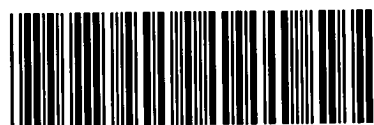


Company Registration No. 09259228 (England and Wales)

**ARCA BIDCO LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE 52 WEEK PERIOD ENDED 25 MARCH 2023**

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## **ARCA BIDCO LIMITED**

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## **ARCA BIDCO LIMITED**

### **COMPANY INFORMATION**

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<b>Directors</b>	D Anderson M A Berg J D Cogley A N O'Hara P R Winter
<b>Secretary</b>	P R Winter
<b>Company number</b>	09259228
<b>Registered office</b>	Gunwharf Terminal Gunwharf Road Portsmouth Hampshire PO1 2LA
<b>Auditor</b>	CLA Evelyn Partners Limited 4 <sup>th</sup> Floor Cumberland House 15-17 Cumberland Place Southampton Hampshire SO15 2BG

## **ARCA BIDCO LIMITED**

### **STRATEGIC REPORT FOR THE 52 WEEK PERIOD ENDED 25 MARCH 2023**

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The directors present the Strategic Report and audited financial statements for the 52 week period ended 25 March 2023.

#### **Review of the business**

Arca Bidco Limited ("the Company") acts as a holding company for its subsidiaries ("the Group") and holds the external bank debt for the Group. The Company is a wholly owned subsidiary in a group of entities headed by Arca Topco Limited ("the Wightlink Group").

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.

The Company is a holding company within the Wightlink Group. For further details on the business review, including details of principal risks and uncertainties and key performance indicators for the Wightlink 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. A copy of the financial statements of Arca Topco Limited is available from Gunwharf Terminal, Gunwharf Road, Portsmouth, Hampshire, PO1 2LA.

#### **Future developments**

The directors expect that the current level of activity will be sustained for the foreseeable future, due to its nature as 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 the financial performance of the Company by monitoring levels of debt finance and the related finance costs.

#### ***Interest rate risk***

The Company's external net borrowings are in the form of medium-term variable rate debt, the nature of which is, in the opinion of the directors, appropriate to the Wightlink Group's operations. The Company utilises interest rate swaps to fix the interest rate on its debt.

#### ***Liquidity risk***

The Company's policy on funding capacity is to ensure that it always has sufficient funding and committed bank facilities in place to meet foreseeable peak borrowing requirements.

#### **Section 172(1) statement**

The directors are bound by their duties under the Companies Act 2006 (the "Act") and understand each duty is in the interest of the overall success of the Company. This statement sets out how the directors have regard to the matters set out in Section 172 of the Act whilst undertaking their roles, including but not limited to the:

- a) likely consequences of any decisions in the long-term;
- b) interests of the Company's employees;
- c) need to foster the Company's business relationships with suppliers, customers and others;
- d) impact of the Company's operations on the community and environment;
- e) desirability of the Company maintaining a reputation for high standards of business conduct;
- and
- f) need to act fairly between members of the Company.

The Company is a wholly owned subsidiary within the Wightlink Group.

## ARCA BIDCO LIMITED

### STRATEGIC REPORT (CONTINUED) FOR THE 52 WEEK PERIOD ENDED 25 MARCH 2023

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#### Section 172(1) statement (continued)

The Wightlink Group's vision is to be the easiest way to travel across the Solent, with outstanding customer service. As a leading ferry operator for Isle of Wight travel, we must balance the immediate challenges of carrying people and vehicles efficiently and safely with longer term developments and emerging technologies, so that our business continues to provide reliable and class leading travel services for the Isle of Wight to both the local community, businesses and leisure users.

The directors are committed to developing and maintaining a governance framework that is appropriate to the business and supports effective decision making coupled with robust oversight of risks and internal controls.

As an intermediate holding company, the directors monitor the performance of the subsidiaries to ensure they are meeting the requirements of the wider business. This requires a long term view so that the directors can structure the business in a manner that enables it to most efficiently respond to changes in the market place and return value to the shareholders.

The directors consider the possible long-term consequences of any material proposed course of action, including potential safety, financial and reputational risks.

