THE ARCH COMPANY SERVICES LIMITED

REGISTERED NUMBER: 11518262

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

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Strategic Report

The directors present their strategic report for The Arch Company Services Limited (the "company") for the year ended 31 March 2023.

Principal activities and business review

The principal activity of the company is to provide management services to The Arch Company Properties L.P., a partnership under common ownership. Services include directing and using the resources of the company to provide all general management services in order to manage the estate.

Results and dividends

The profit for the year ended 31 March 2023, after taxation amounted to £1,039,000 (2022 - £908,000). The directors do not recommend the payment of dividend (2022 - £nil).

Going concern

At 31 March 2023 the company recognised net current assets of £3,622,000 and net assets of £3,093,000.

The company's principal source of income and liquidity is from the regular management fees that it charges The Arch Company Properties L.P., a partnership under common ownership. The directors have reviewed the forecast cashflows for The Arch Company Properties L.P., and although there is risk given the current economic and geopolitical backdrop, the partnership continues to demonstrate business resilience aided by a strong balance sheet.

However, The Arch Company Properties L.P. The Arch Company Properties L.P. ("the Partnership") has external debt totalling £856.3m at 31 March 2023. No significant changes to this debt loan have occurred between the year-end and the date of issuance of these financial statements. Included within the total debt are loans of £156.3m which are due to be refinanced in November 2024. The Partnership's business plan is to refinance these loans with the existing or an alternate lender prior to the maturity date. Based on the March 2023 valuation, the partnership's loan-to-value ratio ('LTV') is 42.8%. The partnership's investment properties comprise a highly diversified, cash generative and high occupancy portfolio of mixed-use properties principally in London but also across other major cities and towns in the UK. The directors consider that there remains appetite from lenders for loans, at moderate LTVs, secured against high- quality real estate such as that owned by the partnership. Therefore, the directors are confident that the refinancing of the maturing debt can be completed prior to its maturity date. The ultimate owners of the partnership are two of the largest private investors in UK real estate and have extensive experience of real estate capital markets. The board of directors, which includes representatives from both ultimate investors, has consulted with its investors, in reaching the above conclusions. However, as at the date of issuance of these financial statements, there can of course be no certainty that the maturing debt will be refinanced and £156.3m is a material amount.

Based on the above, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, given the company is dependent on the partnership for income and liquidity, the partnership's need to refinance a portion of its debt in November 2024 represents a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

Future developments

For the foreseeable future, the directors do not anticipate any significant change to its current activity.

Principal risks and uncertainties

The company's principal risk is the dependency on its partnership, The Arch Company Properties L.P., for its main and only source of income. The directors are conscious of the prevailing conditions in the UK economy, and the risks and uncertainties faced by property companies in general. In summary, the directors consider that the entities within the Arch Company's common ownership to be well organised and therefore consider the impact of these risks to be low.

Taxation risk

The company is exposed to tax risks resulting from changes in tax legislation and the interpretation of tax legislation, which may expose the company to a reduction in post-tax income. The tax affairs of the company are in good order and the directors and senior management are committed to maintaining an open and transparent dialogue with HM Revenue & Customs.

Credit risk

The company's principal financial assets are its bank balances and the amounts due from related undertakings.

Cash and cash equivalent
One of the principal credit risks of the company arises from cash and deposits held with banks. The company generally holds its cash with its bank account provider, which currently has a short-term rating of F1 (Fitch), P-1 (Moodys) or A-1 (S&P). The company's treasury function performs regular reviews of the credit ratings of its financial institution counterparties to ensure they are of satisfactory financial strength.

Amount due from related undertakings
The credit risk of the amounts due from related undertakings is considered low, owing to the secure long term cash receivable by the counterparty. In addition, the directors have reviewed the liquid assets position of The Arch Company Properties L.P. as at 31 March 2023, and concluded that its cash balances support the conclusion that the liabilities could be repaid.

Strategic Report (continued)

Liquidity Risk

The directors monitor this risk and the liquidity position of the company on a monthly basis through regular meetings to discuss and consider the potential timing of the maturity of its assets and liabilities and projected operating cash flows. There are currently no additional external capital requirements.

Key performance indicators

Company turnover £30,761,000 (2022 - £29,954,000).
Net assets £3,093,000 (2022 - £2,054,000)

People

A healthy, motivated workforce is critical to our business performance and success. Annually the company coordinates an anonymous company-wide employee engagement survey, the results of which actions were taken and are reviewed and considered by the Senior Leadership team. This engagement survey has demonstrated that the company has achieved improved levels of employee satisfaction.

