Arca Shipping Limited

Registered No. 05480773

Annual Report and Financial Statements

52 week period ended 28 March 2020

DIRECTORS AND ADVISORS

DIRECTORS
S Lowry
A N O'Hara
K G Greenfield
P R Winter

SECRETARY
P R Winter

INDEPENDENT AUDITORS
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Savannah House
3 Ocean Way
Southampton
SO14 3TJ

BANKERS
Royal Bank of Scotland plc
3 Hampshire Corporate Park
Templars Way
Chandler's Ford
SO53 3RY

SOLICITORS
Travers Smith Limited
10 Snow Hill
London
EC1A 2AL

REGISTERED OFFICE
Gunwharf Terminal
Gunwharf Road
Portsmouth
PO1 2LA

STRATEGIC REPORT

The directors present their strategic report for the 52 week period ended 28 March 2020.

REVIEW OF THE BUSINESS

Strategy

Arca Shipping Limited ("the company") acts as a holding company.

Both the level of business during the period and the financial position at the end of the period are considered to be satisfactory for a company of this nature.

Due to the company being a holding company within the group of companies headed up by Arca Topco Limited ("the group"), for further details on the business review including details of principal risks and uncertainties and key performance indicators for the group as a whole, which are considered to incorporate those of the company, please refer to the Annual Report and Financial Statements of Arca Topco Limited. The financial statements of Arca Topco Limited are available from Gunwharf Terminal, Gunwharf Road, Portsmouth, PO1 2LA.

On 28 May 2019, 50% of the share capital of the company's ultimate parent undertaking, Arca Topco Limited, and 50% of the shareholder debt of the company's fellow subsidiary undertaking, Arca Holdco Limited, were purchased by Eaglecrest Marine Bidco Limited. There was no change to the amount or terms of the debt held resulting from the transaction.

Future developments

The directors expect that the current level of activity will be sustained for the foreseeable future. The emergence of the Covid-19 pandemic in the year has not impacted the results of the company or its future expected activities, due to the nature of the company being a holding company.

FINANCIAL RISK MANAGEMENT

The company's operations expose it to a variety of financial risks that include the effects of interest rate risk and liquidity risk. The company has in place a risk management programme that seeks to limit the adverse effects on financial performance by monitoring levels of debt finance and the related interest payable.

Interest rate risk

The company's net borrowings are in the form of long-term fixed rate intercompany debt, the nature of which is, in the opinion of the directors, appropriate to the company's operations.

Liquidity risk

The company's policy on funding capacity is to ensure that it always has sufficient long-term group funding in place to meet foreseeable peak borrowing requirements.

On behalf of the Board

P R Winter
Director
31 March 2021

DIRECTORS' REPORT

The directors present their Annual Report and the audited financial statements for the 52 week period ended 28 March 2020.

A review of the business, details of principal risks and uncertainties, key performance indicators, future developments of the company's business and financial risk management policies are covered in the Strategic Report.

PRINCIPAL ACTIVITIES
The company acts as a holding company.

RESULTS AND DIVIDENDS
The loss for the financial period amounted to £15,576,000 (52 week period ended 30 March 2019: £7,282,000).

The directors do not recommend the payment of a dividend (52 week period ended 30 March 2019: £nil).

GOING CONCERN
The company had net liabilities at the period end due to intercompany loans with the company's parent undertaking. The directors have prepared these financial statements on a going concern basis as the intercompany loans are not repayable until 2044. The parent undertaking is also unable to demand repayment of these amounts if such repayment would result in the company becoming insolvent.

There are fixed and floating charges over the assets of the group and company in favour of the parties providing debt finance to the company's parent undertaking. The company is a party to a group guarantee in favour of those parties.

DIRECTORS
The directors of the company who were in office during the period and up to the date of signing the financial statements were as follows:

S Lowry	
H W J Hanna	(resigned 8 April 2020)
A N O'Hara	
K G Greenfield	
P R Winter	(appointed 3 February 2021)
J M Pascoe	(resigned 1 February 2021)

DIRECTORS' LIABILITIES
The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force during the financial period and as at the date of approving the Directors' Report and those financial statements.

EMPLOYEES
The company has no employees (52 week period ended 30 March 2019: nil).

DIRECTORS' REPORT

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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 keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

DIRECTORS' CONFIRMATIONS

In the case of each director in office at the date the Directors' Report is approved:

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

INDEPENDENT AUDITORS

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the next Directors' Board Meeting.