#### *Relationships with suppliers and customers*

The Company is an intermediate holding company and therefore it has no suppliers or customers. Please refer to the financial statements of the ultimate parent, Arca Topco Limited, for details of how the Wightlink Group, which includes the Company and its subsidiaries, acts to foster relationships with suppliers and customers.

#### *Business Conduct*

Our business is based on the fundamental values of honesty, integrity, and high levels of customer service. The directors are committed to maximising long-term shareholder value while supporting management in the operations of the business, observing health and safety standards and adhering to all applicable regulations.

#### *Employees*

The Company is an intermediate holding company with no employees of its own. Please refer to the financial statements of Arca Topco Limited, for details of how the Wightlink Group acts in regard to their employees' interests.

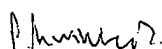
#### *Environment and communities*

The Company has no premises, operations, employees, or trade, and therefore has no exposure to the community or environment. Please refer to the financial statements of Arca Topco Limited for details of the Wightlink Group's impacts.

#### *Acting fairly between members*

The Company's only member is Arca Midco Limited, but as a subsidiary within the Wightlink Group, it is ultimately controlled by the owners of the ultimate parent, Arca Topco Limited. The Wightlink Group is owned by a number of shareholders. The Wightlink Group regularly holds Board meetings that are attended by a mix of management from the shareholders. This meeting ensures that the shareholders are kept informed of events and have opportunity to take part in the running and strategic direction of the Wightlink Group.

On behalf of the Board:



.....  
P R Winter

**Director**

Date: 26/07/2023

.....

## ARCA BIDCO LIMITED

### DIRECTORS' REPORT FOR THE 52 WEEK PERIOD ENDED 25 MARCH 2023

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The directors present their Annual Report and audited financial statements for the 52 week period ended 25 March 2023.

#### Principal activities

The Company acts as a holding company and holds the external bank debt on behalf of the Wightlink Group.

#### Results and dividends

The profit for the financial period was £5,408,000 (52 week period ended 26 March 2022: £19,396,000). The movement is primarily driven by the current period gain on derivative financial instruments of £14,435,000 compared to a gain of £11,916,000 in the prior period, and an impairment loss in this period.

The Company had net assets of £82,772,000 at the period end (26 March 2022: £77,364,000).

The directors do not recommend the payment of a dividend for the 52 week period ended 25 March 2023 (52 week period ended 26 March 2022: £nil).

#### Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

D Anderson	
M A Berg	(appointed 30 September 2022)
J D Cogley	
S Lowry	(resigned 30 September 2022)
A N O'Hara	
P R Winter	

#### 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 period and as at the date of approving the Directors' Report and these financial statements.

#### Going concern

The Company has net current assets of £344,365,000 (26 March 2022: £339,513,000) and net assets of £82,772,000 (26 March 2022: £77,364,000). The long term intercompany loans of the Wightlink Group are due for repayment in 2044 and only if this does not make the Wightlink Group insolvent, and the external loan facilities, which were due for repayment in 2024 have, since the period end, been extended to September 2025.

The external loan facilities place certain covenants on the Wightlink Group entities which, if not met, enable lenders to demand repayment of any outstanding amounts. Forecasts have been prepared that show that these covenants will be met, but in the event of non-compliance, the parent company's shareholders have the option of injecting additional capital, sufficient to remedy any such covenant breach.

After due consideration of the factors outlined above the directors are satisfied that the Company and wider Wightlink Group will be able to operate within the available facilities and continue as a going concern for the foreseeable future, being a period no less than 12 months from the date of approval of these financial statements.

#### Employees

The Company has no employees (52 week period ended 26 March 2022: nil). The Company is an intermediate holding company with no employees of its own. Please refer to the financial statements of Arca Topco Limited for details of how the Wightlink Group gives due consideration to disabled employees and how they engage with their own employees.

**ARCA BIDCO LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE 52 WEEK PERIOD ENDED 25 MARCH 2023**

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**Independent Auditor**

CLA Evelyn Partners Limited have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the next Board meeting.

**Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the Company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the Company's auditor is aware of that information.

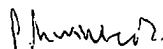
**Disclosure of information in the strategic report**

The Company has chosen, in accordance with section 414C(II) of the Companies Act 2006 to present information regarding its financial risk management objectives and policies, and future developments in the Strategic Report.

**Events after the reporting period**

Following the period end, the Company extended its bank loan facility to end in September 2025.

