

Company Registration No. 05636920 (England and Wales)

**ARORA MANAGEMENT SERVICES LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**



**Arora**  
GROUP

# ARORA MANAGEMENT SERVICES LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Surinder Arora Carlton Brown Sunita Arora Athos Yiannis Sanjay Arora
<b>Secretary</b>	Athos Yiannis
<b>Company number</b>	05636920
<b>Registered office</b>	World Business Centre 3 Newall Road London Heathrow Airport Hounslow England TW6 2TA
<b>Auditor</b>	BDO LLP 55 Baker Street London W1U 7EU

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# **ARORA MANAGEMENT SERVICES LIMITED**

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# ARORA MANAGEMENT SERVICES LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 MARCH 2018**

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### 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](http://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 2018 saw an increase in turnover to £8.6m (2017: £8.4m) which was largely due to the Arora Group's continuing growth across its markets.

### KEY PERFORMANCE INDICATORS

The company uses a range of performance measures to monitor and manage the business effectively. These are both financial and non-financial and the most significant of these are the key performance indicators.

The key performance indicators are turnover and trading EBITDA. These indicators are set out below:

	2018	2017
	£	£
Turnover	8,578,376	8,432,878
Trading EBITDA	1,729,352	3,219,236

# **ARORA MANAGEMENT SERVICES LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 MARCH 2018***

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### **MODERN SLAVERY STATEMENT**

Our statement has been published in accordance with the Modern Slavery Act 2015. It sets out the steps taken by Arora Management Services Limited (part of the Arora Group of companies) to prevent modern slavery and human trafficking in its business and supply chains.

More information on our statement and policies around Modern Slavery can be found at <https://thearoragroup.com/about/policy-position/modern-slavery>.

### **GENERAL DATA PROTECTION REGULATION (GDPR)**

On the 25th May 2018 the new EU General Data Protection Regulation (GDPR) came into effect changing the way businesses gain and use customer data.

Information on the policies and steps we have taken to ensure that the privacy and security of personal information is respected throughout our organisation can be found at <https://thearoragroup.com/GDPR>.

### **ENVIRONMENTAL SUSTAINABILITY POLICY STATEMENT**

Climate change and resource scarcity are amongst society's greatest challenges. As a responsible business we are fully committed to minimising our operational impact on the environment when and wherever possible. This is core to ensuring we do business in the right way.

To see ways in which the Arora Group aims to minimise its impact on the environment, visit <https://thearoragroup.com/about/policy-position/environmentalsustainability>.

### **TAX STRATEGY**

For information on our Tax Strategy for the Group fulfilling its obligations under Schedule 19, Paragraph 16(2) of the Finance Act 2016, see <https://thearoragroup.com/about/policy-position/taxstrategy>.

### **ARORA GROUP'S HEALTH AND SAFETY STATEMENT OF COMMITMENT**

Arora Group recognises its duty to protect colleagues, customers, suppliers and members of the public from the risk of harm in the course of our day-to-day activities.

To see more information on what we do, go to <https://thearoragroup.com/about/policy-position/healthandsafety>.

# **ARORA MANAGEMENT SERVICES LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2018**

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### **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 of 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. The cash deposits are held in current accounts which earn interest at a floating rate. Debt is maintained at floating interest rates.

In addition, the company's policy is to hedge debt facilities at an appropriate level, in order to manage interest rate fluctuations.

### **POLICY FOR EMPLOYMENT OF DISABLED PERSONS**

The company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retaining of employees who become disabled whilst employed by the group. Particular attention is given to the training, career development and promotion of disabled employees with a view to encouraging them to play an active role in the development of the company.

### **POLITICAL AND CHARITABLE DONATIONS**

Arora Charitable Foundation was established in 2010 to create a structure for Arora group's social responsibilities initiatives.

For more information go to <https://aroracharitablefoundation.com/>.

During the year, the company made charitable contributions of £25,712 (2017: £61,236).

### **EMPLOYEE INVOLVEMENT POLICY**

The company is committed to communicating the progress and developments of its business to its employees. This includes 'Way Ahead Meetings', 'Staff Consultative Committee Meetings', the quarterly and annual 'Arora Stars' employee recognition scheme and the group internal newsletter.

### **FUTURE DEVELOPMENTS**

Information on likely future developments in the business of the company has been included within this report.

On behalf of the board



Carlton Brown

Director

30 November 2018

# **ARORA MANAGEMENT SERVICES LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 MARCH 2018**

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

#### **Principal activities**

The principal activity of the company continued to be that of providing management services and holding investments in Arora entities.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Surinder Arora

Carlton Brown

Sunita Arora

Athos Yiannis

Sanjay Arora

Guy Morris

(Appointed 16 May 2017)

(Resigned 30 November 2017)

#### **Results and dividends**

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### **Statement of directors' responsibilities**

The directors are responsible for preparing the annual report 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 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 accounting 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 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.

#### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

#### **Auditor**

In accordance with the company's articles, a resolution proposing that BDO LLP be reappointed as auditor of the company will be put at a General Meeting.

**ARORA MANAGEMENT SERVICES LIMITED**

**DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 MARCH 2018***

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On behalf of the board



Carlton Brown

**Director**

30 November 2018



# **ARORA MANAGEMENT SERVICES LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF ARORA MANAGEMENT SERVICES LIMITED**

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#### **Opinion**

We have audited the financial statements of Arora Management Services Limited (the 'company') for the year ended 31 March 2018 which comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, 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 FRS 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 company's affairs as at 31 March 2018 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.

#### **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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are

#### **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 auditor's 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.

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the 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 strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

# **ARORA MANAGEMENT SERVICES LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF ARORA MANAGEMENT SERVICES LIMITED**

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#### **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 and 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.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, 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 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 company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's 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 auditor's 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's 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 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.



**Marc Reinecke (Senior Statutory Auditor)**

For and on behalf of BDO LLP, statutory auditor  
London

30 November 2018

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

# ARORA MANAGEMENT SERVICES LIMITED

## INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2018

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	Notes	2018 £	2017 £
Turnover		8,578,376	8,432,878
Gross profit		8,578,376	8,432,878
Administrative expenses		(8,940,376)	(7,483,964)
Other operating income		2,091,352	2,270,322
Operating profit	3	1,729,352	3,219,236
Fair value gains and losses on investment properties	9	(300,000)	(300,000)
Profit before taxation		1,429,352	2,919,236
Tax on profit	7	(187,703)	1,636,087
Profit for the financial year		1,241,649	4,555,323

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The Income Statement has been prepared on the basis that all operations are continuing operations.

**ARORA MANAGEMENT SERVICES LIMITED****STATEMENT OF COMPREHENSIVE INCOME*****FOR THE YEAR ENDED 31 MARCH 2018***

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	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Profit for the year</b>	<b>1,241,649</b>	<b>4,555,323</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>	<b><u>1,241,649</u></b>	<b><u>4,555,323</u></b>

# ARORA MANAGEMENT SERVICES LIMITED

## STATEMENT OF FINANCIAL POSITION

**AS AT 31 MARCH 2018**

	Notes	2018 £	£	2017 £	£
<b>Fixed assets</b>					
Tangible assets	8	341,173		232,677	
Investment properties	9	14,535,055		14,835,055	
Investments	10	1		1	
		<u>14,876,229</u>		<u>15,067,733</u>	
<b>Current assets</b>					
Debtors	12	31,052,902		46,198,695	
Cash at bank and in hand		<u>5,702,348</u>		<u>4,601,889</u>	
		36,755,250		50,800,584	
<b>Creditors: amounts falling due within one year</b>	13	<u>(31,112,063)</u>		<u>(46,590,550)</u>	
<b>Net current assets</b>		<u>5,643,187</u>		<u>4,210,034</u>	
<b>Total assets less current liabilities</b>		<u>20,519,416</u>		<u>19,277,767</u>	
<b>Capital and reserves</b>					
Called up share capital	16	134,940,224		134,940,224	
Profit and loss reserves	17	<u>(114,420,808)</u>		<u>(115,662,457)</u>	
<b>Total equity</b>		<u>20,519,416</u>		<u>19,277,767</u>	

The financial statements were approved by the board of directors and authorised for issue on 30 November 2018 and are signed on its behalf by:

  
Carlton Brown  
Director

Company Registration No. 05636920

# ARORA MANAGEMENT SERVICES LIMITED

## STATEMENT OF CHANGES IN EQUITY

**FOR THE YEAR ENDED 31 MARCH 2018**

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	Share capital	Profit and loss reserves	Total
	£	£	£
<b>Balance at 1 April 2016</b>			
	134,940,224	(120,217,780)	14,722,444
<b>Year ended 31 March 2017:</b>			
Profit and total comprehensive income for the year	-	4,555,323	4,555,323
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 March 2017</b>			
	134,940,224	(115,662,457)	19,277,767
<b>Year ended 31 March 2018:</b>			
Profit and total comprehensive income for the year	-	1,241,649	1,241,649
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 March 2018</b>			
	<u>134,940,224</u>	<u>(114,420,808)</u>	<u>20,519,416</u>

# ARORA MANAGEMENT SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 MARCH 2018**

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### **1 Accounting policies**

#### **Company information**

Arora Management Services Limited is a private company limited by shares incorporated in England and Wales. The registered office is World Business Centre 3, Newall Road, London Heathrow Airport, Hounslow, England, TW6 2TA.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements have been prepared under the historical cost convention.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Arora Holdings Limited. These consolidated financial statements are available from its registered office, World Business Centre 3, Newall Road, London Heathrow Airport, Hounslow, England, TW6 2TA.