On behalf of the Board

P R Winter
Director
31 March 2021

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARCA SHIPPING LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Arca Shipping Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 28 March 2020 and of its loss for the 52 week period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 28 March 2020; the Statement of Comprehensive Income and the Statement of Changes in Equity for the 52 week period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARCA SHIPPING LIMITED (CONTINUED)

Reporting on other information (continued)

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 28 March 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the Financial Statements set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Sophie Murton (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Southampton

31 March 2021

STATEMENT OF COMPREHENSIVE INCOME
for the 52 week period ended 28 March 2020

	Note	**52 week period ended 28 March 2020 £000**	52 week period ended 30 March 2019 £000
Income from shares in group undertakings	2	**6,200**	14,494
Interest payable and similar expenses	5	**(21,776)**	(21,776)
LOSS BEFORE TAXATION		**(15,576)**	(7,282)
Tax on loss	6	**-**	-
LOSS FOR THE FINANCIAL PERIOD AND TOTAL COMPREHENSIVE EXPENSE		**(15,576)**	**(7,282)**

The results above relate entirely to continuing operations.

The notes on pages 11 to 18 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
as at 28 March 2020

	Note	28 March 2020 £000	30 March 2019 £000
FIXED ASSETS			
Investments	7	**228,000**	228,000
Creditors: amounts falling due within one year	8	**(68,268)**	(68,268)
NET CURRENT LIABILITIES		**(68,268)**	(68,268)
TOTAL ASSETS LESS CURRENT LIABILITIES		**159,732**	159,732
Creditors: amounts falling due after more than one year	9	**(285,989)**	(270,413)
NET LIABILITIES		**(126,257)**	(110,681)
EQUITY			
Called up share capital	10	**100**	100
Accumulated losses		**(501,279)**	(485,703)
Reserves - other		**374,922**	374,922
TOTAL SHAREHOLDERS' DEFICIT		**(126,257)**	(110,681)

The notes on pages 11 to 18 form an integral part of these financial statements.

The financial statements on pages 8 to 18 were approved by the Board and signed on its behalf on 31 March 2021.

P. Winter

P R Winter
Director

STATEMENT OF CHANGES IN EQUITY
For the 52 week period ended 28 March 2020

	Called up share capital £000	Accumulated losses £000	Other reserves £000	Total equity £000
Balance as at 1 April 2018	100	(478,421)	374,922	(103,399)
Loss for the financial period and total comprehensive expense	-	(7,282)	-	(7,282)
Balance as at 30 March 2019	100	(485,703)	374,922	(110,681)
Loss for the financial period and total comprehensive expense	-	(15,576)	-	(15,576)
Balance as at 28 March 2020	**100**	**(501,279)**	**374,922**	**(126,257)**

Other reserves arose on acquisition of the company by Arca Bidco Limited in 2015. As part of the purchase, £374,922,000 of the amount due to the company's previous parent undertaking, MEIF Shipping Holdings, was forgiven. This amount is distributable.

NOTES TO THE FINANCIAL STATEMENTS
for the 52 week period ended 28 March 2020

General information
Arca Shipping Limited ("the company") is a private limited company limited by shares and is incorporated in the United Kingdom and registered in England and Wales. The address of its registered office is Gunwharf Terminal, Gunwharf Road, Portsmouth, PO1 2LA.

The company acts as a holding company.

Statement of compliances
The financial statements of the company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation
The financial statements have been prepared under the historical cost convention and in accordance with the applicable accounting standards in the United Kingdom and Companies Act 2006. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Going concern
The company had net liabilities at the period end due to intercompany loans with the company's parent undertaking. The directors have prepared these financial statements on a going concern basis as the intercompany loans are not repayable until 2044. The parent undertaking is also unable to demand repayment of these amounts if such repayment would result in the company becoming insolvent.

There are fixed and floating charges over the assets of the group, and company in favour of the parties providing debt finance to the company's parent undertaking. The company is a party to a group guarantee in favour of those parties.

Consolidated financial statements
The financial statements contain information about the company as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent company, Arca Topco Limited, a company incorporated in the United Kingdom (see note 13).

Exemptions for qualifying entities under FRS 102
FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions, have been complied with.