On behalf of the Board:



.....  
P R Winter  
**Director**

Date: 26/07/2023  
.....

## **ARCA BIDCO LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE 52 WEEK PERIOD ENDED 25 MARCH 2023**

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The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare 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 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.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARCA BIDCO LIMITED**

**Opinion**

We have audited the financial statements of Arca Bidco Limited (the 'Company') for the 52 week period ended 25 March 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity 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 Company's affairs as at 25 March 2023 and of its profit for the 52 week period 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 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 Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

**Other information**

The other information comprises the information included in 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARCA BIDCO LIMITED (CONTINUED)**

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 6, 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 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.

**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 Company'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 Company's industry and regulation.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARCA BIDCO LIMITED (CONTINUED)

We understand that the Company complies with the framework through:

- Outsourcing tax compliance to external experts.
- Subscribing to relevant updates from external experts, and making changes to internal procedures and controls as necessary.
- Regular Board meetings where the directors would discuss any significant matters regarding non-compliance with laws and regulations.

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 Company's ability to conduct its business, and/or where there is a risk that 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:

- Management override of controls resulting in manipulation of the financial statements with fraudulent journal entries; and
- Consideration of impairment in relation to the investment in subsidiary and the recoverability of Group balances as these areas require estimates and judgements to be made by management.

These areas were communicated to the other members of the engagement team not present at the discussion.


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

- Challenging management regarding the assumptions used in the estimates and judgements identified above and comparison to historical data and post-period-end data as appropriate;
- Substantive work on material areas affecting profits; and
- Testing journal entries, focusing particularly on postings to unexpected or unusual accounts and journals outside the normal scope of the client business.

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.

### Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

  
Andrew Edmonds (Jul 26, 2023 18:23 GMT+1)

Andrew Edmonds  
Senior Statutory Auditor, for and on behalf of

### CLA Evelyn Partners Limited

Statutory Auditor  
Chartered Accountants  
4th Floor Cumberland House  
15-17 Cumberland Place  
Southampton  
Hampshire  
SO15 2BG  
Date: 26/07/2023

**ARCA BIDCO LIMITED****STATEMENT OF COMPREHENSIVE INCOME  
FOR THE 52 WEEK PERIOD ENDED 25 MARCH 2023**

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		<b>52 week period ended 25 March 2023 £'000</b>	<b>52 week period ended 26 March 2022 £'000</b>
	<b>Notes</b>		
Administrative expenses		(15,684)	(14)
<b>Operating loss</b>	<b>3</b>	<u>(15,684)</u>	<u>(14)</u>
Interest receivable and similar income	<b>6</b>	37,489	33,692
Interest payable and similar expenses	<b>7</b>	(16,397)	(14,282)
<b>Profit before taxation</b>		<u>5,408</u>	<u>19,396</u>
Tax on profit	<b>8</b>	-	-
<b>Profit for the financial period and total comprehensive income</b>		<u>5,408</u>	<u>19,396</u>

The results above relate entirely to continuing operations.

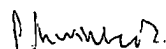
The notes on pages 13 to 23 form an integral part of these financial statements.

**STATEMENT OF FINANCIAL POSITION  
AS AT 25 MARCH 2023**

	Notes	25 March 2023 £'000	26 March 2022 £'000
<b>Fixed assets</b>			
Investments	9	-	215
<b>Current assets</b>			
Debtors: amounts falling due within one year	10	3,409	9,577
Debtors: amounts falling due after more than one year	10	346,239	333,497
Cash at bank and in hand		11	11
		<u>349,659</u>	<u>343,085</u>
<b>Current liabilities</b>			
Creditors: Amounts falling due within one year	11	(5,294)	(3,572)
<b>Net current assets</b>		<u>344,365</u>	<u>339,513</u>
<b>Total assets less current liabilities</b>		<u>344,365</u>	<u>339,728</u>
Creditors: Amounts falling due after more than one year	12	(261,593)	(262,364)
<b>Net assets</b>		<u>82,772</u>	<u>77,364</u>
<b>Capital and reserves</b>			
Called up share capital	15	26,007	26,007
Profit and loss account	16	56,765	51,357
<b>Total equity</b>		<u>82,772</u>	<u>77,364</u>

The notes on pages 13 to 23 form an integral part of these financial statements.

