

REGISTERED NUMBER 06407922 (England and Wales)

Annual Report and
Consolidated Financial Statements for the Year Ended 30 September 2009
for
Arrow Industrial Holdings Limited

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for the Year Ended 30 September 2009

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Arrow Industrial Holdings Limited

Company Information
for the Year Ended 30 September 2009

DIRECTORS:

D A Horner
J R Thistlethwayte
M E Thistlethwayte
N B Oliver

SECRETARY:

Finnies Limited

REGISTERED OFFICE:

930 Hedon Road
Hull
HU9 5QN

REGISTERED NUMBER:

06407922 (England and Wales)

AUDITORS:

PricewaterhouseCoopers LLP
Chartered Accountants and
Statutory Auditors
One Kingsway
Cardiff
CF10 3PW

Arrow Industrial Holdings Limited (Registered number 06407922)

Report of the Directors
for the Year Ended 30 September 2009

The directors present their report with the financial statements of the company and the group for the year ended 30 September 2009

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of a holding company

REVIEW OF BUSINESS

Arrow Industrial Group Limited

Arrow Industrial Group Limited distributes and manufactures industrial doors

The directors are satisfied with the results for the year

The market continues to be difficult in the tough economic climate, the company is continuing to develop its product range and is in talks with new potential major UK customers to boost turnover

The board has assessed that the following Key Performance Indicators (KPI's) are the most effective measures of progress towards achieving further growth of turnover and profitability

- Organic sales growth - year on year increase in sales revenue
- Gross return on sales - gross profit as a percentage of sales revenue
- Net return on sales - operating profit as a percentage of sales revenue
- Free cashflow - cash generated from operations less tax and interest paid

Performance against KPI's

	2009	2008
Organic sales growth	7.13%	-9.4%
Gross return on sales	47.42%	47.76%
Net return on sales	22.39%	18.49%
Free cashflow	£404,444	£515,654

DIVIDENDS

The redeemable preference shares attract an 8% dividend

	£
15 December 2008	109,453
16 March 2009	103,611
13 August 2009 (Fell due 11 June 2009)	105,913
15 September 2009	105,913
	<u>424,890</u>

The total distribution for the year ended 30 September 2008 was £230,339

Report of the Directors - continued
for the Year Ended 30 September 2009

DIRECTORS

The directors shown below have held office during the whole of the period from 1 October 2008 to the date of signing this report

D A Horner
J R Thistlethwayte
M E Thistlethwayte
N B Oliver

GOING CONCERN

The directors, after making enquiries, have considered the future prospects of Arrow Industrial Holdings Limited and its subsidiaries ("the group") and have a reasonable expectation that it will have adequate resources to continue operating for the foreseeable future. Therefore the going concern basis has been adopted in preparing these financial statements.

FINANCIAL RISKS

Details of the key financial risks that the company and the group are exposed to are given in note 1 to the financial statements "Accounting Policies".

PRINCIPAL RISKS AND UNCERTAINTIES

The company annually carries out an exercise to identify and assess the impact of risks on their business and the exercise has recently been reviewed. The more significant risks and uncertainties are in line with the rest of industrial door manufacturers and distributors of industrial doors, specifically customer retention, cost of materials, margins, profitability and competition.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 International Financial Reporting Standards as adopted for use in the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

Arrow Industrial Holdings Limited (Registered number 06407922)

Report of the Directors - continued
for the Year Ended 30 September 2009

AUDITORS

The auditors, PricewaterhouseCoopers LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, consisting of a large, stylized 'N' followed by a horizontal line and a small flourish.

N B. Oliver - Director

Date 26 March 2010

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARROW INDUSTRIAL HOLDINGS LIMITED

We have audited the group and parent company financial statements (the "financial statements") of Arrow Industrial Holdings Limited for the year ended 30 September 2009 which comprise the Consolidated Income Statement, the Consolidated Statement of Recognised Income and Expense, the Consolidated and Company Balance Sheets, the Consolidated and Company Cash Flow Statements, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2009 and of the group's profit and group's and parent company's cash flows for the year then ended,
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union,
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006,
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006, and

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARROW INDUSTRIAL HOLDINGS LIMITED

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

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



Jason Clarke Bsc ACA(Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff

30 March 2010

Arrow Industrial Holdings Limited (Registered number 06407922)

