

Report and Financial Statements

Arora Management Services Limited

For the year ended 31 March 2017



Arora
GROUP

Company Number: 05636920

Arora Management Services Limited

Report and financial statements for the year ended 31 March 2017

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Directors

Surinder Arora
Carlton Brown
Athos Yiannis
Sunita Arora

Secretary and registered office

Athos Yiannis

World Business Centre 2, Newall Road, Hounslow Middlesex TW6 2SF

Company number

05636920 (England and Wales)

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

Arora Management Services Limited

Strategic report for the year ended 31 March 2017

The directors present their strategic report for the year ended 31 March 2017.

Introduction

Arora Management Services Limited “the company” is one of the companies that forms part of the Arora Group, a successful UK- focused private group of companies, which leverages synergies across its specialist property, construction and hotel divisions to its strategic advantage. Since 1999, the Group has built its standing through meticulously managing projects from inception to delivery and beyond. Today, it owns and manages a diverse portfolio of flagship assets across the nation’s key business locations, partnering with some of the world’s most recognised brands to deliver consistently high service levels and sustainable growth.

The group strategy is to deliver portfolio diversification, growth in asset value and profitability. Our strategy for delivering these objectives are:

- Delivering sound long-term value to our stakeholders
- Continuing to expand, develop and consolidate a diversified property asset portfolio in targeted UK locations
- Sustaining our reputation for quality, integrity and social responsibility

More information about group can be found on www.thearoragroup.com.

Review of business

The company continued to provide management services across the Arora Group in the year, based in the head office at the registered address. The year ended 31 March 2017 saw an increase in turnover to £8.4m (2016: £6.6m) which was largely due to the Arora Group’s continuing growth across its markets.

PRINCIPAL RISKS AND UNCERTAINTIES

The main financial risks arising from the company's activities are credit risk, interest rate risk and liquidity risk. These are monitored by the board of directors and were not considered to be significant at the balance sheet date.

The company's policy in respect of credit risk is to require appropriate credit checks on potential customers before sales are made.

The company's policy in respect on interest rate risk and liquidity risk is to maintain a mixture of medium and short term debt finance and readily accessible bank deposit accounts to ensure the company has sufficient funds for operations.

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the reason set out below.

The company has prepared cash flow projections for a period of 12 months from the date the accounts were signed which show that the company will continue to trade for the foreseeable future. On this basis, the directors consider that it is appropriate to prepare the company’s financial statements on a going concern basis.

Arora Management Services Limited
Strategic report
for the year ended 31 March 2017(continued)

CORPORATE SOCIAL RESPONSIBILITY

Arora Management Services Limited recognises its responsibility to respect the environment and is committed to ensuring that its business activities are effectively managed to reduce environmental impact and to comply with all statutory regulations concerning the environment.

In pursuit of our business objectives we actively seek to reduce the consumption of energy, raw materials and production of waste and harmful emissions resulting from our activities.

In order to achieve this objective, we see the following areas as being critical to our success:

- Construction projects are focussed on sustainable building design and operations.
- The continued training of our staff on environmental issues to maintain the 'green' culture that we have strived to create.
- The support of our 'Green Teams' consisting of management and staff from all departments who meet monthly to monitor progress and identify new ways that performance can be further improved.
- The continued investment in water saving technologies such as flow management devices, rainwater harvesting and 'food waste to water' conversion equipment to reduce landfill.
- The continued investment in energy saving technologies such as Variable Speed Drives, Voltage Optimisation, Low Solar Gain windows and Energy Building Management Systems.
- The continued investment in low energy/high efficiency lighting controlled by occupancy sensors and time switches.
- Continuing to carry out annual Environmental Audits of our hotels to ensure compliance with our environmental policy and to measure our success.
- The continued investment in Combined Heat and Power plant.

WORKING IN OUR COMMUNITIES

In addition to the work of the Arora Charity Foundation overseen by the group, all team members and hotels are encouraged to get involved with the local community. Examples include, Dreamflight: the British Airways charity for terminally ill children whereby Arora supplies employees as accompanying hosts on special flights to Florida, in addition to providing donations. Prostate Cancer UK: fundraising campaign throughout the Arora portfolio of hotels to raise Prostate Cancer awareness; Former Charter Member of the Duke of Edinburgh's Award Scheme and supporter of the Outward Bound Trust, Annual BA fund run's in aid of Cancer Research UK, fundraising activities and support for St. Katherine's Hospice, Crawley, sponsorship of the annual London Borough of Hillingdon KICA (Kids In Care) awards at Sofitel London Heathrow, sponsorship of the Metropolitan Police JACK PACK (Joining Against Cancer In Kids), hosting of the Graffiti Annual Awards event at Sofitel London Heathrow, hosting of the Heathrow Airport charity dinner in aid of the Marie Curie Cancer Foundation at Sofitel London Heathrow.

