Company Registration No. 05636920 (England and Wales)

ARORA MANAGEMENT SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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GROUP

ARORA MANAGEMENT SERVICES LIMITED

COMPANY INFORMATION

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

ARORA MANAGEMENT SERVICES LIMITED

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ARORA MANAGEMENT SERVICES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2021

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 head office at the registered address. The year ended 31 March 2021 saw a decrease in turnover to £7.1m (2020: £10.1m), reflecting reduced activity across the Arora Group due to Covid - 19.

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 operating profit. These indicators are set out below:

	2021	2020
	£	£
Turnover	7,130,682	10,078,156
Trading EBITDA	74,489	1,544,946

Principal risks and uncertainties
The main financial risks arising from the company's activities are COVID-19 risk, 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 did not make charitable donations or any political contributions.

Employee Involvement Policy
The company is committed to communicating the progress and developments of its business to its employers. 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.

Going Concern
The directors assessment on going concern can be found in note 1 of this report.

On behalf of the board

....
Carlton Brown
Director
5th October 2021

The directors present their annual report and financial statements for the year ended 31 March 2021.

Principal activities
The principal activity of the company continued to be that of providing management services and holding investments.

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

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.

Qualifying third party indemnity provisions
The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

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;
- 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.

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.

ARORA MANAGEMENT SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

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.

On behalf of the board

....
Carlton Brown
Director
Date: 5th October 2021

Opinion on the 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 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Arora Management Services Limited (the 'company') for the year ended 31 March 2021 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Other Companies Act 2006 reporting

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

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 in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, 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 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, 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.

ARORA MANAGEMENT SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ARORA MANAGEMENT SERVICES LIMITED

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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates and considered the significant laws and regulations to be those relating to the industry, financial reporting framework and tax legislation.
- We held discussions with management and the Board to consider any known or suspected instances of non-compliance with laws and regulations or fraud identified by them.
- Based on the understanding obtained we designed audit procedures to identify non-compliance with the laws and regulations, as noted above. This included enquiries of local and group Management, review of Board minutes, and reviews of relevant correspondence.
- We tested journal entries, focusing on journal entries containing characteristics of audit interest such as manual journals and journals relating to revenue.
- We tested and challenged the key estimates and judgements made by management in preparing the financial statements for indications of bias or management override when presenting the results and financial position of the Company.
- We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://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.

DocuSigned by:

Marc Reinecke

Marc Reinecke (Senior Statutory Auditor)
For and on behalf of BDO LLP , statutory auditor
London

Date 07 October 2021

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 2021

	Notes	2021 £	2020 £
Turnover		7,130,682	10,078,156
Gross profit		7,130,682	10,078,156
Administrative expenses		(9,176,111)	(12,301,810)
Other operating income	4	1,948,545	3,571,409
Operating (loss)/profit	3	(96,884)	1,347,755
Interest receivable and similar income	7	233	-
Interest payable and similar expenses	8	-	(17,066)
Fair value gains and losses on investment properties	11	(628,000)	(800,000)
Loss on disposal of investments		-	(1)
(Loss)/profit before taxation		(724,651)	530,688
Tax on (loss)/profit	9	(62,910)	(101,891)
(Loss)/profit for the financial year		(787,561)	428,797

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 2021

	2021 £	2020 £
(Loss)/profit for the year	(787,561)	428,797
Other comprehensive income	-	-
Total comprehensive (loss)/income for the year	(787,561)	428,797

ARORA MANAGEMENT SERVICES LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Tangible assets	10		128,590		296,853
Investment properties	11		12,807,055		13,435,055
			12,935,645		13,731,908
Current assets					
Stocks	12	25,000		-	
Debtors	13	10,338,493		8,748,882	
Cash at bank and in hand		4,924,954		5,150,242	
		15,288,447		13,899,124	
Creditors: amounts falling due within one year	14	(6,539,633)		(5,159,012)	
Net current assets			8,748,814		8,740,112
Total assets less current liabilities			21,684,459		22,472,020
Capital and reserves					
Called up share capital	17		134,940,224		134,940,224
Profit and loss reserves	18		(113,255,765)		(112,468,204)
Total equity			21,684,459		22,472,020