The financial statements on pages 10 to 23 were approved by the Board of directors on 26/07/2023..... 2023 and are signed on its behalf by:



.....  
P R Winter  
Director

**ARCA BIDCO LIMITED****STATEMENT OF CHANGES IN EQUITY  
FOR THE 52 WEEK PERIOD ENDED 25 MARCH 2023**

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	<b>Called up share capital £'000</b>	<b>Profit and loss account £'000</b>	<b>Total equity £'000</b>
<b>Balance as at 27 March 2021</b>	26,007	31,961	57,968
Profit and total comprehensive income for the financial period	-	19,396	19,396
	<hr/>	<hr/>	<hr/>
<b>Balance as at 26 March 2022</b>	26,007	51,357	77,364
Profit and total comprehensive income for the financial period	-	5,408	5,408
	<hr/>	<hr/>	<hr/>
<b>Balance as at 25 March 2023</b>	<u>26,007</u>	<u>56,765</u>	<u>82,772</u>

The notes on pages 13 to 23 form an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE 52 WEEK PERIOD ENDED 25 MARCH 2023**

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**1. Accounting policies**

**General information**

Arca Bidco Limited ('the Company') is a private company limited by shares and is registered and incorporated in England and Wales. The address of its registered office is Gunwharf Terminal, Gunwharf Road, Portsmouth, Hampshire, PO1 2LA.

The Company's principal activities are disclosed in the Directors' Report. The Company is a subsidiary in a group of companies headed by Arca Topco Limited ('the Wightlink Group').

**Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The financial statements are prepared in sterling, which is the functional and presentational currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit and loss account and in accordance with the applicable accounting standards in the United Kingdom and Companies Act 2006. The principal accounting policies adopted are set out below.

**Reduced disclosures**

This Company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this Company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The Company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures; and
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Certain requirements relating to financial instruments.

**Consolidated financial statements**

The financial statements contain information about Arca Bidco Limited 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 19).

**Going concern**

The Company has net current assets of £344,365,000 (26 March 2022: £339,513,000) and net assets of £82,772,000 (26 March 2022: £77,364,000). The long term intercompany loans of the Wightlink Group are due for repayment in 2044 and only if this does not make the Wightlink Group insolvent, and the external loan facilities, which were due for repayment in 2024 have, since the period end, been extended to September 2025.

The external loan facilities place certain covenants on the Wightlink Group entities which, if not met, enable lenders to demand repayment of any outstanding amounts.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE 52 WEEK PERIOD ENDED 25 MARCH 2023**

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**1. Accounting policies (continued)**

Forecasts have been prepared that show that these covenants will be met, but in the event of non-compliance, the parent company's shareholders have the option of injecting additional capital, sufficient to remedy any such covenant breach.

After due consideration of the factors outlined above the directors are satisfied that the Company and wider Wightlink Group will be able to operate within the available facilities and continue as a going concern for the foreseeable future, being a period no less than 12 months from the date of approval of these financial statements.

**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, 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.

**Fixed asset investments**

Investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the Company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

**Impairment of non-financial assets**

At each reporting end date, the Company reviews the carrying amounts of its investments to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE 52 WEEK PERIOD ENDED 25 MARCH 2023**

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**1. Accounting policies (continued)**

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss 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.

**Cash and cash equivalents**

Cash and cash equivalents includes cash in bank and in hand, restricted cash, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

**Financial instruments**

The Company applies the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**Basic financial assets**

Basic financial assets, which include any trade and other debtors, amounts owed by Group undertakings and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

**Impairment of financial assets**

Financial assets, other than those held at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. 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.

**Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

**Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE 52 WEEK PERIOD ENDED 25 MARCH 2023

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1. Accounting policies (continued)

**Basic financial liabilities**

Basic financial liabilities, including any trade and other creditors, bank loans, and loans from fellow Group companies and related parties, 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 payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Modifications to financial instruments which meet both of the following conditions are not considered a normal modification and so the effective interest rate is amended with no gain or loss on modification:

- the change is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis.

**Derivatives**

Derivatives, including interest rate swaps, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

**Derecognition of financial liabilities**

Financial liabilities are derecognised when, and only when, the Company's contractual obligations are discharged, cancelled, or they expire.

**Equity instruments**

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company.

2. Judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**Critical accounting estimates and assumptions**

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results.