#### **1.2 Going concern**

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### **1.3 Turnover**

Turnover is from sales to external customers at invoiced amounts less value added tax on sales. Turnover is recognised when the service is provided. Turnover is recognised on an accruals basis and is measured at the fair value of the consideration received or receivable.

# ARORA MANAGEMENT SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2018

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#### 1 Accounting policies

##### 1.4 Tangible fixed assets

Tangible fixed assets excluding 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 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:

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

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

##### 1.5 Investment properties

Investment property is carried at fair value determined annually by both external and internal valuation 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 on the statement of comprehensive income.

Fixed asset investments are held at cost less provision for diminution in value.

##### 1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

##### 1.7 Cash at bank and in hand

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 no significant risk of change in value.

##### 1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.



# ARORA MANAGEMENT SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2018

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#### 1 Accounting policies

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

# ARORA MANAGEMENT SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

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### 1 Accounting policies

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Other financial liabilities**

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

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

### 1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

### 1.10 Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, 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.

#### **Current tax**

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.

# ARORA MANAGEMENT SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2018

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#### 1 Accounting policies

##### **Deferred tax**

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.

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.

##### **1.11 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

##### **1.12 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

##### **1.13 Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

##### **1.14 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.

##### **1.15 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.

# ARORA MANAGEMENT SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2018

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#### 2 Judgements and key sources of estimation uncertainty

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

##### Tangible fixed assets

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.

##### 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 2018.

#### 3 Operating profit

	2018 £	2017 £
Operating profit for the year is stated after charging:		
Auditors' remuneration	14,887	3,315
Depreciation of owned tangible fixed assets	97,769	92,259
Operating lease charges	1,191,301	-

The company's turnover relates to management fees receivable and service recharges from group and related parties.

#### 4 Other operating income

	2018 £	2017 £
Other rental income	2,091,352	2,270,322

The company's other operating income relates to contractual rental income, where the company receives a fixed rate from the lessee from operating the leased properties.

**ARORA MANAGEMENT SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**5 Employees**

The average monthly number of persons employed by the company during the year was:

	<b>2018</b>	<b>2017</b>
	<b>Number</b>	<b>Number</b>
Operations	<u>62</u>	<u>50</u>

Their aggregate remuneration comprised:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Wages and salaries	2,776,528	2,492,233
Social security costs	337,875	276,341
Pension costs	<u>108,997</u>	<u>91,279</u>
	<u>3,223,400</u>	<u>2,859,853</u>

**6 Directors' remuneration**

None of the directors of the company were paid emoluments for their services to the company during the year. 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.

**7 Taxation**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
UK corporation tax on profits for the current period	107,393	-
Adjustments in respect of prior periods	<u>-</u>	<u>(2,224)</u>
Total current tax	<u>107,393</u>	<u>(2,224)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<u>80,310</u>	<u>(1,633,863)</u>
Total tax charge/(credit)	<u>187,703</u>	<u>(1,636,087)</u>

# ARORA MANAGEMENT SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2018

#### 7 Taxation

The actual charge/(credit) for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2018 £	2017 £
Profit before taxation	1,429,352	2,919,236
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 20.00%)	271,577	583,847
Tax effect of expenses that are not deductible in determining taxable profit	33,009	58,581
Tax effect of income not taxable in determining taxable profit	(42)	-
Tax effect of utilisation of tax losses not previously recognised	(107,393)	(311,241)
Adjustments in respect of prior years	-	(2,224)
Group relief	-	(213,378)
Under/(over) provided in prior years	(9,448)	(17,672)
Deferred tax adjustments in respect of prior years	-	(1,734,000)
Taxation charge/(credit) for the year	187,703	(1,636,087)

#### 8 Tangible fixed assets

	Fixtures, fittings, tools and equipment £	Computer equipment £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 April 2017	182,687	323,783	20,756	527,226
Additions	31,651	174,614	-	206,265
At 31 March 2018	214,338	498,397	20,756	733,491
<b>Depreciation and impairment</b>				
At 1 April 2017	19,995	255,506	19,048	294,549
Depreciation charged in the year	56,469	39,592	1,708	97,769
At 31 March 2018	76,464	295,098	20,756	392,318
<b>Carrying amount</b>				
At 31 March 2018	137,874	203,299	-	341,173
At 31 March 2017	162,692	68,277	1,708	232,677

**ARORA MANAGEMENT SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**9 Investment property**

	<b>2018</b>
	<b>£</b>
<b>Fair value</b>	
At 1 April 2017	14,835,055
Net gains or losses through fair value adjustments	(300,000)
	<u>14,535,055</u>
At 31 March 2018	<u>14,535,055</u>

The company's investment properties were revalued on 31 March 2018 by the directors at open market value and a deficit was taken to the statement of comprehensive income.

