

ARCIS CAPITAL LIMITED

**Consolidated Annual Report and Audited Financial Statements
for the year ended 31 December 2022**

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**Company registration number
03357626 (England and Wales)**

ARCIS CAPITAL LIMITED

CONTENTS

	Page
Company information	1
Directors' report	2
Strategic report	4
Independent auditor's report	6
Consolidated and company income statement	10
Consolidated and company statement of comprehensive income	10
Consolidated and company statement of financial position	11
Consolidated statement of cash flows	12
Notes to the consolidated financial statements	13

ARCIS CAPITAL LIMITED

COMPANY INFORMATION

Directors

Romain Bouché
Andrew Healey
Arnaud Isnard
Henri Isnard
Anne Rousseau

Secretary

David W. Beech

Registered office

5A Bear Lane
Southwark
London
SE1 0UH

Registered number

03357626 (England and Wales)

Independent auditor

Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Bankers

Barclays Bank PLC
9 Portman Square
London
W1A 3AL

HSBC Bank PLC
129 New Bond Street
London
W1S 1EA

ARCIS CAPITAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their directors' report together with the strategic report and the group financial statements for the year ended 31 December 2022.

Results and dividends

The results of the company and the group for the year are set out on page 10. The directors do not recommend the payment of a dividend for the year ended 31 December 2022.

Directors

The directors who served during the year were:

Romain Bouché
Mark Burch (resigned on 31 March 2022)
Andrew Healey
Arnaud Isnard
Henri Isnard
Anne Rousseau

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report, the strategic report and 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 to the UK and Republic of Ireland).

Company law requires the directors to prepare financial statements for each financial year which 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 year. In preparing these 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 applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in directors' reports may differ from legislation in other jurisdictions.

Each of the directors confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of the information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

ARCIS CAPITAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

(continued)

Strategic report

The company has chosen in accordance with s.414C(11) Companies Act 2006 to set out in the company's strategic report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the directors' report. It has done so in respect of future developments, research & development and financial instruments.

Auditor

Buzzacott LLP have indicated their willingness to continue in office.

Signed on behalf of the board of directors:



Arnaud Isnard
Director

Date: 22 March 2023

ARCIS CAPITAL LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Principal activities

The principal activities of the company and of the group are those of the provision of administrative and advisory services. The company has been registered with the Financial Conduct Authority ("FCA") since March 2000.

Review of the business and future developments

During the year ended 31 December 2022, the company and the group provided administrative and advisory services to ESD Management V LLC, the manager of a private equity limited partnership, and to ESD Management VI LLC, the manager of a private equity limited partnership. The directors of the company anticipate continued activities into the future. The directors of the company are aware of the Investment Firms Prudential Regime ("IFPR") introduced by the FCA in January 2022 and they have taken action to ensure the company meets its new regulatory requirements.

Key performance indicators ("KPIs")

Given the nature of the business, the directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the group.

Financial Instruments

The company operates a treasury function which is responsible for managing the liquidity, interest and foreign currency risks associated with the company's activities.

The company has various financial assets and liabilities such as trade debtors and trade creditors arising directly from operations. There are sufficient cash reserves to finance the company's day to day operating requirements.

Investment risk

The company and the group do not invest for their own accounts. A reduction in the advisory services fees earned with the current customers is anticipated. This is a fundamental risk to the business which is actively managed by carefully calibrating business costs with anticipated income. The directors have considered the impact of the current Covid-19 pandemic on the company and group's operations, with a particular focus on its effect on the funds managed respectively by ESD Management V LLC and ESD Management VI LLC, the suppliers and the employees. The directors do not consider this to be cause for material uncertainty in respect of the company or the group's ability to continue as a going concern. The group and its subsidiaries have adapted well, successfully employing contingency plans, and the directors consider that the group has sufficient cash resources to continue for the foreseeable future, despite the current crisis.

Liquidity risk

The company manages its cash requirements in order to ensure the company has sufficient liquid resources to meet the operating needs of the business.

Interest rate risk

The company does not have any borrowings and is not subject to interest rate risk.

Foreign currency risk

The company's principal currency exposure arises from its minimum capital resources requirement of €50,000 as per the FCA rules. The company does not hedge its foreign currency risk as such but minimises its risk by the use of foreign currency accounts.