Further, Surinder is a Trustee of the KPMG Foundation which aims to bring about the fundamental change to help the most disadvantaged children and young people. Hosting of the annual, Older Peoples Christmas lunch, for Hillingdon and surrounding areas, through Hillingdon Borough Council at the Arora Hotel Heathrow.

The group is also committed to taking a leading role in the British Hospitality Association's 'BIG CONVERSATION' initiative at Heathrow to promote work experience and placement for 16-24 year olds, helping to tackle youth unemployment in which the group have pledged twenty-five apprenticeships within the business.

ARORA GROUP MODERN SLAVERY STATEMENT

This statement has been published in accordance with the Modern Slavery Act 2015. It sets out the steps taken by Arora Holdings Limited and its subsidiaries to prevent modern slavery and human trafficking in its business and supply chains.

Introduction

Slavery and human trafficking are abuses of a person's freedoms and rights. They are however a growing issue across the world, in every region and every economy. We recognise that we have a responsibility to prevent modern slavery and human trafficking both within our business and our supply chain. We are committed to making a positive

Arora Management Services Limited
Strategic report
for the year ended 31 March 2017 (continued)

contribution to society by developing and implementing business practices that allow us to deliver financial success whilst conducting our business strategy and operations in a responsible and ethical manner.

Our business

Arora Group was founded in 1999. Our headquarters are located at London Heathrow and we currently employ around 2,000 people across our main trading businesses: Hotel Operations, Property Management, Construction and Facilities Management, all of which operate within the UK.

At our most recent financial year end in March 2017, we operated 8 hotels, managed various property assets and had worked on 6 construction projects across England, Wales and Scotland during the course of the previous year.

Our policies

We actively encourage working practices which have due regard for the need to reduce the risks of modern slavery and human trafficking both within our businesses and our supply chain. We expect our suppliers to adopt similar working practices. We are committed to the principle that all employees shall be free to choose their employment and shall not be forced to work against their will, and that there shall be no forced, bonded or involuntary prison labour or human trafficking.

For our employees, failure to adopt these working practices and adhere to the above principles may result in disciplinary action.

We also operate a whistle blowing policy, aimed at our employees, which encourages staff to report any wrongdoing, including human rights violations such as modern slavery or human trafficking. Any reports of this nature will be fully investigated and appropriate remedial actions taken. We also ensure that adequate and appropriate protection is provided to whistle-blowers.

In relation to our suppliers, we believe that transparency is vital to a successful business relationship. We are committed to building long-term relationships with suppliers and value open and honest communication with them. In the event of any failure to recognise the need to minimise the risks of modern slavery and human trafficking and to adopt working practices that reflect this, we would expect our suppliers to be committed and engaged in remedying the issue within a time-frame set out in a corrective action plan to be agreed with the supplier. If corrective action is not taken or if the supplier disregards our requests to remedy the issue, we reserve the right to terminate any agreements.

Our supply chain

Our supply chain includes over 2,000 suppliers covering food and beverage suppliers for our hotels, raw materials for our construction, as well as goods and services not for resale such as equipment used in our properties, point of sale materials, IT equipment, utilities and waste services, contractors building, repairing or cleaning our hotels, marketing, advertising, recruitment and training.

Our suppliers vary enormously in terms of their size and expertise and many of those will themselves be reliant on their own supply chain, potentially across many countries, in order to be able to supply relevant goods or services to us.

Current and proposed due diligence processes for modern slavery and human trafficking

We are developing a range of due diligence processes to enable us to identify and assess potential risk areas in our business and our supply chain.

By running many of our hotels as operated hotels we have optimum control of the work environment, including labour scheduling and pay rates, thus reducing the risks within our own business. Nevertheless, training will be delivered to appropriate individuals across the business to ensure that they are aware of the potential issues and are able to assess the risks in their area of responsibility.

We expect all major suppliers to have suitable anti-slavery and human trafficking policies and processes in place. Significant suppliers and those in businesses perceived to be most at risk will be asked to confirm and evidence the arrangements they have in place. As set out above, we reserve the right to terminate any agreement should a supplier refuse to co-operate or if a supplier decides that compliance is impossible.

