



**ARLAFORM LIMITED**  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2002

**ARLAFORM LIMITED**

**FINANCIAL STATEMENTS**

For the year ended 31 December 2002

---

Company registration number: 4204327

Registered office: E3 The Premier Centre  
Abbey Park  
Romsey  
Hants  
SO51 9AQ

Directors: A F Parker  
R Tang

Secretary: R Tang

Bankers: Barclays Bank plc  
50 Pall Mall  
London  
SW1A 1QA

Auditors: Grant Thornton  
Registered Auditors  
Chartered Accountants  
8 West Walk  
Leicester  
LE1 7NH

**ARLAFORM LIMITED**

**FINANCIAL STATEMENTS**

For the year ended 31 December 2002

---

<b>INDEX</b>	<b>PAGE</b>
Report of the directors	1 - 2
Report of the independent auditors	3
Principal accounting policies	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 11

# **ARLAFORM LIMITED**

## **REPORT OF THE DIRECTORS**

---

The directors present their report together with financial statements for the year ended 31 December 2002.

### **Principal activity**

The company's principal activity is the provision of management services to its subsidiary company, Stapleford Park Limited, a hotel operator.

### **Business review**

The directors consider the results for the period under review to be satisfactory.

There was a profit for the year after taxation amounting to £23,600 (2001: £13,706). The directors do not recommend payment of a dividend.

### **Directors**

The present membership of the Board is set out below.

A F Parker  
R Tang

The interests of the directors, all of whom are also directors of the holding company, are disclosed in the holding company's financial statements.

### **Directors' responsibilities for the financial statements**

Company law in the United Kingdom requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**ARLAFORM LIMITED**

**REPORT OF THE DIRECTORS**

---

**Auditors**

Grant Thornton offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD



R. Tang

Secretary

10 October 2003

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF**

### **ARLAFORM LIMITED**

We have audited the financial statements of Arlaform Limited for the year ended 31 December 2002 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's 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**

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities in the report of the directors.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the directors' report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

#### **Basis of opinion**

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON**  
**REGISTERED AUDITORS**  
**CHARTERED ACCOUNTANTS**

Leicester

10 October 2003

## **ARLAFORM LIMITED**

### **PRINCIPAL ACCOUNTING POLICIES**

---

#### **BASIS OF PREPARATION**

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards up to and including FRS 19 - Deferred Tax, and under the historical cost convention.

The principal accounting policies of the company remained unchanged from the previous period, except for the application of FRS 19 - Deferred Tax, and are set out below.

Arlaform Limited is a wholly owned subsidiary of Arlacross Limited, a company registered in England and Wales. Arlaform Limited is therefore exempt under section 228 from preparing consolidated financial statements.

These financial statements therefore present information about the company as an individual undertaking and not about its group.

#### **TURNOVER**

Turnover is the total amount receivable by the company for management services provided, excluding VAT.

#### **INVESTMENTS**

Investments are included at cost. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

#### **DEFERRED TAXATION**

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

The adoption of FRS 19 - Deferred tax has had no impact on these financial statements.

# ARLAFORM LIMITED

## PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2002

	Note	2002 £	2001 (8 months) £
Turnover	1	144,000	72,000
Gross profit		144,000	72,000
Administrative expenses		(142,574)	(67,104)
Operating profit		1,426	4,896
Other interest receivable and similar income	1	1,092,260	657,673
Interest payable and similar charges	2	(1,070,086)	(648,863)
Profit on ordinary activities before taxation	1	23,600	13,706
Tax on profit on ordinary activities	4	-	-
Profit for the financial period transferred to reserves	10	23,600	13,706

There were no recognised gains or losses other than the profit for the financial year.