Credit risk

Investments of cash surpluses are made through banks and companies which must fulfil credit rating criteria. Credit checks on new customers may be carried out from time to time if the board, after due consideration, deem this to be necessary. Trade debtors are reviewed on a regular basis and provision is made for doubtful debts when necessary. In 2020, the company and the group did not lend or borrow money.

Stakeholder Engagement

The directors of the company have a legal responsibility under section 172 of the Companies Act 2006 to act in the way they consider, in good faith, would be most likely to promote the company's success for the benefit of its members

ARCIS CAPITAL LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

(continued)

Stakeholder Engagement *(continued)*

as a whole, and to have regard to the long-term effect of their decisions on the company and its stakeholders. This statement addresses the ways in which the directors of the company outwork this responsibility.

The company was incorporated on 22 April 1997 and, since then, the company has provided advice, employment and training to its clients and employees.


The clients of the company are the managers of private equity funds. The company favours long-term relationships with its clients and is recognisant of its responsibilities in satisfying the requests of the investors in the funds managed by its clients. Strong investor relationships are central to the success of the company. The company aims to support its clients with high standards of business conduct in identifying and in analysing secondary private equity investment opportunities and in advising its clients on their purchase at the best conditions.

The company relies on a skilled investment team which has extensive experience in the secondary market. The company continuously strives to improve standards of investment practice and knowledge in order to maintain high quality advice. The company has a team of senior professionals with extensive experience in the financial services sector who have been approved by the Financial Conduct Authority and follow rigorously all regulations and compliance requirements currently in force. The directors of the company oversee and direct the formulation, approval, and implementation of the company's policies. The directors of the company participate in the decision-making process on all significant decisions and are involved in the strategy and general direction of the company. There has been limited staff turnover over the company's history as the company strives to maintaining a good working environment.

The directors of the company have identified and engaged with a network of external experts in law, compliance and Information Technology to support and supplement their knowledge and capabilities.

Due to the size of the company, it has minimal impact on the community and the environment.

This report was approved by the board on 22 March 2023 and signed on its behalf.


Arnaud Isnard
Director

Date: 22 March 2023

ARCIS CAPITAL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ARCIS CAPITAL LIMITED FOR THE YEAR ENDED 31 DECEMBER 2022

Opinion

We have audited the financial statements of ARCIS Capital Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the consolidated and company statement of comprehensive income, the consolidated and company statement of financial position, the consolidated statement of cash flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

ARCIS CAPITAL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ARCIS CAPITAL LIMITED FOR THE YEAR ENDED 31 DECEMBER 2022

(continued)

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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities on page 2, 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 group's and the parent 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 group or the parent 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

How the audit was considered capable of detecting irregularities including fraud:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the Senior Statutory Auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations, including knowledge specific to auditing regulated investment management firms;
- we made enquiries of management as to where they considered there was susceptibility to fraud, and their knowledge of actual, suspected and alleged fraud;

ARCIS CAPITAL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ARCIS CAPITAL LIMITED FOR THE YEAR ENDED 31 DECEMBER 2022

(continued)

Auditor's responsibilities for the audit of the financial statements *(continued)*

- we identified the laws and regulations that could reasonably be expected to have a material effect on the financial statements of the company through discussions with directors and other management at the planning stage, and from our knowledge and experience of regulated investment management firms;
- the audit team held a discussion to identify any particular areas that were considered to be susceptible to misstatement, including with respect to fraud and non-compliance with laws and regulations in the UK, France and the USA; and
- we focused our planned audit work on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company and group, including the UK Companies Act 2006, The Financial Services and Markets Act 2000, employment legislation, taxation legislation and relevant laws and regulations in France and the USA.