We also propose to update our supplier terms and conditions to require compliance with the Modern Slavery Act and to permit periodic and targeted audits of suppliers in this regard using a risk-based approach.

Arora Management Services Limited
Strategic report
for the year ended 31 March 2017 (*continued*)

Our effectiveness in combating slavery and human trafficking

We understand that the risks of modern slavery and human trafficking are growing, and we will continue to develop our approach to mitigating this risk in the year ahead.

This statement was approved by the board of Arora Holdings Limited and its subsidiaries.

Approval

This Strategic Report was approved by order of the Board on 28/12/2017



Carlton Brown
Director

The directors present their report and the financial statements for the year ended 31 March 2017.

Arora Management Services Limited

Report of Directors for the year ended 31 March 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the 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 for the company financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITY

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

DIRECTORS

The directors shown below have held office during the year to the date of this report:

S Arora
C Brown
A Yiannis
S Arora

Other changes in directors holding office are as follows:

Guy Morris – Resigned 30th November 2017
Sanjay Arora – Appointed 30th November 2017

POLITICAL DONATIONS AND EXPENDITURE

During the year, the company made charitable contributions of £61,326 (2016: £7,442).

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Arora Management Services Limited
Report of Directors
for the year ended 31 March 2017 (*continued*)

AUDITOR

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

ON BEHALF OF THE BOARD:



.....
C. Brown
Director

Date: 28/12/2017

Arora Management Services Limited

Independent auditor's report for the year ended 31 March 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARORA MANAGEMENT SERVICES LIMITED

We have audited the financial statements of Arora Management Services Limited for the year ended 31 March 2017 which comprise, the statement of comprehensive income, the statement of financial position, the statement of changes in equity, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's 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 statement of directors' responsibilities, 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 (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its profit 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.

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 strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Arora Management Services Limited

**Independent auditor's report
for the year ended 31 March 2017(continued)**

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

BDO LLP

Marc Reinecke (senior statutory auditor)

For and on behalf of BDO LLP, statutory auditor

London

Date *28/12/2017*

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

Arora Management Services Limited

Statement of comprehensive income for the year ended 31 March 2017

	Note	2017 £	2016 £
Turnover		8,432,878	6,606,667
Cost of sales		-	(48,099)
Gross profit		8,432,878	6,558,568
Administrative expenses		(7,483,964)	(4,835,021)
Other operating income	4	2,270,322	2,718,084
Operating profit	3	3,219,236	4,641,631
Fair value movement on investment properties		(300,000)	200,000
Profit on disposal of investment property		-	199,997
Interest receivable and similar income	5	-	1,886
Profit on ordinary activities before taxation		2,919,236	4,843,514
Taxation on profit on ordinary activities	8	1,636,087	(641,737)
Profit for the financial year		4,555,323	4,201,777
Other comprehensive income for the year		-	-
Total comprehensive income for year		4,555,323	4,201,777

The results stated above are all derived from continuing operations.

Total comprehensive income is attributable to the owner of the company.

The notes on pages 12 to 23 form part of these financial statements.

Arora Management Services Limited


**Statement of financial position
for the year ended 31 March 2017**

Company Registration No: 05636920

	Note	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Tangible assets	11		232,677		112,500
Investments	9		1		1
Investment property	10		14,835,055		5,970,000
			<u>15,067,733</u>		<u>6,082,501</u>
Current assets					
Debtors	12	46,198,695		45,798,197	
Cash at bank and in hand		<u>4,601,889</u>		<u>2,632,364</u>	
		50,800,584		48,430,561	
Creditors: amounts falling due within one year	13	(46,590,550)		(39,262,097)	
Net current assets/(liabilities)			<u>4,210,034</u>		<u>9,168,464</u>
Total assets less current liabilities			<u>19,277,767</u>		<u>15,250,965</u>
Provision for liabilities					
Deferred tax	16	-		(528,521)	
			-		(528,521)
Net assets			<u>19,277,767</u>		<u>14,722,444</u>
Capital and reserves					
Called up share capital	17		134,940,224		134,940,224
Profit and loss account			<u>(115,662,457)</u>		<u>(120,217,780)</u>
			<u>19,277,767</u>		<u>14,722,444</u>

The financial statements were approved by the Board of Directors and authorised for issue on

28/12/2017


Carlton Brown
Director

The notes on pages 12 to 23 form part of these financial statements.