As a qualifying entity, the company has taken advantage of the following exemptions:

(i) from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;

(ii) from the requirement to present financial instrument disclosures, as required by FRS 102 paragraphs 11.39 to 11.48A, paragraphs 12.26 and 12.29;

(iii) from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv); and

(iv) from the requirement to disclose the key management personnel compensation in total as required by FRS 102 paragraph 33.7.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Foreign currencies

Functional and presentation currency

The company's functional and presentation currency is the pound sterling.

Transactions and balances

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences are taken against profit or loss.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised directly in equity. In this case tax is also recognised directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the period or prior periods Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the reporting date where transactions or events have occurred at that date that will result in an obligation to pay more tax, or a right to pay less tax. This is true with the exception of the fact that net deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the average tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the reporting date.

Investments

Investments are stated at cost less any provision for impairment. The carrying value is reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Impairment of non-financial assets
At each reporting date, non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication,the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the statement of comprehensive income, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation thereafter any excess in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in profit or loss.

Financial instruments
The company has chosen to adopt sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets
Basic financial assets, including trade and other receivables, cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period, financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities
Basic financial liabilities, including bank loans and amounts owed to group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Capital instruments

Instruments are included in shareholders' funds where in substance they offer a residual interest in the assets of the company after deducting all of its liabilities. Other instruments are classified as liabilities if, in substance, they contain an obligation to transfer economic benefits. The finance cost, including debt issue costs, recognised in profit or loss in respect of new capital instruments designated as liabilities is allocated to periods over the term of the instrument at a constant rate on the carrying amount. Debt issue costs associated with a restructuring of existing debt are recognised in profit or loss in the period incurred.

Related party disclosures

The company has taken advantage of the exemption, as provided by paragraph 33.1A of FRS 102, and does not disclose transactions with members of the same group that are wholly owned.

Critical accounting judgements and key source of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The directors do not consider there to be any critical accounting judgements or key sources of estimation uncertainty within the company's financial statements that could reasonably be expected to change materially in the next year and therefore require specific disclosure.

2. **INCOME FROM SHARES IN GROUP UNDERTAKINGS**

	52 week period ended 28 March 2020 £000	52 week period ended 30 March 2019 £000
Dividends received from subsidiary undertakings	**6,200**	14,494

3. **DIRECTORS' REMUNERATION AND AUDITORS' FEES**

S Lowry, H W J Hanna and A N O'Hara are remunerated by Basalt Infrastructure Partners LLP rather than by the company.

K G Greenfield and P R Winter are subject to service agreements with and are remunerated by the company's subsidiary undertaking, Wightlink Limited – this was also true of J M Pascoe prior to his resignation as a director.

All of the directors services to this company are considered to be incidental to their services to the group and as such no amounts have been recharged to the company and no separate amount has been disclosed within these financial statements (52 weeks ended 30 March 2019: £nil).

Auditors' fees of £6,000 (52 weeks ended 30 March 2019: £6,000) are borne by the company's subsidiary undertaking, Wightlink Limited. In accordance with SI 2008/489, the company has not disclosed the fees payable to the company's auditors for other services, as this information is included in the consolidated financial statements of Arca Topco Limited.

NOTES TO THE FINANCIAL STATEMENTS
for the 52 week period ended 28 March 2020

4. **STAFF COSTS**

The company had no employees during the current period (52 week period ended 30 March 2019: nil).

5. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	52 week period ended 28 March 2020 £000	52 week period ended 30 March 2019 £000
Interest payable to group undertakings	**(21,776)**	(21,776)

6. **TAX ON LOSS**

(a) Tax on loss

There is no current or deferred tax charge or credit for the period (52 week period ended 30 March 2019: nil).

(b) Factors affecting tax charge for period

The tax assessed on the loss before taxation for the period is higher (52 week period ended 30 March 2019: higher) than the standard rate of corporation tax in the UK of 19% (52 week period ended 30 March 2019: 19%), as set out below:

	52 week period ended 28 March 2020 £000	52 week period ended 30 March 2019 £000
Loss before taxation	**(15,576)**	(7,282)
Loss before taxation multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	**(2,959)**	(1,384)
Effects of:		
Income not subject to tax	**(1,178)**	(2,754)
Expenses not deductible	**1,824**	733
Group relief surrendered for nil consideration	**2,313**	3,405
Total tax (note 6(a))	**-**	-

In the 2020 Budget, the UK Government announced its intention to reverse the planned rate reduction to 17% and to maintain the current rate of 19%, with this being substantively enacted on 17 March 2020.

