

Registered number: 13447035

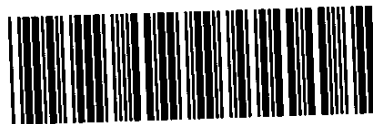
---

ADW ARC GROUP HOLDINGS LIMITED

---

ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

THURSDAY



\*ACJCMB6W\*

A07

28/12/2023

#310

COMPANIES HOUSE

---

ADW ARC GROUP HOLDINGS LIMITED

---

COMPANY INFORMATION

---

<b>Directors</b>	S J Bacchus M Fishburn C R Jones L E W Vaughan
<b>Registered number</b>	13447035
<b>Registered office</b>	Unit E1 Fort Wallington Industrial Estate Military Road Fareham PO16 8TT
<b>Independent auditor</b>	CLA Evelyn Partners Limited Chartered Accountants & Statutory Auditors 4th Floor Cumberland House 15-17 Cumberland Place Southampton SO15 2BG

---

ADW ARC GROUP HOLDINGS LIMITED

---

CONTENTS

---

	Page
Group Strategic Report	1 - 4
Directors' Report	5 - 7
Directors' Responsibilities Statement	8
Independent Auditor's Report	9 - 12
Consolidated Statement of Comprehensive Income	13
Consolidated Balance Sheet	14 - 15
Company Balance Sheet	16
Consolidated Statement of Changes in Equity	17
Company Statement of Changes in Equity	18
Consolidated Statement of Cash Flows	19 - 20
Consolidated Analysis of Net Debt	21
Notes to the Financial Statements	22 - 45

---

## ADW ARC GROUP HOLDINGS LIMITED

---

### GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2023

---

#### Introduction

The directors present their Group Strategic Report for the year ended 31 March 2023.

The previous period is for the 10-months since incorporation. The current period is for a year. For that reason, the prior period results may not be entirely comparable.

#### Business review

The principal activity of the Group in the year under review was motor vehicle accident repair for customers in the insurance industry directly and via accident management groups. A small proportion of turnover is via sales directly to retail customers. ADW ARC Group Holdings Limited is the holding company of ADW ARC Group Limited, which is the parent company of our subsidiary site companies, trading under the AD Williams brand, in sites across the South and Southeast.

This year saw a 17% increase in turnover on a like-for-like basis which was an improvement on pre-pandemic levels of business across the group. In common with the rest of the sector, the Group suffered from issues with parts supply chains which led to lower parts margins as well as difficulties in recruiting productive staff. Cost of sales increased by 24% on a like-for-like basis.

The gross margin across the Group, using the calculation method of revenue before deduction of discounts allowed, remained static at 33%, primarily due to lower parts margins being offset by lower discounts allowed. Labour margin also decreased slightly in the period due to salary inflation.

Significant administrative overhead was added to the business in the form of group support functions during the year. This included an enhanced Central customer service function which was designed to improve customer experience for policyholders, however, this benefit was not delivered in full and so a process of decentralisation and cost reduction took place after the year-end to enable the business to run more efficiently. The directors are confident that the operational improvement plan now in place will return the business to profitability in the 2025 financial year.

We continue to see high levels of referrals from our accident management and insurer partners which is a testament to the value they see in working with us. Our aim is to continue to create long term strategic partnerships with our work providers.

Since the end of the period, the board have been delighted to receive additional investment from our Private Equity investors to support the business through the period of operational improvement.

---

## ADW ARC GROUP HOLDINGS LIMITED

---

### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

---

#### Principal risks and uncertainties

The Group has a number of loan instruments, including legacy CBIL's agreements, and asset financing agreements. This comes with an inherent level of liquidity risk which is managed through ongoing short-term, medium-term and longer-term cash flow monitoring, to ensure sufficient cash is available to meet commitments as they become due. The Group has no direct currency exposure, as all financial instruments are denominated in sterling and no business is conducted on an import or export basis. The board remain confident that the business is able to manage any liquidity risk.

Within the more general business environment, the key risks and uncertainties were the challenging labour market and the parts supply chain but since the year-end these risks have diminished.

#### Financial key performance indicators

The key financial performance measure for the Group is EBITDA and in the period to 31 March 2023 was a loss of £0.065m (2022 profit - £1.065m). The Group's gross margin on a normal reporting basis is 38.2% (2022 -41.4%). The Group held £0.237m (2022 - £0.718m) in cash and had a further £0.45m (2022 - £0.45m) in immediately available invoice discounting facility. Net assets of the Group were £13.839m (2022 - £19.616m) at the end of the period.

#### Other key performance indicators

The Group also monitors performance through the non-financial key performance indicator of jobs completed per day.

---

## ADW ARC GROUP HOLDINGS LIMITED

---

### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

---

#### **Directors' statement of compliance with duty to promote the success of the Group**

The Board considers, both individually and collectively, that they have acted in a way they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members (having regard to the stakeholders and matters set out in s.172 (a-f) of the Companies Act 2006) in the decisions taken during the year ended 31 March 2023.

#### Long-term consequences

The directors understand the business and the evolving environment in which we operate, including the challenges faced due to the current macro-economic environment. The strategy set by the board is intended to strengthen our position in the marketplace while keeping safety and social responsibility fundamental to our business approach and recognising that the long-term success of our business is dependent on our stakeholders' and the external impact of our business activities.

In making these material decisions, the Board took conscious steps to identify and take account of the potential impact (both positively and negatively) on key stakeholder groups (such as shareholders, employees, suppliers, customers, and society as a whole) and concluded that the decisions taken, and the anticipated outcomes were aligned with promoting the success of the Company for the benefit of its members.

#### Interest of employees

The same high performance and quality expectations followed by the Company are also placed on our employees. The safeguarding of jobs is a high priority for us, as is a fair system of remuneration. We endeavour to provide conditions that enable our employees to perform well in safe environments. This includes a healthy work life balance, health and mental wellbeing and the pursuit of diversity among our employees.