To attract, develop, retain and motivate high performance teams and individuals

Approved by the Board of Directors on 19 December 2023 and signed on its behalf by:

Russell Gurnhill
Director

Adam Dakin
Director

Signed for and on behalf of the Group as directors of The Arch Company Services Limited.

THE ARCH COMPANY SERVICES LIMITED
FOR THE YEAR ENDED 31 MARCH 2023

Directors' Report

The directors of The Arch Company Services Limited (the 'company') present their report and the audited financial statements for the year ended 31 March 2023.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

Adam Dakin
Graham Edwards
Russell Gurnhill
Graeme Hunter
Gemma Kataky
Adam Shah
Luigi Caruso
Jeremie Veisse

Qualifying third party indemnity provisions

Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006), commonly known as Directors and Officers insurance, in relation to certain losses and liabilities which the directors may incur (or have incurred) to third parties in the course of their professional duties, were in force during the period of directorship and, at the date of this report, are in force for the current directors.

Directors' responsibilities statement

The directors are responsible for preparing 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 UK-adopted international accounting standards.

Under company law, 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 UK-adopted international accounting standards 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 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 also 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.

The independent auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

By order of the board

Aaron Burns
Authorised signatory
on behalf of the Company Secretary, Telereal Services Limited.
19 December 2023

Independent auditors' report to the members of The Arch Company Services Limited

Report on the audit of the financial statements

Opinion

In our opinion, The Arch Company Services Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; 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 balance sheet as at 31 March 2023; the statement of comprehensive income, statement of cash flows, and statement of changes in equity for the year 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.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The company's principal source of income and liquidity is from the regular management fees that it charges The Arch Company Properties L.P., a partnership under common ownership. The Arch Company Properties L.P., has £156.3m of external debt which is due to be refinanced in November 2024, and there is no certainty as at the date of issuance of these financial statements that this maturing debt will be refinanced. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a 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.

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

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.

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 our work undertaken in the course of the audit, the Companies Act 2006 requires 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 year ended 31 March 2023 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 Directors' responsibilities statement, 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.

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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management and those charged with governance, including consideration of any known or suspected instances of non-compliance with laws and regulations and fraud
- Reviewing minutes of meetings of those charged with governance
- Performing procedures over any unusual journal entries
- Designing audit procedures to incorporate unpredictability into our testing
- Challenging assumptions made by management in determining their judgements and accounting estimates
- Review of financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 obtained 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.

Robert Wilkinson

Robert Wilkinson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
19 December 2023

THE ARCH COMPANY SERVICES LIMITED
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

	Note	Year ended 31 March 2023	Year ended 31 March 2022
		£'000	£'000
Revenue	3	30,761	29,954
Operating costs	4	(29,484)	(28,857)
Operating profit		1,277	1,097
Finance expense	7	(4)	(5)
Profit before tax		1,273	1,092
Taxation	8	(234)	(184)
Profit and total comprehensive income for the year		1,039	908

All revenue is from continuing operations.

The notes on pages 13 to 22 are an integral part of these financial statements.

THE ARCH COMPANY SERVICES LIMITED
REGISTERED NUMBER: 11518262

BALANCE SHEET
AS AT 31 MARCH 2023

	Note	31 March 2023 £'000	31 March 2022 £'000
Assets			
Non-current assets			
Property, plant and equipment	9	-	-
Right of use assets	10	101	319
Deferred tax assets	8	233	110
		334	429
Current assets			
Trade and other receivables	11	9,453	8,239
Cash and Cash Equivalent		49	-
Total current assets		9,502	8,239
Total assets		9,836	8,668
Current liabilities			
Lease liabilities	10	54	178
Taxation	8	357	276
Borrowings	12	-	3
Trade and other payables	13	5,469	5,745
Total current liabilities		5,880	6,202
Non-current liabilities			
Lease liabilities	10	23	68
Other payables	14	840	344
Total non-current liabilities		863	412
Total liabilities		6,743	6,614
Net assets		3,093	2,054
Equity			
Capital and reserves attributable to shareholders			
Called up share capital	17	-	-
Retained earnings		3,093	2,054
Total equity		3,093	2,054
Equity attributable to equity holders of the parent		3,093	2,054

The financial statements on pages 9 to 22 were approved by the general partner on 19 December 2023 and signed on its behalf by:

Russell Gurnhill
Director

Adam Dakin
Director

The notes on pages 13 to 22 are an integral part of these financial statements.

