

Registration Number 2235902

Arrow Engineering Components Limited
Directors' Report and Financial Statements
for the year ended 31 May 1999



McELHINNEY
HUGHES

Portland House
431 Chester Road
Old Trafford
Manchester M16 9HA
Tel: 0161 877 2828
Fax: 0161 877 6060

Arrow Engineering Components Limited

Company Information

Directors	R Arrowsmith J T Arrowsmith J L Arrowsmith
Secretary	J L Arrowsmith
Company Number	2235902
Registered Office	72 Liverpool Street Salford Greater Manchester
Auditors	McElhinney Hughes Portland House 431 Chester Road Old Trafford Manchester M16 9HA
Bankers	Yorkshire Bank plc 3rd Floor Huntingdon House Princess Street Bolton BL1 1EH

Arrow Engineering Components Limited

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Arrow Engineering Components Limited

Directors' Report for the year ended 31 May 1999

The directors present their report and the financial statements for the year ended 31 May 1999.

Principal Activity and Review of the Business

The principal activities of the company continue to be those of the sale of bearings, transmission components and ancillary equipment and the provision of engineering services.

The directors are pleased to report a profit for the year, this has been achieved under difficult trading conditions and the directors are confident of increased profitability in the foreseeable future.

Directors and their Interests

The directors who served during the year and their interests in the company are as stated below:

	Ordinary shares	
	31 May 1999	1 June 1998 or date of appointment
R Arrowsmith	115,500	115,500
J T Arrowsmith	16,500	16,500
J L Arrowsmith	33,000	33,000

Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.


The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that McElhinney Hughes be reappointed as auditors of the company will be put to the Annual General Meeting.

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the Board on and signed on its behalf by

 28/3/00

J L Arrowsmith
Secretary

Arrow Engineering Components Limited

Auditors' Report to the Shareholders of Arrow Engineering Components Limited

We have audited the financial statements on pages 3 to 9 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities, under the historical cost convention and the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

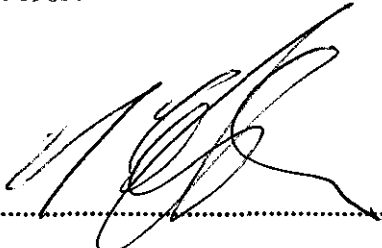
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 May 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Signed 

Dated 28th March 2000

McElhinney Hughes
Chartered Certified Accountants and
Registered Auditor
Portland House
431 Chester Road
Old Trafford
Manchester
M16 9HA

Arrow Engineering Components Limited

Profit and Loss Account for the year ended 31 May 1999

		1999	1998
	Notes	£	£
Turnover	2	1,433,013	1,454,531
Change in stocks of finished goods and work in progress		93,174	29,586
Raw materials and consumables		(906,827)	(881,089)
Staff costs		(339,091)	(306,499)
Depreciation on fixed assets		(26,569)	(20,258)
Other operating charges		(220,240)	(208,784)
Operating profit	3	33,460	67,487
Interest payable and similar charges	4	(26,060)	(30,945)
Profit on ordinary activities before taxation		7,400	36,542
Tax on profit on ordinary activities	7	(4,619)	(4,136)
Retained profit for the year		2,781	32,406
Retained profit brought forward		40,112	7,706
Retained profit carried forward		42,893	40,112

The notes on pages 5 to 9 form an integral part of these financial statements.

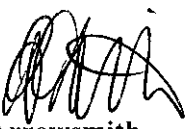
Arrow Engineering Components Limited


Balance Sheet as at 31 May 1999

		1999		1998	
	Notes	£	£	£	£
Fixed Assets					
Tangible assets	8		62,913		61,087
Current Assets					
Stocks		505,260		412,086	
Debtors	9	349,003		370,757	
Cash at bank and in hand		400		750	
		<u>854,663</u>		<u>783,593</u>	
Creditors: amounts falling due within one year	10	<u>(698,789)</u>		<u>(631,401)</u>	
Net Current Assets			<u>155,874</u>		<u>152,192</u>
Total Assets Less Current Liabilities			218,787		213,279
Creditors: amounts falling due after more than one year	11		<u>(10,894)</u>		<u>(8,167)</u>
Net Assets			<u>207,893</u>		<u>205,112</u>
Capital and Reserves					
Called up share capital	12		165,000		165,000
Profit and loss account			42,893		40,112
Shareholders' Funds			<u>207,893</u>		<u>205,112</u>

The financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities.

The financial statements were approved by the Board on and signed on its behalf by


R Arrowsmith
Director 28/3/00


J T Arrowsmith
Director 28/3/00

The notes on pages 5 to 9 form an integral part of these financial statements.