#### Strategic business relationships

As a business the Group recognises the strategic importance of having excellent working relationships with all its stakeholder groups.

In relation to our suppliers, we seek to engage with them in a transparent, honest and fair way. The Group focuses on cost-focussed partnerships, which generate value on both sides, have a clear set of accountabilities and deliver the outcomes our business needs. We have strong Procurement and Accounts payable functions, which ensure we have the purchasing contracts we need, and are able to manage the supplier journey from initial requirement to final payment, in a fair, transparent and value driven way. The Group endeavours to respect supplier payment terms and disputes are managed with timely and constructive communication.

The Group recognises the fact that our paying customer is most often not the end user of our service. This dual responsibility drives a focus on both how we interact with the insurers who pay for our services, and the policyholders who are the ultimate end user of our services.

In terms of our accident management company and insurer customer base, we continue to develop the commercial contracts which underpin our interactions with them, to ensure the requirements are clearly understood. Our focus is on driving value on both sides and ensuring our processes are designed to deliver in line with the contract, and where possible exceed expectations.

Although the policyholder is not our ultimate paying customer, we place equal emphasis on the service we provide to them. As a group we have developed a philosophy of delivering consistent service across the policyholder base, using the best in class service requirement as our template for all policyholders. This emphasis on service is shown in our customer satisfaction index (CSI) scores, which we continually monitor to ensure our service is always both being maintained and developed.

---

ADW ARC GROUP HOLDINGS LIMITED

---

GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2023

---

Our relationships with regulatory and compliance authorities remain excellent. We focus heavily on ensuring our reporting of taxes is compliant and payments are timely.

We employ a dedicated Compliance and Safety Manager, to ensure that, as the Group grows, we continue to meet our responsibilities and accountabilities.

Impact of operations

Our corporate responsibility is to handle resources carefully and to avoid negative impact on the environment as much as possible coupled with a conscious approach to plan for the long-term and to actively involve ourselves in shaping the conditions in which we operate.

Maintaining reputation

The Group is strongly positioned in the market which is as a result of the embedded culture of the Group. The board are confident that the practices discussed within fostering business relationships will maintain, and develop, the reputation of the Group.

Acting fairly

Our intention is to behave responsibly towards our stakeholders and treat them fairly and equally, so they too may benefit from the successful delivery of our long-term plans.

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

  
SBacchus (Dec 20, 2023 14:40 GMT)

**S J Bacchus**  
Director

Date: 20/12/2023

---

## ADW ARC GROUP HOLDINGS LIMITED

---

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023

---

The directors present their report and the financial statements for the year ended 31 March 2023.

#### Results and dividends

The loss for the year, after taxation, amounted to £5,776,397 (2022 - loss £2,709,700).

No dividends were paid or proposed during the period.

#### Directors

The directors who served during the year were:

S J Bacchus  
M I Colebourn (resigned 25 September 2023)  
M Fishburn  
C R Jones  
L E W Vaughan

#### Future developments

As noted in the Business Review, since the end of the period, the board have been delighted to receive additional investment from our backers BGF Investments. This is intended to support the working capital of the business through a period of transformation. The directors have implemented a 100 day-plan to achieve increased operational efficiency across all sites and remove a significant amount of group overhead cost. A CFO was appointed after the year end to strengthen the senior management team and support with the business improvement plan.

In terms of market development, volumes of work continue to outstrip productive capacity across the industry, primarily due to the tight labour market. As a business the Group is working hard to future proof its productive capacity, through robust resource and recruitment plans.

We continue to see further consolidation across the industry, reflecting the previously fragmented nature of it, and the benefits of bringing sites together with a common brand and operational philosophy.

There are no obvious differences in the requirements of our customers and the policyholders, who are the ultimate end users of our service, with both cost and service offering of very high importance. Our Group responds to these challenges on an ongoing basis, with consistency of service across the Group a key priority and initiatives aimed at reducing repair costs, such as our repair not replace philosophy, at the forefront of our offering.

#### Disabled employees

Employment policies are designed to provide equal opportunities for all existing and prospective employees. Full and fair consideration is given to applications made by disabled persons bearing in mind their respective aptitudes and abilities. Where possible, arrangements are also made for the continuing employment within a safe working environment of employees who have become disabled.



---

ADW ARC GROUP HOLDINGS LIMITED

---

DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2023

---

**Energy and emissions reporting**

This section includes our mandatory reporting of energy and greenhouse gas emissions for the period 1 April 2022 to 31 March 2023, pursuant to the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, implementing the government's Streamlined Energy and Carbon Reporting (SECR) policy.

Our methodology to calculate our greenhouse gas emissions is based on the 'Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance (March 2019)' issued by DEFRA, using DEFRA's 2021 and 2022 conversion factors as applicable. In some cases, consumption has been extrapolated from available data or direct comparison made to a comparable period.

We report using a financial control approach to define our organisational boundary. We have reported all material emission sources required by the regulations for which we deem ourselves to be responsible and have maintained records of all source data and calculations.

During the reporting period, no energy efficiency actions have been taken. The table below includes total energy consumption (reported as kWh) and greenhouse gas emissions for the sources required by the regulations, along with our intensity ratio.

	01/04/2022 - 31/03/2023	17/07/2021 - 31/03/2022
Total Energy Consumption – Used for Emissions Calculation (kWh)	5,004,351	3,808,910
Gas Combustion Emissions, Scope 1 (tCO <sub>2</sub> e)	653	417
Purchased Electricity Emissions, Scope 2 (tCO <sub>2</sub> e)	232	283
Vehicle Fuel Combustion Emissions, Scope 1 (tCO <sub>2</sub> e)	39	42
Vehicle Fuel Combustion Emissions, Scope 3 (tCO <sub>2</sub> e)	32	18
Total Gross Reported Emissions (tCO <sub>2</sub> e)	956	760
Turnover (£m)	32.1	22.8
Intensity Ratio: Turnover (tCO <sub>2</sub> e / £m)	29.8	33.3

Please note, due to rounding, individual figures may not sum to the totals provided.