Arora Management Services Limited

**Statement of changes in equity
for the year ended 31 March 2017**

For the year ended 31 March 2017	Called up share capital £	Retained Earnings £	Total Equity £
At 1 April 2016	134,940,224	(120,217,780)	14,722,444
Comprehensive income for the year			
Profit for the year	-	4,555,323	4,555,323
Total comprehensive income for the year	-	4,555,323	4,555,323
Balance at 31 March 2017	134,940,224	(115,662,457)	19,277,767

For the year ended 31 March 2016	Called up share capital £	Retained earnings £	Total Equity £
At 1 April 2015	134,940,224	(124,419,557)	10,520,667
Comprehensive income for the year			
Profit for the year	-	4,201,777	4,201,777
Total comprehensive income for the year	-	4,201,777	4,201,777
Balance at 31 March 2016	134,940,224	(120,217,780)	14,722,444

The notes on pages 12 to 23 form part of these financial statements.

Arora Management Services Limited

Notes forming part of the financial statements for the year ended 31 March 2017

1 Accounting policies

Arora Management Services Limited is a company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the company's operations and its principal activities are set out in the strategic report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

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

The following principal accounting policies have been applied:

Financial reporting standard 102 – reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

- the requirements of Section 7 Statement of Cash Flows;

This information is included in the consolidated financial statements of Arora Holdings Limited as at 31 March 2017 and these financial statements may be obtained from World Business Centre 2, 3rd Floor, Newall Road, Hounslow, Middlesex, TW6 2SF.

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax on sales.

Tangible fixed assets

Tangible fixed assets, other than investment properties, 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.

Costs of replacing items of fixed assets are capitalised when they are expected to provide incremental future benefits to the company. 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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Motor vehicles	-	25% straight line
Fixtures, fittings, tools and equipment	-	20% - 33.3% straight line
Computer equipment	-	25% - 33.3% straight line

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

Arora Management Services Limited

Notes forming part of the financial statements for the year ended 31 March 2017(continued)

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income or losses' in the statement of comprehensive income.

Investments

Investments are stated at cost less any provisions for impairment.

Investment properties

Investment properties are carried at fair value determined annually by internal valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of comprehensive income.

Debtors

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

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of no 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 significant risk of change in value.

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the company can control their reversal and such reversal is not considered probable in the foreseeable future.

Arora Management Services Limited

Notes forming part of the financial statements for the year ended 31 March 2017(continued)

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Financial Instruments

The company only enters basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, 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 cashflow 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 cash or the 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 finance at a rate of interest that is not a market rate or in case of an out-right short-term loan not a 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 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 Income statement.

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 the estimated cash flow discounted at the asset's original effective rate. If a financial asset has a variable 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 company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position 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 cost or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives

Arora Management Services Limited

Notes forming part of the financial statements for the year ended 31 March 2017(continued)

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.

Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Income statement in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditures required to settle the obligation taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions are charged to the profit and loss account as they become payable in accordance with the rule of the scheme. At the year end, no amounts relating to pensions costs were accrued or prepaid.

Reserves

The company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

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

In preparing these financial statements, the directors have made the following judgements:

- Determine whether there are indicators of impairment of the company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- Fair value movements on investment property. Investment properties are stated at fair value, as accounted for by the directors. The estimated fair value may differ from the price at which the assets could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers. Also, certain estimates require an assessment of factors not within management's control, such as overall market conditions. As a result, actual results of operations and realisation of net assets could differ from the estimates set out in these financial statements, and the difference could be significant. The directors are considered to have access to appropriately qualified personnel to enable a director valuation as at 31 March 2017.

Arora Management Services Limited

**Notes forming part of the financial statements
for the year ended 31 March 2017 (continued)**

3	Operating profit	2017	2016
		£	£
	This is arrived at after charging:		
	Depreciation – tangible fixed assets	92,259	90,137
	Audit fees	3,315	13,103
		<u> </u>	<u> </u>
4	Other operating income	2017	2016
		£	£
	Rents received	2,270,322	2,718,084
		<u> </u>	<u> </u>
	Other operating income relates to rent receivable from third parties of the company.		
5	Interest receivable and similar income	2017	2016
		£	£
	Related party interest	-	1,886
		<u> </u>	<u> </u>
6	Employees	2017	2016
		£	£
	Staff costs (excluding directors) consist of:		
	Wages and salaries	2,492,233	2,184,919
	Social security costs	276,341	264,192
	Other pension costs	91,279	87,484
		<u> </u>	<u> </u>
		2,859,853	2,449,111
		<u> </u>	<u> </u>
	The average number of employees (including directors) during the year was as follows:		
		2017	2016
		Number	Number
	Operations	50	46
		<u> </u>	<u> </u>