Consolidated Income Statement
for the Year Ended 30 September 2009

		Year Ended 30 9 09 £	Period 24 10 07 to 30 9 08 £
	Notes		
CONTINUING OPERATIONS			
Revenue	2	4,740,617	2,794,400
Cost of sales		<u>(2,492,631)</u>	<u>(1,420,247)</u>
GROSS PROFIT		2,247,986	1,374,153
Administrative expenses		<u>(1,220,587)</u>	<u>(874,907)</u>
OPERATING PROFIT		1,027,399	499,246
Finance costs	4	(6,976)	(10,994)
Redeemable preference share dividend	4	(424,890)	(246,950)
Finance income	4	<u>21</u>	<u>13,654</u>
PROFIT BEFORE INCOME TAX	5	595,554	254,956
Income tax	6	<u>(286,541)</u>	<u>(145,705)</u>
PROFIT FOR THE FINANCIAL YEAR /PERIOD		<u>309,013</u>	<u>109,251</u>
Attributable to Equity holders of the parent		<u>309,013</u>	<u>109,251</u>

The notes on pages 13 to 31 form part of these financial statements

Arrow Industrial Holdings Limited (Registered number 06407922)

Consolidated Statement of Recognised Income and Expense
for the Year Ended 30 September 2009


	Year Ended 30 9 09 £	Period 24 10 07 to 30 9 08 £
PROFIT FOR THE FINANCIAL YEAR / PERIOD	<u>309,013</u>	<u>109,251</u>
TOTAL RECOGNISED INCOME AND EXPENSE FOR THE YEAR / PERIOD	<u>309,013</u>	<u>109,251</u>
Attributable to Equity holders of the parent	<u>309,013</u>	<u>109,251</u>

The notes on pages 13 to 31 form part of these financial statements

Consolidated Balance Sheet
30 September 2009

	Notes	2009 £	2008 £
ASSETS			
NON-CURRENT ASSETS			
Goodwill	8	5,289,227	5,289,227
Property, plant and equipment	9	125,698	96,082
Investments	10	<u>2,000</u>	<u>2,000</u>
		<u>5,416,925</u>	<u>5,387,309</u>
CURRENT ASSETS			
Inventories	11	387,619	286,853
Trade and other receivables	12	1,181,977	937,675
Cash and cash equivalents	13	<u>93,953</u>	<u>195,589</u>
		<u>1,663,549</u>	<u>1,420,117</u>
TOTAL ASSETS		<u><u>7,080,474</u></u>	<u><u>6,807,426</u></u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	14	95,000	95,000
Retained earnings	15	<u>418,264</u>	<u>109,251</u>
TOTAL EQUITY		<u>513,264</u>	<u>204,251</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Redeemable preference shares classified as borrowings	17	<u>5,252,500</u>	<u>5,252,500</u>
CURRENT LIABILITIES			
Trade and other payables	16	1,027,388	1,129,733
Tax payable		<u>287,322</u>	<u>220,942</u>
		<u>1,314,710</u>	<u>1,350,675</u>
TOTAL LIABILITIES		<u>6,567,210</u>	<u>6,603,175</u>
TOTAL EQUITY AND LIABILITIES		<u><u>7,080,474</u></u>	<u><u>6,807,426</u></u>

The financial statements on pages 7 to 31 were approved by the Board of Directors on 26 March 2010 and were signed on its behalf by


N B Oliver Director

The notes on pages 13 to 31 form part of these financial statements

Company Balance Sheet
30 September 2009

	Notes	2009 £	2008 £
ASSETS			
NON-CURRENT ASSETS			
Goodwill	8	-	-
Property, plant and equipment	9	-	-
Investments	10	3,850,414	3,850,414
Trade and other receivables	12	<u>1,523,773</u>	<u>1,488,978</u>
		<u>5,374,187</u>	<u>5,339,392</u>
CURRENT ASSETS			
Trade and other receivables	12	-	9,406
Cash and cash equivalents	13	<u>-</u>	<u>11,989</u>
		<u>-</u>	<u>21,395</u>
TOTAL ASSETS		<u><u>5,374,187</u></u>	<u><u>5,360,787</u></u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	14	95,000	95,000
Retained earnings	15	<u>10,076</u>	<u>(15,488)</u>
TOTAL EQUITY		<u>105,076</u>	<u>79,512</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Redeemable preference shares classified as borrowings	17	<u>5,252,500</u>	<u>5,252,500</u>
CURRENT LIABILITIES			
Trade and other payables	16	<u>16,611</u>	<u>28,775</u>
TOTAL LIABILITIES		<u>5,269,111</u>	<u>5,281,275</u>
TOTAL EQUITY AND LIABILITIES		<u><u>5,374,187</u></u>	<u><u>5,360,787</u></u>

