

Registration Number 2235902

**Arrow Engineering Components Limited**  
**Directors' Report and Financial Statements**  
**for the year ended 31 May 2000**



A21  
COMPANIES HOUSE

WAERGQUSXW

0616  
26/09/00

*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**

### **Contents**

	<b>Page</b>
Directors' Report	<b>1</b>
Auditors' Report	<b>2</b>
Profit and Loss Account	<b>3</b>
Balance Sheet	<b>4</b>
Notes to the Financial Statements	<b>5 - 8</b>

# Arrow Engineering Components Limited

## Directors' Report for the year ended 31 May 2000

The directors present their report and the financial statements for the year ended 31 May 2000.

### Principal Activity

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.

### 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 2000	1 June 1999 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.

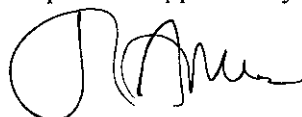
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets 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 21/9/00 and signed on its behalf by



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 8 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 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Signed ..... 

Dated ..... 

**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 2000**

		2000	1999
	Notes	£	£
<b>Turnover</b>	<b>2</b>	1,473,873	1,433,013
Change in stocks of finished goods and work in progress		(8,850)	93,174
Raw materials and consumables		(808,251)	(906,827)
Staff costs		(340,745)	(339,091)
Depreciation on fixed assets		(19,642)	(26,569)
Other operating charges		(220,408)	(220,240)
<b>Operating profit</b>	<b>3</b>	<u>75,977</u>	<u>33,460</u>
Interest payable and similar charges	<b>4</b>	<u>(26,379)</u>	<u>(26,060)</u>
<b>Profit on ordinary activities before taxation</b>		49,598	7,400
Tax on profit on ordinary activities	<b>7</b>	<u>(11,310)</u>	<u>(4,619)</u>
<b>Retained profit for the year</b>		38,288	2,781
Retained profit brought forward		<u>42,893</u>	<u>40,112</u>
<b>Retained profit carried forward</b>		<u><u>81,181</u></u>	<u><u>42,893</u></u>

The notes on pages 5 to 8 form an integral part of these financial statements.

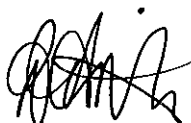
# Arrow Engineering Components Limited

## Balance Sheet as at 31 May 2000

	Notes	2000 £	1999 £
<b>Fixed Assets</b>			
Tangible assets	8	41,205	62,913
<b>Current Assets</b>			
Stocks		496,410	505,260
Debtors	9	317,043	349,003
Cash at bank and in hand		250	400
		<u>813,703</u>	<u>854,663</u>
<b>Creditors: amounts falling due within one year</b>	10	<u>(608,727)</u>	<u>(698,789)</u>
<b>Net Current Assets</b>		<u>204,976</u>	<u>155,874</u>
<b>Total Assets Less Current Liabilities</b>		<u>246,181</u>	<u>218,787</u>
<b>Creditors: amounts falling due after more than one year</b>	11	<u>-</u>	<u>(10,894)</u>
<b>Net Assets</b>		<u><u>246,181</u></u>	<u><u>207,893</u></u>
<b>Capital and Reserves</b>			
Called up share capital	12	165,000	165,000
Profit and loss account		81,181	42,893
<b>Shareholders' Funds</b>		<u><u>246,181</u></u>	<u><u>207,893</u></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 21/9/00 and signed on its behalf by



**R Arrowsmith**  
Director



**J L Arrowsmith**  
Director

The notes on pages 5 to 8 form an integral part of these financial statements.