We assessed the extent of compliance with the laws and regulations identified above through:

- making enquiries of management;
- inspecting legal expenditure and correspondence throughout the year for any potential litigation or claims; and
- considering the internal controls in place that are designed to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- determined the susceptibility of the parent company and group to management override of controls by checking the implementation of controls and enquiring of individuals involved in the financial reporting process;
- reviewed journal entries throughout the year to identify unusual transactions;
- performed analytical procedures to identify any large, unusual or unexpected transactions and investigated any large variances from the prior period;
- reviewed accounting estimates and evaluated where judgements or decisions made by management indicated bias on the part of management;
- tested the occurrence of turnover by reviewing the terms of the advisory service agreement and investigated any material variances to expectations; and
- carried out substantive testing to check the occurrence and cut-off of expenditure.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included:

- agreeing financial statement disclosures to underlying supporting documentation; and
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error as they may involve deliberate concealment or collusion. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

A further description of our responsibilities is available on the Financial Reporting Council's website at 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 parent 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 parent company's

ARCIS CAPITAL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ARCIS CAPITAL LIMITED FOR THE YEAR ENDED 31 DECEMBER 2022

(continued)

Use of our report *(continued)*

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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Buzzacott LLP

Katherine White (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date: 22 March 2023

ARCIS CAPITAL LIMITED

CONSOLIDATED AND COMPANY INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

INCOME STATEMENT	Notes	Group		Company	
		2022 £	2021 £	2022 £	2021 £
Turnover		3,110,268	2,797,553	1,565,000	1,360,000
Administrative expenses		(3,032,114)	(2,722,039)	(1,527,627)	(1,325,259)
Operating profit	4	78,154	75,514	37,373	34,741
Interest receivable		1,408	115	1,404	110
Profit on ordinary activities before taxation		79,562	75,629	38,777	34,851
Tax on profit on ordinary activities	6	(19,621)	(20,019)	(7,268)	(7,835)
Profit on ordinary activities after taxation		59,941	55,610	31,509	27,016
Less: minority interests share of profit	16	(8)	(8)	-	-
Profit for the financial year	14	59,933	55,602	31,509	27,016

There is no difference between the profit on ordinary activities before taxation and the profit for the financial year as stated above and their historical cost equivalents.

The activities of the company and group relate entirely to continuing operations.

The accompanying notes on pages 13 to 21 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME	Group		Company	
	2022 £	2021 £	2022 £	2021 £
Profit for the financial year before minority interests	59,941	55,610	31,509	27,016
Currency translation differences on foreign currency net investments	52,574	(36,570)	-	-
Total comprehensive income for the financial year	112,515	19,040	31,509	27,016
Total comprehensive income for the financial year attributable to:				
Owners of the parent	112,494	19,047	31,509	27,016
Non-controlling interests	21	(7)	-	-

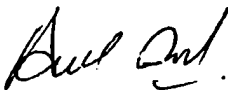
ARCIS CAPITAL LIMITED

CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Group		Company	
		2022 £	2021 £	2022 £	2021 £
Fixed assets					
Tangible fixed assets	8	63,052	40,625	37,111	1,387
Investments in subsidiaries	9	-	-	756,747	756,747
Fixed assets		63,052	40,625	793,858	758,134
Current assets					
Debtors	10	279,902	243,222	180,640	152,359
Cash at bank and in hand		1,812,921	1,614,579	918,531	817,412
Current assets		2,092,823	1,857,801	1,099,171	969,771
Creditors (amounts falling due within one year)	11	(496,606)	(351,672)	(296,257)	(162,642)
Net current assets		1,596,217	1,506,129	802,914	807,129
Net assets		1,659,269	1,546,754	1,596,772	1,565,263
Capital and reserves					
Share capital	13	800,000	800,000	800,000	800,000
Reserves	14	859,022	746,528	796,772	765,263
Shareholders' funds	15	1,659,022	1,546,528	1,596,772	1,565,263
Minority interests	16	247	226	-	-
Net assets attributable to shareholders		1,659,269	1,546,754	1,596,772	1,565,263

The accompanying notes on pages 13 to 21 form an integral part of these financial statements.