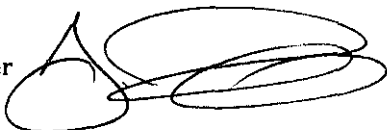
# ARLAFORM LIMITED

## BALANCE SHEET AT 31 DECEMBER 2002

	Note	2002 £	2002 £	2001 £	2001 £
<b>Fixed assets</b>					
Investments	5		6,176,560		6,171,560
<b>Current assets</b>					
Debtors	6	11,177,589		9,533,567	
Cash at bank and in hand		17,893		32,637	
		<u>11,195,482</u>		<u>9,566,204</u>	
<b>Creditors: amounts falling due within one year</b>	7	<u>(1,073,251)</u>		<u>(316,058)</u>	
<b>Net current assets</b>			<u>10,122,231</u>		<u>9,250,146</u>
<b>Total assets less current liabilities</b>			<u>16,298,791</u>		<u>15,421,706</u>
<b>Creditors: amounts falling due after more than one year</b>	8		<u>(16,260,485)</u>		<u>(15,407,000)</u>
			<u>38,306</u>		<u>14,706</u>
<b>Capital and reserves</b>					
Called up share capital	9		1,000		1,000
Profit and loss account	10		<u>37,306</u>		<u>13,706</u>
<b>Shareholders' funds</b>	11		<u>38,306</u>		<u>14,706</u>

The financial statements were approved by the Board of Directors on 10 October 2003.

A F Parker



Director

R Tang

Director

The accompanying accounting policies and notes 1 to 14 form an integral part of these financial statements.

# ARLAFORM LIMITED

## BALANCE SHEET AT 31 DECEMBER 2002

	Note	2002 £	2002 £	2001 £	2001 £
<b>Fixed assets</b>					
Investments	5		6,176,560		6,171,560
<b>Current assets</b>					
Debtors	6	11,177,589		9,533,567	
Cash at bank and in hand		17,893		32,637	
		11,195,482		9,566,204	
<b>Creditors: amounts falling due within one year</b>	7	(1,073,251)		(316,058)	
<b>Net current assets</b>			10,122,231		9,250,146
<b>Total assets less current liabilities</b>			16,298,791		15,421,706
<b>Creditors: amounts falling due after more than one year</b>	8		(16,260,485)		(15,407,000)
			38,306		14,706
<b>Capital and reserves</b>					
Called up share capital	9		1,000		1,000
Profit and loss account	10		37,306		13,706
<b>Shareholders' funds</b>	11		38,306		14,706

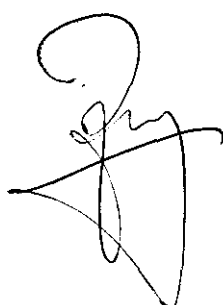
The financial statements were approved by the Board of Directors on 10 October 2003.

A F Parker

Director

R Tang

Director



The accompanying accounting policies and notes 1 to 14 form an integral part of these financial statements.

# ARLAFORM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2002

### 1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Turnover and profit on ordinary activities relate to the provision of management services and are stated after:	2002	2001 (8 months)
	£	£
Auditors' remuneration:		
Audit services	650	500
Interest receivable from group undertakings	(1,092,260)	(650,703)

### 2 INTEREST PAYABLE AND SIMILAR CHARGES

	2002	2001 (8 months)
	£	£
On bank loans	692,938	406,629
Interest payable to group undertakings	315,000	192,452
Other interest payable and similar charges	62,148	49,782
	<u>1,070,086</u>	<u>648,863</u>

### 3 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:	2002	2001 (8 months)
	£	£
Wages and salaries	128,415	60,563
Social security costs	13,413	5,978
	<u>141,828</u>	<u>66,541</u>

The average number of employees of the company during the year was 3 (2001: 3).

Remuneration in respect of directors was as follows:	2002	2001 (8 months)
	£	£
Emoluments	<u>93,165</u>	<u>40,000</u>

# ARLAFORM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2002

### 4 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge represents:

	2002 £	2001 £
UK Corporation tax at 30% (2001: 30%)	-	-
Current tax charge for the year	-	-

The tax assessed for the year is lower (2001: lower) than the standard rate of corporation tax in the UK of 30% (2001: 30%). The differences are explained as follows:

	2002 £	2001 £
Profit on ordinary activities before tax	23,600	13,706
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2001: 30%)	7,080	4,110
Group relief received	(7,080)	(4,110)
Current tax charge for the year	-	-

### 5 FIXED ASSET INVESTMENTS

	Shares in group undertakings £
Cost	
At 1 January 2002	6,171,560
Additions	5,000
Net book amount at 31 December 2002	6,176,560
Net book amount at 31 December 2001	6,171,560

At 31 December 2002 the company held more than 20% of the allotted share capital of the following undertaking:

Proportion held	Nature of business	Capital and reserves £	Loss for the year £
Stapleford Park Limited	100% Hotel & golf course	3,963,331	(1,131,201)