The historical cost of leasehold property as at 31 March 2018 was £14,885,055 (2017: £14,885,055).

**10 Fixed asset investments**

	<b>Notes</b>	<b>2018</b>	<b>2017</b>
		<b>£</b>	<b>£</b>
Investments in subsidiaries	<b>11</b>	<u>1</u>	<u>1</u>

**Movements in fixed asset investments**

	<b>Shares in group</b>
	<b>undertakings</b>
	<b>£</b>
<b>Cost or valuation</b>	
At 1 April 2017 & 31 March 2018	<u>1</u>
<b>Carrying amount</b>	
At 31 March 2018	<u>1</u>
At 31 March 2017	<u>1</u>

**11 Subsidiaries**

Details of the company's subsidiaries at 31 March 2018 are as follows:

<b>Name of undertaking</b>	<b>Registered office</b>	<b>Nature of business</b>	<b>Class of shares held</b>	<b>% Held</b>	
				<b>Direct</b>	<b>Indirect</b>
Flight Holdco SARL	Luxembourg	Holding company	Ordinary	3.00	

# ARORA MANAGEMENT SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

### 12 Debtors

	2018 £	2017 £
<b>Amounts falling due within one year:</b>		
Trade debtors	279,661	107,710
Corporation tax recoverable	20,637	128,030
Amounts owed by group undertakings	28,777,437	43,700,474
Amount due from related parties	108,426	954,762
Other debtors	58,167	-
Prepayments and accrued income	783,542	202,377
	<u>30,027,870</u>	<u>45,093,353</u>
Deferred tax asset (note 14)	1,025,032	1,105,342
	<u>31,052,902</u>	<u>46,198,695</u>

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

During the year ended 31 March 2019 the deferred tax asset is expected to reverse by £131,969 due to the reversal of accelerated capital allowances.

### 13 Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	430,207	87,890
Amounts due to group undertakings	27,553,501	41,223,134
Amounts due to related parties	1,269,076	3,179,863
Other taxation and social security	336,207	368,684
Other creditors	406,306	559,979
Accruals and deferred income	1,116,766	1,171,000
	<u>31,112,063</u>	<u>46,590,550</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 TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

### 14 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	2018 £	2017 £
<b>Balances:</b>		
Accelerated capital allowances	957,032	1,088,342
Revaluations	68,000	17,000
	<u>1,025,032</u>	<u>1,105,342</u>
<b>Movements in the year:</b>		2018 £
Liability/(Asset) at 1 April 2017		(1,105,342)
Charge to profit or loss		80,310
		<u>(1,025,032)</u>
Liability/(Asset) at 31 March 2018		

### 15 Retirement benefit schemes

	2018 £	2017 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>108,997</u>	<u>91,279</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Defined contribution scheme recognised as a liability at the year end was £9,552 (2017: £23,309).

### 16 Share capital

	2018 £	2017 £
<b>Ordinary share capital</b>		
Issued and fully paid		
134,940,224 Ordinary Shares of £1 each	<u>134,940,224</u>	<u>134,940,224</u>

### 17 Profit and loss reserves

Includes all current and prior period profits and losses.

# ARORA MANAGEMENT SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 MARCH 2018**

### 18 Related party transactions

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:

#### Amounts owed to/by related parties

	Amount owed to		Amounts owed by	
	2018	2017	2018	2017
	£	£	£	£
Arora Family Trust	84,239	62,067	87,736	-
Arora Family Trust 5	-	12,940	-	-
Arora Pension Fund	544,229	561,185	-	-
Booker Aircraft Leasing Limited	229,504	229,504	-	-
Heathrow T4 LP	-	1,715,405	19,221	-
Littlebrooks Nursery Limited	222,239	404,789	-	-
Property Partner Services Limited	188,865	193,973	-	-

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

### 19 Controlling party

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

The ultimate parent entity 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 the company is Link Trustee Services (Jersey) Limited, a regulated trust company administered in Jersey.