The directors review the carrying value of the Company's investments and intercompany balances for any signs of impairment provision that may be required. This is done using a value in use model that factors in management assumptions and estimates of future performance.

The Company holds certain interest rate swaps. These are recorded in the financial statements at fair value which is derived on an instrument by instrument basis with reference to the state of the external trading market at the period end date.

**Critical areas of judgement**

There were no judgements considered to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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**ARCA BIDCO LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE 52 WEEK PERIOD ENDED 25 MARCH 2023****3. Operating loss**

	<b>52 week period ended 25 March 2023 £'000</b>	<b>52 week period ended 26 March 2022 £'000</b>
Operating loss is stated after charging:		
Impairment charge on investments in subsidiary undertakings (note 9)	215	-
Impairment charge on amounts owed by Group undertakings (note 10)	15,469	-
	<hr/>	<hr/>
Fees payable to the Company's auditor:		
- for audit of the Company	10	8
	<hr/>	<hr/>

The auditor fees are paid for by the Company's subsidiary, Wightlink Limited, and are not recharged. 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.

**4. Employees**

The Company had no employees during the current period (52 week period ended 26 March 2022: none).

**5. Directors' remuneration**

The directors consist of those who are representatives of the Company's ultimate parent shareholders and those who are employed by other Group entities. It is not possible to make an accurate apportionment of their emoluments relating to the services provided to the Company, which are considered to be incidental to their services provided to their employing entities and so no amounts are recharged or disclosed.

**6. Interest receivable and similar income**

	<b>52 week period ended 25 March 2023 £'000</b>	<b>52 week period ended 26 March 2022 £'000</b>
Interest on loans with Group undertakings	21,776	21,776
Fair value gain on derivatives – interest rate swaps	14,435	11,916
Interest receivable on interest rate swaps	1,278	-
	<hr/>	<hr/>
	37,489	33,692
	<hr/>	<hr/>

**7. Interest payable and similar expenses**

	<b>52 week period ended 25 March 2023 £'000</b>	<b>52 week period ended 26 March 2022 £'000</b>
Interest on bank loans	9,792	7,677
Interest on loans with Wightlink Group undertakings	6,605	6,605
	<hr/>	<hr/>
	16,397	14,282
	<hr/>	<hr/>

Interest on bank loans includes £624,000 (52 week period ended 26 March 2022: £624,000) of loan issue costs amortisation.

**ARCA BIDCO LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE 52 WEEK PERIOD ENDED 25 MARCH 2023**

**8. Taxation**

	52 week period ended 25 March 2023 £'000	52 week period ended 26 March 2022 £'000
<b>Current taxation</b>		
UK corporation tax	-	-
<b>Deferred taxation</b>		
Origination and reversal of timing differences	-	-
Total tax on profit	-	-

**Factors affecting tax charge for the period**

The tax assessed for the period is lower (52 week period ended 26 March 2022: lower) than the standard rate of corporation tax in the UK of 19% (52 week period ended 26 March 2022: 19%) as explained below:

	52 week period ended 25 March 2023 £'000	52 week period ended 26 March 2022 £'000
Profit before taxation	5,408	19,396
Profit before taxation multiplied by the standard rate of corporation tax	1,028	3,685
Effects of:		
Expenses not deductible for tax purposes	3,595	842
Income not taxable	(2,201)	-
Group relief claimed	(2,420)	(4,527)
Other	(2)	-
Total tax	-	-

In the Spring Budget 2023, the Government confirmed that from 1 April 2023 the corporation tax rate will increase to 25%, and so any deferred tax has been reflected at this rate.

**Deferred tax**

The Company does not have any deferred tax assets or liabilities (26 March 2022: £nil).

