

**ARROWCROFT NORTHWEST LIMITED**

**Report and financial statements  
for the year ended**

**31 December 2016**

FRIDAY



\*A6G0DLU2\*

A51

29/09/2017

#162

COMPANIES HOUSE

## **ARROWCROFT NORTHWEST LIMITED**

### **CONTENTS**

### **PAGES**

Directors and advisers	1
Directors' report	2
Directors' responsibilities statement	3
Statement of comprehensive income	4
Balance sheet	5
Statement of changes in equity	6
Notes to the financial statements	7

**ARROWCROFT NORTHWEST LIMITED**

**DIRECTORS AND ADVISERS**

**Directors**

N P Hai  
S N Eppel

**Secretary**

S N Eppel

**Registered office**

25 Moorgate  
London  
EC2R 6AY

**Accountants and tax advisers**

Smith & Williamson  
Chartered Accountants  
25 Moorgate  
London  
EC2R 6AY

**Registered number**

3050595

## **ARROWCROFT NORTHWEST LIMITED**

### **DIRECTORS' REPORT**

The directors present their report and the financial statements for the year ended 31 December 2016.

#### **Principal activities**

The principal activity of the company continues to be property investment.

The Company's registered number at Companies House is 3050595.

#### **Review of Business**

At 31 December 2016, the company had net liabilities of £391,435.

The company has received written confirmation from the company's ultimate parent company that the loans owed to it at the date of the financial statements will not be called upon until such time that the company has sufficient funds to settle the amount due

Accordingly, the directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

#### **Directors**

The directors of the company who served during the year are:

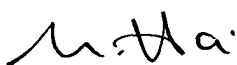
N P Hai  
S N Eppel  
D Macdonald (resigned 19 May 2017)

#### **Dividends**

The directors do not recommend a dividend (2015: £nil).

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

**Approved by the board of directors and signed on behalf of the board**



**N P Hai**  
**Director**

Registered number 3050595, England and Wales

## **ARROWCROFT NORTHWEST LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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; and
- make judgments and accounting estimates that are reasonable and prudent; and
- 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 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.

**ARROWCROFT NORTHWEST LIMITED****STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December 2016**

	Notes	2016 £	2015 £
Turnover	3	42,054	41,500
Administrative expenses		(262,981)	(60,401)
<b>Operating loss</b>		<b>(220,927)</b>	<b>(18,901)</b>
Interest payable	5	-	(15,421)
<b>Loss before taxation</b>		<b>(220,927)</b>	<b>(34,322)</b>
Taxation	6	-	-
<b>Total comprehensive income for the financial year</b>		<b>(220,927)</b>	<b>(34,322)</b>

The loss and total comprehensive income for the financial year is attributable to the owners of the company.

All the company's operations are classified as continuing.

The notes on pages 10 to 17 form part of these financial statements.

**ARROWCROFT NORTHWEST LIMITED**

**BALANCE SHEET as at 31 December 2016**

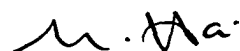
	Notes	2016 £	2015 £
<b>Fixed assets</b>			
Investment properties	7	450,000	658,550
<b>Current assets</b>			
Debtors	8	14,908	6,832
Cash at bank	9	12,709	30,179
		<hr/>	<hr/>
		27,617	37,011
		<hr/>	<hr/>
<b>Creditors: amounts falling due in less than one year</b>	10	(869,052)	(866,069)
		<hr/>	<hr/>
<b>Net current liabilities</b>		(841,435)	(829,058)
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		(391,435)	(170,508)
		<hr/>	<hr/>
<b>Net liabilities</b>		(391,435)	(170,508)
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Share capital	12	2	2
Retained earnings		(391,437)	(170,510)
		<hr/>	<hr/>
		(391,435)	(170,508)
		<hr/>	<hr/>

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS102.

The financial statements were approved by the board of directors on 28/9/17..... and were signed on its behalf by:



**N P Hai**  
Director

Registered number: 3050595

The notes on pages 10 to 17 form part of these financial statements.

**ARROWCROFT NORTHWEST LIMITED****STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2016**

	Share capital	Retained earnings	Total equity
	£	£	£
Balance at 1 January 2015	2	(136,188)	(136,186)
Loss and total comprehensive income for the year	-	(34,322)	(34,322)
Balance at 31 December 2015	2	(170,510)	(170,508)
Loss and total comprehensive income for the year	-	(220,927)	(220,927)
Balance at 31 December 2016	2	(391,437)	(391,435)

The notes on pages 10 to 17 form part of these financial statements.



## ARROWCROFT NORTHWEST LIMITED

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2016

#### 1 Accounting policies

The principal accounting policies are summarised below.

