

# Arrow Industrial Holdings Limited

Report and Financial Statements

Year Ended

30 September 2018

Company Number 06407922



# Arrow Industrial Holdings Limited

Report and financial statements  
for the year ended 30 September 2018

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## Directors

M E Thistlethwayte  
N B Oliver  
D C Harbord

## Registered office

930 Hedon Road, Hull, HU9 5QN

## Company number

06407922

## Auditor

RSM UK Audit LLP, Portland, 25 High Street, Crawley, West Sussex, RH10 1BG

# Arrow Industrial Holdings Limited

## Strategic Report for the year ended 30 September 2018

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The directors present their Annual Report together with the audited financial statements for the year ended 30 September 2018.

### Review of business

The company is a holding company and controls its two trading subsidiary undertakings, Arrow Industrial Group Limited and Advanced Doors Limited. The Directors consider the financial position and performance of the company to be satisfactory. During the year the trade of Advanced Doors Limited transferred into Arrow Industrial Group Limited.

As the company is non-trading, the company's Directors are of the opinion that the analysis using key performance indicators is not necessary for an understanding of the development, performance, or position of the business.

### Principal risks and uncertainties

The Directors are of the opinion that the principal risk that the company's subsidiaries face is the economic risk and the difficult trading conditions which may continue within the market.

The process of risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to Board approval and ongoing review by management. Compliance with regulations, legal and ethical standards is a high priority for the company.

### Financial risk management

The businesses' operations may expose it to a variety of financial risks. These are discussed further in note 3 to the financial statements.

### Future developments

The Directors anticipate that the company will continue as a holding company and will not trade.

### Approval

This strategic report was approved by order of the Board on 19 December 2018.

**D C Harbord**  
Director

**Date 19 December 2018**

# Arrow Industrial Holdings Limited

## Report of the Directors for the year ended 30 September 2018

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The directors present their Annual Report together with the audited financial statements for the year ended 30 September 2018. The principal activity is that of a holding company.

### Directors

The directors of the Company during the year were:

M E Thistlethwayte  
N B Oliver  
D C Harbord

The Company purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its directors.

### Strategic report

The information on likely future developments is not shown in the Directors' Report as it is shown in the Strategic Report in accordance with s414C(ii) of the Companies Act 2006.

### Results and dividends

The statement of comprehensive income is set out on page 6 and shows the result for the year.

During the year ordinary share dividends of £nil (2017 - £nil) have been paid. Dividends paid on redeemable preference shares of £277,950 (2017 - £277,950) have been charged as finance costs.

### Directors' responsibilities

The directors are responsible for preparing the directors' 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 International Financial Reporting Standards (IFRSs) as adopted by 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 of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, 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 company will continue in business.

# Arrow Industrial Holdings Limited

## Report of the Directors for the year ended 30 September 2018 *(continued)*

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### Directors' responsibilities (continued)

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

### Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

RSM UK Audit LLP are deemed to be reappointed under section 487 (2) of the Companies Act 2006.

### On behalf of the Board



D C Harbord  
Director

Date 19 December 2018

# Arrow Industrial Holdings Limited

## Independent Auditor's Report to the members of Arrow Industrial Holdings Limited

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### Opinion

We have audited the financial statements of Arrow Industrial Holdings Limited (the 'company') for the year ended 30 September 2018 which comprise the statement of comprehensive income, the statement of financial position, the statement of cash flows, the statement of changes in equity 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2018 and of its result for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union;
- 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 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 the 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.

# Arrow Industrial Holdings Limited

## Independent Auditor's Report to the members of Arrow Industrial Holdings Limited (*continued*)

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

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

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

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

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on pages 2 and 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

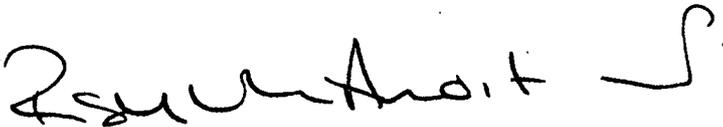
### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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.