# ARCA BIDCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 25 MARCH 2023

### 9. Fixed asset investments

	Subsidiary undertakings £'000
<b>Cost:</b>	
At 26 March 2022 and 25 March 2023	215
<b>Accumulated impairment provisions:</b>	
At 26 March 2022	-
Impairment	(215)
As at 25 March 2023	(215)
<b>Net book value:</b>	
At 25 March 2023	-
At 26 March 2022	215

Details of the Company's subsidiaries as at 25 March 2023 are as follows:

Name of undertaking	Nature of business	Registered office
Arca Shipping Limited	Holding company	Gunwharf Terminal, Gunwharf Road, Portsmouth, PO1 2LA
Wightlink Limited *	Ferry services	Gunwharf Terminal, Gunwharf Road, Portsmouth, PO1 2LA

\* indicates indirect investment in the Company

### 10. Debtors

	25 March 2023 £'000	26 March 2022 £'000
<b>Amounts falling due within one year</b>		
Amounts owed by Group undertakings	2,118	9,577
Other debtors	1,291	-
	<u>3,409</u>	<u>9,577</u>
<b>Amounts falling after more than one year</b>		
Amounts owed by Group undertakings	327,848	329,541
Derivative financial instruments (note 14)	18,391	3,956
	<u>346,239</u>	<u>333,497</u>
	<u>349,648</u>	<u>343,074</u>

Amounts owed by Group undertakings include £343,317,000 before impairment, which incurs interest at 9.25% (26 March 2022: £329,541,000 at 9.25%) and is repayable in 2044. The remaining amounts owed by Group undertakings are interest free, unsecured and repayable on demand.

Amounts owed by Group undertakings falling due after more than one year are shown after an impairment charge made in the period of £15,469,000 (52 week period ended 26 March 2022: £nil).

**ARCA BIDCO LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE 52 WEEK PERIOD ENDED 25 MARCH 2023**

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

	<b>25 March 2023 £'000</b>	<b>26 March 2022 £'000</b>
Accruals and deferred income	5,294	3,572

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

	<b>25 March 2023 £'000</b>	<b>26 March 2022 £'000</b>
Bank loans (note 13)	174,906	174,282
Amounts owed to Wightlink Group undertakings (note 13)	86,687	88,082
	<u>261,593</u>	<u>262,364</u>

**13. Borrowings**

	<b>25 March 2023 £'000</b>	<b>26 March 2022 £'000</b>
Amounts falling due after more than one year:		
Bank loans	174,906	174,282
Amounts owed to Wightlink Group undertakings	86,687	88,082
	<u>261,593</u>	<u>262,364</u>

The maturity of the bank loans and other loans are as follows:

	<b>25 March 2023 £'000</b>	<b>26 March 2022 £'000</b>
Within one year	-	-
Within two to five years	174,906	174,282
Over five years	86,687	88,082
	<u>261,593</u>	<u>262,364</u>

**Bank loans**

Loans repayable between two and five years comprise of amounts advanced under the Company's term loan facility. During the period the term loan facility was extended so that it is repayable in full by 22 April 2024. Following the period end the term loan was extended further to 29 September 2025. This loan bears interest at floating rates based on a variable rate and is secured by fixed and floating charges over the assets of the Company's subsidiary undertakings.

Under banking covenants, all of the assets of its subsidiary undertakings are pledged as security. Loan fees of £2,521,000 were incurred up front and are amortised using the effective interest rate method through the term of the loan.

	<b>25 March 2023 £'000</b>	<b>26 March 2022 £'000</b>
Bank loans	175,000	175,000
Up front arrangement fees	(94)	(718)
Total bank loans falling due after more than one year	<u>174,906</u>	<u>174,282</u>

# ARCA BIDCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 25 MARCH 2023

### 13. Borrowings (continued)

At 25 March 2023, the Company had £180,000,000 of committed facilities (26 March 2022: £180,000,000) from a consortium of international banks, of which £175,000,000 was drawn down (26 March 2022: £175,000,000).

In order to fix the interest rate payable on this debt, the Company has entered into a number of interest rate swaps for a notional principal amount of £153,000,000 maturing in six month tranches until 2029. Under these swaps, the Group receives interest on a variable basis and pays interest fixed at 1.60%.

#### Amounts owed to Wightlink Group undertakings

Amounts owed to Wightlink Group undertakings are due for repayment in over five years and consist of a loan from the immediate parent company, Arca Midco Limited. This loan incurs interest at 9.25% per annum. This amount is repayable on 13 February 2044 unless repayment would result in the Company becoming insolvent.

