Company Registration No. 08121840 (England and Wales)

# ARORA HOLDINGS LIMITED

## ANNUAL REPORT AND FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2019

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COMPANIES HOUSE

Arora
GROUP

# ARORA HOLDINGS LIMITED

## COMPANY INFORMATION

| | |
|---|---|
| **Directors** | Surinder Arora<br>Sanjay Arora<br>Carlton Brown<br>Athos Yiannis<br>Guy Morris<br>Sanjeev Roda |
| **Secretary** | Athos Yiannis |
| **Company number** | 08121840 |
| **Registered office** | World Business Centre 3<br>Newall Road<br>London Heathrow Airport<br>Hounslow<br>England<br>TW6 2TA |
| **Auditor** | BDO LLP<br>55 Baker Street<br>London<br>W1U 7EU |

# ARORA HOLDINGS LIMITED

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# ARORA HOLDINGS LIMITED

## STRATEGIC REPORT

## *FOR THE YEAR ENDED 31 MARCH 2019*

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**INTRODUCTION**

Arora Holdings Limited and its subsidiaries "the group" 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**

**Hotels**

Holiday Inn, Heathrow T5
The property continues to benefit from its close proximity to Terminal 5 delivering a positive financial result for the year and retaining its excellent reputation of being number 1 on Trip Advisor in the local market.

Turnover for the year has grown by 20% compared to the previous year which was achieved by a 12% increase in occupancy driven through a focus on the delayed flight revenue segment. The hotel increased food and beverage revenue by 58% compared to the prior year capitalising on the increased occupancy.

Sofitel Hotel, London Gatwick
The property had another year of growth in the majority of major revenue channels in the business with a turnover growth of 8% on the previous year. Demand in the Gatwick area continues to be strong and the property achieved a rooms occupancy increase of 2% for the period. The positive room revenue result was driven mainly through the demand in the transient segment.

Food and beverage revenue increased as the outlets continue to increase revenue following the refurbishment of the outlets in the prior year. The property continued to manage costs appropriately with conversion to operating profit increasing year on year.

Arora Hotel Crawley
The property continues to perform well with increased turnover of 5% compared to the prior year. The rooms revenue channel performed strongly with an occupancy increase of 2% and an ADR price increase of £2 for the period. The airline rooms revenue segment continues to be a significant contributor to the property's performance with this segment continuing to grow year on year. The property continued to manage costs appropriately with conversion to operating profit increasing year on year.

Renaissance London Heathrow
The trading year produced a very positive result with a turnover increase compared to the prior year of £2.4m which equated to a 10% increase. The positive result was due to an increase in all major revenue channels with a significant increase in occupancy by 8% with the disrupted passenger contract entered during the period with a major airline for the Heathrow area contributing to the result. The property took advantage of the increased occupancy to increase the food and beverage revenue for the period and meeting and events revenue increased significantly on the prior year with the property successfully delivering several large events.

The property continued to manage costs appropriately with conversion to operating profit increasing year on year.

Novotel London Stansted
This was the property's first full year of trading following the previous year's refurbishment and rebranding of the property which has yielded very positive results with a turnover increase compared to the prior year of £1.3m which equated to a 25% increase.

Sofitel Heathrow T5
The trading year produced a positive result for turnover growth with turnover increasing by £1.5m compared to the previous year. The positive result was due to an increase in all major revenue channels with a significant increase in Meetings and Events which was achieved by the increase in the number of large events being held at the property and an increase in flight delays due to the Arora Group managing the delayed flights of a major airline for the Heathrow area.

The occupancy increase of 5% compared to the prior year flowed through to an increase in food and beverage sales.

This revenue growth has helped to mitigate the impact of cost increases being experienced by the market, including National Living Wage, business rates and inflationary food costs.

However significant increases in utility prices during the year resulted in a loss of conversion to profit before taxation which has resulted in a decrease in profit before taxation of £0.3m.

Hilton London Gatwick, London Gatwick
The trading year produced a very strong result with a turnover increase compared to the prior year of £1.3m which equated to a 4% increase. The positive result was driven by an increase in rooms revenue which achieved a revenue per available room increase of £2 compared to the prior year with the transient rooms revenue segment performing strongly. In addition, a significant increase in food and beverage revenue was achieved with a focus on increasing the number of guests dining in the food and beverage outlets.

This revenue growth has helped to mitigate the impact of cost increases being experienced by the market, including National Living Wage, business rates and inflationary food costs.

The operating profit for the year has decreased compared to the prior year but this has been caused by an increase in the annual deprecation charge of £0.7m mainly attributable to the increased revaluation of the leasehold property during the previous year.

Buckinghamshire Golf Club
On 16 November 2018, the group acquired 100% of the ordinary share capital in Buckinghamshire Park Resort (Holdings) Limited ("BPR") and its wholly owned subsidiary Buckinghamshire Golf Company Limited ("BGC") for consideration of £1.1m.

As part of the deal, the group also repaid various intercompany loans within BPR and BGC totalling £11m, bringing the total consideration to £12.1m.

BGC operates the Buckinghamshire Golf Club in Denham, located approximately 18 miles from central London and 12 miles from Heathrow Airport. It also owns the real estate interests of an 18-hole championship golf course, Grade II listed clubhouse and mansion house (the Denham Court Mansion).

The Intercontinental, 02
The trading year produced a very strong result with a turnover increase compared to the prior year of £7,318,722 which equates to a 19% increase in turnover. The positive result was due to an increase in all major revenue channels with a significant increase in demand in the transient room segment which contributed to a 13.5% year on year increase in occupancy. In addition, a significant increase in meeting and events revenue which was achieved by the increase in the number of large events and a yield focus on these events to drive revenue performance for the year.

This revenue growth has helped to mitigate the impact of cost increases being experienced by the market, including National Living Wage, business rates and inflationary food costs.

The strong revenue performance has resulted in a profit before taxation increase of £2,130,797 on the prior year loss before tax. This is the hotel's third full year of operation and in line with management's expectation the business's performance continues on an upward trajectory as the business continues to become more established in the marketplace.

**Construction**

The year ended 31 March 2019 saw the following key projects being completed:

- Completion of a new dual branded hotel, Crowne Plaza T4 and Holiday Inn Express T4 directly connected to Heathrow Terminal 4
- New Hilton Garden Inn hotel connected to the 'Queens Terminal' commonly known as Terminal 2, London Heathrow was completed shortly after year end in June 2019

The group is working on the following construction projects in the current financial year:

- Rebuilding the Savill Court hotel and Spa.
- Preparation for major refurbishment of the Hilton South Terminal Gatwick hotel
- Refurbishment of the Arora Gatwick Crawley hotel
- Re-development of 308 studio, one bed and two bed apartments in Crawley.