GEOFF WIGHTWICK BA FCA (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
Portland  
25 High Street  
Crawley  
West Sussex  
RH10 1BG

Date 21.12.18

# Arrow Industrial Holdings Limited

## Statement of Comprehensive Income for the year ended 30 September 2018

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	Note	2018 £	2017 £
<b>Revenue</b>			
Dividends received from subsidiary companies		277,950	277,950
Administrative expenses		-	-
		<hr/>	<hr/>
<b>Operating profit</b>		277,950	277,950
Finance costs – redeemable preference share dividends	8	(277,950)	(277,950)
		<hr/>	<hr/>
<b>Profit before tax</b>		-	-
		<hr/>	<hr/>
Tax expense	9	-	-
		<hr/>	<hr/>
<b>Profit for the year from continuing operations</b>		-	-
		<hr/>	<hr/>
<b>Profit for the year</b>		-	-
		<hr/>	<hr/>
<b>Profit attributable to:</b>			
Equity holders of the company		-	-
		<hr/>	<hr/>

The company has no other items of comprehensive income and as such the Statement of Comprehensive Income for the year agrees to the profit for the year.

The notes on pages 10 to 23 form part of these financial statements.

# Arrow Industrial Holdings Limited

## Statement of Financial Position at 30 September 2018

<i>Company number 06407922</i>	Note	2018 £	2018 £	2017 £	2017 £
<b>Assets</b>					
<b>Non-current assets</b>					
Investments in subsidiaries	10		4,750,414		4,750,414
<b>Total Non-current assets</b>			<u>4,750,414</u>		<u>4,750,414</u>
<b>Current assets</b>					
Trade and other receivables	11	764,742		486,792	
			<u>764,742</u>		<u>486,792</u>
<b>Total assets</b>			<u>5,515,156</u>		<u>5,237,206</u>
<b>Equity attributable to equity holders</b>					
Ordinary share capital	12	95,000		95,000	
Retained earnings	13	(5,816)		(5,816)	
<b>Total equity</b>			89,184		89,184
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Borrowings – Redeemable preference shares	14	4,502,500		4,502,500	
Trade and other payables	15	143,927		143,927	
<b>Total Non-current liabilities</b>			<u>4,646,427</u>		<u>4,646,427</u>
<b>Current liabilities</b>					
Other payables	15	779,545		501,595	
			<u>779,545</u>		<u>501,595</u>
<b>Total liabilities</b>			<u>5,425,972</u>		<u>5,148,022</u>
<b>Total equity and liabilities</b>			<u>5,515,156</u>		<u>5,237,206</u>

The financial statements on pages 5 to 23 were approved and authorised for issue by the Board of Directors on 19 December 2018 and were signed on its behalf by:



D C Harbord  
Director

The notes on pages 10 to 23 form part of these financial statements.

# Arrow Industrial Holdings Limited

## Statement of Cash Flows at 30 September 2018

	Note	2018 £	2018 £	2017 £	2017 £
<b>Cash flows used in operating activities</b>	18		-		-
<b>Cash flows from investing activities</b>					
Dividends received from subsidiary companies		-		-	
Settlement of loans advanced to subsidiary companies		-		-	
Investment in subsidiary		-		-	
<b>Net cash generated from investing activities</b>			-		-
<b>Cash flows from financing activities</b>					
Interest paid – redeemable preference share dividends		-		-	
Loan from subsidiary		-		-	
<b>Net cash used in financing activities</b>			-		-
<b>Net increase in cash and cash equivalents</b>			-		-
Cash and cash equivalents at the beginning of the year			-		-
<b>Cash and cash equivalents at the end of the year</b>			-		-

The notes on pages 10 to 23 form part of these financial statements

# Arrow Industrial Holdings Limited

## Statement of Changes in Equity for the year ended 30 September 2018

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	Ordinary share capital £	Retained earnings £	Total £
Balance at 30 September 2016	95,000	(5,816)	89,184
<b>Comprehensive income</b>			
Profit for the year	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Total comprehensive income</b>	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Balance at 30 September 2017</b>	95,000	(5,816)	89,184
<b>Comprehensive income</b>			
Profit for the year	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Total comprehensive income</b>	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Balance at 30 September 2018</b>	<u>95,000</u>	<u>(5,816)</u>	<u>89,184</u>

The notes on pages 10 to 23 form part of these financial statements

# Arrow Industrial Holdings Limited

## Notes Forming Part of the Financial Statements for the year ended 30 September 2018

### 1 General information

Arrow Industrial Holdings Limited is a holding company

The Company is a private limited company and is incorporated and domiciled in the United Kingdom. The registered office is located at 930 Hedon Road, Hull, HU9 5QN.

