

Company registration number 05636920 (England and Wales)

ARORA MANAGEMENT SERVICES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023



Arora
GROUP

ARORA MANAGEMENT SERVICES LIMITED

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ARORA MANAGEMENT SERVICES LIMITED

COMPANY INFORMATION

Directors	Surinder Arora Carlton Brown Sunita Arora Sanjay Arora Sanjeev Roda
Company number	05636920
Registered office	World Business Centre 2 Newall Road London Heathrow Airport Hounslow England TW6 2SF
Auditor	Moore Kingston Smith LLP 9 Appold Street London UK EC2A 2AP

ARORA MANAGEMENT SERVICES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2023

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; and
- 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 2023 turnover was consistent with prior year at £10.2m (2022: £10.1m).

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:

	2023	2022
	£	£
Turnover	10,150,740	10,150,165
Trading EBITDA	1,132,976	2,021,462

Trading EBITDA is widely used as a standard measure of operational performance, debt servicing capability and business value added. It stands for "Earnings before interest, taxes, depreciation and amortisation" and below is reconciliation to income statement:

	2023	2022
	£	£
Profit before tax	499,517	2,027,272
Adjustment:		
Fair value loss on investment properties	575,000	470,000
Profit on disposal of investment properties	-	(552,945)
Interest receivable and similar income	-	(17,861)
Interest payable and similar expenses	90	-
Depreciation of owned tangible fixed assets	58,369	94,996
Trading EBITDA	1,132,976	2,021,462

ARORA MANAGEMENT SERVICES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

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.

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

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 1.2 of this report.

On behalf of the board



.....
Carlton Brown
Director

Date 11/12/23

ARORA MANAGEMENT SERVICES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present their annual report and financial statements for the year ended 31 March 2023.

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
Sanjay Arora
Sanjeev Roda

Results and dividends

The results for the year are set out on page 9.

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 2023

Auditor

Moore Kingston Smith LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

On behalf of the board



.....
Carlton Brown

Director

Date: 11/12/23

ARORA MANAGEMENT SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ARORA MANAGEMENT SERVICES LIMITED

Opinion

We have audited the financial statements of Arora Management Services Limited (the 'company') for the year ended 31 March 2023 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 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 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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

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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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 there is 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.

ARORA MANAGEMENT SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ARORA MANAGEMENT SERVICES LIMITED

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.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Explanation as to what extent the audit was considered 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.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council, and UK taxation legislation.
- Enquiry of management including considerations of known or suspected instances of non-compliance with laws and regulations and fraud.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Identifying and testing journal entries, focusing on journal entries containing characteristics of audit interest such as manual journals and journals relating to revenue.
- Challenging assumptions and judgements made by management in their significant accounting estimates.
- Reviewed any correspondence with relevant regulatory bodies.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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 or intentional misrepresentations, or through collusion.

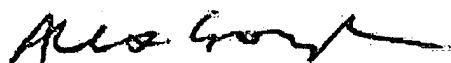
ARORA MANAGEMENT SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ARORA MANAGEMENT SERVICES LIMITED

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 for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and company's members as a body, for our work, for this report, or for the opinions we have formed.



Alex Crompton (Senior Statutory Auditor)

For and on behalf of Moore Kingston Smith LLP, Statutory Auditor

Date 11 December 2023

6th Floor
9 Appold Street
London
EC2A 2AP

ARORA MANAGEMENT SERVICES LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	2022 £
Turnover	3	10,150,740	10,150,165
Administrative expenses		(10,156,037)	(8,948,075)
Other operating income	4	1,079,904	724,376
Operating profit	5	1,074,607	1,926,466
Interest receivable and similar income	9	-	17,861
Interest payable and similar expenses	8	(90)	-
Profit on disposal of investment properties		-	552,945
Fair value loss on investment properties	12	(575,000)	(470,000)
Profit before taxation		499,517	2,027,272
Tax on profit	10	(575,139)	(12,744)
(Loss)/profit for the financial year		(75,622)	2,014,528

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 2023

	2023 £	2022 £
(Loss)/profit for the year	(75,622)	2,014,528
Other comprehensive income	-	-
Total comprehensive income/(loss) for the year	<u>(75,622)</u>	<u>2,014,528</u>

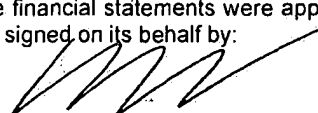
ARORA MANAGEMENT SERVICES LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