Arora Management Services Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (continued)

7 Directors' remuneration

None of the directors of the company were paid emoluments for their services to the company during the year (2016: £Nil). It is not considered practicable to allocate their remuneration between the companies which they are directors. Their remuneration is disclosed in the financial statements of the parent company, Grove Acquisitions Limited. No directors accrued benefits under defined contributions schemes during the year (2016: £Nil).

8 Taxation on profit on ordinary activities

	2017 £	2016 £
<i>UK corporation tax</i>		
Current tax on profits of the year	-	372,903
Adjustment in respect of prior years	(2,224)	-
Total current tax	(2,224)	372,903
<i>Deferred tax</i>		
Origination and reversal of timing differences	100,137	268,834
Adjustment in respect of prior years	(1,734,000)	-
Taxation on profit on ordinary activities	(1,636,087)	641,737

The tax assessed for the year is lower than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	2,919,236	4,843,514
Profit on ordinary activities at the standard rate of corporation tax in the UK of 20% (2016 - 20 %)	583,847	968,703
Effects of:		
Non deductible expenses	58,581	25,817
Capital allowance for year in excess of depreciation	-	(242,891)
Utilisation of tax losses	(311,241)	(338,726)
Deferred tax adjustment for prior years	(1,734,000)	230,834
Current tax over provided in previous year	(2,224)	-
Difference in tax rate	(17,671)	(2,000)
Group loss relief	(213,378)	-
Total tax (credit)/charge for period	(1,636,087)	641,737

Arora Management Services Limited

Notes forming part of the financial statements for the year ended 31 March 2017(*continued*)

9 Fixed asset investments

	Unlisted investments £
At 1 April 2016	
Cost	1
	<hr/>
At 31 March 2017	1
	<hr/>
<i>Net book value</i>	
At 31 March 2017	1
	<hr/>
At 31 March 2016	1
	<hr/>

The above relates to a third party investment in Flight HoldCo SARL, a company incorporated in Luxembourg.

10 Investment property

	Freehold investment property £
Valuation	
At 1 April 2016	5,970,000
Additions at cost	9,165,055
Revaluation	(300,000)
	<hr/>
At 31 March 2017	14,835,055
	<hr/>

The company's investment properties were revalued on 31 March 2017 by the directors at open market value and the deficit was taken to the Statement of comprehensive income.

The historical cost of leasehold property as at 31 March 2017 was £14,885,055 (2016: £5,720,000).

Arora Management Services Limited

**Notes forming part of the financial statements
for the year ended 31 March 2017(continued)**

11 Tangible fixed assets

	Motor vehicles £	Fixtures, fittings, tools and equipment £	Computer equipment £	Total £
<i>Cost</i>				
At 1 April 2016	20,756	41,089	252,945	314,790
Additions	-	141,598	70,838	212,436
	<u>20,756</u>	<u>182,687</u>	<u>323,783</u>	<u>527,226</u>
At 31 March 2017	<u>20,756</u>	<u>182,687</u>	<u>323,783</u>	<u>527,226</u>
<i>Depreciation</i>				
At 1 April 2016	13,859	4,616	183,815	202,290
Charge for year	5,189	15,379	71,691	92,259
	<u>19,048</u>	<u>19,995</u>	<u>255,506</u>	<u>294,549</u>
At 31 March 2017	<u>19,048</u>	<u>19,995</u>	<u>255,506</u>	<u>294,549</u>
<i>Net book value</i>				
At 31 March 2017	<u>1,708</u>	<u>162,692</u>	<u>68,277</u>	<u>232,677</u>
At 31 March 2016	<u>6,897</u>	<u>36,473</u>	<u>69,130</u>	<u>112,500</u>

Arora Management Services Limited

**Notes forming part of the financial statements
for the year ended 31 March 2017(continued)**

12 Debtors

	2017	2016
	£	£
Trade debtors	66,314	147,769
Amounts owed by group undertakings	43,700,474	44,203,594
Amounts owed by related parties	954,762	1,090,900
Other debtors	169,426	355,934
Deferred Tax Asset	1,105,342	-
Prepayments and accrued income	202,377	-
	<u>46,198,695</u>	<u>45,798,197</u>

Amount owed by group undertakings and amounts due to related parties are repayable on demand at the option of both the lender and borrower.