After eliminating intergroup construction turnover in these financial statements, turnover deriving from construction and property development reduced from £62,091,000 to £28,617,000 (2018: reduced from £119,986,000 to £97,592,000).

**Property**

The Arora Property division provides a property management and asset management service. It currently manages a large portfolio of property assets which include operated hotels, a portfolio of externally leased hotels, offices and commercial spaces as well as land holdings across London, major regional airports, home counties and Scotland.

Performance in the division remained relatively consistent year on year with no significant events to report on.

**KEY PERFORMANCE INDICATORS**

The group 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:

| | 2019<br>£'000 | 2018<br>£'000 |
|---|---:|---:|
| Turnover | 222,315 | 275,328 |
| Trading EBITDA | 53,363 | 57,248 |

**BALANCED SCORECARD**

This sets out to measure guest satisfaction, labour turnover, cash management, internal financial controls, Health and Safety and Environmental audits and profit achievement as the 8 key indicators of the health of the business. The hotel has performed satisfactorily in all categories despite the economic climate.

### MODERN SLAVERY STATEMENT

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

### GENERAL DATA PROTECTION REGULATION (GDPR)

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

### ENVIRONMENTAL SUSTAINABILITY POLICY STATEMENT

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

### GENDER PAY REPORTING

Arora Holdings Limited's subsidiaries' gender pay back reports can be accessed via the Arora Group website on: http://www.thearoragroup.com/about/policy-position/gender-pay-reporting.

### TAX STRATEGY

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

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

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

### PRINCIPAL RISKS AND UNCERTAINTIES

The main financial risks arising from the group'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 group's policy in respect of credit risk is to require appropriate credit checks on potential customers before sales are made.

The group'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 group'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 group 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 group.

#### 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 group made charitable contributions of £48,556 (2018: £25,712).

#### EMPLOYEE INVOLVEMENT POLICY

The group 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 group has been included within this report.

On behalf of the board

..............................

Carlton Brown
**Director**
Date: 19/12/2019

The directors present their annual report and financial statements for the year ended 31 March 2019.

**Principal activities**
The principal activities of group in the year under review are hoteliers and hotel management, property acquisition and development, property portfolio asset management and the provision of management services and serviced accommodation.

Information on financial risk management policies, risks, information on post balance sheet events, employee involvement policies and employment of disabled persons is included within the strategic report.

**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
Sanjay Arora
Carlton Brown
Athos Yiannis
Guy Morris
Sanjeev Roda

**Results and dividends**
The results for the year are set out on page 10. The directors do not recommend a dividend to be paid in the year under review.

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

**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 group and company, and of the profit or loss of the group 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# ARORA HOLDINGS LIMITED

## DIRECTORS' REPORT (CONTINUED)

### *FOR THE YEAR ENDED 31 MARCH 2019*

**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 auditor of the company 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 auditor of the company is aware of that information.

On behalf of the board

..............................

Carlton Brown

**Director**

Date: 19/12/2019

# ARORA HOLDINGS LIMITED

## INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF ARORA HOLDINGS LIMITED

**Opinion**

We have audited the financial statements of Arora Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2019 which comprise the group income statement, the group statement of comprehensive income, the group statement of financial position, the company statement of financial position, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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

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

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

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

**Matters on which we are required to report by exception**

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

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

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

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

**Marc Reinecke (Senior Statutory Auditor)**
For and on behalf of BDO LLP, statutory auditor
London
Date: 20 DECEMBER 2019

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

# ARORA HOLDINGS LIMITED

## GROUP INCOME STATEMENT

***FOR THE YEAR ENDED 31 MARCH 2019***

| | Notes | 2019<br>£'000 | 2018<br>as restated<br>£'000 |
|---|---|---|---|
| **Turnover** | 3 | 222,315 | 275,328 |
| Cost of sales | | (40,577) | (112,547) |
| **Gross profit** | | 181,738 | 162,781 |
| Administrative expenses | | (155,139) | (128,673) |
| Other operating income | | 4,440 | 4,268 |
| **Operating profit** | 5 | 31,039 | 38,376 |
| Interest receivable and similar income | 9 | 320 | 1,456 |
| Interest payable and similar expenses | 10 | (13,352) | (14,404) |
| Fair value gains on investment properties and investments | 15,16 | (339) | 1,329 |
| **Profit before taxation** | | 17,668 | 26,757 |
| Tax on profit | 11 | (2,902) | (6,823) |
| **Profit for the financial year** | 28 | 14,766 | 19,934 |
| Profit for the financial year is attributable to: | | | |
| - Owners of the parent company | | 14,125 | 18,611 |
| - Non-controlling interests | | 641 | 1,323 |
| | | 14,766 | 19,934 |

# ARORA HOLDINGS LIMITED

## GROUP STATEMENT OF COMPREHENSIVE INCOME

***FOR THE YEAR ENDED 31 MARCH 2019***

| | 2019<br>£'000 | 2018<br>£'000 |
|---|---|---|
| **Profit for the year** | 14,766 | 19,934 |
| **Other comprehensive income** | | |
| Revaluation of tangible fixed assets | 93,522 | 45,783 |
| Tax relating to other comprehensive income | (5,627) | (5,813) |
| **Other comprehensive income for the year** | 87,895 | 39,970 |
| **Total comprehensive income for the year** | 102,661 | 59,904 |
| Total comprehensive income for the year is attributable to: | | |
| - Owners of the parent company | 98,114 | 58,581 |
| - Non-controlling interests | 4,547 | 1,323 |
| | 102,661 | 59,904 |

# ARORA HOLDINGS LIMITED

## GROUP STATEMENT OF FINANCIAL POSITION

### *AS AT 31 MARCH 2019*

| | Notes | 2019 £'000 | 2019 £'000 | 2018 as restated £'000 | 2018 as restated £'000 |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Goodwill | 13 | | (21,919) | | (21,919) |
| Tangible assets | 14 | | 945,498 | | 825,395 |
| Investment properties | 15 | | 40,866 | | 40,810 |
| Investments | 16 | | 186 | | 26 |
| | | | 964,631 | | 844,312 |
| **Current assets** | | | | | |
| Stocks | 19 | 74,237 | | 13,205 | |
| Debtors | 20 | 31,224 | | 48,151 | |
| Cash at bank and in hand | | 30,974 | | 67,791 | |
| | | 136,435 | | 129,147 | |
| **Creditors: amounts falling due within one year** | 21 | (232,696) | | (219,956) | |
| **Net current liabilities** | | | (96,261) | | (90,809) |
| **Total assets less current liabilities** | | | 868,370 | | 753,503 |
| **Creditors: amounts falling due after more than one year** | 22 | | (376,442) | | (369,969) |
| **Provisions for liabilities** | 24 | | (50,519) | | (44,786) |
| **Net assets** | | | 441,409 | | 338,748 |
| **Capital and reserves** | | | | | |
| Called up share capital | 27 | | - | | - |
| Revaluation reserve | 28 | | 322,671 | | 250,054 |
| Profit and loss reserves | 28 | | 94,946 | | 69,449 |
| **Equity attributable to owners of the parent company** | | | 417,617 | | 319,503 |
| Non-controlling interests | 29 | | 23,792 | | 19,245 |
| | | | 441,409 | | 338,748 |

The financial statements were approved by the board of directors and authorised for issue on 19/12/2019 and are signed on its behalf by:

..............................