### 2 Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

#### *Basis of preparation*

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the financial statements are disclosed in note 4.

These separate financial statements contain information about Arrow Industrial Holdings Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken advantage of the exemption under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiaries are included by full consolidation in the consolidated financial statements of its ultimate parent, Portchester Equity Limited, a company incorporated in the United Kingdom. Copies of the financial statements of the ultimate parent are available from Portchester Equity Limited, 20 Jewry Street, Winchester, Hampshire, SO23 8RZ

#### *New accounting standards, interpretations and future accounting developments*

The following new standards, amendments to standards and interpretations that have been issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee are to be applied to financial statements with periods commencing on or after the following dates:

<b>Title</b>	<b>Implementation</b>	<b>Anticipated effect on the Company</b>
IFRS 4	1 January 2018	Management is considering future impact
IFRS 9	1 January 2018	Management is considering future impact
IFRS 15	1 January 2018	Management is considering future impact
IFRS 16	1 January 2018	Management is considering future impact
IFRIC 22	1 January 2018	Management is considering future impact
IFRIC 23	1 January 2019	Management is considering future impact

The Directors are still assessing the impact of the above standards on the financial statements. There have been small amendments to other IFRS in issue however, the Directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the Company.

# Arrow Industrial Holdings Limited

## Notes Forming Part of the Financial Statements for the year ended 30 September 2018 *(continued)*

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### 2 Accounting policies *(continued)*

#### *Going concern*

The Directors believe that the company has adequate resources to continue in operational existence for the foreseeable future. The Directors therefore believe it is appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements.

#### *Investments in subsidiaries*

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment.

#### *Foreign currency translation*

##### *(a) Functional and presentation currency*

The functional and presentation currency of the Company is Pounds Sterling. Monetary values in these financial statements are rounded to the nearest whole £1, except where otherwise indicated.

##### *(b) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

#### *Financial assets*

##### *Classification*

The Company classifies its financial assets in one category - "loans and receivables". The classification 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's loans and receivables comprise 'trade and other receivables' and cash balances in the Statement of Financial Position.

##### *a) 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 Statement of Financial Position date. These are classified as non-current assets.

# Arrow Industrial Holdings Limited

## Notes Forming Part of the Financial Statements for the year ended 30 September 2018 (continued)

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### 2 Accounting policies (continued)

#### *Recognition and measurement*

Loans and receivables are subsequently carried at amortised cost using the effective interest rate method.

#### *Trade and other receivables*

Trade and other 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 amount of provision recorded is the difference between the assets' carrying amount and the present value of estimate future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of a provision account, and the amount of the loss is recognised within administrative expenses in the Statement of Comprehensive Income.

#### *Share capital*

Ordinary shares are classified as equity. Mandatorily 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 and other payables*

Trade and other payables are non-derivative financial liabilities with fixed or determinable payments and relate to obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are included in current liabilities, except for maturities greater than 12 months after the statement of financial position date. These are classified as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

#### *Borrowings*

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of borrowings using the effective interest rate method.

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

# Arrow Industrial Holdings Limited

## Notes Forming Part of the Financial Statements for the year ended 30 September 2018 (*continued*)

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### 2 Accounting policies (*continued*)

#### *Current and deferred income tax*

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date. Management periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, it establishes provisions, when appropriate, as the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised in full, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements. However, 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 nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position 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 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 assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority.

#### *Revenue*

The company receives dividends from its subsidiary company. These are recognised as revenue when the company becomes entitled to receive such dividends, which is typically on receipt of the monies.

#### *Dividend distribution*

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the shareholders or in the case of cumulative preference share dividends, the period in which the company becomes contractually obliged to pay a dividend to shareholders.