**Disclosure of information to auditor**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

---

ADW ARC GROUP HOLDINGS LIMITED

---

DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2023

---

**Post balance sheet events**

After the year end, £1m of investment was received from existing investors in the form of secured loan notes.

**Auditor**

The auditor, CLA Evelyn Partners Limited, was appointed during the period and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

  
SBacchus (Doc: 20, 2023 14:40 GMT)

**S J Bacchus**  
Director

Date: 20/12/2023

---

ADW ARC GROUP HOLDINGS LIMITED

---

DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2023

---

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 Financial Reporting Standard 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 the Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgements and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



---

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADW ARC GROUP HOLDINGS LIMITED

---

### Opinion

We have audited the financial statements of ADW ARC Group Holdings Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2023 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Consolidated Analysis of Net Debt 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 FRS 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 March 2023 and of the Group's loss 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 and Parent 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

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 and 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.

---

## ADW ARC GROUP HOLDINGS LIMITED

---

---

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADW ARC GROUP HOLDINGS LIMITED

---

#### Other information

The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report and Financial Statements. 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.

#### 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 Group 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 Group 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 their environment obtained in the course of the audit, we have not identified material misstatements in the Group 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 Directors' Responsibilities Statement set out on page 8, 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.

---

## ADW ARC GROUP HOLDINGS LIMITED

---

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADW ARC GROUP HOLDINGS LIMITED

---

#### **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:

We obtained a general understanding of the Group's legal and regulatory framework through enquiry of management concerning: their understanding of relevant laws and regulations; the entity's policies and procedures regarding compliance; and how they identify, evaluate and account for litigation claims. We also drew on our existing understanding of the group's industry and regulation.

We understand that the group complies with the framework through:

- Outsourcing accounts preparation and tax compliance to external experts.

In the context of the audit, we considered those laws and regulations: which determine the form and content of the financial statements; which are central to the group's ability to conduct its business; and where failure to comply could result in material penalties. We identified the following laws and regulations as being of significance in the context of the Company:

- The Companies Act 2006 and FRS 102 in respect of the preparation and presentation of the financial statements.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur. The areas identified in this discussion were:

- Manipulation of the financial statements, especially revenue, via fraudulent journal entries or error affecting cut off around the period end.
- Assessment of impairment indicator's for the group's investments in subsidiaries, as these require estimates of future trading activity to be made by management.

The procedures we carried out to gain evidence in the above areas included:

- Challenging management regarding the assumptions used in the estimates identified above.
- Testing journal entries, focusing particularly on postings to unexpected or unusual accounts and those with unusual descriptions.
- Substantive work on material areas affecting profits.

Overall, the senior statutory auditor was satisfied that the engagement team collectively had the appropriate competence and capabilities to identify or recognise irregularities.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

---

ADW ARC GROUP HOLDINGS LIMITED

---

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADW ARC GROUP HOLDINGS LIMITED

---

**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 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.

CLA Evelyn Partners Limited

CLA Evelyn Partners Limited (Dec 20, 2023 14:45 GMT)

Andrew Edmonds (Senior Statutory Auditor)

for and on behalf of

**CLA Evelyn Partners Limited**

Chartered Accountants

Statutory Auditors

4th Floor Cumberland House

15-17 Cumberland Place

Southampton

SO15 2BG

Date: 20/12/2023

ADW ARC GROUP HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2023

		Year ended 31 March 2023 £	10-month period ended 31 March 2022 £
	Note		
Turnover	4	32,127,849	22,815,931
Cost of sales		(19,869,140)	(13,368,196)
<b>Gross profit</b>		<b>12,258,709</b>	<b>9,447,735</b>
Exceptional administrative costs	12	-	(283,648)
Administrative expenses excluding depreciation and amortisation		(12,324,015)	(8,382,738)
Depreciation	7	(233,804)	(113,073)
Amortisation	7	(3,389,927)	(2,644,746)
Total administrative expenses		(15,947,746)	(11,424,205)
<b>Operating loss</b>	5	<b>(3,689,037)</b>	<b>(1,976,470)</b>
Interest payable and similar expenses	10	(1,253,326)	(815,965)
Goodwill impairment	13	(1,093,996)	-
<b>Loss before taxation</b>		<b>(6,036,359)</b>	<b>(2,792,435)</b>
Tax on loss	11	259,962	82,735
<b>Loss for the financial year/period</b>		<b>(5,776,397)</b>	<b>(2,709,700)</b>
<b>(Loss) for the year/period attributable to:</b>			
Owners of the Parent Company		(5,776,397)	(2,709,700)

There was no other comprehensive income for 2023 (2022 - £Nil).

The notes on pages 22 to 45 form part of these financial statements.



ADW ARC GROUP HOLDINGS LIMITED  
REGISTERED NUMBER:13447035

CONSOLIDATED BALANCE SHEET  
AS AT 31 MARCH 2023

	Note	2023 £	2022 £
<b>Fixed assets</b>			
Intangible assets	13	29,814,135	34,313,058
Tangible assets	14	708,046	304,441
		<u>30,522,181</u>	<u>34,617,499</u>
<b>Current assets</b>			
Stocks	16	774,250	503,655
Debtors: amounts falling due after more than one year	17	320,157	97,250
Debtors: amounts falling due within one year	17	6,729,055	7,323,381
Cash at bank and in hand		236,717	717,980
		<u>8,060,179</u>	<u>8,642,266</u>
Creditors: amounts falling due within one year	18	(10,552,250)	(8,851,262)
<b>Net current liabilities</b>		<u>(2,492,071)</u>	<u>(208,996)</u>
<b>Total assets less current liabilities</b>		<u>28,030,110</u>	<u>34,408,503</u>
Creditors: amounts falling due after more than one year	19	(13,766,579)	(14,391,334)
<b>Provisions for liabilities</b>			
Other provisions	23	(424,110)	(401,351)
<b>Net assets</b>		<u><u>13,839,421</u></u>	<u><u>19,615,818</u></u>
<b>Capital and reserves</b>			
Called up share capital	24	10,549	10,549
Share premium account	25	22,314,969	22,314,969
Profit and loss account	25	(8,486,097)	(2,709,700)
<b>Shareholders' funds</b>		<u><u>13,839,421</u></u>	<u><u>19,615,818</u></u>