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

	Share capital £'000	Retained earnings £'000	Total equity £'000
At 1 April 2021	-	1,146	1,146
Comprehensive income for the year			
Profit and total comprehensive income for the year	-	908	908
At 31 March 2022 and 1 April 2022	-	2,054	2,054
Comprehensive income for the year			
Profit and total comprehensive income for the year	-	1,039	1,039
At 31 March 2023	-	3,093	3,093

The notes on pages 13 to 22 are an integral part of these financial statements.

THE ARCH COMPANY SERVICES LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

	Year ended 31 March 2023	Year ended 31 March 2022
	£'000	£'000
Cash flows from operating activities		
Operating profit	1,277	1,097
Adjustments for:		
Depreciation	-	28
Depreciation of right-of-use assets	218	232
	1,495	1,357
Movements in working capital		
Increase in trade and other receivables	(1,214)	(770)
Decrease/(Increase) in trade and other payables	220	(109)
Corporation tax paid	(276)	(91)
	(1,270)	(970)
Net cash generated from operating activities	225	387
Cash flows from investing activities		
Capital expenditure	-	-
Net cash outflow from investing activities	-	-
Financing activities		
Repayment of principal portion of lease liabilities	(168)	(260)
Interest paid	(5)	(5)
Net cash flows from financing activities	(173)	(265)
Net change in cash and cash equivalents	52	122
Cash and cash equivalents at the beginning of the year	(3)	(125)
Cash and cash equivalents at the end of the year	49	(3)
Cash and cash equivalents at the end of year comprise:		
Cash/(Borrowings)	49	(3)

The notes on pages 13 to 22 are an integral part of these financial statements.

1 Accounting policies

General information

The Arch Company Services Limited is a private company, limited by shares, incorporated in England and Wales and domiciled in the United Kingdom. The company's registered address and principal place of business is 6th Floor Watling House, 33 Cannon Street, London, EC4M 5SB. The principal activity of the company is to provide management services to The Arch Company Properties L.P., a partnership under common ownership.

The directors presents its annual report and financial statements for the year ended 31 March 2023. The prior period was the year ended 31 March 2022.

Basis of preparation

These financial statements have been prepared in accordance in accordance with the UK-adopted International Accounting Standards in conformity with the requirements of Companies Act 2006. They were authorised for issue by the company's board of directors on 19 December 2023.

The financial statements have been prepared in Sterling (rounded to the nearest thousand pounds), which is the functional and presentational currency of the company.

The preparation of financial statements in conformity with the UK-adaopted International Accounting Standards requires the use of certain critical accounting estimates. It also requires the company to exercise its judgement in the process of applying the company's accounting policies and making any estimates. Changes in assumptions might have a significant impact on the financial statements in the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the company's financial statements are fairly presented.

The following accounting policies have been applied consistently throughout the accounting periods presented:

Going concern

At 31 March 2023 the company recognised net current assets of £3,622,000 and net assets of £3,093,000.

The company's principal source of income and liquidity is from the regular management fees that it charges The Arch Company Properties L.P., a partnership under common ownership. The directors have reviewed the forecast cashflows for The Arch Company Properties L.P., and although there is risk given the current economic and geopolitical backdrop, the partnership continues to demonstrate business resilience aided by a strong balance sheet.

However, The Arch Company Properties L.P. The Arch Company Properties L.P. ("the Partnership") has external debt totalling £856.3m at 31 March 2023. No significant changes to this debt loan have occurred between the year-end and the date of issuance of these financial statements. Included within the total debt are loans of £156.3m which are due to be refinanced in November 2024. The Partnership's business plan is to refinance these loans with the existing or an alternate lender prior to the maturity date. Based on the March 2023 valuation, the partnership's loan-to-value ratio ('LTV') is 42.8%. The partnership's investment properties comprise a highly diversified, cash generative and high occupancy portfolio of mixed-use properties principally in London but also across other major cities and towns in the UK. The directors consider that there remains appetite from lenders for loans, at moderate LTVs, secured against high- quality real estate such as that owned by the partnership. Therefore, the directors are confident that the refinancing of the maturing debt can be completed prior to its maturity date. The ultimate owners of the partnership are two of the largest private investors in UK real estate and have extensive experience of real estate capital markets. The board of directors, which includes representatives from both ultimate investors, has consulted with its investors, in reaching the above conclusions. However, as at the date of issuance of these financial statements, there can of course be no certainty that the maturing debt will be refinanced and £156.3m is a material amount.