## **Arrow Engineering Components Limited**

### **Notes to the Financial Statements for the year ended 31 May 2000**

#### **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 0% for the year.



# **Arrow Engineering Components Limited**

## **Notes to the Financial Statements for the year ended 31 May 2000**

..... continued

<b>3. Operating profit</b>	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Operating profit is stated after charging:		
Depreciation of tangible assets	15,914	29,272
Loss on disposal of tangible fixed assets	3,728	(2,703)
Auditors' remuneration	5,395	5,395
	<u>          </u>	<u>          </u>
<b>4. Interest payable and similar charges</b>	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Included in this category is the following:		
On loans and overdrafts	4,915	3,536
Hire purchase interest	2,147	2,348
	<u>          </u>	<u>          </u>
<b>5. Directors' emoluments</b>	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Remuneration and other benefits	63,936	66,950
	<u>          </u>	<u>          </u>
	<b>Number</b>	<b>Number</b>
Number of directors to whom retirement benefits are accruing under a money purchase scheme	2	1
<b>6. Pension costs</b>		
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 £3,957 (1999 - £2,957).		
<b>7. Taxation</b>	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
<b>UK current year taxation</b>		
UK Corporation Tax at 20% (1999 - 21%)	11,310	4,619
	<u>          </u>	<u>          </u>

# **Arrow Engineering Components Limited**

## **Notes to the Financial Statements for the year ended 31 May 2000**

..... continued

### **8. Tangible fixed assets**

	<b>Plant and machinery</b>	<b>Fixtures, fittings equipment</b>	<b>Motor vehicles</b>	<b>Computer equipment</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>					
At 1 June 1999	41,942	48,273	88,783	16,754	195,752
Additions	-	-	-	700	700
Disposals	-	-	(26,640)	-	(26,640)
At 31 May 2000	<u>41,942</u>	<u>48,273</u>	<u>62,143</u>	<u>17,454</u>	<u>169,812</u>
<b>Depreciation</b>					
At 1 June 1999	26,972	35,612	54,047	16,208	132,839
On disposals	-	-	(20,146)	-	(20,146)
Charge for the year	2,560	2,119	10,690	545	15,914
At 31 May 2000	<u>29,532</u>	<u>37,731</u>	<u>44,591</u>	<u>16,753</u>	<u>128,607</u>
<b>Net book values</b>					
At 31 May 2000	<u>12,410</u>	<u>10,542</u>	<u>17,552</u>	<u>701</u>	<u>41,205</u>
At 31 May 1999	<u>14,970</u>	<u>12,661</u>	<u>34,736</u>	<u>546</u>	<u>62,913</u>

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

	<b>2000</b>		<b>1999</b>	
<b>Asset description</b>	<b>Net book value</b>	<b>Depreciation charge</b>	<b>Net book value</b>	<b>Depreciation charge</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Motor vehicles	<u>17,552</u>	<u>10,690</u>	<u>32,189</u>	<u>12,664</u>

### **9. Debtors**

	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Trade debtors	306,926	340,920
Other debtors	2,727	281
Prepayments and accrued income	7,390	7,802
	<u>317,043</u>	<u>349,003</u>

# Arrow Engineering Components Limited

## Notes to the Financial Statements for the year ended 31 May 2000

..... continued

10. Creditors: amounts falling due within one year	2000 £	1999 £
Bank overdraft	61,448	59,406
Payments received against factored trade debtors	241,387	255,889
Net obligations under finance leases and hire purchase contracts	10,310	19,201
Trade creditors	193,460	282,047
Corporation tax	11,310	4,619
Other taxes and social security costs	38,482	24,938
Directors' accounts	37,120	35,830
Other creditors	512	1,223
Accruals and deferred income	14,698	15,636
	<u>608,727</u>	<u>698,789</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	2000 £	1999 £
Net obligations under finance leases and hire purchase contracts	-	10,894

12. Share capital	2000 £	1999 £
<b>Authorised</b>		
200,000 Ordinary shares of £1 each	<u>200,000</u>	<u>200,000</u>
<b>Allotted, called up and fully paid</b>		
165,000 Ordinary shares of £1 each	<u>165,000</u>	<u>165,000</u>

### 13. Transactions with directors

The company's bank borrowings are secured on property owned personally by R Arrowsmith and J L Arrowsmith.