

**Report of the Directors and
Financial Statements for the Year Ended 31 March 2009
for
Arora Management Services Limited**

Company no: 5636920

**REGISTRAR OF
COMPANIES**



Arora Management Services Limited

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Arora Management Services Limited

**Company Information
for the Year Ended 31 March 2009**

DIRECTORS:

Surinder Arora
Subash Arora
Guy Morris
Sunita Arora
Carlton Brown

SECRETARY:

Subash Arora

REGISTERED OFFICE

The Grove
Bath Road
Sipson
Harmondsworth
Middlesex
UB7 0DG

REGISTERED NUMBER:

5636920 (England and Wales)

AUDITORS:

BDO LLP
Chartered Accountants
and Registered Auditors
55 Baker Street
London
United Kingdom
W1U 7EU

Arora Management Services Limited

Report of the Directors for the Year Ended 31 March 2009

The directors present their report with the financial statements of the company for the year ended 31 March 2009

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of providing management services to the Arora entities

REVIEW OF BUSINESS

The company has reported a profit after tax on ordinary activities of £2,239,031 (2008 profit £197,821)

The company entered into an agreement during the year with Arora Family Trust No 4 to manage Arora Family Trust No 4's portfolio of properties acquired in August 2008

This company has not produced an extended business review as it is exempt from doing so under S246 of the Companies Act 1985

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2009

DIRECTORS

The directors during the year under review were

Surinder Arora

Subash Arora

Guy Morris

Sunita Arora

Carlton Brown – Appointed 15th June 2010

The directors holding office at 31 March 2009 did not hold any beneficial interest in the issued share capital of the company at 1 April 2008 or 31 March 2009

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year, the company did not make any political or charitable contributions

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

Arora Management Services Limited

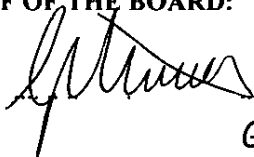
Report of the Directors for the Year Ended 31 March 2009

AUDITORS

The auditors 'BDO LLP' will be proposed for re-appointment at the forthcoming Annual General Meeting

ON BEHALF OF THE BOARD:

Director



GUY MORRIS

Date 13/8/2010

**Report of the Independent Auditors to the Shareholders of
Arora Management Services Limited**

We have audited the financial statements of Arora Management Services Limited for the year ended 31 March 2009 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

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

Basis of audit opinion

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985,
- the information given in the Report of the Directors is consistent with the financial statements.

BDO LLP

BDO LLP
Chartered Accountants
and Registered Auditors
London

Date *13th August 2010*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Arora Management Services Limited

Profit and Loss Account for the Year Ended 31 March 2009

	Notes	2009 £	2008 £
TURNOVER		1,908,004	221,730
Administrative expenses		<u>173,443</u>	<u>17,133</u>
		1,734,561	204,597
Other operating income		<u>500,000</u>	-
OPERATING PROFIT	3	2,234,561	204,597
Interest receivable and similar income	4	<u>5,611</u>	<u>2,179</u>
		2,240,172	206,776
Interest payable and similar charges	5	<u>1,455</u>	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,238,717	206,776
Tax on profit on ordinary activities	6	<u>(314)</u>	<u>8,955</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		<u>2,239,031</u>	<u>197,821</u>

CONTINUING OPERATIONS

The results stated above are all derived from continuing operations

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current year or previous year

Arora Management Services Limited

Balance Sheet 31 March 2009

Company no: 5636920

	Notes	2009 £	2008 £
CURRENT ASSETS			
Debtors	7	13,354,828	3,328,202
Cash at bank		<u>437,606</u>	<u>122,064</u>
		13,792,434	3,450,266
CREDITORS			
Amounts falling due within one year	8	<u>10,858,261</u>	<u>2,755,124</u>
NET CURRENT ASSETS		<u>2,934,173</u>	<u>695,142</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,934,173</u>	<u>695,142</u>
CAPITAL AND RESERVES			
Called up share capital	9	100	100
Profit and loss account	10	<u>2,934,073</u>	<u>695,042</u>
SHAREHOLDERS' FUNDS	14	<u>2,934,173</u>	<u>695,142</u>

The financial statements were approved and authorised for issue by the Board of Directors on 13/8/2010 and were signed on its behalf by

Director



GUY MORRIS

The notes on pages 7 to 10 form part of these financial statements

Arora Management Services Limited

Notes to the Financial Statements for the Year Ended 31 March 2009

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards

The following principal accounting policies have been applied

Going concern

The financial statements have been prepared on the going concern basis

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax on sales. Turnover is recognised when the risks and rewards of owning the goods has passed to the customer

Deferred tax

Full provision is made for deferred taxation resulting from timing differences between the recognition of gains and losses in the accounts and their recognition for tax purposes

Deferred tax is calculated at the tax rates which are expected to apply in the periods when the timing differences will reverse

Cash Flow Statement

The company has chosen to take the exemption from producing a cash flow statement based in accordance with Financial Reporting Standard 1. This is because the company is a wholly owned subsidiary of Arora Holdings Limited and the company is included in the consolidated financial statements