The financial statements were approved by the board of directors and authorised for issue on 5/10/21 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 2021

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 April 2019	134,940,224	(112,897,001)	22,043,223
Year ended 31 March 2020:			
Profit and total comprehensive income for the year	-	428,797	428,797
Balance at 31 March 2020	134,940,224	(112,468,204)	22,472,020
Year ended 31 March 2021:			
Loss and total comprehensive loss for the year	-	(787,561)	(787,561)
Balance at 31 March 2021	134,940,224	(113,255,765)	21,684,459

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 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 Accounting policies **(Continued)**

1.2 Going concern

The majority of the company's income is largely from the management services provided to various hotels across the wider Arora Groups hotel division. The Covid-19 outbreak in early 2020 has had a significant impact on the hotels division, as it has all UK hotels.

The group's hotels have previously traded profitably and it is the expectation of the directors that normal operations in the hotels will be able to resume quickly once the restrictions in relation to COVID-19 are fully lifted. Many of the group's hotels however are highly dependent on a significant increase in airline travel.

The directors have modelled cash flow forecasts for a period of 12 months from the date of the approval of these financial statements including the amounts due from management services provided by the company to the group's hotels. The ability of the group's hotels to pay the amounts due depends on their own projections, which include the ramp up of hotel trade over the coming year albeit to a lower level than previously achieved. These forecasts, however, include a significant level of judgement specifically around occupancy levels and achievable rates, improvements in tourist travel.

These forecasts indicate that over the period under review, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

The expectation of the directors is that they will be able to meet liabilities as they fall due over a period of at least 12 months from the date of approval of these financial statements and therefore they have continued to prepare the financial statements on a going concern basis.

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.

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 the income statement.

1 Accounting policies **(Continued)**

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 income statement.

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

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised 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.

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.

1 Accounting policies **(Continued)**

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 the income statement.

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 the income statement.

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.

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.

1 Accounting policies **(Continued)**

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 transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

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.

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 Accounting policies **(Continued)**

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 profit or loss 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 leases 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 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.15 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.

1.16 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.

2 Judgements and key sources of estimation uncertainty

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

Property portfolio valuation
Investment properties are stated at fair value, as accounted for by the directors. The valuations is on the basis of Market Value ("MV"), which is defined in the RICS Valuation Standards as:
"The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

The investment properties are revalued at each year end at MV by the directors with the surplus or deficit being taken to the statement of comprehensive income.

The valuation considers a range of assumptions including future EBITDA which is dependent on future rental income streams, investment yields, anticipated outgoings and maintenance costs, future development expenditure and appropriate discount rates. Future rental income streams and consequently future EBITDA has the most impact on valuations.

Going concern
The directors considerations and judgements on going concern are set out in note 1.

3 Operating (loss)/profit

	2021	2020
Operating (loss)/profit for the year is stated after charging:	£	£
Auditors' remuneration	15,000	15,000
Depreciation of owned tangible fixed assets	171,374	197,191
Operating lease charges	982,626	1,068,476

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

4 Other operating income

	2021	2020
	£	£
Other rental income	1,174,457	3,571,409
Government grants - Coronavirus job retention scheme	774,088	-
	1,948,545	3,571,409

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

5 Employees

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

	2021 Number	2020 Number
Operations	74	89

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	3,589,457	4,002,593
Social security costs	382,954	467,592
Pension costs	134,922	160,605
	4,107,333	4,630,790

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 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Interest on bank deposits	120	-
Interest receivable from a related party	113	-
Total income	233	-

8 Interest payable and similar expenses

	2021 £	2020 £
Interest on financial liabilities measured at amortised cost:		
Interest payable to group undertakings	-	17,066

9 Taxation

	2021 £	2020 £
Current tax		
Adjustments in respect of prior periods	-	135,391

9 Taxation (Continued)

	2021	2020
	£	£
Deferred tax		
Origination and reversal of timing differences	62,910	85,980
Changes in tax rates	-	(103,517)
Adjustment in respect of prior periods	-	(15,963)
Total deferred tax	62,910	(33,500)
Total tax charge	62,910	101,891