# Arrow Industrial Holdings Limited

## Notes Forming Part of the Financial Statements for the year ended 30 September 2018 (continued)

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### 3 Financial risk management

#### *Financial risk factors*

The Company's operations expose it to a variety of financial risks that include the effects of foreign exchange risk, credit risk, liquidity risk and interest rate risk. The Company's overall risk management programme focuses on the unpredictability of the markets in which it operates and seeks to minimise associated volatility of the Company's financial performance. The Company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

Given the size and nature of the Company, the directors have delegated the responsibility of monitoring financial risk management to the board of each trading entity. The policies set by the Company board of directors are implemented by trading entities directors.

#### *(a) Interest rate cash flow risk*

The Company has interest bearing liabilities. Interest bearing liabilities include preference shares which attract interest at fixed rates.

#### *(b) Capital risk management*

Management regard the capital structure of the company to consist of the ordinary and preference shares in issue.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company keeps the capital structure under review with a process of monthly financial forecasts updated quarterly. These forecasts, including a detailed cash flow forecast, provide the Board with an assessment of the Company's capital adequacy for the period under review. Management consider the current management of capital to be satisfactory.

#### *(c) Liquidity risk*

The Company manages liquidity risk by maintaining sufficient cash to enable it to meet its operational requirements. Operating cash flows are actively managed with annual cash flow forecasts updated as required and subject to board review.

# Arrow Industrial Holdings Limited

## Notes Forming Part of the Financial Statements for the year ended 30 September 2018 (continued)

### 3 Financial risk management (continued)

#### (c) Liquidity risk (continued)

The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year £	Between 1 and 5 years £	Over 5 years £
<b>At 30 September 2018</b>			
Amounts owed to group undertakings	689,716	-	-
Other payables	89,829	143,927	-
Redeemable preference shares	-	4,502,500	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>At 30 September 2017</b>			
Amounts owed to group undertakings	442,966	-	-
Other payables	58,629	143,927	-
Redeemable preference shares	-	4,502,500	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>

#### (d) Market risk

Market risk is not considered to be applicable as the company does not trade. The factors which affect the market risk of the company's subsidiary undertakings, Arrow Industrial Group Limited and Advanced Doors Limited, are described above.

#### (e) Investment impairment risk

The entity manages the risk of the value of the investment in its subsidiary undertakings, principally Arrow Industrial Group Limited and Advanced Doors Limited.

The operations of Advanced Doors Limited and Arrow Industrial Group Limited expose it to a variety of financial risks that include the effects of credit risk, liquidity risk and interest rate risk and the directors of the group's overall risk management programme focuses on the unpredictability of the markets in which it operates and seeks to minimize associated volatility of Advanced Doors Limited and Arrow Industrial Group Limited's financial performance.

### 4 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 company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates or 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 addressed below.

There have been no significant critical accounting estimates or judgements made in the preparation of these financial statements.

# Arrow Industrial Holdings Limited

## Notes Forming Part of the Financial Statements for the year ended 30 September 2018 (continued)

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### 5 Employee benefit expense

The company did not incur any expenses in connection with employment during the year (2017 - £nil).

The average monthly number of persons (including executive directors) employed during the year was nil (2017 – nil).

The number of employees at 30 September 2018 was nil (2017 – nil).

### 6 Directors' emoluments

The directors are considered to be the only key management personnel of the company. The directors did not receive any emoluments in respect of their services to the company (2017 - £nil).

The directors' remuneration has been borne by the trading company, Arrow Industrial Group Limited, with no recharge to the Company.

### 7 Auditor's remuneration

The auditor's remuneration has been borne by the trading company, Arrow Industrial Group Limited, with no recharge to the Company.

### 8 Finance income and costs

	2018 £	2017 £
Finance costs:		
On preference shares	277,950	277,950
	<u>277,950</u>	<u>277,950</u>

### 9 Tax expense

No tax is payable in the year in view of the nature of the company's revenue and costs (2017: £Nil).

# Arrow Industrial Holdings Limited

Notes Forming Part of the Financial Statements  
for the year ended 30 September 2018 (continued)

## 10 Investments in subsidiaries

	Shares in group undertakings £
At 30 September 2016	4,750,414
At 30 September 2017	4,750,414
At 30 September 2018	4,750,414

Shares in group undertakings are recorded at cost, which is the fair value of the consideration paid.