The notes on pages 13 to 31 form part of these financial statements

Arrow Industrial Holdings Limited (Registered number 06407922)

Consolidated Cash Flow Statement
for the Year Ended 30 September 2009

		Year Ended 30 9 09 £	Period 24 10 07 to 30 9 08 £
	Notes		
Cash flows from operating activities			
Cash generated from operations	22	604,277	750,297
Interest paid		(6,976)	(10,994)
Redeemable preference shares dividend		(424,890)	(230,339)
Income Tax		<u>(220,161)</u>	<u>(252,286)</u>
Net cash from operating activities		<u>(47,750)</u>	<u>256,678</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(53,907)	(1,450)
Acquisition of subsidiary net of cash		-	(3,800,830)
Interest received		<u>21</u>	<u>13,654</u>
Net cash from investing activities		<u>(53,886)</u>	<u>(3,788,626)</u>
Cash flows from financing activities			
Ordinary Share issue		-	95,000
Preference share issue		-	5,252,500
Settlement of borrowings		<u>-</u>	<u>(1,619,963)</u>
Net cash from financing activities		<u>-</u>	<u>3,727,537</u>
(Decrease)/Increase in cash and cash equivalents		(101,636)	195,589
Cash and cash equivalents at beginning of year	23	<u>195,589</u>	<u>-</u>
Cash and cash equivalents at end of year	23	<u><u>93,953</u></u>	<u><u>195,589</u></u>

The notes on pages 13 to 31 form part of these financial statements

Arrow Industrial Holdings Limited (Registered number 06407922)

Company Cash Flow Statement
for the Year Ended 30 September 2009

		Year Ended 30 9 09 £	Period 24 10 07 to 30 9 08 £
	Notes		
Cash flows from operating activities			
Cash generated from operations	22	(36,849)	(9,406)
Interest paid		-	(4,851)
Redeemable preference shares dividend		<u>(424,890)</u>	<u>(230,339)</u>
Net cash from operating activities		<u>(461,739)</u>	<u>(244,596)</u>
 Cash flows from investing activities			
Purchase of fixed asset investments		-	(3,850,414)
Interest received		-	11,989
Dividends received		<u>475,000</u>	<u>235,081</u>
Net cash from investing activities		<u>475,000</u>	<u>(3,603,344)</u>
 Cash flows from financing activities			
Intercompany account movement		(25,250)	(1,487,571)
Share issue		-	95,000
Preference share issue		<u>-</u>	<u>5,252,500</u>
Net cash from financing activities		<u>(25,250)</u>	<u>3,859,929</u>
 (Decrease)/increase in cash and cash equivalents		 <u>(11,989)</u>	 <u>11,989</u>
Cash and cash equivalents at beginning of year	23	<u>11,989</u>	<u>-</u>
Cash and cash equivalents at end of year	23	<u><u>-</u></u>	<u><u>11,989</u></u>

The notes on pages 13 to 31 form part of these financial statements

Notes to the Consolidated Financial Statements
for the Year Ended 30 September 2009

I ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

These financial statements have been prepared on the going concern basis, in accordance with International Financial Reporting Standards as adopted by the European Union and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

Basis of consolidation

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which the control is transferred to the group. They are de-consolidated from the date the control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition's, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the group's share of identifiable net assets acquired recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

New accounting standards and interpretations

New accounting standards and interpretations have been issued during the year. The Group's approach to these is as follows:

Standards, amendments and interpretations effective in 2009 but not relevant

The following standards, amendments and interpretations are mandatory for the first time for the current accounting period but are not relevant to the Group's operations:

IFRIC 12	Service Concession Arrangements
IFRIC 14	The limit on a Defined Benefit Asset, Minimum Funding Requirement and their Interaction

Interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following interpretations to existing standards have been published that are mandatory for the Group's future accounting but which the Group has not early adopted:

IFRS 1 and IAS 27	Cost of an investment in a Subsidiary, Jointly Controlled Entity or Associate
IFRS 7	Financial Instruments - Disclosures (amended)
IFRS 8	Operating Segments
IAS 1	Presentation of Financial Statements (revised September 2007)

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 September 2009

I ACCOUNTING POLICIES - continued

IAS 23	Borrowing Costs (revised March 2007)
IAS 27	Consolidated and Separate Financial Statements (amended)