The financial statements were approved by the board of directors and signed on its behalf by:


Arnaud Isnard
Director

Date: 22 March 2023

Company registration number: 03357626 (England and Wales)

ARCIS CAPITAL LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 £	2021 £
Cash flows from operating activities		
Profit for the financial year	59,933	55,602
Adjustments for:		
Depreciation of tangible assets	18,491	10,853
Profit on sale of tangible assets	-	(2,150)
Interest received	(1,408)	(115)
Taxation	19,621	20,019
(Increase)/decrease in trade and other debtors	(37,681)	3,900
Increase/(decrease) in trade creditors	145,501	(60,834)
Cash from operations	204,457	27,275
Taxation paid	(19,361)	(26,892)
Net cash generated from operating activities	185,096	383
Cash flows from investing activities		
Proceeds from sale of tangible assets	-	2,150
Purchases of tangible assets	(39,286)	(32,717)
Interest received	1,408	115
Net cash used by investing activities	(37,878)	(30,452)
Cash flows from financing activities		
Interest paid	-	-
Net cash used in financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	147,218	(30,069)
Foreign exchange translation adjustment	51,124	(36,021)
Cash and cash equivalents at the beginning of the year	1,614,579	1,680,669
Cash and cash equivalents at the end of the year	1,812,921	1,614,579

ARCIS CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. GENERAL INFORMATION

ARCIS Capital Limited is a private company limited by shares and incorporated in England and Wales. Its company registration number is 03357626 and the registered office is located at 5A Bear Lane, Southwark, London, SE1 0UH. The principal place of business of the company is 10-11 Park Place, London, SW1A 1LP.

The largest and smallest group of undertakings for which consolidated group accounts, which include the company, have been drawn up is headed by ARCIS Capital Limited.

2. ACCOUNTING POLICIES

Basis of accounting

The group has prepared its financial statements in accordance with the Financial Reporting Standard 102.

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and the Company Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the group's accounting policies.

The following principal accounting policies have been applied:

Going concern

The directors believe that, having considered their expectations and intentions for the next twelve months and the availability of working capital, the company and the group are a going concern. The funds managed by the clients of the company and group are progressing well. The directors do not consider there to be cause for material uncertainty in respect of the company and the group's ability to continue as a going concern. The financial statements are therefore prepared on the going concern.

Basis of consolidation

The group statement of financial position and income statement have been prepared under FRS 102 incorporating the results of the company and of its subsidiary undertakings from date of acquisition. The assets and liabilities of overseas subsidiaries denominated in foreign currencies have been consolidated using the closing exchange rate method. Income and expenses are translated using the average rate for the period. Foreign exchange gains/losses on consolidation are taken to the profit and loss account reserves.

Turnover

Turnover represents the value of services supplied on an accruals basis, under administration and advisory services agreements, exclusive of value added tax. No further disclosure has been given in respect of overseas turnover, since, in the opinion of the directors, such disclosures would be seriously prejudicial to the interest of the group.

Goodwill

Goodwill represents the excess of fair value attributed to investments in subsidiary undertakings over the fair value of the underlying net assets at the date of their acquisition. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. Any impairment is recognised immediately as an expense and is not subsequently reversed. Goodwill was amortised on a straight line basis to 31 December 2018, the end of its useful economic life.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following basis:

ARCIS CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. ACCOUNTING POLICIES (CONTINUED)

Tangible fixed assets and depreciation (continued)

- For office equipment: 33.33% on cost
- For renovation of offices: 20% on cost
- For furniture: 12.5% on cost

Investments

Investments are recorded at cost less any permanent diminution in value.

Foreign currencies

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Overseas subsidiaries are consolidated on the closing rate method.

Deferred taxation

Deferred tax arises as a result of including items of income and expenditure in taxation computations in periods different from those in which they are included in the company's financial statements. Deferred tax is provided in full on timing differences which result in an obligation to pay more, or a right to pay less tax, at a future date, at the tax rates that are expected to apply when the timing differences reverse, based on current tax rates and laws. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Pension costs

Contributions in respect of the company's defined contribution pension scheme are charged to the income statement for the year in which they are payable to the scheme. Differences between contributions payable and contributions actually paid in the year are shown as either accruals or prepayments at the year end.

Leased assets

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account on a straight line basis over the lease term.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the group's accounting policies, which are described in note 2, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are in relation to goodwill. Accounting policy for goodwill is described in note 2 and its carrying value is described in note 7.