The directors consider the value of investments to be supported by their underlying assets and expected future trading prospects.

The Company had the following subsidiaries at 30 September 2018.

### Principal subsidiaries

Name	Registered office	Proportion of ordinary shares	Nature of business
Arrow Industrial Group Limited	1	100%	Manufacture of industrial doors
Arrow Industrial Limited	1	100%	Dormant
Arrow Rapid Roll Doors Limited	1	100%	Dormant
Advanced Doors Holdings Limited	1	100%	Holding Company
Termwell Limited	1	100%	Holding Company
Advanced Doors Limited	2	100%	Manufacture of industrial doors

1 930 Hedon Road, Hull, East Riding of Yorkshire, HU9 5QN

2 Parkmill Way, Clayton West Industrial Estate, Huddersfield, West Yorkshire, HD8 9XJ

The Company also holds 100% of the deferred ordinary shares issued by Arrow Industrial Group Limited.

Arrow Industrial Limited and Arrow Rapid Roll Doors Limited are subsidiaries of Arrow Industrial Group Limited and are not subject to audit.

Advanced Doors Limited and Termwell Limited are subsidiaries of Advanced Doors Holdings Limited.

The proportion of the voting rights in the subsidiary companies do not differ from the proportion of ordinary shares held.

Arrow Industrial Holdings Limited and Arrow Industrial Group Limited are subject to cross-guarantee arrangements dated 31 October 2002 with Barclays Bank plc. There are currently liabilities of £805,318 (2017 - £523,911) associated with these guarantees, in relation to invoice discounting facilities.

# Arrow Industrial Holdings Limited

## Notes Forming Part of the Financial Statements for the year ended 30 September 2018 (continued)

### 11 Trade and other receivables

	2018 £	2017 £
Amounts owed by group undertakings	764,742	486,792
Total current trade and other receivables	<u>764,742</u>	<u>486,792</u>

The fair value of trade and other receivables at 30 September 2018 approximates to the book value stated above.

### 12 Ordinary shares

	Number of shares	Ordinary Shares £
At 30 September 2017 and 30 September 2018	<u>95,000</u>	<u>95,000</u>

The total authorised number of ordinary shares is £95,000 (2017 – 95,000) with a par value of £1 per share (2017 - £1 per share). All of the ordinary shares are fully paid.

The ordinary shares do not carry a right to dividends except those recommended by the directors.

### 13 Reserves

#### *Retained earnings*

The retained earnings represent cumulative net gains and losses recognised in the Statement of Comprehensive Income.

### 14 Borrowings

	Number of shares			Value			Total £
	'A' preference Number	'B' preference Number	'C' preference Number	'A' preference £	'B' preference £	'C' preference £	
At 30 September 2017 and 2018	2,650,000	390,000	1,462,500	2,650,000	390,000	1,462,500	<u>4,502,500</u>

# Arrow Industrial Holdings Limited

## Notes Forming Part of the Financial Statements for the year ended 30 September 2018 (continued)

### 14 Borrowings (continued)

All preference shares have a par value of £1 (2017 - £1) and are all fully paid.

Class 'C' preference shares rank pari-passu with 'B' preference shares. The coupon rate on 'A' and 'C' preference shares is 6% while 'B' preference shares carry a fixed dividend rate of 8%. All dividends accrue on a daily basis and are payable quarterly.

In accordance with the Articles of Association of the Company, holders of the 'A' preference shares rank in priority to receive any returns of capital on a reduction of share capital. Class 'A' and 'C' preference shares are due to Portchester Equity Limited. Class 'B' preference shares are due to N Oliver, a director of the company. The holders of the preference shares are also entitled to 5% of the value of any dividend paid to ordinary share holders.

The holders of all classes of 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 anyone of the following matters:

- to wind up or dissolve the company
- to repay or reduce the share capital of the company, or
- to vary or sabotage any of the class rights attached to the preference shares

The shares can be redeemed at the shareholders' request. The carrying value of the preference shares approximates to their fair value.