Carlton Brown
**Director**

# ARORA HOLDINGS LIMITED

## COMPANY STATEMENT OF FINANCIAL POSITION

***AS AT 31 MARCH 2019***

| | Notes | 2019 £'000 | 2019 £'000 | 2018 £'000 | 2018 £'000 |
|---|---|---|---|---|---|
| **Current assets** | | | | | |
| Debtors | 20 | 100,534 | | 100,020 | |
| Cash at bank and in hand | | 51 | | 124 | |
| | | 100,585 | | 100,144 | |
| **Creditors: amounts falling due within one year** | 21 | (100,585) | | (100,144) | |
| **Net current assets** | | | - | | - |
| **Net assets** | | | - | | - |
| **Total equity** | | | - | | - |

As permitted by s408 Companies Act 2006, the company has not presented its own income statement and related notes. The company's profit for the year was £nil (2018: £nil).

The financial statements were approved by the board of directors and authorised for issue on 19/12/2019 and are signed on its behalf by:

..............................
Carlton Brown
**Director**

**Company Registration No. 08121840**

## ARORA HOLDINGS LIMITED

### GROUP STATEMENT OF CHANGES IN EQUITY

***FOR THE YEAR ENDED 31 MARCH 2019***

| | Revaluation reserve | Profit and loss reserves | Total controlling interest | Non-controlling interest | Total |
|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| **Balance at 1 April 2017** | 210,084 | 48,764 | 258,848 | 27,497 | 286,345 |
| **Year ended 31 March 2018:** | | | | | |
| Profit for the year | - | 18,611 | 18,611 | 1,323 | 19,934 |
| Other comprehensive income: | | | | | - |
| Revaluation of tangible fixed assets | 45,783 | - | 45,783 | - | 45,783 |
| Tax relating to other comprehensive income | (5,813) | - | (5,813) | - | (5,813) |
| Total comprehensive income for the year | 39,970 | 18,611 | 58,581 | 1,323 | 59,904 |
| Decrease in non-controlling interest | - | 2,074 | 2,074 | (9,575) | (7,501) |
| **Balance at 31 March 2018** | 250,054 | 69,449 | 319,503 | 19,245 | 338,748 |
| **Year ended 31 March 2019:** | | | | | |
| Profit for the year | - | 14,125 | 14,125 | 641 | 14,766 |
| Other comprehensive income: | | | | | |
| Revaluation of tangible fixed assets | 89,616 | - | 89,616 | 3,906 | 93,522 |
| Tax relating to other comprehensive income | (5,627) | - | (5,627) | - | (5,627) |
| Total comprehensive income for the year | 83,989 | 14,125 | 98,114 | 4,547 | 102,661 |
| Transfers | (11,372) | 11,372 | - | - | - |
| **Balance at 31 March 2019** | 322,671 | 94,946 | 417,617 | 23,792 | 441,409 |

# ARORA HOLDINGS LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY

## *FOR THE YEAR ENDED 31 MARCH 2019*

| | Profit and loss reserves £'000 |
|---|---|
| **Balance at 1 April 2017** | - |
| **Year ended 31 March 2018:** | |
| Profit and total comprehensive income for the year | - |
| **Balance at 31 March 2018** | - |
| **Year ended 31 March 2019:** | |
| Profit and total comprehensive income for the year | - |
| **Balance at 31 March 2019** | - |

# ARORA HOLDINGS LIMITED

## GROUP STATEMENT OF CASH FLOWS

***FOR THE YEAR ENDED 31 MARCH 2019***

| | Notes | 2019 £'000 | £'000 | 2018 £'000 | £'000 |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Profit for the financial year | | 14,766 | | 19,934 | |
| **Adjustments for:** | | | | | |
| Depreciation | 14 | 22,324 | | 18,872 | |
| Interest payable | 10 | 13,352 | | 14,404 | |
| Interest receivable | 9 | (320) | | (1,456) | |
| Taxation | 11 | 2,902 | | 6,823 | |
| Decrease/(increase) in stocks | | (60,923) | | 46,976 | |
| (Increase)/decrease in debtors | | 16,572 | | 33,090 | |
| Increase/(decrease) in creditors | | 15,943 | | (18,064) | |
| Fair value gains | 15, 16 | 339 | | (1,329) | |
| Corporation tax paid in the year | | (5,726) | | - | |
| **Net cash inflow from operating activities** | | | 19,229 | | 119,250 |
| **Investing activities** | | | | | |
| Purchase of tangible fixed assets | 14 | (35,969) | | (14,986) | |
| Purchase of investment property | 15 | (381) | | (21,856) | |
| Purchase of listed investments | 16 | (174) | | (25) | |
| Purchase of share in joint ventures | | - | | - | |
| Interest received | | 21 | | 17 | |
| Acquisition of new subsidiary | | (11,613) | | - | |
| Net cash acquired with subsidiary acquisitions | | 9 | | - | |
| **Net cash used in investing activities** | | | (48,107) | | (36,850) |
| **Financing activities** | | | | | |
| New loans received | | 21,723 | | 10,830 | |
| Repayment of loans | | (17,289) | | (27,172) | |
| Funding (to) / from related parties | | 117 | | (4,070) | |
| Interest paid | | (12,490) | | (12,645) | |
| **Net cash generated from financing activities** | | | (7,939) | | (33,057) |
| **Net increase/(decrease) in cash and cash equivalents** | | | (36,817) | | 49,343 |
| Cash and cash equivalents at beginning of year | | | 67,791 | | 18,448 |
| **Cash and cash equivalents at end of year** | | | 30,974 | | 67,791 |

## 1 Accounting policies

**Company information**

Arora Holdings Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is World Business Centre 3, Newall Road, London Heathrow Airport, Hounslow, England, TW6 2TA.