---

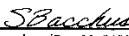
ADW ARC GROUP HOLDINGS LIMITED  
REGISTERED NUMBER:13447035

---

CONSOLIDATED BALANCE SHEET (CONTINUED)  
AS AT 31 MARCH 2023

---

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

  
SBacchus (Dec 20, 2023 14:40 GMT)

**S J Bacchus**  
Director

Date: 20/12/2023

The notes on pages 22 to 45 form part of these financial statements.

ADW ARC GROUP HOLDINGS LIMITED  
REGISTERED NUMBER:13447035

COMPANY BALANCE SHEET  
AS AT 31 MARCH 2023

	Note	2023 £	2022 £
<b>Fixed assets</b>			
Investments	15	26,412,600	33,095,309
		<u>26,412,600</u>	<u>33,095,309</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	17	1,113,389	888,697
		<u>1,113,389</u>	<u>888,697</u>
Creditors: amounts falling due within one year	18	(1,258,655)	(90,461)
<b>Net current liabilities</b>		<u>(145,266)</u>	<u>798,236</u>
Creditors: amounts falling due after more than one year	19	(12,195,112)	(12,195,112)
<b>Net assets</b>		<u>14,072,222</u>	<u>21,698,433</u>
<b>Capital and reserves</b>			
Called up share capital	24	10,549	10,549
Share premium account	25	22,314,969	22,314,969
Profit and loss account brought forward	25	(627,085)	-
Loss for the period		<u>(7,626,211)</u>	<u>(627,085)</u>
Profit and loss account carried forward		<u>(8,253,296)</u>	<u>(627,085)</u>
<b>Shareholders' funds</b>		<u>14,072,222</u>	<u>21,698,433</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

  
SBacchus (Dec 20 2023 14:40 GMT)

**S J Bacchus**  
Director

Date: 20/12/2023

The notes on pages 22 to 45 form part of these financial statements.

---

ADW ARC GROUP HOLDINGS LIMITED

---

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2023

---

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
<b>Comprehensive income for the period</b>				
Loss for the period	-	-	(2,709,700)	(2,709,700)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Contributions by and distributions to owners</b>				
Shares issued during the period	10,549	22,314,969	-	22,325,518
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 1 April 2022</b>	10,549	22,314,969	(2,709,700)	19,615,818
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(5,776,397)	(5,776,397)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 March 2023</b>	<u>10,549</u>	<u>22,314,969</u>	<u>(8,486,097)</u>	<u>13,839,421</u>

---

ADW ARC GROUP HOLDINGS LIMITED

---

COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2023

---

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
<b>Comprehensive income for the period</b>				
Loss for the period	-	-	(627,085)	(627,085)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Contributions by and distributions to owners</b>				
Shares issued during the period	10,549	22,314,969	-	22,325,518
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 1 April 2022</b>	10,549	22,314,969	(627,085)	21,698,433
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(7,626,211)	(7,626,211)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 March 2023</b>	<u>10,549</u>	<u>22,314,969</u>	<u>(8,253,296)</u>	<u>14,072,222</u>

ADW ARC GROUP HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2023

	2023 £	2022 £
<b>Cash flows from operating activities</b>		
Loss for the financial year/period	(5,776,397)	(2,709,700)
<b>Adjustments for:</b>		
Amortisation of intangible assets	3,404,927	2,644,746
Depreciation of tangible assets	233,806	113,073
Loss on disposal of tangible assets	-	(3,000)
Interest paid	1,253,326	815,965
Taxation charge	(259,962)	(82,735)
Increase in stocks	(270,595)	(133,447)
Decrease in debtors	717,461	550,594
(Decrease) in creditors	2,503,862	(810,754)
Increase in provisions	22,759	99,666
Corporation tax received	17,820	378,962
Impairment charge	1,093,996	-
<b>Net cash generated from operating activities</b>	<b>2,941,003</b>	<b>863,370</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	-	(9,075,416)
Purchase of tangible fixed assets	(637,409)	(140,136)
Sale of tangible fixed assets	-	4,500
HP interest paid	(7,451)	(12,942)
<b>Net cash used in investing activities</b>	<b>(644,860)</b>	<b>(9,223,994)</b>

ADW ARC GROUP HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2023

	2023 £	2022 £
<b>Cash flows from financing activities</b>		
Issue of ordinary shares	-	2,000,738
Repayment of loans	(1,740,286)	(387,754)
Other new loans	250,000	8,500,000
Repayment of other loans	-	(1,212,247)
Repayment of/new finance leases	(41,245)	(22,747)
Interest paid	(1,245,875)	(803,023)
<b>Net cash (used in)/generated from financing activities</b>	<b>(2,777,406)</b>	<b>8,074,967</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(481,263)</b>	<b>(285,657)</b>
Cash and cash equivalents at beginning of the year	717,980	-
Cash on acquisition	-	1,003,637
<b>Cash and cash equivalents at the end of the year/period</b>	<b>236,717</b>	<b>717,980</b>
<b>Cash and cash equivalents at the end of the year/period comprise:</b>		
Cash at bank and in hand	236,717	717,980

