

**Investment Holdco 123 Limited  
(formerly Arlington Industries  
Limited)**

Annual report and financial  
statements

Registered number 08741538

For the period ended 30th March 2017



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## Strategic report

### Review of the business and future developments

Investment Holdco 123 Limited (formerly Arlington Industries Limited) was founded in the UK in 2013 with the goal of becoming one of the leading supply chain Group of companies in the automotive, aerospace and related sectors.

As a company, it holds a minority investment in Arlington Industries Group Limited (formerly Arlington Securities Limited). The ultimate controlling party is Pangaea Two Acquisition Holdings VIII, LLC.

### Results and key performance indicators (KPIs)r

As Investment Holdco 123 Limited doesn't have any trading activities and holds a minority investment in Arlington Industries Group Limited, it does not individually monitor key performance indicators. Analysis of key group KPI's are given in the consolidated financial statements of Arlington Industries Group Limited.

### Principal risks and uncertainties

As an investor of companies supplying the aerospace and automotive industry the principal risk to the group is the health of those markets. All the market surveys available to the company predict a healthy growth in these sectors for the next five years.

The company has no external customers and therefore considers exposure to credit risk is low.

By order of the board



**M Franckel**  
*Director*

16 July 2018

## Directors' report

The directors present their audited financial statements for the period ended 30th March 2017.

### Principal activities

The company is a holding company which, through its investment provides manufacturing and consolidation services to the automotive industry and supplies precision tooling design and engineering services to the aerospace industry.

### Proposed dividend

The directors do not recommend the payment of a dividend (2016: £Nil).

### Directors

The directors who held office during the period were as follows:

B Michelson  
PG Pizzani  
GL Hamlin  
KT Morley  
MB Franckel  
SG Greenhalgh

### Political contributions

The group made no political donations or incurred any political expenditure during the current period or preceding period.

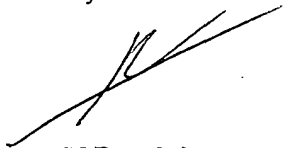
### Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



M Franckel  
Director

79 Torrington Avenue  
Coventry  
CV4 9AQ

16 July 2018

## **Statement of directors' responsibilities in respect of the Strategic report, Directors' report and the financial statements**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare company financial statements for each financial year. Under that law they are required to prepare the group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent company financial statements on the same basis.

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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



## KPMG LLP

One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH  
United Kingdom

### **Independent auditor's report to the members of Investment Holdco 123 Limited (formerly Arlington Industries Limited)**

We have audited the financial statements of Investment Holdco 123 Limited (formerly Arlington Industries Limited) or the period ended 30th March 2017 set out on pages 6 to 16. The financial reporting framework that has been applied for their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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.

#### **Respective responsibilities of directors and auditor**

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, and express an opinion on, 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.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30th March 2017 and of its result for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Emphasis of matter – Going concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The company's total liabilities exceeded its total assets by £100,000. This condition, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

# Independent auditor's report to the members of Investment Holdco 123 Limited (formerly Arlington Industries Limited) (continued)

## Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

## 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, 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.



John Leech (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
*Chartered Accountants*  
One Snowhill,  
Snowhill Queensway,  
Birmingham,  
B4 6GH

16 July 2018

**Statement of comprehensive income**  
*for the period ended 30th March 2017*

	<i>Note</i>	<b>2017</b> <b>£000</b>	2016 £000
Administrative expenses		-	-
<b>Result/(Loss) for the period</b>	<b>2</b>	-	-
Income tax expense	<b>4</b>	-	-
<b>Result/(Loss) for the period</b>		-	-

The accompanying notes on pages 9 to 16 form an integral part of these financial statements.

The results above relate to continuing operations.

The company has no other income or expenses recognised in the current year or preceding period, other than those shown in the Statement of comprehensive income shown above.

Comparative information is presented for the financial year ended 31<sup>st</sup> March 2016.