# ARLAFORM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2002

### 6 DEBTORS

	2002 £	2001 £
Amounts owed by group undertakings	11,177,423	9,533,567
Other debtors	166	-
	<u>11,177,589</u>	<u>9,533,567</u>

Included above are the following amounts which are due after more than one year:

Amounts owed by group undertakings	10,337,364	9,000,000
	<u>10,337,364</u>	<u>9,000,000</u>

### 7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £	2001 £
Bank loan	446,000	-
Amounts owed to group undertakings	507,452	192,452
Social security and other taxes	4,025	3,124
Accruals and deferred income	115,774	120,482
	<u>1,073,251</u>	<u>316,058</u>

### 8 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2002 £	2001 £
Bank loan	10,604,000	9,750,000
'A' Convertible loan stock	579,000	579,000
'B' Convertible loan stock	579,000	579,000
Amounts owed to group undertakings	4,498,485	4,499,000
	<u>16,260,485</u>	<u>15,407,000</u>

#### Bank loan

The bank loan is secured by a fixed and floating charge over the company's assets. The bank loan is repayable in 50 equal monthly instalments of £223,000 from 22 November 2003 to 22 December 2007, following a further drawdown of £100,000 on 17 January 2003. Interest is payable at 1.5% over base. The bank loan is repayable upon demand if the company refinances.

# ARLAFORM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2002

### Convertible loan stock

Convertible 'A' loan stock of £579,000 may be exercised on or after 21 November 2002 in exchange for 10% of the share capital of the company. Since 31 December 2002, the convertible 'A' loan stock has been redeemed at par.

Convertible 'B' loan stock of £579,000 may be exercised on 23 May 2006 in exchange for 10% of the share capital of the company.

The 'B' loan stock is convertible into A and B ordinary shares of the company. Conversion is at the rate of 1 ordinary share for £4,632 of loan stock.

The loan stock carries an interest rate of 6% per annum.

Borrowings	2002 £	2001 £
Borrowings are repayable as follows:		
Within one year		
Bank and other borrowings	446,000	-
After one and within two years		
Bank and other borrowings	2,676,000	1,500,000
After two and within five years		
Bank and other borrowings	7,928,000	6,750,000
After five years		
Bank and other borrowings	-	1,500,000
	<u>11,050,000</u>	<u>9,750,000</u>

Bank and other borrowings repayable after five years comprise:	2002 £	2001 £
Bank loan	-	1,500,000
	<u>-</u>	<u>1,500,000</u>

### 9 SHARE CAPITAL

	2002 £	2001 £
Authorised		
1,000 Ordinary shares of £1 each	1,000	1,000
125 'A' Ordinary shares of £1 each	125	125
125 'B' Ordinary shares of £1 each	125	125
	<u>1,250</u>	<u>1,250</u>
Allotted, called up and fully paid		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

# ARLAFORM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2002

### 10 RESERVES

	Profit and loss account £
At 1 January 2002	13,706
Retained profit for the year	23,600
At 31 December 2002	<u>37,306</u>

### 11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £	2001 £
Profit for the financial year	23,600	13,706
Issue of shares	-	1,000
Net increase in shareholders' funds	<u>23,600</u>	<u>14,706</u>
Shareholders' funds at 1 January 2002	14,706	-
Shareholders' funds at 31 December 2002	<u>38,306</u>	<u>14,706</u>

### 12 CONTINGENT LIABILITIES

The prior year financial statements noted a contingent liability in respect of an unsecured loan note of £200,000 to Skibo Limited which was not provided in the prior year financial statements and matured on 31 December 2002, payment being dependent upon the provision of certain services.

This amount has now been provided for in the financial statements of Stapleford Park Limited as it relates to services provided during the year ended 31 December 2002 to that company.

The company is party to a composite accounting system with its bankers, whereby there is full set-off between the company and its subsidiary, Stapleford Park Limited, of all bank balances and guarantees of bank borrowing.

### 13 TRANSACTIONS WITH DIRECTORS

As a wholly owned subsidiary of Arlacross Limited, the company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group headed by Arlacross Limited.

### 14 ULTIMATE PARENT UNDERTAKING/CONTROLLING RELATED PARTY

The ultimate parent undertaking of this company is its parent company, Arlacross Limited.

Arlacross Limited is the company's controlling related party under the definitions set out in FRS 8 by virtue of its shareholding in the company. The ultimate controlling related party of the company under the definitions set out in FRS 8 is Mr A F Parker by virtue of his shareholding in that company.