### 15 Trade and other payables

	2018 £	2017 £
<i>Current</i>		
Amounts owed to group undertakings	689,716	442,966
Accrued expenses	89,829	58,629
	<u>779,545</u>	<u>501,595</u>
<i>Non-current</i>		
Amounts owed to related undertakings	<u>143,927</u>	<u>143,927</u>

Accrued expenses solely related to amounts accrued in respect of unpaid dividends on redeemable preference shares.

Amounts owed to related undertakings consist of amounts due to Portchester Equity Limited and Arrow Industrial Group Limited. There is no formal repayment plan in respect of these balances except that the counterparties have agreed that they will not demand repayment of the balance of £143,927 for a period of at least 12 months from the end of the accounting period to which these financial statements relate. The loan is non-interest bearing.

# Arrow Industrial Holdings Limited

Notes Forming Part of the Financial Statements  
for the year ended 30 September 2018 (continued)

## 16 Financial instruments

### a) By category

	Loans and receivables	
	2018 £	2017 £
Amounts owed by group undertakings	764,742	486,792
	<u>764,742</u>	<u>486,792</u>
<i>Financial liabilities at amortised cost</i>		
	2018 £	2017 £
Borrowings	4,502,500	4,502,500
Trade and other payables	923,472	645,522
	<u>5,425,972</u>	<u>5,148,022</u>

### b) Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

#### *Trade receivables*

Trade receivables are due from the subsidiary company and as such the balance is considered to be wholly recoverable.

## 17 Cash generated from operations

	2018 £	2017 £
Profit before tax	-	-
Adjustments for:		
Dividends from subsidiary companies	(277,950)	(277,950)
Finance costs – redeemable preference share dividends accrued	277,950	277,950
	<u>-</u>	<u>-</u>
Cash used in operations	-	-

# Arrow Industrial Holdings Limited

## Notes Forming Part of the Financial Statements for the year ended 30 September 2018 (continued)

### 17 Cash generated from operations (continued)

#### Reconciliation of borrowings

	2017	Cash flows	2018
Redeemable preference shares	4,502,400	-	4,502,400
Total liabilities from financing activities	4,502,400	-	4,502,400

### 18 Contingencies

At 30 September 2018 the Company had outstanding indemnities to Barclays Bank plc amounting to £70,000 (2017 - £70,000) in respect of a bond to HM Revenue and Customs.

### 19 Related party transactions

#### Key management compensation

The directors are considered to be the only key management of the business. The directors received no compensation (2017 - £nil) in respect of services provided to this company during the year (see note 6).

#### Dividends received and group balances

During the year the company received dividends of £277,950 (2017 - £277,950) from its wholly owned subsidiary, Arrow Industrial Group Limited. An amount of £143,927 is due to it as at 30 September 2018 (2017 - £143,927)

#### Preference dividends

During the year the company paid preference share dividend to shareholders as follows:

	Paid in the year	Accrued as at 30 September 2018
	£	£
Portchester Equity Limited	-	689,716
N B Oliver	-	75,026
	-	764,742

Preference share dividends of £689,716 were owed to Portchester Equity Limited at 30 September 2018 (2017 - £442,966).

Preference share dividends of £75,026 were owed to N B Oliver at 30 September 2018 (2017 - £43,826).

Both Portchester Equity Limited and N B Oliver are holders of both the ordinary shares and the preference shares of the company and N B Oliver is an active director. Porchester Equity Limited in is the ultimate parent undertaking.

#### Borrowings

During the year the company held preference share liabilities as disclosed in note 14.

# Arrow Industrial Holdings Limited

Notes Forming Part of the Financial Statements  
for the year ended 30 September 2018 *(continued)*

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## 20 Ultimate controlling party

The immediate and ultimate parent company is Portchester Equity Limited, a private company incorporated in the UK. The largest and smallest company in which the results of the company are consolidated is that headed by Portchester Equity Limited. Copies of these financial statements can be obtained from 20 Jewry Street, Winchester, Hampshire, SO23 8RZ.

The directors recognise M E Thistlethwayte as the ultimate controlling party by virtue of his majority holding in the ordinary shares of Portchester Equity Limited.