Upon adoption of IFRS8, the Group will have to disclose additional information about its operating segments, although it is anticipated there will be no effect on reported income and net assets

Interpretations to existing standards that are not yet effective and are not relevant for the Group's operations

IFRS 2	Share-based Payments - Vesting Conditions and Cancellations
IFRS 3	Business Combinations (revised January 2008)
IAS 32 and IAS 1	Financial Instruments Puttable at Fair Value and Obligations arising on Liquidation
IAS 39	Eligible Hedged IFRIC 13 Customer Loyalty Programmes
IFRIC 15	Agreements for the Construction of Real Estate
IFRIC 16	Hedges of a Net Investment in a Foreign Operation
IFRIC 17	Distribution of Non-cash Assets

Revenue recognition

Sales of goods are recognised when the company sells a product to the customer, the customer has accepted the order and delivery has been agreed. The company will invoice the customer at this agreed date if the order is ready for dispatch albeit the customer might chose to delay deliver for its own operational purposes

Dividend income is recognised when the right to receive payments is established

Goodwill

Goodwill is the excess of the fair value of the consideration paid for a business over the fair value of the identifiable assets, liabilities and contingent liabilities acquired. Goodwill is capitalised and subject to an impairment review, both annually and when there are indications that the carrying value may not be recoverable

Impairment is determined by assessing the recoverable amount of cash-generating unit to which the goodwill relates. When the recoverable amount is less than the carrying amount, an impairment loss is recognised. When an entity is disposed of, any goodwill associated with it is included in the carrying amount of the operation when determining the gain or loss on disposal except that goodwill arising on acquisitions prior to 30 September 2006 which was previously deducted from equity is not recycled through the income statement

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 September 2009

1 ACCOUNTING POLICIES - continued

IAS 23	Borrowing Costs (revised March 2007)
IAS 27	Consolidated and Separate Financial Statements (amended)

Improvements to IFRS

Upon adoption of IFRS8, the Group will have to disclose additional information about its operating segments, although it is anticipated there will be no effect on reported income and net assets

Interpretations to existing standards that are not yet effective and are not relevant for the Group's operations

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IFRIC 17	Distribution of Non-cash Assets

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Dividend income is recognised when the right to receive payments is established

Goodwill

Goodwill is the excess of the fair value of the consideration paid for a business over the fair value of the identifiable assets, liabilities and contingent liabilities acquired. Goodwill is capitalised and subject to an impairment review, both annually and when there are indications that the carrying value may not be recoverable

Impairment is determined by assessing the recoverable amount of cash-generating unit to which the goodwill relates. When the recoverable amount is less than the carrying amount, an impairment loss is recognised. When an entity is disposed of, any goodwill associated with it is included in the carrying amount of the operation when determining the gain or loss on disposal except that goodwill arising on acquisitions prior to 30 September 2006 which was previously deducted from equity is not recycled through the income statement

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 September 2009

1 ACCOUNTING POLICIES - continued

Property, plant and equipment

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

Improvements to property	- 33 33% pa on written down value
Fixtures and fittings	- 20% pa on written down value and 15% pa on written down value
Motor vehicles	- 15% pa on written down value
Computer equipment	- 33% pa on cost

All property, plant and equipment is stated at historical cost less accumulated depreciation. The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the asset.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains - net' in the income statement.

Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost of work in progress and finished goods includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Cost is determined using a first in first out method.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 September 2009

I ACCOUNTING POLICIES - continued

Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity. In this case the tax is also recognised in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Foreign currencies

a) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Pounds Sterling, which is the company's functional and the group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within 'other (losses)/gains - net'.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The group leases certain property, plant and equipment. Leases of property, plant and equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 September 2009

1 ACCOUNTING POLICIES - continued

Financial assets

The classification of financial assets depends on the purpose for which the financial assets were acquired and management determines the classification of its financial assets at initial recognition. The company currently has a single class of financial asset, being loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The group's loans and receivables comprise 'trade and other receivables' and cash and cash equivalents in the balance sheet.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payment are considered indicators that the trade receivable is impaired. The carrying amount of the asset is reduced through the use of a provision account, and the amount of loss is recognised within administrative expenses in the income statement.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments, with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Share capital

Ordinary shares are classified as equity. Mandatory redeemable preference shares are classified as liabilities. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Trade payables

Trade payables are non-derivative financial liabilities with fixed or determinable payments. Trade payables are included in current liabilities, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

Borrowings

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the income statement as interest expense.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 September 2009

I ACCOUNTING POLICIES - continued

Financial Risk

Financial risk factors

The company's operations expose it to a variety of financial risks that include the effects of credit risk, liquidity risk and interest rate risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the executive directors.