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

	2021	2020
	£	£
(Loss)/profit before taxation	(724,651)	530,688
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(137,684)	100,831
Tax effect of expenses that are not deductible in determining taxable profit	119,091	178,250
Under/(over) provided in prior years	-	135,391
Deferred tax adjustments in respect of prior years	-	(15,963)
Changes in tax rates	-	(103,517)
Group loss claim	81,503	(193,101)
Taxation charge for the year	62,910	101,891

10 Tangible fixed assets

	Fixtures, fittings, tools and equipment	Computer equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 April 2020	368,661	649,049	20,756	1,038,466
Additions	-	3,111	-	3,111
At 31 March 2021	368,661	652,160	20,756	1,041,577
Depreciation and impairment				
At 1 April 2020	260,878	459,979	20,756	741,613
Depreciation charged in the year	74,669	96,705	-	171,374
At 31 March 2021	335,547	556,684	20,756	912,987
Carrying amount				
At 31 March 2021	33,114	95,476	-	128,590
At 31 March 2020	107,783	189,070	-	296,853

11 Investment property

	£
Fair value	
At 1 April 2020	13,435,055
Net gains or losses through fair value adjustments	(628,000)
At 31 March 2021	12,807,055

The company's investment properties were revalued on 31 March 2021 by the directors at open market value and a deficit was taken to the income statement. Further details of the judgements made are given in note 2.

The historical cost of leasehold property as at 31 March 2021 was £14,885,055 (2020: £14,885,055).

12 Stocks

	2021	2020
	£	£
Work in progress	25,000	-

13 Debtors

Amounts falling due within one year:	2021 £	2020 £
Trade debtors	508,685	692,378
Corporation tax recoverable	190,996	355,765
Amounts owed by group undertakings	8,582,618	6,460,437
Amount due from related parties	56,959	4,500
Other debtors	30,378	162,921
Prepayments and accrued income	134,339	175,453
	9,503,975	7,851,454
Deferred tax asset (note 15)	834,518	897,428
	10,338,493	8,748,882

At the year end amounts 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 ending 31 March 2022 the deferred tax asset is expected to reverse by £80,000 due to the reversal of accelerated capital allowances.

14 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	130,318	35,892
Amounts due to group undertakings	3,993,327	1,929,653
Amounts due to related parties	1,879,260	1,745,173
Other taxation and social security	130,230	426,211
Other creditors	32,321	429,238
Accruals and deferred income	374,177	592,845
	6,539,633	5,159,012

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

15 Deferred taxation

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

Balances:	**2021** £	**2020** £
Accelerated capital allowances	830,320	894,111
Retirement benefit obligations	4,198	3,317
	834,518	897,428

Movements in the year:	£
(Asset) at 1 April 2020	(897,428)
Charge to income statement	62,910
(Asset) at 31 March 2021	(834,518)

16 Retirement benefit schemes

Defined contribution schemes	**2021** £	**2020** £
Charge to income statement in respect of defined contribution schemes	134,922	160,605

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 payment accrual recognised as a liability at the year end was £22,093 (2020: £17,452).

17 Share capital

	2021 £	**2020** £
Ordinary share capital		
Issued and fully paid		
134,940,224 Ordinary Shares of £1 each	134,940,224	134,940,224

18 Profit and loss reserves

Includes all current and prior period profits and losses.

19 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 by		Amounts owed to	
	2021	2020	2021	2020
	£	£	£	£
Arora Family Trust	44,661	4,500	3,559	-
Arora Pension Fund	-	-	1,571,656	1,640,808
Booker Aircraft Leasing Limited	-	-	229,504	229,504
City Place Gatwick Management Company Limited	-	-	42	11,172
Heathrow T4 LP	12,000	-	-	-
Littlebrook Nusery Limited	298	-	-	-
Partner Property Services Limited	-	-	74,499	93,193

All above entities are related by virtue of a common director and/or ultimate beneficiary, Mr S Arora.

20 Ultimate 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 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 Apex Financial Services (Trustees) Limited as the trustee of Arora Family Trust No. 2. Apex Financial Services (Trustees) Limited is a regulated trust company administered in Jersey.