ARCIS CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

4. OPERATING PROFIT

	Group		Company	
	2022 £	2021 £	2022 £	2021 £
Operating profit is stated after charging:				
Directors' remuneration (excluding pension contributions)	801,227	648,880	614,743	456,775
Directors' pension contributions	8,380	8,490	-	-
Depreciation of tangible fixed assets	18,491	10,853	3,562	2,093
Auditor's remuneration				
- audit	11,000	8,450	11,000	8,450
- taxation compliance	1,000	1,000	1,000	1,000
- other	20,163	18,265	20,163	18,265
Operating lease rentals				
- land and buildings	284,417	334,261	48,419	110,400

In the year ended 31 December 2022, the remuneration attributable to the highest paid director from the group was £284,245 (2021: £215,405) in respect of qualifying services. Also during the year, the amount paid under defined pension contributions to the highest paid director from the group was £nil (2021: £8,490).

In the year ended 31 December 2022, one director of the group (2021: one) was a member of a defined contribution pension scheme.

5. STAFF COSTS

	Group		Company	
	2022 £	2021 £	2022 £	2021 £
Salaries & directors' fees	1,615,452	1,395,291	872,376	728,733
Social security costs	402,616	358,748	110,141	86,793
Pension costs	60,230	51,468	2,612	2,863
Staff costs	2,078,298	1,805,507	985,129	818,389

During the year, the average number of persons who received salaries or directors' fees from the group was 16 (2021: 17). All employees are employed in an administrative capacity.

ARCIS CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

6. TAXATION

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
<i>Analysis of charge in the year:</i>				
Corporation tax on profits in the UK of 19% (2021: 19%)	7,268	7,835	7,268	7,835
Foreign tax	12,453	12,184	-	-
Tax charge in the year	19,621	20,019	7,268	7,835
<i>Factors affecting tax charge for the year:</i>				
Profit on ordinary activities before tax	79,562	75,629	38,777	34,851
Profit on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	15,117	14,370	7,368	6,622
<i>Effects of:</i>				
Higher tax rates on overseas earnings	4,604	4,436	-	-
Deferred tax not recognised	-	-	-	-
Other	(100)	1,213	(100)	1,213
Tax charge in the year	19,621	20,019	7,268	7,835

7. GOODWILL

	£
Cost	
At 1 January 2022 and at 31 December 2022	589,342
Amortisation	
At 1 January 2022 and at 31 December 2022	589,342
Net Book Value	
At 1 January 2022 and at 31 December 2022	-

ARCIS CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

8. TANGIBLE FIXED ASSETS

Group	Office renovations £	Office equipment and furniture £	Total £
Cost			
At 1 January 2022	172,638	283,664	456,302
Additions	14,018	25,268	39,286
Disposals	(37,330)	-	(37,330)
Exchange adjustments	7,445	15,573	23,018
At 31 December 2022	156,771	324,505	481,276
Depreciation			
At 1 January 2022	169,595	246,082	415,677
Charge for the year	1,400	17,091	18,491
Disposals	(37,330)	-	(37,330)
Exchange adjustments	7,308	14,078	21,386
At 31 December 2022	140,973	277,251	418,224
Net Book Value			
At 1 January 2022	3,043	37,582	40,625
At 31 December 2022	15,798	47,254	63,052
Company			
Cost			
At 1 January 2022	37,330	38,737	76,067
Additions	14,018	25,268	39,286
Disposals	(37,330)	-	(37,330)
At 31 December 2022	14,018	64,005	78,023
Depreciation			
At 1 January 2022	37,330	37,350	74,680
Charge for the year	716	2,846	3,562
Disposals	(37,330)	-	(37,330)
At 31 December 2022	716	40,196	40,912

ARCIS CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

8. TANGIBLE FIXED ASSETS (CONTINUED)

Net Book Value

At 1 January 2022		1,387	1,387
At 31 December 2022	13,302	23,809	37,111

9. INVESTMENTS IN SUBSIDIARIES

The investments in subsidiaries are as follows:

Subsidiary	% of ordinary shares held and voting rights	Principal activity	Registered address
ARCIS Finance	99.96%	Advisory services	30 rue Galilée 75116 Paris, France
ARCIS Capital. Management, Inc.	100.00%	Information and administrative support	111 Eight Avenue New York, NY 10011, USA

The above companies are included in the consolidated financial statements.