**Company balance sheet**  
*at 30th March 2017*

	<i>Note</i>	<b>2017</b> <b>£000</b>	<b>2016</b> <b>£000</b>
<b>Non-current assets</b>			
Investments	5	550	550
		<u>550</u>	<u>550</u>
<b>Current assets</b>			
Trade and other receivables	6	5,698	5,698
		<u>5,698</u>	<u>5,698</u>
<b>Total assets</b>		<u><u>6,248</u></u>	<u><u>6,248</u></u>
<b>Current liabilities</b>			
Other interest-bearing loans and borrowings	7	1,924	-
		<u>1,924</u>	<u>-</u>
		<u><u>1,924</u></u>	<u><u>-</u></u>
<b>Non-current liabilities</b>			
Other interest-bearing loans and borrowings	7	4,424	6,348
		<u>4,424</u>	<u>6,348</u>
		<u><u>4,424</u></u>	<u><u>6,348</u></u>
<b>Total liabilities</b>		<u><u>6,348</u></u>	<u><u>6,348</u></u>
<b>Net liabilities</b>		<u><u>(100)</u></u>	<u><u>(100)</u></u>
<b>Equity attributable to equity holders of the parent</b>			
Share capital	9	2,400	2,400
Retained earnings		(2,500)	(2,500)
		<u>2,400</u>	<u>2,400</u>
<b>Total equity</b>		<u><u>(100)</u></u>	<u><u>(100)</u></u>

The accompanying notes on pages 9 to 16 form an integral part of these financial statements.

Comparative information is presented at 31<sup>st</sup> March 2016.

These financial statements were approved by the board of directors on 16 July 2018 and were signed on its behalf by:

  
**M Franckel**  
*Director*

Company registered number: 08741538

## Statement of Changes in Equity

### Company

	Share capital £000	Share premium £000	Retained Earnings £000	Total equity £000
Balance at 1 April 2015	2	2,398	(2,500)	(100)
<b>Total comprehensive loss for the year</b>				
Profit or loss	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive loss for the year	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance at 31 March 2016</b>	<b>2</b>	<b>2,398</b>	<b>(2,500)</b>	<b>(100)</b>
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 1 April 2016	2	2,398	(2,500)	(100)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance at 30 March 2017</b>	<b>2</b>	<b>2,398</b>	<b>(2,500)</b>	<b>(100)</b>
	<hr/>	<hr/>	<hr/>	<hr/>

The accompanying notes on pages 9 to 16 form an integral part of these financial statements.

## **Notes**

*(forming part of the financial statements)*

### **1 Accounting policies**

Investment Holdco 123 Limited (the “company”) is a company incorporated and domiciled in the UK.

The company financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU (“Adopted IFRSs”).

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

#### ***Measurement convention***

The financial statements are prepared on the historical cost basis except any assets and liabilities which are stated at their fair value.

#### ***Going concern***

The financial statements have been prepared on the going concern basis, notwithstanding net liabilities of £ (100,000), which the directors believe to be appropriate for the following reasons: -

- The directors consider that Pangaea Two Acquisition Holdings VIII, LLC has the intent and ability to provide funds sufficient to allow the company to meet its liabilities as they fall due for payment but have not received any written undertaking. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.
- The directors note that the loan note liabilities are being contested in the claim against the former vendors (note 7).

These material uncertainties may cast significant doubt on the company’s ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

#### ***Investments***

Investments are carried at fair value.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Foreign currency*

Transactions in foreign currencies are translated to the company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

#### *Classification of financial instruments issued by the Company*

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) They include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) Where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares

## Notes (continued)

### 1 Accounting policies (continued)

#### *Non-derivative financial instruments*

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

##### *Other receivables*

Other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

##### *Other payables*

Other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

#### *Taxation*

Tax on the profit or loss 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 which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

#### *Share capital*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

#### *Adopted IFRS not yet applied*

The adopted IFRSs which have been issued but have not been applied by the company in these financial statements are not expected to have a material effect on the financial statements.

## Notes (continued)

### 1 Accounting policies (continued)

#### Expenses

##### Financing income and expenses

Financing expenses comprise interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Financing income comprise interest receivable on funds invested, dividend income, and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

### 2 Auditor's remuneration

	2017 £000	2016 £000
<i>Auditor's remuneration:</i>		
Audit of these financial statements	3	3
Amounts receivable by the company's auditor and its associates in respect of:		
Taxation compliance services	2	3
	<hr/>	<hr/>

The above fees have been paid by another group associate.

### 3 Staff and directors' remuneration

The Company had no employees during the period. No directors received any remuneration in respect of services to the Company.