---

ADW ARC GROUP HOLDINGS LIMITED

---

CONSOLIDATED ANALYSIS OF NET DEBT  
FOR THE YEAR ENDED 31 MARCH 2023

---

	At 1 April 2022 £	Cash flows £	Other non- cash changes £	At 31 March 2023 £
Cash at bank and in hand	717,980	(481,263)	-	236,717
Shareholder loan	(12,195,112)	(250,000)	-	(12,445,112)
Debt due after 1 year	(1,915,971)	604,150	-	(1,311,821)
Debt due within 1 year	(588,127)	-	(15,988)	(604,115)
Other loans	(1,374,574)	1,000,000	152,124	(222,450)
Finance leases	(103,796)	41,245	-	(62,551)
	<u>(15,459,600)</u>	<u>914,132</u>	<u>136,136</u>	<u>(14,409,332)</u>



---

## ADW ARC GROUP HOLDINGS LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

---

#### 1. General information

ADW ARC Group Holdings Limited is a private company, limited by shares, domiciled and incorporated in England and Wales (registered number: 13447035). The registered office address is Unit E1 Fort Wallington Industrial Estate, Military Road, Fareham, PO16 8TT.

The Company was incorporated on 9 June 2021, and commenced trading from 15 July 2021 when the Company acquired the Group. Therefore the comparative results may not be entirely comparable.

The Company's functional and presentational currency is GBP.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

In preparing the separate financial statements of the Parent Company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the year has been presented as the reconciliation for the Group and the Parent Company would be identical;
- No Statement of Cash Flows has been presented for the Parent Company; and
- No disclosures have been given for the aggregate remuneration of the key management personnel of the Parent Company as their remuneration is included in the totals for the Group as a whole.

The following principal accounting policies have been applied:

##### 2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

---

## ADW ARC GROUP HOLDINGS LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

---

## 2. Accounting policies (continued)

### 2.3 Going concern

The financial statements have been prepared on a going concern basis. The Group made a loss of £5,776k (2022 - £2,710k) The Group has net assets of £13,839k (2022 - £19,616k) and net current liabilities of £2,492k (2022 - £209k).

The directors have made an assessment in preparing these financial statements as to whether the Group and Parent Company are a going concern. This includes their assessment of future trading and funding requirements. New loan notes totalling £1,000,000 have been issued in November 2023. In addition, arrangements are in place for the deferment of certain payments to shareholders until such a time the Group and Parent have sufficient cash resources to make such payments.

On the basis of the above, the directors have produced cashflow forecasts which demonstrate that there are sufficient cash resources available to the Group and Parent Company to ensure they can meet their financial obligations as they fall due for the foreseeable future, this being the period covering at least 12 months from the date of approval of these financial statements. For these reasons, they continue to adopt the going concern basis in preparing these financial statements.

### 2.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business and is shown net of VAT and other sales related taxes. The fair value of the consideration takes into account trade discounts, settlement discounts and volume rebates.

Turnover from work in progress is recognised by reference to the stage of completion when this can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, turnover is recognised only to the extent of the expenses recognised that are recoverable.

### 2.5 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

### 2.6 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

### 2.7 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

---

ADW ARC GROUP HOLDINGS LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

---

2. Accounting policies (continued)

2.8 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

2.9 Intangible assets

**Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the Consolidated Statement of Comprehensive Income over its useful economic life of ten years.

2.10 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Short-term leasehold property	- Remaining life of the lease
Plant and machinery	- 20% to 33% depending on deemed life of the asset
Motor vehicles	- 20% to 33% depending on deemed life of the asset
Fixtures and fittings	- 20% to 33% depending on deemed life of the asset
Computer equipment	- 33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

---

ADW ARC GROUP HOLDINGS LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

---

**2. Accounting policies (continued)**

**2.11 Impairment of fixed assets and goodwill**

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

**2.12 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.13 Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for discounts.

**2.14 Pensions**

**Defined contribution pension plan**

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

**2.15 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

---

ADW ARC GROUP HOLDINGS LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

---

2. Accounting policies (continued)

2.16 Financial instruments

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments' of FRS 102 to all of its financial instruments.

Financial assets and financial liabilities are recognised in the Balance Sheet when the Group becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the Group will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts which are an integral part of the Group's cash management.

Financial liabilities and equity instruments issued by the Group are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Interest bearing bank loans, overdrafts and other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

---

ADW ARC GROUP HOLDINGS LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

---

2. Accounting policies (continued)

2.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

---

ADW ARC GROUP HOLDINGS LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

---

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated 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 directors consider that the following judgements have had the most significant effect on amounts recognised in the financial statements:

*Impairment of investment in subsidiaries and goodwill*

The Company prepares an EBITDA forecast to assess future profitability of the Group. Management then apply a sales multiple to this EBITDA to calculate an estimated value of the business and compare this against the carry value of investments in subsidiaries and goodwill.

*Dilapidations*

The Company monitors and estimates the value of dilapidation costs on properties that will need to be provided for. Provision is made based upon best estimates of the future anticipated costs.

4. Turnover

All turnover arose within the United Kingdom.