#### Fixed and floating interest rates on loan facilities

	At fixed interest rates £'000	At floating interest rates £'000	Total £'000	Weighted average interest rates %	Weighted average period of fixed interest years
<b>Period end 25 March 2023</b>					
Bank loans	153,000	22,000	175,000	1.84	1.1
Amounts owed to Wightlink Group undertakings	86,687	-	86,687	9.25	20.8
	<u>239,687</u>	<u>22,000</u>	<u>261,687</u>	<u>4.32</u>	<u>7.7</u>
<b>Period end 26 March 2022</b>					
Bank loans	153,000	22,000	175,000	1.77	1.9
Amounts owed to Wightlink Group undertakings	88,082	-	88,082	9.25	21.8
	<u>241,082</u>	<u>22,000</u>	<u>263,082</u>	<u>4.28</u>	<u>8.5</u>

The fixed rate bank loans represent the element of external debt covered by interest rate swaps. The financial liabilities of the Company are all denominated in sterling.

**ARCA BIDCO LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE 52 WEEK PERIOD ENDED 25 MARCH 2023****14. Financial instruments**

The carrying values of the financial instruments measured at fair value through profit or loss at the period end were:

	25 March 2023 £'000	26 March 2022 £'000
<b>Financial assets at fair value through profit or loss</b>		
Interest rate swaps	18,391	3,956

In order to fix its future interest rate cost, the Company has entered into a number of interest rate swap agreements for a notional principal amount of £153,000,000 (26 March 2022: £153,000,000) until March 2029. Under these swaps, the Company receives interest on a variable basis and pays interest fixed at 1.60%. The fair values of the assets and liabilities held at fair value through profit or loss at the period end date are determined using quoted prices.

Following the period end, one of the swaps with a notional value of £46,750,000 was surrendered and a new swap put in place, fixing interest at 4.043%. The remaining swaps were amended to fix interest at 1.605%.

**Amounts recognised in profit or loss**

The income, expense and changes in fair values of financial assets at fair value through profit or loss recorded in the statement of comprehensive income is as follows:

	52 week period ended 25 March 2023 £'000	52 week period ended 26 March 2022 £'000
Net gain on interest rate swaps	14,435	11,916

**15. Called up share capital**

	25 March 2023 No.	25 March 2023 £'000	26 March 2022 No.	26 March 2022 £'000
<b>Authorised, issued and fully paid shares</b>				
Ordinary shares of £1.00 each	26,006,669	26,007	26,006,669	26,007

**Ordinary share rights**

The Company's ordinary share capital, which carries no right to fixed income, carries the right to one vote at general meetings of the Company.

**Covenants**

The financing arrangements to which the Company and its subsidiary undertakings are a party contain various provisions intended to ensure that the lenders' right to receive interest and repayments of principal rank in priority to shareholders' rights to receive dividends on their shares.

Banking covenants place restrictions on the distribution of dividends and the repayment of capital.

**16. Reserves****Profit and loss account**

Profit and loss account represents cumulative profit and loss net of distributions to owners.



## **ARCA BIDCO LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 25 MARCH 2023**

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#### **17. Contingent liabilities**

There are fixed and floating charges over the assets of the Company and its subsidiaries in favour of the parties providing debt finance to the Company. The Company is a party to a guarantee in favour of those parties. The total amount outstanding under such guarantees at 25 March 2023 amounted to £175,000,000 (26 March 2022: £175,000,000).

#### **18. Related parties**

The Company has taken advantage of the exemption under paragraph 33.1A from the provisions of FRS 102, 'Related Party Disclosures', not to disclose transactions with other Wightlink Group entities which are 100% owned within the same group. This exemption is taken on the ground that the Company is a wholly owned subsidiary of Arca Topco Limited, whose financial statements are publicly available.

#### **19. Ultimate parent undertaking and controlling party**

The share capital of the Company is owned by Arca Midco Limited, a company registered in England and Wales which is the Company's immediate parent and the smallest group into which the results are consolidated.

The Company's ultimate parent undertaking and the largest group into which the Company is consolidated is Arca Topco Limited, a company registered and incorporated in England and Wales and a copy of the financial statements is available from Gunwharf Terminal, Gunwharf Road, Portsmouth, Hampshire, PO1 2LA.

The Company is ultimately owned by a number of shareholders, none of whom own more than 50% of the Wightlink Group. The directors therefore do not consider there to be an ultimate controlling party above Arca Topco Limited.

#### **20. Events after the reporting period**

Following the period end, the Company extended its bank loan facility to end in September 2025.