##### **Basis of preparation**

Arrowcroft Northwest Limited is a private limited company incorporated in England and Wales. The address of the registered office is 25 Moorgate, London, EC2R 6AY.

These financial statements are prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". The financial statements have been prepared under the historical cost convention in accordance with the company's accounting policies.

The Company's functional currency and reporting currency is Pounds Sterling.

##### **Exemptions**

Arrowcroft Northwest Limited meets the definition of a qualifying entity under FRS 102 and has therefore, in preparing the financial statements of the company, taken advantage of the following disclosure exemptions available in FRS 102:

- Requirement to present a statement of cash flows

##### **Going concern**

At 31 December 2016, the company had net liabilities of £391,435.

The company has received written confirmation from the company's ultimate parent company that the loans owed to it at the date of the financial statements will not be called upon until such time that the company has sufficient funds to settle the amount due

Accordingly, the directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

**1 Accounting policies (continued)**

**Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Revenue comprises rental income.

Rental income is recognised net of VAT on an accruals basis in accordance with the relevant rental agreements. Where a lease incentive is included in a lease, the cost of the incentive is allocated evenly over the period from the date of lease commencement to the earliest termination date.

The company has applied the exemption in Section 35.10(p) and will continue to recognise any residual benefit or cost associated with lease incentives on the same basis as that applied at the date of transition to FRS 102.

**Taxation**

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

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

Deferred tax is recognised in respect of all timing differences between taxable profits and total comprehensive income that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Deferred 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 tax assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle on a net basis.

**Investment properties**

Investment properties, which are properties held to earn rentals and/or for capital appreciation, are initially measured at cost and subsequently at fair value, at the balance sheet date. When the directors revalue the properties they make judgements based on the covenant strength of tenants, remainder of lease term of tenancy, location, and other developments which have taken place in the form of open market lettings, rent reviews, lease renewals and planning consents. Gains or losses on revaluation are recognised in profit or loss and subsequently transferred to the property revaluation reserve.

Property disposals are recognised when an unconditional contract of sale is exchanged.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2016 (continued)

**1 Accounting policies (continued)**

**Financial instruments**

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of an instrument.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction in which case they are measured at the present value of future payments, discounted at a market rate of interest for a similar debt instrument.

Debt instruments which meet the criteria set out within section 11 of FRS 102 for basic financial instruments are subsequently measured at amortised cost using the effective interest method.

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the criteria for a basic financial instrument, are measured at the undiscounted amount of cash or other consideration expected to be paid or received, net of impairment.

Financial assets are de-recognised when:

- the contractual rights to the cash flows from the financial asset expire or are settled; or
- the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the company, despite having retained some but not all significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are de-recognised only when the obligation specified in the contract is discharged, cancelled or expires.

Financial assets and liabilities are only offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**2 Key sources of estimation uncertainty and judgements**

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period.

**Judgements**

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

*Recognition of investment property transactions*

Accounting for transactions: property transactions are complex in nature and can be material to the financial statements. Assessment is required to determine the most appropriate accounting treatment of assets acquired and of potential contractual arrangements in the legal documents for both acquisitions and disposals. Management consider each transaction separately and, when considered appropriate, seek independent accounting advice.

**2 Key sources of estimation uncertainty and judgements (continued)***Financial instruments classification*

The classification of financial instruments as “basic” or “other” requires judgement as to whether all the applicable conditions for classification as basic are met. This includes consideration of the form of the instrument and its return.

**Key sources of estimation uncertainty***Market valuation of investment properties*

In preparing these financial statements, the key accounting judgement relates to the carrying value of the properties, which are stated at fair value. The company uses external professional valuers to advise the directors in their determination of the relevant amounts. The primary source of evidence for property valuations should be recent, comparable market transactions on an arms-length basis. However, the valuation of the company’s property portfolio is inherently subjective, as it is made on the basis of assumptions made by the directors which may not prove to be accurate.

<b>3 Turnover</b>	<b>2016 £</b>	<b>2015 £</b>
An analysis of the company’s turnover is as follows:		
Rental income	42,054	41,500

Turnover arises solely within the United Kingdom.

<b>4 Auditor’s remuneration</b>	<b>2016 £</b>	<b>2015 £</b>
Fees payable to the company’s auditor for the audit of the company’s annual financial statements	-	2,650

This fee has been charged to another group company.

<b>5 Interest receivable and payable</b>	<b>2016 £</b>	<b>2015 £</b>
Interest payable on bank loans and overdrafts	-	15,421

**ARROWCROFT NORTHWEST LIMITED**
**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2016 (continued)**

6	Taxation	2016 £	2015 £
	<b>Current tax</b>		
	In respect of the current year	-	-
		-	-
	<b>Deferred tax</b>		
	In respect of the current year	-	-
		-	-
	Total tax expense for the year	-	-

Tax has been calculated using an estimated annual effective tax rate of 20% (2015: 20.25%) on profit before tax.