	Notes	2023 £	£	2022 £	£
Fixed assets					
Tangible assets	11		175,196		39,647
Investment property	12		2,555,000		3,130,000
			<u>2,730,196</u>		<u>3,169,647</u>
Current assets					
Debtors falling due after more than one year	13	144,082		947,077	
Debtors falling due within one year	13	20,918,430		17,127,556	
Cash at bank and in hand		4,625,475		7,678,393	
		<u>25,687,987</u>		<u>25,753,026</u>	
Creditors: amounts falling due within one year	14	(4,794,818)		(5,223,686)	
Net current assets			<u>20,893,169</u>		<u>20,529,340</u>
Net assets			<u>23,623,365</u>		<u>23,698,987</u>
Capital and reserves					
Called up share capital	17	134,940,224		134,940,224	
Profit and loss reserves		(111,316,859)		(111,241,237)	
Total equity			<u>23,623,365</u>		<u>23,698,987</u>

The financial statements were approved by the board of directors and authorised for issue on 11/12/23 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 2023

	Share capital £	Profit and loss reserves £	Total £
Balance at 1 April 2021	134,940,224	(113,255,765)	21,684,459
Year ended 31 March 2022:			
Profit and total comprehensive income for the year	-	2,014,528	2,014,528
Balance at 31 March 2022	134,940,224	(111,241,237)	23,698,987
Year ended 31 March 2023:			
Loss and total comprehensive income for the year	-	(75,622)	(75,622)
Balance at 31 March 2023	134,940,224	(111,316,859)	23,623,365

ARORA MANAGEMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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 2, Newall Road, London Heathrow Airport, Hounslow, England, TW6 2SF.

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; and
- 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 2, Newall Road, London Heathrow Airport, Hounslow, England, TW6 2SF.

1.2 Going concern

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

The company has prepared cash flow projections for a period of 15 months from the date the accounts were signed which show that the company will continue to trade for the foreseeable future. On this basis, the directors consider that it is appropriate to prepare the company's financial statements on a going concern basis.

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.

Other income primarily represents rental income invoiced to tenants, excluding value added tax and derives solely in the United Kingdom.

Rental income is recognised on an accruals basis, whereby any reduction in rent arising from any rent free periods provided to tenants are spread across the length of the lease period.

ARORA MANAGEMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

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.

1.5 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 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.

1.7 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.

ARORA MANAGEMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

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 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.

Derecognition of financial liabilities

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

ARORA MANAGEMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.8 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.

1.9 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.

1.10 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.

1.11 Retirement benefits

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

ARORA MANAGEMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.12 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.

1.13 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.

1.14 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.

2 Judgements and key sources of estimation uncertainty

Some of the significant accounting policies require management to make difficult, subjective or complex judgments or estimates. The following is a summary of those policies which management consider critical because of the level of complexity, judgment or estimation involved in their application and their impact on the financial statements.

Investment property valuation

The investment property portfolio is stated at fair value, as accounted for by the directors. The valuation 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 being taken to the income statement.

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

ARORA MANAGEMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

3 Turnover

	2023 £	2022 £
Turnover analysed by class of business		
Hotel	1,455,968	822,807
Management Fees Receivable	7,051,362	7,825,194
Insurance recharge	1,643,410	1,502,164
	<u>10,150,740</u>	<u>10,150,165</u>

4 Other operating income

	2023 £	2022 £
Other rental income	1,079,904	647,805
Government grants - Coronavirus job retention scheme	-	76,571
	<u>1,079,904</u>	<u>724,376</u>

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 Operating profit

	2023 £	2022 £
Operating profit for the year is stated after charging:		
Auditors' remuneration	27,000	27,000
Depreciation of owned tangible fixed assets	58,369	94,996
Operating lease charges	441,748	481,626
	<u></u>	<u></u>

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

6 Employees

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

	2023 Number	2022 Number
Operations	<u>78</u>	<u>74</u>

ARORA MANAGEMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

6 Employees

(Continued)

Their aggregate remuneration comprised:

	2023 £	2022 £
Wages and salaries	3,478,625	3,495,710
Social security costs	487,962	398,739
Pension costs	175,838	146,218
	<u>4,142,425</u>	<u>4,040,667</u>

7 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 group company, Grove Acquisitions Limited. No directors accrued benefits under defined contributions schemes during the year.

8 Interest payable and similar expenses

	2023 £	2022 £
Other finance costs:		
Other interest	90	-
	<u>90</u>	<u>-</u>

9 Interest receivable and similar income

	2023 £	2022 £
Interest income		
Other interest income	-	17,861
	<u>-</u>	<u>17,861</u>

10 Taxation

	2023 £	2022 £
Current tax		
UK corporation tax on profits/(losses) for the period	-	205,303
Adjustments in respect of prior periods	(307,856)	-
Total current tax	<u>(307,856)</u>	<u>205,303</u>

ARORA MANAGEMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

10 Taxation

(Continued)

	2023 £	2022 £
Deferred tax		
Origination and reversal of timing differences	(80,627)	69,647
Changes in tax rates	-	(262,206)
Adjustment in respect of prior periods	963,622	-
Total deferred tax	<u>882,995</u>	<u>(192,559)</u>
 Total tax charge	 <u>575,139</u>	 <u>12,744</u>

The actual charge 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:

