19,332,706	19,659,789

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

	2018 £	2017 £
Motor vehicles	**15,635**	20,847

12. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2017	**1,000**
At 31 March 2018	**1,000**
Net book value	
At 31 March 2018	**1,000**
At 31 March 2017	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	Class of shares	Holding	Principal activity
Arlaform Limited	Ordinary	88.9 %	Management company
Stapleford Park Limited	Ordinary	88.9 %	Country house and sporting estate
SP(ACE) Spa and Lifestyle Limited	Ordinary	100 %	Non-trading

The above companies are all incorporated in England and Wales and the registered office of all of the above is E3, The Premier Centre, Abbey Park, Romsey, Hampshire, SO51 9DG.

14. Stocks

	Group 2018 £	Group 2017 £
Goods for resale	**118,483**	172,870
	118,483	172,870

Stock recognised in cost of sales during the period as an expense was £800,666 (2017 - £821,058).

15. Debtors

	Group 2018 £	Group 2017 £	**Company 2018 £**	Company 2017 £
Trade debtors	**63,978**	12,326	**-**	-
Amounts owed by group undertakings	**-**	-	**5,331,075**	5,331,075
Other debtors	**21,951**	28,220	**-**	-
Prepayments and accrued income	**111,067**	130,479	**-**	-
	196,996	171,025	**5,331,075**	5,331,075

16. Cash and cash equivalents

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Cash at bank and in hand	**112,586**	37,193	**100**	100
Less: bank overdrafts	-	(77,162)	-	-
	112,586	(39,969)	**100**	100

17. Creditors: Amounts falling due within one year

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Debenture loans	**579,000**	579,000	-	-
Bank overdraft	-	77,162	-	-
Bank loan	**300,980**	137,798	-	-
Trade creditors	**542,456**	437,717	-	-
Amounts owed to group undertakings	**32,295,033**	31,220,342	**5,338,860**	5,338,860
Other taxation and social security	**135,812**	127,580	-	-
Obligations under hire purchase contracts	**9,271**	7,941	-	-
Other creditors	**420,571**	399,313	-	-
Accruals and deferred income	**705,929**	910,307	**2,500**	2,500
	34,989,052	33,897,160	**5,341,360**	5,341,360

Convertible instruments amounting to £579,000 (2017 - £579,000) are included in creditors.

The 'B' loan stock is convertible into 'A' and 'B' ordinary shares of Arlaform Limited. 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 loan and overdraft amounting to £300,980 (2017 - £214,960) 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.

Obligations under hire purchase contracts amounting to £9,271 (2017 - £7,941) are secured against the assets to which they relate.

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

	Group 2018 £	Group 2017 £	**Company 2018 £**	Company 2017 £
Bank loan	**1,900,679**	1,737,615	-	-
Obligations under hire purchase contracts	-	9,607	-	-
Government grants received	**109,550**	115,550	-	-
	2,010,229	1,862,772	-	-

The bank loan amounting to £1,900,679 (2017 - £1,737,615) is 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.

Obligations under hire purchase contracts amounting to £NIL (2017 - £9,607) are secured against the assets to which they relate.

19. Loans

Analysis of the maturity of loans is given below:

	Group 2018 £	Group 2017 £	**Company 2018 £**	Company 2017 £
Amounts falling due within one year				
Bank loan	**300,980**	137,798	-	-
Debenture loans	**579,000**	579,000	-	-
	879,980	716,798	-	-
Amounts falling due 1-2 years				
Bank loan	**300,979**	275,596	-	-
	300,979	275,596	-	-
Amounts falling due 2-5 years				
Bank loan	**1,599,700**	1,462,019	-	-
	1,599,700	1,462,019	-	-
	2,780,659	2,454,413	-	-

20. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2018 £	Group 2017 £
Within one year	**9,271**	7,941
Between 1-5 years	**-**	9,607
	9,271	17,548

21. Government grants

	Group 2018 £	Group 2017 £
At 1 April 2017	**115,550**	121,550
Released in the year	**(6,000)**	(6,000)
	109,550	115,550

The above grants were received from the English Tourism Board.

22. Financial instruments

	Group 2018 £	Group 2017 £	**Company 2018 £**	Company 2017 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	**85,929**	40,546	**5,331,075**	5,331,075
Financial liabilities				
Financial liabilities measured at amortised cost	**36,753,919**	35,439,640	**5,338,860**	5,338,860

Group financial assets measured at amortised cost comprise trade debtors of £63,978 (2017 - £12,326) and other debtors of £21,951 (2017 - £28,220). Company financial assets measured at amortised cost comprise amounts owed by group companies of £5,331,075 (2017 - £5,331,075).

Group financial liabilities measured at amortised cost comprise debenture loans of £579,000 (2017 - £579,000), trade creditors of £542,456 (2017 - £437,717), amounts owed to group companies of £32,295,033 (2017 - £31,220,342), bank loan of £2,201,659 (2017 - £1,875,413), obligations under hre purchase contracts of £9,271 (2017 - £17,548), accruals of £705,929 (2017 - £910,307) and other creditors of £420,571 (2017 - £399,313). Company financial liabilities measured at amortised cost comprise amounts owed to group companies of £5,338,860 (2017 - £5,338,860).

23. Share capital

	2018	2017
	£	£
Allotted, called up and fully paid		
100 (2017 - 100) Ordinary shares of £1.00 each	**100**	100

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.

24. Reserves

Profit and loss account

Includes all current and prior period retained profits and losses.

25. Capital commitments

At 31 March 2018 the Group had capital commitments as follows:

	Group 2018 £	Group 2017 £
Contracted for but not provided in these financial statements	**-**	1,017,750
	-	1,017,750

26. Commitments under operating leases

At 31 March 2018 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2018 £	Group 2017 £
Not later than 1 year	**158,846**	220,974
Later than 1 year and not later than 5 years	**616,060**	620,891
Later than 5 years	**11,589,629**	11,743,644
	12,364,535	12,585,509

27. Guarantees

A cross guarantee and debenture exists between Stapleford Park Limited and Arlaform Limited over the net bank borrowings. At 31 March 2018 net bank borrowings of the two companies amounted to £2,138,982 (2017 - £1,948,433).

28. Transactions with directors

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

	B/fwd	Advances	Repayments	C/fwd
	£	£	£	£
Mr S Hussain	(6,688)	74,756	(75,000)	(6,932)
	(6,688)	74,756	(75,000)	(6,932)

29. 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 £69,034 (2017 - £55,956). At the year end the balance due from Kelmay Limited was £Nil (2017 - £5,879).

Included in creditors due within less than one year are loans from Innoview Properties Limited to the Company, amounting to £5,338,860 (2017 - £5,338,860). No interest is currently being charged on these loans.

Included in creditors due within less than one year are loans from Innoview Properties Limited to the Group, amounting to £32,295,033 (2017 - £31,220,342). No interest is currently being charged on these loans.

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.

30. Key management personnel

During the period key management personnel were paid remuneration totalling £209,934 (2017 - £187,316).

31. 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 (2017 - £NIL).

32. Controlling party

The controlling party of the Company is Innoview Properties Limited, a company incorporated in the British Virgin Islands, by virtue of its shareholding.