5. Operating loss

The operating loss is stated after charging:

	Year ended 31 March 2023 £	10-month period ended 31 March 2022 £
Amortisation of intangible assets	3,389,927	2,644,746
Depreciation of tangible fixed assets	233,806	113,073

---

ADW ARC GROUP HOLDINGS LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

---

**6. Auditor's remuneration**

During the year, the Group obtained the following services from the Company's auditor and its associates:

	Year ended 31 March 2023 £	10-month period ended 31 March 2022 £
Fees payable to the Company's auditor and its associates for the audit of the consolidated and parent Company's financial statements	51,317	42,500
Fees payable to the Company's auditor and its associates in connection with the Group's pension scheme(s) in respect of:		
Taxation compliance services	19,800	18,000
All other services	14,970	12,475

**7. EBITDA**

	Year ended 31 March 2023 £	10-month period ended 31 March 2022 £
Operating loss	(3,689,037)	(1,976,470)
Exceptional administrative costs	-	283,648
Depreciation	233,804	113,073
Amortisation	3,389,927	2,644,746
<b>Earnings before interest, taxation, depreciation and amortisation</b>	<b>(65,306)</b>	<b>1,064,997</b>



---

ADW ARC GROUP HOLDINGS LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

---

8. Employees

	Group Year ended 31 March 2023 £	Group 10-month period ended 31 March 2022 £
Wages and salaries	4,204,240	3,845,288
Social security costs	441,242	378,449
Cost of defined contribution scheme	105,401	80,819
	<u>4,750,883</u>	<u>4,304,556</u>

The average monthly number of employees, including the directors, during the year was as follows:

Year ended 31 March 2023 No.	10-month period ended 31 March 2022 No.
<u>227</u>	<u>252</u>

The Company has no employees other than the directors, who did not receive any remuneration.

9. Directors' remuneration

	Year ended 31 March 2023 £	10-month period ended 31 March 2022 £
Directors' emoluments	535,333	372,511
Group contributions to defined contribution pension schemes	42,638	31,909
	<u>577,971</u>	<u>404,420</u>

During the year retirement benefits were accruing to 3 directors in respect of defined contribution pension scheme

The highest paid director received remuneration of £182,000 (2022 - £127,502).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £39,996 (2022 - £29,997).

---

ADW ARC GROUP HOLDINGS LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

---

10. Interest payable and similar expenses

	Year ended 31 March 2023 £	10-month period ended 31 March 2022 £
Bank interest payable	201,435	74,516
Interest on shareholder loans	1,044,440	728,507
Finance leases and hire purchase contracts	7,451	12,942
	<u>1,253,326</u>	<u>815,965</u>

11. Taxation

	Year ended 31 March 2023 £	10-month period ended 31 March 2022 £
<b>Corporation tax</b>		
Current tax on losses for the year/period	<u>86,082</u>	<u>24,018</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<u>(346,044)</u>	<u>(106,753)</u>
<b>Total deferred tax</b>	<u>(346,044)</u>	<u>(106,753)</u>
<b>Taxation on loss on ordinary activities</b>	<u>(259,962)</u>	<u>(82,735)</u>

---

ADW ARC GROUP HOLDINGS LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

---

11. Taxation (continued)

**Factors affecting tax charge for the year/period**

The tax assessed for the year/period is lower than (2022 - *lower than*) the standard rate of corporation tax in the UK of 19% (2022 - 19%). The differences are explained below:

	Year ended 31 March 2023 £	10-month period ended 31 March 2022 £
Loss on ordinary activities before tax	(6,036,359)	(2,792,435)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	(1,146,908)	(530,563)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	870,910	494,187
Capital allowances for year/period in excess of depreciation	14,535	31,688
Adjustments to tax charge in respect of prior periods	87,573	-
Movement in deferred tax not recognised	(86,072)	(78,047)
<b>Total tax charge for the year/period</b>	<b>(259,962)</b>	<b>(82,735)</b>

**Factors that may affect future tax charges**

Finance Act 2021 includes legislation to increase the main rate of corporation tax from 19% to 25% from 1 April 2023. The full anticipated effect of these changes is reflected in the above deferred tax balances.

12. Exceptional items

	Year ended 31 March 2023 £	10-month period ended 31 March 2022 £
Related party balance provision	-	283,648
	-	283,648

---

ADW ARC GROUP HOLDINGS LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

---

13. Intangible assets

Group

	Goodwill £
<b>Cost</b>	
At 1 April 2022	36,957,804
Adjustment to goodwill cost	(15,000)
At 31 March 2023	<u>36,942,804</u>
<b>Amortisation and impairment</b>	
At 1 April 2022	2,644,746
Charge for the year	3,389,927
Impairment charge	1,093,996
At 31 March 2023	<u>7,128,669</u>
<b>Net book value</b>	
At 31 March 2023	<u>29,814,135</u>
At 31 March 2022	<u>34,313,058</u>

---

ADW ARC GROUP HOLDINGS LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

---

13. Intangible assets (continued)

The Directors have considered whether the goodwill recorded in the consolidated statement of financial position and investment in subsidiaries recorded in the parent statement of financial position (see note 13) are impaired due to the decline in trading performance of the Group. In doing so, the Directors have considered the Group forecasted cash flows (Free Cash Flow Valuation) for the next five years, as a way of estimating the recoverable amount of the business.

In the forecasts, the Directors have considered the following external factors which have impacted the Group and have the following internal efficiency plans to return the Group to previous trading performance levels:

- Longer lead times on parts: Maintaining strategic partnership with suppliers whilst ensuring vehicles only arrive on site once all parts required for the repair are received.
- Availability of technicians: Creating an engaging working environment with a remuneration and benefits package to attract and retain the best employees.
- Energy costs: Ensuring energy usage across all sites are proactively controlled and minimised furthermore, continually review contractual terms for the most optimal pricing.
- Efficiency: A continuous review of internal processes to ensure throughput of vehicles in the body shops.
- Cost savings: implementing cost cutting measures to improve financial performance.

The Directors acknowledge that whilst plans are in place to return the Group to the levels of financial performance previously achieved, there is uncertainty regarding the valuation of goodwill and investment in subsidiaries based on any estimate of the Groups future trading cashflows. This uncertainty arises due to the unpredictability of the timing and magnitude of cashflow improvements and external factors outside the control of the Group management team, as explained above. In light of this, the Directors have concluded there is evidence that the goodwill in the consolidated statement of financial position and investment in subsidiaries in the parent company's statement of financial position is impaired, resulting in a non-cash impairment charge of £1,093,996 through the consolidated statement of comprehensive income, with a corresponding reduction to goodwill in the consolidated statement of financial position and a non-cash impairment charge of £6,682,709 through the parent statement of comprehensive income, with a reduction to investment in subsidiaries in the parent statement of financial position.