(a) Credit risk

The company has implemented policies that require maintaining appropriate credit limits on all customers. The company's credit risk is primarily attributable to its trade receivables balance. The amounts presented in the balance sheet are net of allowances for doubtful debts.

(b) Interest rate cash flow risk

The company has both interest bearing assets and interest bearing liabilities. Interest bearing assets comprise only cash balances, which earn interest at floating rates. Interest bearing liabilities comprise redeemable preference shares at fixed rates and overdraft facilities at floating rates.

(c) Liquidity risk

The company keeps its funding requirements under constant review. The bank facility comprises of an invoice discounting facility. The company monitors the facility on a daily basis and operates within the facility at all times. In addition, it benefits from strong cashflow from its normal trading activities.

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (note 8).

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 September 2009

2 SEGMENTAL REPORTING

Arrow Industrial Group Limited, the trading company, trades mainly within the UK, however sales can be attributed to the following areas

	Year Ended 30 9 09 £	Period 24 10 07 to 30 9 08 £
United Kingdom	4,704,050	2,736,490
European Union	36,567	57,910
	<u>4,740,617</u>	<u>2,794,400</u>

3 EMPLOYEES AND DIRECTORS

	Year Ended 30 9 09 £	Period 24 10 07 to 30 9 08 £
Wages and salaries	682,663	427,749
Social security costs	63,743	43,333
	<u>746,406</u>	<u>471,082</u>

The average monthly number of employees during the year was as follows

	Year Ended 30 9 09	Period 24 10 07 to 30 9 08
Directors	4	4
Direct workforce	10	11
Sales, technical and administration	19	20
	<u>33</u>	<u>35</u>

	2009 £	2008 £
Directors' emoluments	168,576	149,003
Compensation to director for loss of office	-	5,000
	<u>-</u>	<u>5,000</u>

4 NET FINANCE COSTS

	Year Ended 30 9 09 £	Period 24 10 07 to 30 9 08 £
Finance income		
Deposit account interest	21	13,654
	<u>21</u>	<u>13,654</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 September 2009

4 NET FINANCE COSTS - continued

	Year Ended 30 9 09 £	Period 24 10 07 to 30 9 08 £
Finance costs		
Bank borrowings	6,976	10,994
Preference dividend	<u>424,890</u>	<u>246,950</u>
	<u>431,866</u>	<u>257,944</u>
Net finance costs	<u>431,845</u>	<u>244,290</u>

5 PROFIT BEFORE INCOME TAX

The profit before income tax is stated after charging

	Year Ended 30 9 09 £	Period 24 10 07 to 30 9 08 £
Cost of inventories recognised as expense	2,492,631	1,420,247
Hire of plant and machinery	10,860	13,706
Fees payable to company's auditors in respect of statutory audit (Group)	14,000	17,000
Depreciation - owned assets	<u>30,071</u>	<u>31,311</u>

6 INCOME TAX

Analysis of the tax charge

	Year Ended 30 9 09 £	Period 24 10 07 to 30 9 08 £
Current tax		
Tax	286,541	145,666
Adjustment in respect of earlier years	<u>-</u>	<u>(28)</u>
Total current tax	286,541	145,638
Deferred tax	<u>-</u>	<u>67</u>
Total tax charge in income statement	<u>286,541</u>	<u>145,705</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 September 2009

6 INCOME TAX - continued

Factors affecting the tax charge

The tax assessed for the year is higher (2008 higher) than the standard rate of corporation tax in the UK. The difference is explained below

	Year Ended 30 9 09 £	Period 24 10 07 to 30 9 08 £
Profit on ordinary activities before tax	<u>595,554</u>	<u>254,956</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008 - 29%)	166,755	73,937
Effects of		
Depreciation in excess of Capital and Industrial Buildings Allowances	(923)	1,639
Expenses not deductible for tax purposes	1,740	3,115
Preference dividend included in net finance costs	118,969	71,615
Adjustment in respect of previous year	-	(28)
Group relief adjustment	-	(161)
Adjustment with reference to provision on completion accounts	-	(4,479)
Total income tax	<u>286,541</u>	<u>145,638</u>

The standard rate of Corporation Tax in the UK changed from 30% to 28% with effect from 1 April 2008

7 PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £25,564 (2008 - £(15,488) loss)

8 GOODWILL

Group

£

COST

At 1 October 2008
and 30 September 2009

5,289,227

NET BOOK VALUE

At 30 September 2009

5,289,227

£

COST

Additions

5,289,227

At 30 September 2008

5,289,227

NET BOOK VALUE

At 30 September 2008

5,289,227

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 September 2009

8 GOODWILL - continued

Group

Impairment test for goodwill

As stated in note 2, management consider that the group has only one operating segment. As such, management also regard the group as consisting of only one cash generating unit.