Based on the above, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, given the company is dependent on the partnership for income and liquidity, the partnership's need to refinance a portion of its debt in November 2024 represents a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

Standards, amendments and interpretations effective in the period

The accounting policies used in these financial statements are consistent with those applied in the last annual financial statements, as amended where relevant to reflect the adoption of new standards, amendments and interpretations which became effective in the year, the impact of which is outlined below.

A number of new amendments to the standards listed below came effective from 1 April 2022. These new amendments do not have any impact on the company's income statement or balance sheet.

Amendments to IFRS 3, 'business combinations' update a reference in IFRS 3 to the conceptual framework for financial reporting without changing the accounting requirements for business combinations.

Amendments to IAS 16, 'property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related costs in profit or loss.

Amendments to IAS 37, 'provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.

In April 2022, IFRIC issued an agenda decision in respect of demand deposit (the 'IFRIC Decision on Deposits') and in October 2022, the IFRIC finalised an agenda in respect of 'Lessor forgiveness of lease payments (IFRS 9 and IFRS 16)'('the IFRIC Decisions on Concession'). Both these decisions do not have an impact on the company's financial statements.

1 Accounting policies (continued)
Standards, amendments and interpretations effective in the period (continued)

No endorsed but not yet effective amendments to UK-adopted international accounting standards have been early adopted by the company. No amendments are expected to have a material impact on the company.

Property, plant and equipment
Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Any gain or loss on disposal of an item of property, plant and equipment is recognised in the Statement of Comprehensive Income. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the company.

Depreciation is provided on all items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rate:

- Plant and Machinery - straight line over 3 years

Leases
The company assesses at contract inception whether a contract is, or contains, a lease; that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

i) Right-of-use assets

The company recognises right-of-use assets at the commencement date of the lease i.e. the date the underlying asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Office space - 2.5 years
- Contract hire cars - 2.5 to 4 years

Short term leases and leases of low values have been treated as operating leases in the financial statements.

Current and deferred taxation

Current tax
Current tax is based on taxable profit for the period and is calculated using tax rates that have been enacted or substantively enacted as at the balance sheet date. Taxable profit differs from the net profit as reported in the Statement of Comprehensive Income because it excludes items of expenses that are not taxable or tax deductible.

Deferred tax
Deferred tax is provided in full using the balance sheet liability method on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the asset is realised, or the liability is settled.

Cash and cash equivalents
Cash and cash equivalents comprise current bank account balances. Bank overdrafts are shown within current liabilities on the balance sheet. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purposes in the statement of cash flows.

Financial instruments - initial recognition and subsequent measurement
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets
Financial assets including trade and other debtors or amounts owed by related undertakings are recognised at transaction price and as the transactions do not have any financing arrangement the assets are stated at amortised cost.

The directors have made an assessment of the intercompany position at 31 March 2023 and consider the outstanding balance is repayable on demand and the borrower/debtor has sufficient accessible cash to repay the balance if demanded at the reporting date. As such the directors consider the expected credit loss to be immaterial.

Financial liabilities
All financial liabilities are recognised initially at fair value and subsequently stated at amortised cost.

1 Accounting policies (continued)

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries and annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service. Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the company in respect of services provided by employees up to the reporting date.

Share capital

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised as a liability in the period in which they are declared.

Revenue

Revenue represents service fees under the Services Agreement dated 18 January 2019 between the company and The Arch Company Properties L.P., a partnership under common ownership. The income represents the costs incurred by the company plus 5% in relation to third party cost and nil mark up on cost from related undertakings. The parties consider this arrangement to be on an arm's length basis.

The revenue, being the management fees, is recorded as income over time in the year in which the services are rendered. Revenue is recognised over time because The Arch Company Properties L.P. benefits from the services as soon as they are rendered. The actual service provided during each reporting period is determined using cost incurred as the input method.

Operating costs

Operating costs are recognised in the statement of comprehensive income on an accruals basis.