The Directors will continue to review the external factors and the progress of the efficiency plans put in place on a monthly basis and revisit impairment calculations on an annual basis.

---

ADW ARC GROUP HOLDINGS LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

---

14. Tangible fixed assets

Group

	Short-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>						
At 1 April 2022	133,519	150,222	56,096	74,677	-	414,514
Additions	435,827	104,334	20,000	74,629	2,619	637,409
At 31 March 2023	569,346	254,556	76,096	149,306	2,619	1,051,923
<b>Depreciation</b>						
At 1 April 2022	36,819	31,295	9,168	32,791	-	110,073
Charge for the year	108,875	62,026	21,174	41,325	404	233,804
At 31 March 2023	145,694	93,321	30,342	74,116	404	343,877
<b>Net book value</b>						
At 31 March 2023	423,652	161,235	45,754	75,190	2,215	708,046
At 31 March 2022	96,700	118,927	46,928	41,886	-	304,441

---

ADW ARC GROUP HOLDINGS LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

---

15. Fixed asset investments

Company

	Investments in subsidiary companies £
<b>Cost</b>	
At 1 April 2022	33,095,309
At 31 March 2023	<u>33,095,309</u>
<b>Impairment</b>	
Charge for the year	6,682,709
At 31 March 2023	<u>6,682,709</u>
<b>Net book value</b>	
At 31 March 2023	<u><u>26,412,600</u></u>
At 31 March 2022	<u><u>33,095,309</u></u>

---

**ADW ARC GROUP HOLDINGS LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

---

**15. Fixed asset investments (continued)**

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Registered number</b>	<b>Class of shares</b>	<b>Holding</b>
ADW ARC Group Limited *	12374274	Ordinary	100%
A.D. Williams Coach Works Limited *	02082726	Ordinary	100%
AD Williams Crawley Limited *	03934088	Ordinary	100%
AD Williams Worthing Limited *	09685550	Ordinary	100%
AD Williams High Wycombe Limited *	01160400	Ordinary	100%
AD Williams Wimbledon Limited *	09204559	Ordinary	100%
ADW ARC Limited *	07762304	Ordinary	100%
AD Williams Southampton Limited *	11258035	Ordinary	100%
A D Williams Uxbridge Limited *	11258042	Ordinary	100%
AD Williams Brighton Limited *	11495407	Ordinary	100%
AD Williams Lydd Limited *	03753359	Ordinary	100%
ADW Arg Limited *	11758587	Ordinary	100%
AD Williams Express Heathrow Limited *	11007631	Ordinary	100%
AD Williams Express Limited *	10071837	Ordinary	100%
AD Williams Enfield Limited *	12509030	Ordinary	100%
AD Williams Farnham Limited *	12317692	Ordinary	100%
ADW ARC Properties Limited	13835160	Ordinary	100%

The registered office address of the above subsidiaries is Unit E1 Fort Wallington Industrial Estate, Military Road, Fareham, PO16 8TT.

\* The subsidiaries above have taken exemption from an audit for the year ended 31 March 2023 by virtue of s479A of Companies Act 2006. In order to allow the subsidiary to take audit exemption, the Parent Company, ADW Arc Group Holdings Limited, has given a statutory guarantee, in line with s479C of the Companies Act 2006, of all the outstanding liabilities as at 31 March 2023.

**16. Stocks**

	<b>Group 2023 £</b>	<b>Group 2022 £</b>
Work in progress	<b>774,250</b>	<b>503,655</b>



---

ADW ARC GROUP HOLDINGS LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

---

17. Debtors

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
<b>Due after more than one year</b>				
Other debtors	320,157	97,250	-	-
	<u>320,157</u>	<u>97,250</u>	<u>-</u>	<u>-</u>
	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
<b>Due within one year</b>				
Trade debtors	3,009,394	5,183,942	-	-
Amounts owed by group undertakings	-	-	707,444	707,444
Other debtors	93,140	27,764	-	-
Prepayments and accrued income	2,763,123	1,821,785	-	20,000
Tax recoverable	400,990	183,137	102,385	142,216
Deferred taxation	462,408	106,753	303,560	19,037
	<u>6,729,055</u>	<u>7,323,381</u>	<u>1,113,389</u>	<u>888,697</u>

Trade debtors have been impaired during the year by £89,547 (2022 - £143,181).

---

ADW ARC GROUP HOLDINGS LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

---

**18. Creditors: Amounts falling due within one year**

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Bank loans	604,115	588,127	-	-
Other loans	222,450	1,134,391	-	-
Trade creditors	3,767,705	3,032,103	-	-
Amounts owed to group undertakings	-	-	326,992	-
Corporation tax	506,882	402,980	102,385	90,461
Other taxation and social security	1,683,515	1,035,784	-	-
Obligations under finance lease and hire purchase contracts	52,905	63,728	-	-
Other creditors	1,867,904	1,778,104	-	-
Accruals and deferred income	1,846,774	816,045	829,278	-
	<u>10,552,250</u>	<u>8,851,262</u>	<u>1,258,655</u>	<u>90,461</u>

The CBILS loans are secured by debentures granted in the respective company and guaranteed by group companies.

**19. Creditors: Amounts falling due after more than one year**

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Bank loans	1,311,821	1,915,971	-	-
Other loans	12,445,112	12,435,295	12,195,112	12,195,112
Net obligations under finance leases and hire purchase contracts	9,646	40,068	-	-
	<u>13,766,579</u>	<u>14,391,334</u>	<u>12,195,112</u>	<u>12,195,112</u>

The bank loans are secured by debentures granted in the respective company and guaranteed by group companies.

Other loans are unsecured, with fixed interest rates of 10%.