The recoverable amount of a cash generating unit is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a two year period. Cash flows beyond the two year period are extrapolated using the estimated growth rate shown below. The growth rate does not exceed the long-term average growth rate for the business in which the group operates.

The key assumptions used for the value-in-use calculations are as follows:

Discount rate 8%
Growth rate 2.25%

The growth rate used is consistent with management's expectations taking into account the current economy and industry information. The discount rates used are pre-tax and reflect the cost of capital as represented by the preference dividend.

The company has no goodwill.

9 PROPERTY, PLANT AND EQUIPMENT

Group

	Improvements to property £	Plant and machinery £	Fixtures and fittings £
COST			
At 1 October 2008	-	3,454	72,549
Additions	<u>11,675</u>	<u>-</u>	<u>7,630</u>
At 30 September 2009	<u>11,675</u>	<u>3,454</u>	<u>80,179</u>
DEPRECIATION			
At 1 October 2008	-	318	9,748
Charge for year	<u>937</u>	<u>439</u>	<u>11,124</u>
At 30 September 2009	<u>937</u>	<u>757</u>	<u>20,872</u>
NET BOOK VALUE			
At 30 September 2009	<u>10,738</u>	<u>2,697</u>	<u>59,307</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 September 2009

9 PROPERTY, PLANT AND EQUIPMENT - continued

Group

	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 October 2008	5,273	26,819	108,095
Additions	-	34,602	53,907
At 30 September 2009	5,273	61,421	162,002
DEPRECIATION			
At 1 October 2008	791	1,156	12,013
Charge for year	628	11,163	24,291
At 30 September 2009	1,419	12,319	36,304
NET BOOK VALUE			
At 30 September 2009	3,854	49,102	125,698

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST					
Acquisition through business combination	2,004	72,549	5,273	26,819	106,645
Additions	1,450	-	-	-	1,450
At 30 September 2008	3,454	72,549	5,273	26,819	108,095
DEPRECIATION					
Charge for year	318	9,748	791	1,156	12,013
At 30 September 2008	318	9,748	791	1,156	12,013
NET BOOK VALUE					
At 30 September 2008	3,136	62,801	4,482	25,663	96,082

The company has no property, plant and equipment

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 September 2009

10 INVESTMENTS

Group

Shares in
group
undertakings
£

COST

At 1 October 2008
and 30 September 2009

2,000

NET BOOK VALUE

At 30 September 2009

2,000

Shares in
group
undertakings
£

COST

Acquisition through business
combination

2,000

At 30 September 2008

2,000

NET BOOK VALUE

At 30 September 2008

2,000

Company

Shares in
group
undertakings
£

COST

At 1 October 2008
and 30 September 2009

3,850,414

NET BOOK VALUE

At 30 September 2009

3,850,414

Shares in
group
undertakings
£

COST

Acquisition through business
combination

3,850,414

At 30 September 2008

3,850,414

NET BOOK VALUE

At 30 September 2008

3,850,414

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 September 2009

10 INVESTMENTS - continued

Company

The group or the company's investments at the balance sheet date in the share capital of companies include the following

Subsidiaries

Arrow Industrial Group Limited

Nature of business Industrial doors

	% holding		
Class of shares	100 00		
Ordinary		2009 £	2008 £
Aggregate capital and reserves		2,579,831	2,296,382
Profit for the year/period		<u>758,449</u>	<u>293,414</u>

The subsidiary undertaking is included in the consolidation. The proportion of the voting rights in the subsidiary undertaking held directly by the parent company do not differ from the proportion of ordinary shares held.

Arrow Industrial Limited

Nature of business Non trading company

	% holding		
Class of shares	100 00		
Ordinary		2009 £	2008 £
Aggregate capital and reserves		<u>1,000</u>	<u>1,000</u>

The company is party to a cross guarantee arrangement dated 31 October 2002 to Barclays Bank plc.

The subsidiary undertaking is not included in the consolidation as it is non-trading. The proportion of the voting rights in the subsidiary undertaking held directly by the parent company do not differ from the proportion of ordinary shares held.