Finance expense

Operating leases of more than one year are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for the use by the company. The lease payments are discounted at the incremental borrowing rate and the finance element is charged to the statement of comprehensive income over the lease period.

2 Significant judgements and estimates

Lease - estimating the incremental borrowing rate

The company cannot readily determine the implied interest rate in leases where it is the lessee, therefore, it uses its Incremental Borrowing Rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Expected credit loss on group balances

The directors have made an assessment of the intercompany position at 31 March 2023 and consider the outstanding balance is repayable on demand and the borrower/debtor has sufficient accessible highly liquid cash to repay the balance if demanded at the reporting date. As such the directors consider the expected credit loss to be immaterial.

3 Revenue

	Year ended 31 March 2023	Year ended 31 March 2022
	£'000	£'000
Management fees	30,761	29,954
	30,761	29,954

Revenue in the period relates to management fees charged to The Arch Company Properties L.P., a related party (see note 16). The management fees are recorded as income over the time in the period in which the services was rendered. The actual service provided during each reporting period is determined using cost incurred as the input method.

4 Operating costs

Breakdown of expenses by nature

	Note	Year ended 31 March 2023	Year ended 31 March 2022
		£'000	£'000
Management charges	16	4,447	10,089
Depreciation	9	-	28
Depreciation of right-of-use assets	10	218	232
Employee costs		17,676	12,548
Operating leases		78	97
Other operating costs		7,065	5,863
		29,484	28,857

The company's operating costs include employee costs for the year of £17.7m (2022 - £12.5m).

4 Operating costs (continued)

Breakdown of expenses by nature

	Year ended 31 March 2023	Year ended 31 March 2022
	£'000	£'000
Wages and salaries	14,250	10,124
Social security costs	1,710	1,110
Pension costs	1,094	819
Other staff benefit	127	151
Employees long term benefits	495	344
	17,676	12,548

The monthly average number of people employed by the company during the year was as follows:

	Year ended 31 March 2023	Year ended 31 March 2022
	No	No
Operational staff	154	129
Management, finance and support	48	34
	202	163

Employees long term benefits

Employee long-term benefits relate to the employee retention scheme which became effective in 2021. All employees who received bonus for the year ended 31 March 2021 and 2022 were granted notional units which is payable in July 2025 provided the employee is still employed by the company and is not under notice or subject to disciplinary proceedings. The actual payout is not guaranteed.

5 Directors' remuneration

None of the directors received remuneration for their services to the company during the year (2022 - £nil).

6 Auditors' remuneration

	Year ended 31 March 2023	Year ended 31 March 2022
	£'000	£'000
Fees payable to the company's auditors and their associates for the audit of the company's annual financial statements	50	50
Fees payable to the company's auditors and their associates for the audit of the company's annual financial statements for related undertakings (*)	158	125
	208	175

*The audit fee recognised in 2023 includes £12k of fees relating to the audit for the year ended 31 March 2022.

7 Finance expense

	Year ended 31 March 2023	Year ended 31 March 2022
	£'000	£'000
Interest on lease liabilities	4	5
	4	5

Interest on lease liability relates to right-of-use assets which is detailed in note 10.

8 Taxation

Taxation on the profit for the period comprises current and deferred tax. Current tax is payable on the taxable income for the period and any adjustments in respect of prior period.

Income tax recognised in profit and loss

	Year ended 31 March 2023	Year ended 31 March 2022
	£'000	£'000
Current tax		
Current tax on profits for the year	357	276
Adjustments in respect of prior year	-	4
	357	280
Deferred tax credit		
Originating and reversal of timing difference	(123)	(96)
	(123)	(96)
Total tax expense		
Tax expense	234	184

Factors affecting tax charge for the period

The reasons for the difference between the actual tax charge for the period and the standard rate of corporation tax of 19% in the United Kingdom applied to profits for the period are as follows:

	Year ended 31 March 2023	Year ended 31 March 2022
	£'000	£'000
Profit before tax	1,273	1,092
Profit before tax multiplied by the rate of corporation tax in the UK of 19% (2022 : 19%)	242	207
Effects of:		
Expenses not deductible for tax purposes	22	-
Effect of rate change on timing differences arising in prior year	-	(3)
Effect of rate change on timing differences arising in the year	(30)	(22)
(Profit) / loss on sale of fixed assets	-	(2)
Adjustments in respect of prior period	-	4
Total tax expense	234	184

Factors affecting tax charge in the future

UK corporation tax increased on 1 April 2023 from 19% to 25%.