The group consists of Arora Holdings Limited and all of its subsidiaries.

### 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 are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The parent company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own income statement in these financial statements.

### 1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated financial statements incorporate those of Arora Holdings Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 March 2019. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the equity method.

**1 Accounting policies** **(Continued)**

**1.3 Going concern**

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

**1.4 Turnover**

Except in the case of long-term contracts and sales of apartments, turnover represents amounts receivable in respect of the provision of hotel accommodation, conference facilities, and food and beverage during the year, excluding VAT and trade discounts.

Turnover is measured at fair value of the consideration received or receivable.

Turnover from services is recognised when the service is provided.

Membership income is recognised on a straight line basis over the term of the membership.

**Long term contracts**

Long term contracts are assessed on a contract by contract basis and are reflected in the income statement by recording turnover and related costs as contract activity progresses. Turnover from long term contract activities represents the fair value of work carried out during the period by reference to total sales value and the stage of completion of each contract including the movement in work in progress during the year. Where the outcome of each contract can be assessed with reasonable certainty before its conclusion, the attributable profit is recognised in the income statement at the difference between the reported turnover and related costs for that contract. Estimates are included in respect of amounts not invoiced at the balance sheet date.

Amounts recoverable on contracts represent the excess of work done including attributable profit over cumulative payments on account received. Payments on account in excess of work done are included within creditors.

Turnover from other contract activities represents fee income receivable in respect of services provided during the year.

**Rental income**

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 recognised on a straight line basis over the lease term.

**Sales of apartments**

Turnover represents sales of apartments to external customers at invoiced amounts less value added tax on sales. Turnover is recognised upon completion of the sale, when the titles of the apartments are transferred to the customer. Invoiced amounts that are received prior to the completion of the sale are deferred to the balance sheet and are released in the period where the sales are completed.

**1 Accounting policies** **(Continued)**

**1.5 Intangible fixed assets - goodwill**

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation on positive goodwill is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method.

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

Goodwill arising on an acquisition is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Where the fair value of the separable net assets exceeds the fair value of the consideration for an acquired undertaking, the difference is treated as negative goodwill and is recognised on the balance sheet and released through the income statement in the period in which the non-monetary assets are recovered. In the case of fixed assets and investment property, this is the period over which they are depreciated or sold.

**1.6 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or in the case of hotel assets, at valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|---|---|
| Long term leasehold property | 50 years |
| Short term leasehold property | over the length of the lease |
| Plant and equipment | 7 years |
| Fixtures and fittings | 2 - 10 years |
| Computers | 3 - 4 years |
| Motor vehicles | 4 years |

**1 Accounting policies** **(Continued)**

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 recognised in the income statement.

The gain or loss arising on the revaluation of tangible fixed assets is recognised in other comprehensive income.

**Assets Under Construction**

Development of Projects
The group undertakes a variety of fixed asset developments and other developments that are treated according to the project's progression.

Pre-Planning Project costs
Before planning permission is received to commence on a project, all costs are expensed to the income statement.

Work in Progress Project Costs
Costs will only be classified as assets under construction on the balance sheet (or work in progress within Stock when a construction is being done for a party outside of the group) when the directors are satisfied all the following conditions are met:

- Planning permission (or equivalent) has been granted on the project
- The project is anticipated to generate a profitable return
- The project is deemed likely to proceed

If any of these three conditions are not met, any costs incurred will be recognised in the income statement.

Completion
Once completed, assets under construction are transferred to fixed assets and depreciated in line with the group's accounting policy.

Work in progress items within stock are released to cost of sales in the income statement in line with the project's progression.

**1.7 Investment properties**
Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in the income statement.

**1.8 Fixed asset investments**
Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

**1 Accounting policies** **(Continued)**

**1.9 Impairment of fixed assets**

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

**1.10 Stocks**

Stocks are stated at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell, after making a due allowance for obsolete and slow moving stocks. Cost is based on the cost of purchase on a first in, first out basis.

**Work in progress**

Please refer to 'assets under construction' in section 1.6 of the tangible fixed assets policy.

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 the income statement. Reversals of impairment losses are also recognised in the income statement.

**1.11 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.

**1.12 Financial instruments**

The group 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 group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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.

**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 the income statement, 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 group 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 group after deducting all of its 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.

**1 Accounting policies** **(Continued)**

***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 the income statement 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 though profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

***Derecognition of financial liabilities***

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

**1.13 Equity instruments**

Equity instruments issued by the group 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 group.

**1.14 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

***Deferred tax***

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

**1 Accounting policies** **(Continued)**

**1.15 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.

**1.16 Retirement benefits**

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

**1.17 Leases**

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

**1.18 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

**1.19 Borrowing costs**

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

**1.20 Capitalised finance costs**

Finance costs relating to the loan facility are charged to the income statement, spread over the term of the loan. The bank loan is disclosed net of unamortised finance cost.

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

In preparing these financial statements, the directors have considered the following estimates:

**Fair value movements on investment and other property**

Leasehold properties are revalued each year end by the directors at the open market value with the surplus being taken to the statement of comprehensive income or revaluation reserve. Valuation of properties are determined through the use of in-house specialist and most recent external valuations.

## 3 Turnover and other revenue

| | 2019 | restated 2018 |
|---|---|---|
| | £'000 | £'000 |
| **Turnover analysed by class of business** | | |
| Hoteliers and restaurants | 188,655 | 174,350 |
| Property construction | 28,617 | 97,592 |
| Leased and serviced accommodation | 4,271 | 3,386 |
| Golf club | 772 | - |
| | 222,315 | 275,328 |

All turnover in the year arose in the UK (2018: all UK).

## 4 Other operating income

| | 2019 | 2018 |
|---|---|---|
| | £'000 | £'000 |
| Other rental income | 4,440 | 4,268 |

Other operating income relates to rent receivable from third parties along with other sundry activities of the group.

## 5 Operating profit

| | 2019 | 2018 |
|---|---|---|
| | £'000 | £'000 |
| Operating profit for the year is stated after charging: | | |
| Depreciation of owned tangible fixed assets | 22,324 | 18,872 |
| (Profit)/loss on disposal of tangible fixed assets | - | 125 |
| Operating lease charges | 17,285 | 18,017 |

Within operating lease charges, £2,980,729 (2018: £6,842,000) related to contractual minimum rental charges. The remainder is related to variable lease charges.