Arrow Rapid Roll Doors Limited

Nature of business Non trading company

	% holding		
Class of shares	100 00		
Ordinary		2009 £	2008 £
Aggregate capital and reserves		<u>1,000</u>	<u>1,000</u>

The company is party to a cross guarantee arrangement dated 31 October 2002 to Barclays Bank plc.

The subsidiary undertaking is not included in the consolidation as it is non-trading. The proportion of the voting rights in the subsidiary undertaking held directly by the parent company do not differ from the proportion of ordinary shares held.

11 INVENTORIES

	Group	
	2009 £	2008 £
Materials	380,619	279,853
Work-in-progress	<u>7,000</u>	<u>7,000</u>
	<u>387,619</u>	<u>286,853</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 September 2009

12 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Trade receivables	1,180,343	977,294	-	-
Less provision for impairment of receivables	(26,570)	(70,305)	-	-
	1,153,773	906,989	-	-
Other receivables	-	9,406	-	9,406
Prepayments	28,204	21,280	-	-
	<u>1,181,977</u>	<u>937,675</u>	<u>-</u>	<u>9,406</u>

In addition, within the parent company, there are amounts owed from Arrow Industrial Group Limited of £1,523,773 (2008 £1,479,572). These amounts become due after more than one year. The balances are non interest bearing.

The fair value of trade and other receivables are the same as the carrying values shown above.

As of 30 September 2009, trade receivables of £331,713 (2008 £277,083) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2009	2008
	£	£
Up to 3 months	232,350	247,675
3 to 6 months	<u>79,363</u>	<u>29,408</u>
	<u>311,713</u>	<u>277,083</u>

As of 30 September 2009, trade receivables of £26,570 (2008 £70,305) were impaired and provided for. The ageing analysis of these trade receivables is as follows:

	2009	2008
	£	£
Up to 3 months	-	-
3 to 6 months	<u>26,570</u>	<u>70,305</u>
	<u>26,570</u>	<u>70,305</u>

Movements on the group provision for impairment of trade receivables are as follows:

	2009	2008
	£	£
On incorporation	-	-
1 October / provision existing on acquisition	70,305	22,541
Amounts written off as uncollectable	(70,305)	-
Provide in the year	<u>26,570</u>	<u>47,764</u>
	<u>26,570</u>	<u>70,305</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 September 2009

13 CASH AND CASH EQUIVALENTS

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Cash in hand	1,886	1,260	-	-
Bank accounts	<u>92,067</u>	<u>194,329</u>	<u>-</u>	<u>11,989</u>
	<u>93,953</u>	<u>195,589</u>	<u>-</u>	<u>11,989</u>

14 CALLED UP SHARE CAPITAL
Group and Company

Allotted, issued and fully paid			2009	2008
Number	Class	Nominal value	£	£
95,000	Ordinary	£1	<u>95,000</u>	<u>95,000</u>

See note 17 for details of preference shares in issue

15 RESERVES

Group

	Retained earnings £
At 1 October 2008	109,251
Profit for the financial year	<u>309,013</u>
At 30 September 2009	<u>418,264</u>

Company

	Retained earnings £
At 1 October 2008	(15,488)
Profit for the financial year	<u>25,564</u>
At 30 September 2009	<u>10,076</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 September 2009

16 TRADE AND OTHER PAYABLES

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Current				
Trade payables	747,493	882,914	-	-
Amounts owed to group undertakings	2,000	2,000	-	-
Social security and other taxes	154,875	119,321	-	-
Accrued expenses	123,020	125,498	16,611	28,775
	<u>1,027,388</u>	<u>1,129,733</u>	<u>16,611</u>	<u>28,775</u>

17 FINANCIAL LIABILITIES - BORROWINGS

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Non-current				
Preference shares	<u>5,252,500</u>	<u>5,252,500</u>	<u>5,252,500</u>	<u>5,252,500</u>

The redeemable preference shares carry a fixed dividend rate of 8% which accrues on a daily basis and is payable quarterly. The holder of the preference shares are also entitled to 5% of the value of any dividend paid to ordinary share holders.

The holders of the Preference shares are not entitled to receive notice of, or attend and vote at any general meeting of the Company unless the business of the meeting includes a resolution for any one of the following matters: wind up or dissolve the company, or repayment or reduction of share capital, or to vary or sabotage any of the class rights attached to the Preference shares.