## Notes (continued)

### 4 Taxation

#### Recognised in the income statement

	2017 £000	2016 £000
Current tax expense	-	-
Deferred tax expense	-	-
	<hr/>	<hr/>
Total tax (credit)/expense	-	-
	<hr/>	<hr/>

#### Reconciliation of effective tax rate

	2017 £000	2016 £000
Loss for the period	-	-
	<hr/>	<hr/>
Tax using the UK corporation tax rate of 20% 2016: 20%)	-	-
Current losses for which no deferred tax asset was recognised	-	-
	<hr/>	<hr/>
Total tax expense	-	-
	<hr/>	<hr/>

#### Factors that may affect future current and total tax charges

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax asset/liability at 30th March 2017 has been calculated based on these rates.

## Notes (continued)

### 5 Non current Investments

The Company has the following non current investments:

Company	Country of incorporation	Registered number	Class of shares held	Ownership 2017
Arlington Industries Group Limited	England	08741590	Ordinary	0.0018%

### 6 Trade and other receivables

	2017 £000	2016 £000
Other receivables	5,698	5,698

### 7 Other interest bearing loans and borrowings

	2017 £000	2016 £000
<b>Current liabilities</b>		
Deferred consideration	1,924	-
	<u>1,924</u>	<u>-</u>
<b>Non-current liabilities</b>		
Deferred consideration	1,924	3,848
Loans from associated company	2,500	2,500
	<u>4,424</u>	<u>6,348</u>

Other interest bearing loans and borrowings include loan notes of £3,848,000 issued from the ultimate parent company via Arlington Industries Group Limited and Arlington Management Services Limited to Arlington Aerospace Limited due as deferred consideration for its acquisition of AIM Engineering Limited.



## Notes (continued)

### 7 Other interest bearing loans and borrowings (continued)

#### Terms and repayment schedule of loans

	Currency	Nominal interest rate	Year of maturity	Carrying amount £000
Other unsecured series I Loan notes*	GBP	-	2017	1,924
Other unsecured series II Loan notes*	GBP	-	-	1,924
Loans to associated company	GBP	-	-	2,500
				<hr/> 6,348 <hr/>

Amounts owed under other loans are unsecured, interest free, had no fixed date of repayment, and were repayable on demand, apart from £1,924,000 loan note I from Investment Holdco 123 Limited with a maturity date of 31<sup>st</sup> December 2017 and £1,924,000 loan note II from Investment Holdco 123 Limited which matures on a change in control of AIM Engineering Limited. The £2,500,000 loan with an associated company, AIM Engineering Limited is due on a change of control in AIM Engineering Limited.

\* Loan notes represent amounts due to former owners of AIM Engineering Limited.

Loans are held at cost which approximates to fair value. There is an ongoing legal claim against the former owners, which if successful will extinguish the amounts due under Loan Notes I and II.

### 8 Related parties

#### Transactions with key management personnel

Directors of the Company and their immediate relatives, together with the ultimate parent control 78.47% per cent of the voting shares of the Company.

The compensation of key management personnel (the directors) is as follows:

	2017 £000	2016 £000
Key management emoluments including social security costs	-	-
Company contributions to money purchase pension plans	-	-
Other employment benefits	-	-
Compensation for loss of office	-	-
Share related awards	-	-
	<hr/> - <hr/>	<hr/> - <hr/>

## Notes (continued)

### 8 Related parties (continued)

#### Other related party transactions

	Sales to related parties		Administrative expenses incurred from related parties	
	2017 £000	2016 £000	2017 £000	2016 £000
Parent	-	-	-	-
Subsidiaries	-	-	-	-
Associates	-	-	-	-
Other related parties	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

	Receivables outstanding		Payables outstanding	
	2017 £000	2016 £000	2017 £000	2016 £000
Parent	-	-	-	-
Subsidiaries	-	-	-	-
Associates	3,848	3,848	2,500	2,500
Other related parties	451	451	-	-
	<u>4,299</u>	<u>4,299</u>	<u>2,500</u>	<u>2,500</u>
	<u>4,299</u>	<u>4,299</u>	<u>2,500</u>	<u>2,500</u>

### 9 Share capital

	2017 £000	2016 £000
<i>Allotted and called up</i>		
2,400 Ordinary shares of £1 each at cost	2	2
Share premium	2,398	2,398
	<u>2,400</u>	<u>2,400</u>
	<u>2,400</u>	<u>2,400</u>

### 10 Commitments

#### Capital commitments

The company had no capital commitments at 30th March 2017 (2016: £Nil).

### 11 Ultimate Parent Company

The ultimate parent and controlling party is Pangaea Two Acquisition Holdings VIII, LLC.