Arrow Engineering Components Limited

Notes to the Financial Statements for the year ended 31 May 1999

1. Accounting Policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention.

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

1.3. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Plant and machinery	-	10% Straight Line
Fixtures, fittings and equipment	-	10% Straight Line
Motor vehicles	-	25% Straight Line
Computer equipment	-	33.33% Straight Line

1.4. Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

1.5. Stock

Stock is valued at the lower of cost and net realisable value.

1.6. Pensions

The pension costs charged in the financial statements represent the contribution payable by the company during the year.

1.7. Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to materialise.

2. Turnover

Turnover attributable to geographical markets outside the United Kingdom amounted to 1% for the year.

Arrow Engineering Components Limited

Notes to the Financial Statements for the year ended 31 May 1999

..... continued

3. Operating profit	1999	1998
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	29,272	24,584
Auditors' remuneration	5,395	4,850
	<u> </u>	<u> </u>
and after crediting:		
Profit on disposal of tangible fixed assets	2,703	4,326
	<u> </u>	<u> </u>
 4. Interest payable and similar charges	 1999	 1998
	£	£
Included in this category is the following:		
On loans and overdrafts	3,536	4,158
Hire purchase interest	2,348	3,525
	<u> </u>	<u> </u>
 5. Directors' emoluments	 1999	 1998
	£	£
Remuneration and other benefits	66,950	64,237
	<u> </u>	<u> </u>
	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	1	1
 6. Pension costs		
The company operates a defined contribution pension scheme in respect of the directors. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £2,957 (1998 - £2,837).		

Arrow Engineering Components Limited

Notes to the Financial Statements for the year ended 31 May 1999

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7. Taxation	1999	1998
	£	£
UK current year taxation		
UK Corporation Tax at 21% (1998 - 21%)	4,619	8,007
Prior years		
UK Corporation Tax	-	(3,871)
	<u>4,619</u>	<u>4,136</u>

8. Tangible fixed assets	Plant and machinery	Fixtures, fittings equipment	Motor vehicles	Computer equipment	Total
	£	£	£	£	£
Cost					
At 1 June 1998	36,712	48,273	72,309	16,054	173,348
Additions	8,730	-	27,465	700	36,895
Disposals	(3,500)	-	(10,991)	-	(14,491)
At 31 May 1999	<u>41,942</u>	<u>48,273</u>	<u>88,783</u>	<u>16,754</u>	<u>195,752</u>
Depreciation					
At 1 June 1998	25,462	33,494	39,494	13,811	112,261
On disposals	(1,050)	-	(7,644)	-	(8,694)
Charge for the year	2,560	2,118	22,197	2,397	29,272
At 31 May 1999	<u>26,972</u>	<u>35,612</u>	<u>54,047</u>	<u>16,208</u>	<u>132,839</u>
Net book values					
At 31 May 1999	<u>14,970</u>	<u>12,661</u>	<u>34,736</u>	<u>546</u>	<u>62,913</u>
At 31 May 1998	<u>11,250</u>	<u>14,779</u>	<u>32,815</u>	<u>2,243</u>	<u>61,087</u>

Included above are assets held under finance leases or hire purchase contracts as follows:

	1999		1998	
Asset description	Net book value	Depreciation charge	Net book value	Depreciation charge
	£	£	£	£
Motor vehicles	<u>32,189</u>	<u>12,664</u>	<u>27,579</u>	<u>13,439</u>

Arrow Engineering Components Limited

Notes to the Financial Statements for the year ended 31 May 1999

..... continued

9. Debtors

	1999	1998
	£	£
Trade debtors	340,920	361,822
Other debtors	281	-
Prepayments and accrued income	7,802	8,935
	<u>349,003</u>	<u>370,757</u>

10. Creditors: amounts falling due within one year

	1999	1998
	£	£
Bank overdraft	59,406	29,691
Payments received against factored trade debtors	255,889	258,795
Net obligations under finance leases and hire purchase contracts	19,201	13,745
Trade creditors	282,047	249,149
Corporation tax	4,619	8,007
Other taxes and social security costs	24,938	23,565
Directors' accounts	35,830	37,714
Other creditors	1,223	-
Accruals and deferred income	15,636	10,735
	<u>698,789</u>	<u>631,401</u>

The bank overdraft is secured by a fixed and floating charge over the assets of the company. Payments received against factored trade debtors are secured by a charge over trade debtors.

11. Creditors: amounts falling due after more than one year

	1999	1998
	£	£
Net obligations under finance leases and hire purchase contracts	<u>10,894</u>	<u>8,167</u>

Arrow Engineering Components Limited

**Notes to the Financial Statements
for the year ended 31 May 1999**

..... continued

12. Share capital	1999	1998
	£	£
Authorised		
200,000 Ordinary shares of £1 each	<u>200,000</u>	<u>200,000</u>
Allotted, called up and fully paid		
165,000 Ordinary shares of £1 each	<u>165,000</u>	<u>165,000</u>