## 6 Auditor's remuneration

| | 2019 | 2018 |
|---|---|---|
| | £'000 | £'000 |
| Audit of the financial statements of the company and subsidiaries | 209 | 194 |

## 7 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

| | Group 2019 Number | 2018 Number | Company 2019 Number | 2018 Number |
|---|---|---|---|---|
| | 2,007 | 1,936 | - | - |

Their aggregate remuneration comprised:

| | Group 2019 £'000 | 2018 £'000 | Company 2019 £'000 | 2018 £'000 |
|---|---|---|---|---|
| Wages and salaries | 40,388 | 39,953 | - | - |
| Social security costs | 3,969 | 3,700 | - | - |
| Pension costs | 843 | 543 | - | - |
| | 45,200 | 44,196 | - | - |

## 8 Directors' remuneration

| | 2019 £'000 | 2018 £'000 |
|---|---|---|
| Remuneration for qualifying services | 714 | 779 |
| Company pension contributions to defined contribution schemes | 23 | 31 |
| | 737 | 810 |

Remuneration disclosed above includes the following amounts paid to the highest paid director:

| | 2019 £'000 | 2018 £'000 |
|---|---|---|
| Remuneration for qualifying services | 243 | 242 |

## 9 Interest receivable and similar income

| | 2019 £'000 | 2018 £'000 |
|---|---|---|
| **Interest income** | | |
| Interest on bank deposits | 21 | 17 |
| ***Other income from investments*** | | |
| Gains on financial instruments measured at fair value through profit or loss | 299 | 1,439 |
| Total income | 320 | 1,456 |

## 10 Interest payable and similar expenses

| | 2019 £'000 | 2018 £'000 |
|---|---|---|
| Interest on bank overdrafts and loans | 12,629 | 13,296 |
| Interest payable to related parties | 74 | 6 |
| Finance costs | 649 | 625 |
| Other interest payable | - | 477 |
| Total finance costs | 13,352 | 14,404 |

## 11 Taxation

| | 2019 £'000 | 2018 £'000 |
|---|---|---|
| **Current tax** | | |
| UK corporation tax on profits for the current period | 3,917 | 4,971 |
| Adjustments in respect of prior periods | (1,121) | - |
| Total UK current tax | 2,796 | 4,971 |
| Foreign current tax on profits for the current period | - | 9 |
| Total current tax | 2,796 | 4,980 |
| **Deferred tax** | | |
| Origination and reversal of timing differences | 352 | 331 |
| Changes in tax rates | - | 75 |
| Adjustment in respect of prior periods | (246) | 1,437 |
| Total deferred tax | 106 | 1,843 |
| Total tax charge | 2,902 | 6,823 |

**11 Taxation** **(Continued)**

The actual charge for the year can be reconciled to the expected charge based on the income statement and the standard rate of tax as follows:

| | 2019 £'000 | 2018 £'000 |
|---|---|---|
| Profit before taxation | 17,668 | 26,757 |
| Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%) | 3,357 | 5,084 |
| Tax effect of expenses that are not deductible in determining taxable profit | 3,770 | 1,730 |
| Tax effect of income not taxable in determining taxable profit | - | (461) |
| Tax effect of utilisation of tax losses not previously recognised | (3,029) | (1,413) |
| Unutilised tax losses carried forward | 12 | - |
| Effect of change in corporation tax rate | (9) | 34 |
| Group relief | 37 | 1,306 |
| Other permanent differences | 101 | (903) |
| Under/(over) provided in prior years | (1,121) | - |
| Deferred tax adjustments in respect of prior years | (246) | 1,437 |
| Elimination of unrealised profits on consolidations | 30 | - |
| Foreign tax paid | - | 9 |
| Taxation charge | 2,902 | 6,823 |

In addition to the amount charged to the income statement, the following amounts relating to tax have been recognised directly in other comprehensive income:

| | 2019 £'000 | 2018 £'000 |
|---|---|---|
| Deferred tax arising on: | | |
| Revaluation of property | 5,627 | 5,813 |

**12 Parent company profit for the year**

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own income statement in these financial statements. The result of the parent company for the year was £nil (2018: £nil).

**13 Intangible fixed assets**

| **Group** | Goodwill<br>**£'000** |
|---|---|
| **Cost** | |
| At 1 April 2018 and 31 March 2019 | (21,919) |
| **Amortisation and impairment** | |
| At 1 April 2018 and 31 March 2019 | - |
| **Carrying amount** | |
| At 31 March 2019 | (21,919) |
| At 31 March 2018 | (21,919) |

The company had no intangible fixed assets at 31 March 2019 or 31 March 2018.

The negative goodwill arose from the purchase of the trade and assets of AMSL Investments Limited and Grove Heathrow Limited and its subsidiaries in April 2013.

## 14 Tangible fixed assets

| Group | Long term leasehold property | Short term leasehold property | Assets under construction | Plant and equipment | Fixtures and fittings | Computers | Motor vehicles | Total |
|---|---|---|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| **Cost or valuation** | | | | | | | | |
| At 1 April 2018 | 786,485 | 85,580 | 11,245 | 3,427 | 9,007 | 499 | 54 | 896,297 |
| Additions | 1,271 | 16 | 32,792 | 153 | 2,143 | 84 | - | 36,459 |
| Revaluation | 78,005 | 15,517 | - | - | - | - | - | 93,522 |
| Reclassification | - | - | - | (121) | - | 121 | - | - |
| Acquired in the year | 30,107 | - | - | 356 | 976 | - | 34 | 31,473 |
| At 31 March 2019 | 895,868 | 101,113 | 44,037 | 3,815 | 12,126 | 704 | 88 | 1,057,751 |
| **Depreciation and impairment** | | | | | | | | |
| At 1 April 2018 | 55,774 | 9,986 | - | 1,596 | 3,191 | 314 | 41 | 70,902 |
| Depreciation charged in the year | 15,224 | 4,317 | - | 534 | 2,118 | 121 | 10 | 22,324 |
| Reclassification | - | - | - | (57) | - | 57 | - | - |
| Acquired in the year | 17,992 | - | - | 257 | 762 | - | 16 | 19,027 |
| At 31 March 2019 | 88,990 | 14,303 | - | 2,330 | 6,071 | 492 | 67 | 112,253 |
| **Carrying amount** | | | | | | | | |
| At 31 March 2019 | 806,878 | 86,810 | 44,037 | 1,485 | 6,055 | 212 | 21 | 945,498 |
| At 31 March 2018 | 730,711 | 75,594 | 11,245 | 1,831 | 5,816 | 185 | 13 | 825,395 |

The company had no tangible fixed assets at 31 March 2019 or 31 March 2018.