ADW ARC GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

20. Loans

Analysis of the maturity of loans is given below:

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
<b>Amounts falling due within one year</b>				
Bank loans	604,115	588,127	-	-
Other loans	222,450	1,134,391	-	-
	<u>826,565</u>	<u>1,722,518</u>	<u>-</u>	<u>-</u>
<b>Amounts falling due 1-5 years</b>				
Bank loans	1,311,821	1,915,971	-	-
Other loans	6,222,556	240,183	6,097,556	-
	<u>7,534,377</u>	<u>2,156,154</u>	<u>6,097,556</u>	<u>-</u>
<b>Amounts falling due after more than 5 years</b>				
Other loans	6,222,556	12,195,112	6,097,556	12,195,112
	<u>14,583,498</u>	<u>16,073,784</u>	<u>12,195,112</u>	<u>12,195,112</u>

21. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2023 £	Group 2022 £
Within one year	52,905	63,728
Between 1-5 years	9,646	40,068
	<u>62,551</u>	<u>103,796</u>

---

ADW ARC GROUP HOLDINGS LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

---

22. Deferred taxation

Group

	2023 £	2022 £
At beginning of year	106,753	-
Charged to profit or loss	355,655	106,753
<b>At end of year</b>	<b>462,408</b>	<b>106,753</b>

Company

	2023 £	2022 £
At beginning of year	19,037	-
Charged to profit or loss	284,523	19,037
<b>At end of year</b>	<b>303,560</b>	<b>19,037</b>

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Accelerated capital allowances	462,408	106,753	303,560	19,037

23. Provisions

Group

	Dilapidations £
At 1 April 2022	401,351
Charged to profit or loss	22,759
<b>At 31 March 2023</b>	<b>424,110</b>

The provision relates to the expected cost of reinstating the property back to its original condition at the end of the lease term. This provision is the best estimate of these expected future costs.

---

ADW ARC GROUP HOLDINGS LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

---

24. Share capital

	2023 £	2022 £
<b>Allotted, called up and fully paid</b>		
625,000 Ordinary shares of £0.01 each	6,250	6,250
383,967 A Ordinary shares of £0.01 each	3,840	3,840
3,691 B Ordinary shares of £0.01 each	37	37
42,194 C Ordinary shares of £0.01 each	422	422
	<hr/>	<hr/>
	10,549	10,549
	<hr/>	<hr/>

**Ordinary**

Ordinary carry equal voting rights and rights to dividends.

**A Ordinary**

A Ordinary carry equal voting rights and rights to dividends in priority to the holders of all other classes of shares.

**B Ordinary**

B Ordinary carry equal voting rights and rights to dividends.

**C Ordinary**

C Ordinary carry no voting rights and no rights to dividends.

25. Reserves

**Share premium account**

The share premium account is used to record the aggregate amount or value of premiums paid when the Company's shares are issued at an amount in excess of nominal value.

**Profit and loss account**

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

26. Pension commitments

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £105,401 (2022 - £80,819). Contributions totalling £41,561 (2022 - £33,259) were payable to the fund at the reporting date.

---

ADW ARC GROUP HOLDINGS LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

---

**27. Commitments under operating leases**

At 31 March the Group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2023 £	Group 2022 £
Not later than 1 year	1,453,022	1,221,500
Later than 1 year and not later than 5 years	5,317,840	4,417,917
Later than 5 years	5,462,770	3,636,333
	<u>12,233,632</u>	<u>9,275,750</u>

---

ADW ARC GROUP HOLDINGS LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

---

28. Related party transactions

The Parent Company has provided a guarantee exempting the following subsidiaries from the requirements of audit under section 479A of the Companies Act 2006 relating to subsidiary companies:

Company name	Registered number	Country of incorporation
ADW ARC Group Limited	12374274	England and Wales
A.D. Williams Coach Works Limited	02082726	England and Wales
AD Williams Crawley Limited	03934088	England and Wales
AD Williams Worthing Limited	09685550	England and Wales
AD Williams High Wycombe Limited	01160400	England and Wales
AD Williams Wimbledon Limited	09204559	England and Wales
ADW ARC Limited	07762304	England and Wales
AD Williams Southampton Limited	11258035	England and Wales
A D Williams Uxbridge Ltd	11258042	England and Wales
AD Williams Brighton Limited	11495407	England and Wales
AD Williams Lydd Ltd	03753359	England and Wales
ADW Arg Limited	11758587	England and Wales
AD Williams Express Heathrow Limited	11007631	England and Wales
AD Williams Express Limited	10071837	England and Wales
AD Williams Enfield Limited	12509030	England and Wales
AD Williams Farnham Limited	12317692	England and Wales

The Company has taken advantage of the exemption in FRS 102 Section 33.1A to not disclose transactions with wholly owned group entities.

Included within 'Other loans' due in greater than one year, is £12,445,112 (2022 - £12,195,112) due to shareholders of the Group. Interest of £1,044,440 (2022 - £728,507) was charged against these loan balances during the year.

During the year, the Group had transactions totalling £70,775 (2022 - £162,068) with companies under common control of a director, with a creditor balance due to these companies of £34,506 (2022 - £9,865) at year end.

During the year, the Group had transactions totalling £56,000 (2022 - £140,000) with companies under common control of a director, with a creditor balance due to these companies of £28,000 (2022 - £6,000) at year end.

During the year, the Group had transactions totalling £Nil (2022 - £33,548) with companies under common control of a director. There were 6,200 (2022 - no) balances outstanding at the year end date.

At the end of the year, the Group had a balance due from a company under the common control of a director, amounting to £Nil (2022 - £Nil). A balance of £Nil (2022 - £283,648) was provided against this balance during the year.

---

ADW ARC GROUP HOLDINGS LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

---

**29. Post balance sheet events**

After the year end, £1m of investment was received from existing investors in the form of secured loan notes.

**30. Controlling party**

The directors do not consider there to be an ultimate controlling party.