10. DEBTORS

	Group		Company	
	2022 £	2021 £	2022 £	2021 £
Other debtors	218,564	156,067	141,918	75,699
Prepayments	61,338	87,155	38,722	76,660
Debtors	279,902	243,222	180,640	152,359

Deposits receivable after more than one year by the group for the rent of offices and included within the group's other debtors amount to £147,538 (2021: £126,405). Deposits receivable after more than one year by the company for the rent of offices and included within the company's other debtors amount to £85,629 in 2022 (2021: £67,241). The company deposits are secured by a charge in favour of the lessor.

11. CREDITORS

	Group		Company	
	2022 £	2021 £	2022 £	2021 £
Amounts falling due within one year:				
Trade creditors	48,819	48,564	28,146	9,879
UK corporation tax	7,268	7,835	7,268	7,835
Other taxation and social security	283,912	124,468	188,115	59,019
Other creditors and accruals	156,607	170,805	72,728	85,909
Creditors	496,606	351,672	296,257	162,642

ARCIS CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

12. PENSION COSTS

The group operates defined contribution schemes on behalf of its directors and employees. The assets of the schemes are held separately from those of the group in independently administered funds. The pension cost charges represent contributions payable and paid by the group to the funds and amounted to £60,230 (2021: £51,468). Contributions totalling £514 (2021: £514) were payable to the funds at the year end.

13. SHARE CAPITAL

	Company	
	2022 £	2021 £
Allotted and fully paid:		
800,000 ordinary shares of £1 each	800,000	800,000

14. RESERVES

	£
Group	
At 1 January 2022	746,528
Profit for the financial year	59,933
Exchange difference on foreign currency net investment	52,561
At 31 December 2022	859,022
Company	
At 1 January 2022	765,263
Retained profit for the financial year	31,509
At 31 December 2022	796,772

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2022 £	2021 £
Group		
Opening shareholders' funds	1,546,528	1,527,481
Profit for the financial year	59,933	55,602
Exchange differences	52,561	(36,555)
Closing shareholders' funds	1,659,022	1,546,528

ARCIS CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS SSETS (*CONTINUED*)

Company		
Opening shareholders' funds	1,565,263	1,538,247
Retained profit for the financial year	31,509	27,016
Closing shareholders' funds	1,596,772	1,565,263

16. MINORITY INTERESTS

	2022 £	2021 £
Opening minority interests	226	233
Minority share of profit after tax	8	8
Exchange differences	13	(15)
Closing minority interests	247	226

17. ANALYSIS OF CHANGES IN NET DEBT

An analysis of changes in net debt has not been presented as all of the company and group's cash flows relate to movements in cash, and the company and group have no items to include in such an analysis other than in the statement of cash flows.

18. OPERATING LEASE COMMITMENTS

At 31 December 2022, the group had total future minimum lease commitments under non-cancellable operating leases as follows:

Expiry date	2022 £	2021 £
No later than 1 year	183,569	349,518
Later than 1 year and no later than 5 years	590,423	411,745

19. RELATED PARTY TRANSACTIONS

During the year, the group received fees totalling £3,107,810 (2021: £2,793,267) for administrative and advisory services as follows:

- from ESD Management V LLC: £1,198,526 (2021: £1,040,654)
- from ESD Management VI LLC: £1,909,284 (2021: £1,752,613)

As at 31 December 2022, no amounts were confirmed outstanding from the above parties (2021: £nil).

ESD Management V LLC and ESD Management VI LLC are considered related parties by virtue of common directorships and beneficial interests of Romain Bouché, Andrew Healey, Arnaud Isnard and Henri Isnard.

During the year, consultancy fees amounting to £100k (2021: £100k) were paid to a director. At 31 December 2022, there were no amounts outstanding in respect of these fees (2021: £0).

ARCIS CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

19. RELATED PARTY TRANSACTIONS *(CONTINUED)*

The group has no key management personnel other than the directors. Directors' remuneration is set out in note 5.

20. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The immediate parent undertaking and ultimate parent company during the current and previous year was ARCIS Holding Limited, a company incorporated in Bermuda. The ultimate controlling party during the current and previous year was Arnaud Isnard.