**14 Tangible fixed assets** **(Continued)**

If the group's long term and short term leasehold property had not been revalued it would have been included at the following historical cost:

| | Group 2019 £'000 | 2018 £'000 |
|---|---|---|
| Cost | 617,557 | 616,270 |
| Accumulated depreciation | (57,432) | (45,081) |
| Carrying value | 560,125 | 571,189 |

The group's properties were revalued on 31 March 2019 by the directors at open market value. Where the surplus related to fixed asset valuation, it was taken to the revaluation reserve. The valuation was made taking into account the director's experience, desktop valuations, market transactions, age, location and condition of the property.

**15 Investment property**

| | Group 2019 £'000 |
|---|---|
| **Fair value** | |
| At 1 April 2018 | 40,810 |
| Additions | 381 |
| Net losses through fair value adjustments | (325) |
| At 31 March 2019 | 40,866 |

Investment properties are held at open market valuation as assessed by the directors at the year end.

If investment properties were stated on an historical cost basis rather than a fair value basis, the amounts would have been included as follows:

| | Group 2019 £'000 | 2018 £'000 |
|---|---|---|
| Cost | 39,126 | 38,745 |

## 16 Fixed asset investments

| | Notes | Group 2019 £'000 | 2018 £'000 |
|---|---|---|---|
| Listed investments | | 186 | 26 |

**Movements in fixed asset investments**

| **Group** | **2019 £'000** |
|---|---|
| **Cost or valuation** | |
| At 1 April 2018 | 26 |
| Additions | 174 |
| Fair value loss on investments | (14) |
| At 31 March 2019 | 186 |
| **Carrying amount** | |
| At 31 March 2019 | 186 |
| At 31 March 2018 | 26 |

## 17 Subsidiaries

Details of the company's subsidiaries at 31 March 2019 are as follows:

| Name of undertaking | Registered office | Nature of business | Class of shares held | % Held Direct | % Held Indirect |
|---|---|---|---|---|---|
| ADL (London) Limited | England | Dormant | Ordinary | | 100 |
| AFT2 Property Investments Limited | Jersey | Property investments | Ordinary | | 100 |
| AMSL Investments Limited | Jersey | Holding company | Ordinary | | 100 |
| Ansco Hotel Limited | Jersey | In liquidation | Ordinary | | 89 |
| Arora Developments Limited | England | Dormant | Ordinary | | 100 |
| Arora Gatwick Ltd | England | Leasing property | Ordinary | | 100 |
| Arora Heathrow Holdings Limited | England | Property investments | Ordinary | | 100 |
| Arora Heathrow Investments Limited | England | Property investments | Ordinary | | 100 |
| Arora Heathrow T5 Limited | England | Property investments | Ordinary | | 100 |
| Arora Hotels Limited | England | Holding company | Ordinary | | 100 |
| Arora Investments JPUT Limited | England | Dormant | Ordinary | | 100 |
| Arora Investments Limited | England | Holding company | Ordinary | | 100 |
| Arora Leased Hotels Limited | England | Dormant | Ordinary | | 100 |
| Arora Management Services Limited | England | Providing management services | Ordinary | | 100 |
| Arora Gatwick Property Limited (formerly Arora Park Heathrow Limited) | England | Dormant | Ordinary | | 100 |
| Arora T5 Holdings Limited | England | Holding company | Ordinary | | 100 |
| Excel Hospitality Limited | England | Hoteliers | Ordinary | | 100 |
| Excel Hotel Management Limited | England | Hotel management company | Ordinary | | 100 |
| Grove Acquisitions Limited | England | Holding company | Ordinary | 100 | |
| Grove Apartments Limited | England | Property investments | Ordinary | | 100 |
| Grove Developments Limited | England | Property construction | Ordinary | | 100 |
| Grove F&B Limited | England | Hoteliers | Ordinary | | 100 |
| Grove Heathrow Limited | Jersey | Holding company | Ordinary | | 100 |
| Grove HR Limited | England | Hoteliers | Ordinary | | 100 |
| Grove T5 Limited | England | Hoteliers | Ordinary | | 100 |
| Grove WP Limited | England | Hoteliers | Ordinary | | 100 |
| Grove WP Property Limited | England | Property investments | Ordinary | | 100 |
| Heathrow T2 Hotel Limited | England | Construction of hotel | Ordinary | | 100 |
| Heathrow T5 Hotel Limited | England | Property investments | Ordinary | | 100 |
| London Airport Hotels Limited | England | Dormant | Ordinary | | 100 |
| London Arena Investments Limited | England | Investment company | Ordinary | | 78 |
| Maple Gatwick Propco 9 S.a.r.l | Luxembourg | In liquidation | Ordinary | | 100 |
| Meridian Group Investments S.a.r.l | Luxembourg | Holding company | Ordinary | | 89 |
| Meridian Hotel Holdings S.a.r.l | Luxembourg | Property investment | Ordinary | | 89 |
| Meridian Hotel Operations Limited | England | Hoteliers | Ordinary | | 89 |
| Meridian Pier Limited | England | Property investments | Ordinary | | 100 |
| Meridian Residential Developments Limited | England | Property development | Ordinary | | 89 |
| Meridian Residential Lease S.a.r.l | Luxembourg | Leasing | Ordinary | | 89 |
| Millennial Investments Limited | England | Investment company | Ordinary | | 100 |

**17 Subsidiaries** **(Continued)**

| | | | | |
|---|---|---|---|---|
| Buckinghamshire Golf Company Limited* | England | Golf club | Ordinary | 100 |
| Buckinghamshire Park Resort (Holdings) Limited* | England | Holding company | Ordinary | 100 |

***Companies acquired in the year.**

The registered offices for all the UK subsidiaries is: World Business Centre 3, Newall Road, Hounslow, Middlesex, TW6 2TA.

The registered offices for Grove Heathrow Limited, AMSL Investments Limited and AFT2 Property Investments Limited is: 12 Castle Street, St Helier, Jersey, JE2 3RT

Ansco Hotel Limited: 37 Esplanade, St Helier, Jersey, JE4 8WQ.

Maple Gatwick Propco 9 S.a.r.l: KPMG Luxembourg, Societe cooperative -39, Avenue John F. Kennedy, L-1855 Luxembourg.

Meridian Group Investments S.a.r.l, Meridian Hotel Holdings S.a.r.l, Meridian Residential Lease S.a.r.l: Langham Hall, 1 rue Jean-Pierre Brasseur, L-1258 Luxembourg.