The difference between the total tax expense shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2016 £	2015 £
Loss before taxation	(220,927)	(34,322)
Tax on profit on ordinary activities at standard UK corporation tax rate of 20% (2015: 20.25%)	(44,185)	(6,949)
Effects of: Group relief surrendered	44,185	6,949
Total tax expense for the year	-	-

7	Investment properties	£
	<b>Valuation</b>	
	At 1 January 2016	658,550
	Impairment of investment property	(208,550)
	and 31 December 2016	450,000

The market value shown at 31 December 2015 and at 31 December 2016 was valued internally by the directors, with advice from professional valuers, based on yields achieved by similar properties.

The historical cost of the investment properties was £828,550 (2015: £828,550).

**ARROWCROFT NORTHWEST LIMITED**
**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2016 (continued)**

<b>8</b>	<b>Debtors</b>	<b>2016</b> <b>£</b>	<b>2015</b> <b>£</b>
	Trade debtors	8,400	6,623
	Prepayments	6,508	209
		<hr/>	<hr/>
		14,908	6,832
		<hr/>	<hr/>
<b>9</b>	<b>Cash and cash equivalents</b>	<b>2016</b> <b>£</b>	<b>2015</b> <b>£</b>
	Cash at bank and in hand	12,709	30,179
		<hr/>	<hr/>
<b>10</b>	<b>Creditors: amounts falling due within one year</b>	<b>2016</b> <b>£</b>	<b>2015</b> <b>£</b>
	Amounts due to group undertakings	857,722	286,968
	Trade creditors	955	1,739
	Other creditors	-	6,987
	Accruals and deferred income	10,375	10,375
	Bank loans (note 11)	-	560,000
		<hr/>	<hr/>
		869,052	866,069
		<hr/>	<hr/>
<b>11</b>	<b>Borrowings</b>	<b>2016</b> <b>£</b>	<b>2015</b> <b>£</b>
	Bank loans are repayable as follows:		
	Between one and two years	-	-
		<hr/>	<hr/>
	Bank loans falling due after one year	-	-
	On demand or repayable within one year	-	560,000
		<hr/>	<hr/>
	Total bank loans	-	560,000
		<hr/>	<hr/>

Interest is payable on the bank loan at a variable rate of 2.15% above Bank of England Base Rate

The bank loans and overdraft are secured by way of a fixed and floating charge over the assets of the company.

**ARROWCROFT NORTHWEST LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2016 (continued)**

<b>12</b>	<b>Called up share capital</b>	<b>Number</b>	<b>£</b>
	At 31 December 2015 and 31 December 2016		
	<b>Issued and fully paid</b>		
	Ordinary shares of £1 each	2	2

Ordinary shares carry one vote and have equal rights to dividends and other distributions (including on a winding up).

**13 Reserves**

A description of each reserve is set out below.

**Retained earnings**

This reserve relates to the cumulative retained earnings less amounts distributed to shareholders.

**14 Financial instruments**

The company's financial instruments comprise cash and cash equivalents, bank borrowings and items such as trade creditors and trade debtors which arise directly from its operations. The main purpose of these financial instruments is to provide finance for the company's operations.

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Financial assets measured at undiscounted amount receivable:		
Trade and other debtors	8,400	6,623
Cash and cash equivalents	12,709	30,179
	<hr/>	<hr/>
	21,109	36,802
	<hr/>	<hr/>

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Financial liabilities measured at undiscounted amount payable:		
Trade and other creditors (excluding income received in advance)	858,677	295,694
	<hr/>	<hr/>
	858,677	295,694
	<hr/>	<hr/>

**ARROWCROFT NORTHWEST LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2016 (continued)**

**14 Financial instruments (continued)**

	2016 £	2015 £
Financial liabilities measured at amortised cost		
Bank loans	-	560,000
	-	560,000

**15 Operating leases with tenants**

The company leases out its investment properties under operating leases. The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	2016 £	2015 £
<b>Due:</b>		
Not later than one year	41,500	41,500
Later than one year but within five year	166,000	166,000
Later than five years	55,767	97,267
	263,267	304,767

**16 Related party transactions**

The directors, who are considered to be the key management personnel, received no remuneration from the company for their services during the year (2015: nil).

**17 Control**

The ultimate controlling party is the parent company, Arrowcroft Holdings Limited, a company incorporated in England and Wales. Subsequent to 31 December 2016, Arrowcroft Holdings Limited went into a solvent liquidation.