The shares can be redeemed no earlier than 2013 at the shareholders request. The carrying amount of the preference shares approximates its fair value.

The 'A' preference shares rank above the 'B' preference shares for priority in respect of the payment of income and capital.

Details of shares shown as liabilities are as follows:

Allotted, issued and fully paid				
Number	Class	Nominal value	2009	2008
			£	£
3,400,000	A preference	£1	3,400,000	3,400,000
1,852,500	B Preference	£1	<u>1,852,500</u>	<u>1,852,500</u>
			<u>5,252,500</u>	<u>5,252,500</u>

18 LEASING AGREEMENTS

The total of future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2009	2008
	£	£
Not later than one year	73,186	10,282
Later than one year and not later than five years	<u>15,412</u>	<u>67,186</u>
	<u>88,598</u>	<u>77,468</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 September 2009

19 CONTINGENT LIABILITIES

As at 30 September 2009 the company had outstanding indemnities to Barclays Bank plc amounting to £70,000 in respect of a bond to H M Revenue & Customs

20 ULTIMATE AND CONTROLLING PARTY AND RELATED PARTY DISCLOSURES

The Group is controlled by Mr M E Thistlethwayte who holds 58% of the issued ordinary shares of the company Mr Thistlethwayte is also the ultimate controlling party

Group

Chelverton Asset Management Limited is a company controlled by D A Horner, a director of the Company During the period Chelverton Asset Management Limited provided professional services regarding the provision of Mr Horner's services as a director of the company amounting to £20,000 (2008 £12,164)

Buckland Capital Limited is a company controlled by M E Thistlethwayte a director of the company During the period to 30 September 2008 Buckland Capital Limited provided professional services to the company amounting to £49,375 No professional services were provided in the year ended 30 September 2009

The company premises are leased from N Oliver, a director and shareholder, and the lease charge for the year was £69,000 (2008 period £36,750) This is paid on a quarterly basis in advance The company is committed to this lease until November 2011

The group paid preference share dividends to the following related parties in the year/period

	2009	2008
	£	£
N B Oliver	31,200	22,631
J R Thistlethwayte	393,690	212,559

Company

Dividends totalling £475,000 (2008 £235,081) were received from the subsidiary Arrow Industrial Group Limited during the year

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 September 2009

21 CHANGES IN EQUITY

Group

	2009 £	2008 £
Profit for the financial year	309,013	109,251
Ordinary shares issued	-	95,000
Net addition to equity	309,013	204,251
Opening shareholders' funds	204,251	-
Closing equity	513,264	204,251

Company

	2009 £	2008 £
Profit/(loss) for the financial year	25,564	(15,488)
Ordinary shares issued	-	95,000
Net addition equity	25,564	79,512
Opening equity	79,512	-
Closing equity	105,076	79,512

22 RECONCILIATION OF PROFIT BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

Group

	Year Ended 30 9 09 £	Period 24 10 07 to 30 9 08 £
Profit before income tax	595,554	254,956
Depreciation charges	24,291	12,013
Finance costs	431,866	257,944
Finance income	(21)	(13,654)
	1,051,690	511,259
Increase in inventories	(100,766)	(11,559)
(Increase)/decrease in trade and other receivables	(244,302)	16,175
(Decrease)/increase in trade and other payables	(102,345)	234,422
Cash generated from operations	604,277	750,297

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 September 2009

22 RECONCILIATION OF PROFIT/(LOSS) BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS - continued

Company

	Year Ended 30 9 09 £	Period 24 10 07 to 30 9 08 £
Profit/(loss) before income tax	16,019	(16 895)
Finance costs	424,890	251,801
Finance income	(475,000)	(247,070)
	(34,091)	(12,164)
Decrease/(increase) in trade and other receivables	9,406	(9,406)
(Decrease)/increase in trade and other payables	(12,164)	12,164
Cash generated from operations	(36,849)	(9,406)

23 CASH AND CASH EQUIVALENTS

The amounts disclosed on the cash flow statements in respect of cash and cash equivalents are in respect of these balance sheet amounts

	Group		Company	
Year ended 30 September 2009	30 9 09 £	1 10 08 £	30 9 09 £	1 10 08 £
Cash and cash equivalents	<u>93,953</u>	<u>195,589</u>	<u>-</u>	<u>11,989</u>
Period ended 30 September 2008	30 9 08 £	24 10 07 £	30 9 08 £	24 10 07 £
Cash and cash equivalents	<u>195,589</u>	<u>-</u>	<u>11,989</u>	<u>-</u>