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

At each balance sheet date, UK deferred tax assets and liabilities have been measured using the substantively enacted rates at which they are forecast to unwind.

(c) Deferred tax

The company has unrecognised deferred tax assets of £12,975,000 (30 March 2019: £8,106,000) relating to tax losses.

NOTES TO THE FINANCIAL STATEMENTS
for the 52 week period ended 28 March 2020

7. INVESTMENTS

	Subsidiary undertakings £000
Cost:	
At 31 March 2019 and at 28 March 2020	269,995
Accumulated impairment provision:	
At 31 March 2019 and at 28 March 2020	(41,995)
Net book value:	
At 30 March 2019 and at 28 March 2020	228,000

The company holds either directly or indirectly the entire issued share capital which comprises solely ordinary share capital for each and every company of the following subsidiary undertakings, all of which are registered in England and Wales unless indicated. The directors believe that the carrying value of the investments is supported by the value of the underlying businesses.

Name of company	*Nature of business*
Wightlink Limited (1)	Operation of ferry services to the Isle of Wight
Wightlink (Guernsey) Limited (2)	Provision of seafarers to crew Wightlink vessels

(1) Registered in England and Wales with address Gunwharf Terminal, Gunwharf Road, Portsmouth, Hampshire, PO1 2LA

(2) Registered in Guernsey with address: Granite House, La Grande Rue, St Martin, Guernsey, Channel Islands, GY1 3RS

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	28 March 2020 £000	30 March 2019 £000
Amounts owed to group undertakings	**68,263**	68,263
Accruals and deferred income	**5**	5
	68,268	68,268

Amounts owed to group undertakings are repayable on demand and carry an interest rate of 9.25% (30 March 2019: 9.25%).

NOTES TO THE FINANCIAL STATEMENTS
for the 52 week period ended 28 March 2020

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

Amounts owed to group undertakings

	28 March 2020 £000	30 March 2019 £000
Amounts owed to group undertakings are repayable:		
After more than five years	**285,989**	270,413

	28 March 2020 £000	30 March 2019 £000
Loans are classified in the Statement of Financial Position as:		
Amounts falling due after one year	**285,989**	270,413

Amounts owed to group undertakings incur interest at a rate of 9.25% per annum (30 March 2019: 9.25%). These amounts are repayable on 13 February 2044, unless repayment would cause the company to become insolvent.

10. CALLED UP SHARE CAPITAL

	Authorised			
	28 March 2020 No.	**28 March 2020 £000**	30 March 2019 No.	30 March 2019 £000
Ordinary shares of £1 each	**150,000,000**	**150,000**	150,000,000	150,000

	Allotted, called up and fully paid			
	28 March 2020 No.	**28 March 2020 £000**	30 March 2019 No.	30 March 2019 £000
Ordinary shares of £1 each	**100,001**	**100**	100,001	100

11. CONTINGENT LIABILITIES

There are fixed and floating charges over the assets of the group and company in favour of the parties providing debt finance to the company's parent undertaking. The company is a party to a group guarantee in favour of those parties. The total amount outstanding under such guarantees at 28 March 2020 amounted to £176,700,000 (30 March 2019: £170,000,000).

12. RELATED PARTIES

The company has taken advantage of the exemption under paragraph 33.1A from the provisions of FRS 102, 'Related Party Disclosures', on the grounds that it is a wholly owned subsidiary of Arca Topco Limited, whose financial statements are publicly available, as detailed in note 13.

13. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The entire share capital of the company is held by Arca Bidco Limited, a company registered in England and Wales and the immediate parent undertaking. The smallest group into which the company is consolidated is Arca Midco Limited and the largest group into which the company is consolidated is Arca Topco Limited – both companies are registered in England and Wales and a copy of their financial statements is available from Gunwharf Terminal, Gunwharf Road, Portsmouth, PO1 2LA.

At the start of the period, the directors considered the company's ultimate parent undertaking and ultimate controlling party to be Basalt Infrastructure Partners LLP, an English limited liability partnership (registered address: 4th Floor, 65 Curzon Street, London, United Kingdom, W1J 8PE.

On 28 May 2019, 50% of the share capital of Arca Topco Limited and 50% of the company's shareholder debt, was purchased by Eaglecrest Marine Bidco Limited. As a result, the directors do not consider that there is a controlling party above Arca Topco Limited from the date of this transaction.