**18 Financial instruments**

| | Group 2019 £'000 | 2018 £'000 | Company 2019 £'000 | 2018 £'000 |
|---|---|---|---|---|
| **Carrying amount of financial assets** | | | | |
| Debt instruments measured at amortised cost | 58,342 | 103,550 | 100,658 | 100,025 |
| Instruments measured at fair value through profit or loss | 866 | 507 | - | - |
| **Carrying amount of financial liabilities** | | | | |
| Measured at fair value through profit or loss | | | | |
| - Other financial liabilities | 296 | 339 | - | - |
| Measured at amortised cost | 601,970 | 576,279 | 100,585 | 100,144 |

**19 Stocks**

| | Group 2019 £'000 | 2018 £'000 |
|---|---|---|
| Work in progress | 73,466 | 12,606 |
| Raw materials and consumables | 771 | 599 |
| | 74,237 | 13,205 |

**19 Stocks** **(Continued)**

Work in progress represents long term contracts. The amount recognised in cost of sales during the period as an expense was £200,000 (2018: £67,746,000).

Raw materials and consumables recognised in cost of sales during the period as an expense was £11,361,691 (2018: £10,351,378).

**20 Debtors**

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | | restated | | |
| **Amounts falling due within one year:** | | 2019 | 2018 | 2019 | 2018 |
| | Notes | £'000 | £'000 | £'000 | £'000 |
| Trade debtors | | 8,256 | 8,818 | - | - |
| Gross amounts owed by contract customers | | 1,147 | 7,296 | - | - |
| Amounts due from related parties | 32 | 204 | 176 | - | - |
| Amounts owed by group undertakings | | 13,149 | 23,347 | 100,378 | 99,874 |
| Derivative financial instruments | | 866 | 507 | - | - |
| Other debtors | | 5,759 | 4,595 | 156 | 28 |
| Prepayments and accrued income | | 1,843 | 3,412 | - | 118 |
| | | 31,224 | 48,151 | 100,534 | 100,020 |

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

**21 Creditors: amounts falling due within one year**

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2019 | 2018 | 2019 | 2018 |
| | Notes | £'000 | £'000 | £'000 | £'000 |
| Bank loans and overdrafts | 23 | 6,031 | 7,186 | - | - |
| Amounts due to related parties | 32 | 3,492 | 3,347 | - | - |
| Trade creditors | | 9,287 | 9,481 | 507 | 107 |
| Amounts due to group undertakings | | 164,794 | 136,079 | 100,048 | 100,037 |
| Corporation tax payable | | 434 | 3,612 | - | - |
| Other taxation and social security | | 1,939 | 5,449 | - | - |
| Derivative financial instruments | | 296 | 339 | - | - |
| Other creditors | | 18,309 | 16,757 | - | - |
| Accruals and deferred income | | 28,114 | 37,706 | 30 | - |
| | | 232,696 | 219,956 | 100,585 | 100,144 |

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

### 22 Creditors: amounts falling due after more than one year

| | Notes | Group 2019 £'000 | 2018 £'000 |
|---|---|---|---|
| Bank loans and overdrafts | 23 | 376,442 | 369,969 |

### 23 Loans and overdrafts

| | Group 2019 £'000 | 2018 £'000 |
|---|---|---|
| Bank loans | 382,473 | 377,155 |

| | Group 2019 £'000 | 2018 £'000 |
|---|---|---|
| **Loan payable within 1 year** | | |
| Bank loan | 6,915 | 7,968 |
| Finance charges | (883) | (782) |
| **Loan payable between 1 to 2 years** | | |
| Bank loan | 39,398 | 6,415 |
| Finance charges | (650) | (733) |
| **Loan payable between 2 and 5 years** | | |
| Bank loan | 190,849 | 214,191 |
| Finance charges | (1,093) | (1,093) |
| **Loan payable more than 5 years** | | |
| Bank loan | 148,004 | 151,954 |
| Finance charges | (675) | (765) |

**23 Loans and overdrafts** **(Continued)**

The Heathrow T5 Hotel Limited loan amounts to £166,520,000(2018: £169,872,000) and is secured by fixed and floating charge over the assets of the company and is supported by guarantees provided by certain group companies. The new facility is repayable or must be refinanced on or before 20 October 2031. The interest rate is fixed for the term of the loan based on a commercial margin.

The Grove HR Limited bank loan amounts to £33,933,000 (2018: £34,466,000) and is secured by fixed and floating charges over the assets of the company and is supported by guarantees provided by certain group companies.

The key terms of the loan are a maturity date of 15 August 2020 with interest charged at LIBOR plus a commercial margin. Where certain conditions are satisfied, the company has an option to extend the maturity date to 15 August 2021. The company has entered into a floating to fixed amortising interest rate swap with a nominal amount of £26,900,000 with an expiration date of 15 August 2020. The swap is noted within financial instruments and is recorded at fair value with movements recorded through the income statement.

The Excel Hospitality Limited bank loan amounts to £41,500,000 (2018: £43,500,000) and is secured by fixed and floating charges over the assets of the company. The key terms of the loan are a maturity date of 31 March 2022 with interest charged at LIBOR plus a commercial margin. The company has entered into a floating to fixed amortising interest rate swap with a nominal amount of £30,250,000 and an expiration of 31 March 2022. The swap is noted within financial instruments and is recorded at fair value with movements recorded through the income statement.

Meridian Hotel Holdings S.a.r.l bank loan amounted to £111,188,000 (2018: £122,173,000) and is secured by fixed and floating charges over the assets of the company. The key terms of the loan are a maturity date of 16 August 2021 with interest charged at LIBOR plus a commercial margin. The company entered into a floating to fixed amortising interest swap with a nominal amount of £97,500,000, commencing September 2018.

Arora Heathrow Holdings Limited bank loan amounted to £10,098,000 (2018: £10,517,000) and is secured by fixed and floating charges over the assets of the company and is supported by guarantees provided by certain group companies. The key terms of the loan is a maturity date of 16 May 2021 with interest charged at 3 months LIBOR plus a commercial margin. Two bullet swaps commenced in the year ended 31 March 2018 and a further two amortising swaps commenced, when the existing swaps in the company expired.

On 21 December 2018, a new bank loan was provided to Heathrow T2 Hotel Limited which amounted to £21,927,000. The loan is secured by fixed and floating charges over the assets of the company. The facility is to be repaid on 21 December 2023. The interest rate is based on a margin at a commercial rate.

All the facilities above require compliance with a number of financial covenants which many are tested quarterly.