2 STAFF COSTS

There were no staff costs for the year ended 31 March 2009 nor for the year ended 31 March 2008

3 OPERATING PROFIT

Auditors remuneration in respect of audit fees have been borne by Arora Holdings Limited, the company's parent

4 INTEREST RECEIVABLE AND SIMILAR INCOME

	2009	2008
	£	£
Deposit account interest	<u>5,611</u>	<u>2,179</u>

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2009	2008
	£	£
Bank interest	<u>1,455</u>	<u>-</u>

Arora Management Services Limited

Notes to the Financial Statements - continued for the Year Ended 31 March 2009

6 TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the profit on ordinary activities for the year was as follows

	2009 £	2008 £
Current tax		
UK corporation tax	(314)	62,033
Prior year adjustments	<u>-</u>	<u>(53,078)</u>
 Tax on profit on ordinary activities	 <u>(314)</u>	 <u>8,955</u>

UK corporation tax has been charged at 28% (2008 - 30%)

Factors affecting the tax (credit)/charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below

	2009 £	2008 £
Profit on ordinary activities before tax	<u>2,238,717</u>	<u>206,776</u>
 Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008 - 30%)	 626,841	 62,033
 Effects of		
Adjustments to tax in respect of prior periods	(314)	(53,078)
Expenses not deductible for tax purposes	407	-
Group relief claimed before payment	<u>(627,248)</u>	<u>-</u>
 Current tax (credit)/charge	 <u>(314)</u>	 <u>8,955</u>

7 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 £	2008 £
Trade debtors	1,308	5,750
Amounts owed by group undertakings	5,156,583	659,530
Other debtors	6,213,496	2,659,919
Prepayments and accrued income	<u>1,983,441</u>	<u>3,003</u>
	<u>13,354,828</u>	<u>3,328,202</u>

Arora Management Services Limited

Notes to the Financial Statements - continued for the Year Ended 31 March 2009

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009	2008
	£	£
Trade creditors	558,366	462,770
Amounts owed to group undertakings	5,303,264	1,981,755
Other creditors	4,996,631	310,599
	<u>10,858,261</u>	<u>2,755,124</u>

9 CALLED UP SHARE CAPITAL

Authorised Number	Class	Nominal value	2009	2008
			£	£
1,000	Ordinary shares	£1	<u>1,000</u>	<u>1,000</u>

Allotted, issued and fully paid Number	Class	Nominal value	2009	2008
			£	£
100	Ordinary shares	£1	<u>100</u>	<u>100</u>

10 RESERVES

	Profit and loss account £
At 1 April 2008	695,042
Profit for the year	<u>2,239,031</u>
At 31 March 2009	<u>2,934,073</u>

11 CONTINGENT LIABILITIES

A bank loan facility is provided by a consortium of banks to Arora Hotels Limited. It is secured by fixed and floating charges over the assets of the company and is also secured by charges over the assets of its parent company and fellow subsidiaries and by intra-group guarantees provided by some group companies. As at 31 March 2009 the bank loan amounted to £21,562,500.

A second bank loan facility is provided by a consortium of banks to Heathrow T5 Hotel Limited. It is secured by fixed and floating charges over the assets of its parent company and fellow subsidiaries and by intra-group guarantees provided by some group companies. As at 31 March 2009 the bank loan amounted to £154,423,587.

Arora Management Services Limited

Notes to the Financial Statements - continued for the Year Ended 31 March 2009

12 RELATED PARTY DISCLOSURES

At the year end, an amount of £5,303,264 (2008 - £1,981,755) was owed to the parent company, Arora Holdings Limited and its subsidiaries. In return the company was owed £5,156,583 (2008 - £659,530) by the parent company Arora Holdings Limited and its subsidiaries.

Included within other creditors at the year end are amounts owed to CL Limited of £4,346,015 (2008 £Nil), GL Limited of £113,054 (2008 £43,064), HL2 Limited of £347,472 (2008 £37,366) and HLL Limited of £152,482 (2008 £163,057). Included within other debtors are amounts due from AP32 Limited of £1,100,674 (2008 £Nil), Arora Family Trust No 2 of £515,875 (2008 £10,875), Airport Hotels Unit Trust of £801,930 (2008 £785,023) and OH Property Limited of £2,952,336 (2008 £Nil). These entities are all related by virtue of common control.

13 ULTIMATE CONTROLLING PARTY

The immediate and ultimate parent company is Arora Holdings Limited, a company registered in England and Wales.

The ultimate controlling parties of Arora Holdings Limited are Surinder and Sunita Arora, due to their majority shareholding in the company, both of whom are directors of the parent company.

The consolidated accounts of this company are available to the public and can be obtained from The Grove, Bath Road, Harmondsworth, Middlesex, UB7 0DG.

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2009 £	2008 £
Profit for the financial year	2,239,031	197,821
Ordinary Shares	-	99
Net addition to shareholders' funds	2,239,031	197,920
Opening shareholders' funds	695,142	497,222
Closing shareholders' funds	2,934,173	695,142