13 Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	87,890	117,188
Amounts owed to group undertakings	41,223,134	32,340,368
Amounts owed to related parties	3,179,863	1,999,809
Corporation tax	-	402,960
Taxation and social security	368,684	345,528
Other creditors	559,979	400,012
Accruals and deferred income	1,171,000	3,656,232
	<u>46,590,550</u>	<u>39,262,097</u>

Amounts owed to group undertakings and amounts due to related parties are repayable on demand at the option of both the lender and borrower.

Arora Management Services Limited

Notes forming part of the financial statements for the year ended 31 March 2017(continued)

14 Financial instruments

The company's financial instruments may be analysed as follows:

	2017 £	2016 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	49,364,832	45,798,197
	<u>49,364,832</u>	<u>48,430,560</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(45,263,533)	(38,513,609)
	<u>(45,263,533)</u>	<u>(38,513,609)</u>
Financial assets that are debt instruments measured at amortised cost consists of:		
Cash at bank and in hand	4,601,889	2,632,363
Trade debtors	66,314	147,769
Amounts owed by group undertakings	43,700,471	44,203,594
Amounts owed by related parties	954,762	1,090,900
Other debtors	41,396	355,934
	<u>49,364,832</u>	<u>45,798,197</u>
Financial liabilities measured at amortised cost consists of:		
Trade creditors	87,890	117,188
Amounts owed to group undertakings	41,223,134	32,340,368
Amounts owed to related party	3,179,863	1,999,809
Other creditors	551,646	400,012
Accruals	221,000	3,656,232
	<u>45,263,533</u>	<u>38,513,609</u>

Arora Management Services Limited

**Notes forming part of the financial statements
for the year ended 31 March 2017(continued)**

15 Pensions

The following pension schemes are operated by the company.

Defined contribution scheme

The amount recognised in the profit and loss account as an expense in relation to the company's defined contribution schemes is £91,279 (2016 - £87,484). There were no amounts owing at the year end.

16 Deferred taxation

Deferred tax asset

		Total 2017 £
Provision brought forward as at 1 April 2016		528,521
Adjustment in respect of priors years		(1,734,000)
Deferred tax charge during the year		100,137
		<hr/>
Deferred tax asset carried forward as at 31 March 2017		(1,105,342)
		<hr/>
The deferred tax (asset)/provision is made up as follows:		
	2017 £	2016 £
Accelerated capital allowances	(1,088,342)	528,521
Fair Value movement	(17,000)	-
	<hr/>	<hr/>
	(1,105,342)	528,521

**Notes forming part of the financial statements
for the year ended 31 March 2017(continued)**

17 Share capital

	2017 £	2016 £
<i>Allotted, called up and fully paid</i>		
134,940,224 Ordinary shares of £1 each	134,940,224	134,940,224
	<u>134,940,224</u>	<u>134,940,224</u>

18 Related party disclosures

The company is a wholly-owned subsidiary of the Arora Family Trust No.2 and utilises the exemption contained in Financial Reporting Standards 102 'Related Party Disclosures' not to disclose any transactions with wholly-owned entities that are part of the group.

At the year end the company had the following amounts due to the following entities and their subsidiaries:

	2017 £	2016 £
Arora Family Trust	62,067	44,872
Arora Family Trust 5	12,940	-
Arora Pension Fund	561,185	616,710
Booker Aircraft Leasing Limited	229,504	484,513
Littlebrook Nursery Limited	404,789	441,132
Heathrow T4 LP	1,715,405	412,582
Property Partner Services Limited	193,973	-
	<u>3,179,863</u>	<u>1,999,809</u>

All of the above entities are related by virtue of a common ultimate beneficiary, Mr S Arora.

19 Ultimate controlling party

The immediate parent of Arora Management Services Limited is Grove Heathrow Limited, a company registered in Jersey.

The ultimate entity of Arora Management Services Limited is Arora Family Trust No.2, a regulated trust registered in Jersey, and the parent of the largest group for which group accounts are drawn up and of which the company is a member.

The ultimate controlling entity of Arora Management Services Limited is Link Asset services (formerly Capita Trustee Services Limited), a regulated trust company administered in Jersey.