**24 Provisions for liabilities**

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2019 | 2018 | 2019 | 2018 |
| | Notes | £'000 | £'000 | £'000 | £'000 |
| Deferred tax liabilities | 25 | 50,519 | 44,786 | - | - |

## 25 Deferred taxation

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

| Group | Group 2019 £'000 | Group 2018 £'000 |
|---|---|---|
| Accelerated capital allowances | 10 | 125 |
| Tax losses | (414) | (580) |
| Revaluations in fixed assets | 50,837 | 45,210 |
| Investment property revaluation | 136 | 89 |
| Swap valuation recognised | (50) | (58) |
| | 50,519 | 44,786 |

The company has no deferred tax assets or liabilities.

| **Movements in the year:** | Group 2019 £'000 | Company 2019 £'000 |
|---|---|---|
| Liability at 1 April 2018 | 44,786 | - |
| Charge to income statement | 106 | - |
| Charge to other comprehensive income | 5,627 | - |
| Liability at 31 March 2019 | 50,519 | - |

During the year ending 31 March 2020 the deferred tax liability is expected to increase due to the reversal of accelerated capital allowances and tax losses by £300,000.

## 26 Retirement benefit schemes

| **Defined contribution schemes** | 2019 £'000 | 2018 £'000 |
|---|---|---|
| Charge to income statement in respect of defined contribution schemes | 843 | 543 |

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

Defined contribution scheme payment accrual recognised as a liability at the year end was £224,354 (2018: £120,225).

## 27 Share capital

| | Group and company | |
|---|---|---|
| | 2019 | 2018 |
| | £'000 | £'000 |
| **Issued and fully paid** | | |
| 100 Ordinary Shares of £1 each | - | - |

## 28 Reserves

**Profit and loss reserves**
The profit and loss account represents cumulative profit or losses, net dividends paid and other adjustments.

**Called up share capital**
Called up share capital represents the nominal value and shares issued.

**Revaluation reserve**
Represents the cumulative unrealised valuation movement on investment properties, which is transferred from profit and loss account, net of any deferred tax.

## 29 Non-controlling interest

| | Group | |
|---|---|---|
| | 2019 | 2018 |
| | £'000 | £'000 |
| **Equity** | | |
| At 1 April 2018 | 19,245 | 27,497 |
| Proportion of profit in year | 641 | 1,323 |
| (Decrease)/increase in non-controlling interest | - | (9,575) |
| Proportion of property revaluation in the year | 3,906 | - |
| At 31 March 2019 | 23,792 | 19,245 |

## 30 Acquisitions

On 16 November 2018, the group acquired 100% of the issued capital of Buckinghamshire Park Resort (Holdings ) Limited and its wholly owned subsidiary, Buckinghamshire Golf Company Limited. As part of the consideration, £11,113,000 was paid in cash on the date of acquisition. A further £500,000 cash was paid in February 2019 and a further £500,000 cash was deferred until 31 December 2019 which is subject to any further deductions made under the terms of sale and purchase agreement. Of the consideration £1,082,000 was in respect of the equity of the group acquired and the balance was used to repay existing vendor loans.

| | Book Value | Adjustments | Fair Value |
|---|---|---|---|
| | £'000 | £'000 | £'000 |
| Property, plant and equipment | 10,563 | 1,883 | 12,446 |
| Inventories | 109 | - | 109 |
| Trade and other receivables | 253 | - | 253 |
| Cash and cash equivalents | 9 | - | 9 |
| Trade and other payables | (641) | - | (641) |
| Tax liabilities | (63) | - | (63) |
| Total identifiable net assets | 10,230 | 1,883 | 12,113 |
| Goodwill | | | - |
| Total consideration | | | 12,113 |

| The consideration was satisfied by: | £'000 |
|---|---|
| Cash | 11,113 |
| Deferred consideration | 1,000 |
| | 12,113 |

Contribution by the acquired business for the reporting period included in the consolidated statement of comprehensive income since acquisition:

| | £'000 |
|---|---|
| Turnover | 772 |
| Loss after tax | (388) |

## 31 Operating lease commitments

**Lessee**

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

| | Group 2019 £'000 | 2018 £'000 |
|---|---|---|
| Within one year | 4,769 | 4,847 |
| Between two and five years | 14,308 | 14,389 |
| In over five years | 85,056 | 89,917 |
| | 104,133 | 109,153 |

The above commitments for both current and prior year relate to land and buildings.

**32 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 part of the group.

At the year end the group had the following amounts due, net of provision from the following entities and their subsidiaries:

| Amounts owed by related parties | 2019 | 2018 |
|---|---|---|
| | £'000 | £'000 |
| Arora Family Trust | 15 | 157 |
| Heathrow T4 Hotel Limited | 189 | - |
| Heathrow T4 LP | - | 19 |
| | 204 | 176 |

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

| Amounts owed to related parties | 2019 | 2018 |
|---|---|---|
| | £'000 | £'000 |
| Arora Family Trust | 1,606 | 1,745 |
| Heathrow T4 Hotel Limited | 30 | - |
| Booker Aircraft Leasing Limited | 230 | 230 |
| Littlebrook Nursery Limited | 1,320 | 639 |
| Arora Pension Fund | 290 | 544 |
| Partner Property Services Limited | 5 | 189 |
| City Place Gatwick Management Company Limited | 11 | - |
| | 3,492 | 3,347 |

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

**33 Controlling party**

The immediate parent of Arora Holdings Limited is 555 Limited, a company registered in Jersey.

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

The ultimate controlling entity of Arora Holdings Limited is Apex Financial Services (Trustees) Limited (formerly Link Trustee Services (Jersey) Limited), a regulated trust company administered in Jersey.

**34 Contingent liabilities**

Certain loans, provided to the wider Arora Group, are secured by fixed and floating charges over the assets of certain companies within Arora Holdings Limited and its subsidiaries. As at 31 March 2019, the loans in the wider Arora Group amounted to £188,791,000 (2018: £194,118,000).

**35 Post balance sheet events**

On 17 July 2019, the group subscribed to 100 Ordinary shares of £1 each in Arora SLG Limited, a newly incorporated company. The principal activity of Arora SLG Limited is that of hotel operations.

On 30 September 2019, the group transferred the trade, business and assets of the Sofitel London Gatwick hotel from Grove HR Limited to Arora SLG Limited at its market value.

**36 *Prior period adjustment***

The prior year adjustment relates to a correction to the elimination of intergroup trading on consolidation. As a result turnover and cost of sales have been reduced by £18,420,000. There is no effect on operating profits.

In addition, following a review, the group has reclassified costs from prepayments to fixed assets under construction in prior year. As a result the brought forward balance in the assets under construction category has increased by £904,000 and prepayments have decreased by the same amount.