	2023 £	2022 £
Profit before taxation	<u>499,517</u>	<u>2,027,272</u>
 Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	94,908	385,182
Tax effect of expenses that are not deductible in determining taxable profit	115,050	93,490
Tax effect of income not taxable in determining taxable profit	-	(18,325)
Tax effect of utilisation of tax losses not previously recognised	(568)	(205,303)
Change in unrecognised deferred tax assets	(99,430)	-
Adjustments in respect of prior years	-	4,198
Group relief	(130,917)	-
Permanent capital allowances in excess of depreciation	816	-
Other permanent differences	(64,214)	-
Under/(over) provided in prior years	(307,856)	-
Deferred tax adjustments in respect of prior years	963,622	-
Changes in tax rates	-	(262,206)
Difference between corporation tax and deferred tax	3,728	15,708
Taxation charge for the year	<u>575,139</u>	<u>12,744</u>

ARORA MANAGEMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

11 Tangible fixed assets

	Fixtures, fittings, tools and equipment	Computer equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 April 2022	368,661	658,213	20,756	1,047,627
Additions	179,778	14,144	-	193,922
At 31 March 2023	548,437	672,357	20,755	1,241,549
Depreciation				
At 1 April 2022	357,961	629,266	20,756	1,007,984
Depreciation charged in the year	41,441	16,928	-	58,369
At 31 March 2023	399,402	646,195	20,756	1,066,353
Carrying amount				
At 31 March 2023	149,035	26,162	-	175,196
At 31 March 2022	10,700	28,947	-	39,647

12 Investment property

	£
Fair value	
At 1 April 2022	3,130,000
Fair value loss on investment properties	(575,000)
At 31 March 2023	2,555,000

The company's investment properties were revalued on 31 March 2023 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 2023 was £3,600,000 (2022: £3,600,000).

ARORA MANAGEMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

13 Debtors

	2023	2022
	£	£
Amounts falling due within one year:		
Trade debtors	437,879	298,079
Corporation tax recoverable	250,149	18,531
Amounts owed by group undertakings	16,219,801	16,145,387
Amounts due from related parties	194,778	53,505
Other debtors	3,718,288	447,819
Prepayments and accrued income	97,535	84,235
	<u>20,918,430</u>	<u>17,047,556</u>
Deferred tax asset (note 15)	-	80,000
	<u>20,918,430</u>	<u>17,127,556</u>
	2023	2022
	£	£
Amounts falling due after more than one year:		
Deferred tax asset (note 15)	<u>144,082</u>	<u>947,077</u>

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

14 Creditors: amounts falling due within one year

	2023	2022
	£	£
Trade creditors	380,411	222,249
Amounts owed to group undertakings	3,082,386	3,767,760
Taxation and social security	441,461	119,221
Amounts due to related parties	395,136	355,502
Other creditors	99,920	330,954
Accruals and deferred income	395,504	428,000
	<u>4,794,818</u>	<u>5,223,686</u>

At the year end amounts owed to group undertakings and amounts due to related parties are interest free and 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 2023

15 Deferred taxation

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

	Assets 2023 £	Assets 2022 £
Balances:		
Accelerated capital allowances	39,242	1,006,135
Tax losses	99,430	-
Retirement benefit obligations	5,410	20,942
	<u>144,082</u>	<u>1,027,077</u>
Movements in the year:		2023 £
Asset at 1 April 2022		(1,027,077)
Charge to profit or loss		882,995
Asset at 31 March 2023		<u>(144,082)</u>

The Finance Act 2021 was substantially enacted in May 2021 and has increased the corporation tax rate from 19% to 25% with effect from 1 April 2023. The deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the timing differences reverse.

16 Retirement benefit schemes

	2023 £	2022 £
Defined contribution schemes		
Charge to income statement in respect of defined contribution schemes	<u>175,838</u>	<u>146,218</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 payment accrual recognised as a liability at the year end was £21,637 (2022: £83,766).

17 Share capital

	2023 Number	2022 Number	2023 £	2022 £
Ordinary share capital				
Issued and fully paid				
Ordinary Shares of £1 each	<u>134,940,224</u>	<u>134,940,224</u>	<u>134,940,224</u>	<u>134,940,224</u>

ARORA MANAGEMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

18 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2023 £	2022 £
Within one year	403,452	403,452
Between two and five years	1,613,808	1,613,808
In over five years	1,782,925	2,186,378
	<u>3,800,185</u>	<u>4,203,638</u>

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	
	2023 £	2022 £	2023 £	2022 £
Arora Family Trust	64,488	50,000	-	-
Booker Aircraft Leasing Limited	-	-	234,868	229,504
Heathrow T4 Hotel Limited	32,082	-	-	-
Heathrow T4 LP	-	3,505	-	-
Property Partner Services Limited	-	-	160,268	125,998
Woodlon Limited	98,208	-	-	-

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.