Deferred tax asset

	31 March 2023	31 March 2022
	£'000	£'000
Deferred tax note disclosure		
At start of year	(110)	(13)
(Credited)/debited to income statement	(123)	(97)
At end of year	(233)	(110)
The deferred tax balance comprises:		
Capital allowances over depreciation	(23)	(23)
Other timing differences	(210)	(87)
	(233)	(110)

Current tax assets and liabilities

	31 March 2023	31 March 2022
	£'000	£'000
Current tax liabilities		
Corporation tax payable	357	276

9 Property, plant and equipment

	31 March 2023	31 March 2022
	£'000	£'000
Cost		
Cost at the start of year	100	100
Additions	-	-
Disposal	(100)	-
At end of year	-	100
Accumulated depreciation		
At start of year	(100)	(72)
Charge for the year	-	(28)
Depreciation on disposal	100	-
At end of year	-	(100)
Net book value at the end of year	-	-

Property, plant and equipment comprises of IT equipment recognised initially at acquisition costs and subsequently measured at amortised cost. It is depreciated over 3 years.

10 Right-of-use assets and lease liabilities

The company has a lease contract for the use of office space and contract hire cars, with a lease terms of up to 4 years. In accordance with IFRS16, the company recognises lease liabilities to make lease payments and right-of-use assets representing the use of the underlying asset.

Set out below are carrying amounts of right-of-use assets recognised and the movements in the year:

	31 March 2023	31 March 2022
	£'000	£'000
At the start of the year	319	174
Addition of assets held under lease	-	377
Depreciation of right-of-use assets	(218)	(232)
At the end of year	101	319

Lease liabilities
Set out below are carrying amounts of lease liabilities and the movements in the year:

	31 March 2023	31 March 2022
	£'000	£'000
At the start of year	246	130
Additions held under lease	-	376
Accretion of interest	4	5
Payments	(173)	(265)
At the end of year	77	246
Current	54	178
Non-current	23	68
	77	246

	Year ended 31 March 2023	Year ended 31 March 2022
	£'000	£'000
Depreciation of right-of-use assets	218	232
Interest expense on lease liabilities	4	5
Other operating short term leased properties and leases of low value	78	97
Total amount recognised in the Statement of Comprehensive Income	300	334

The company had total cash outflows for short term leases of £78,000 (2022 - £97,000). The lease liability at the year end totalled £77,000 (2022 - £246,000).

11 Trade and other receivables

	31 March 2023	31 March 2022
	£'000	£'000
Amount due from group undertakings	9,201	8,091
Prepayments and accrued income	235	132
Other debtors	17	16
	9,453	8,239

Amount due from group undertakings is an amount owed by The Arch Company Properties L.P. The amount is interest free, unsecured and payable on demand. In determining the expected credit losses, the company takes into account both payment pattern behaviours and future expectations of likely default events i.e. not making payment on the due date based on trading performance of the partnership. In addition, the directors have reviewed the liquid assets position of The Arch Company Properties L.P. as at 31 March 2023, and concluded that its cash balances in excess of £43m (2022 - £52m) support the conclusion that the liability could be repaid.

The directors consider that there are no material differences between the carrying amount and the fair value of the group undertaking balance and other debtors as at 31 March 2023.

12 Borrowings

	31 March 2023	31 March 2022
	£'000	£'000
Bank overdraft	-	3
	-	3

Cash at bank earns interest at a floating rate based on the banks deposit daily interest rate. The company was in a temporary bank overdraft position at the prior year end.

13 Trade and other payables

	31 March 2023	31 March 2022
	£'000	£'000
Trade payables and accruals	4,424	4,813
Payroll tax and other statutory liabilities	716	573
Other payables	329	359
	5,469	5,745

Trade payables are non-interest bearing and are normally settled on 30-day terms. Included within trade payables is an amount due to Telereal Services Limited, a related company of £415,000 (2022 - £2,071,000).

14 Other payables

	31 March 2023	31 March 2022
	£'000	£'000
Other payables more than a year	840	344
	840	344

Other payables represent staff long term incentive which is payable in the year ended 31 March 2026. The estimated cash settlement of awards granted at the year-end was calculated based on a churn rate of 15% (2022- 13%) discounted at 2.457%.

15 Financial risk management

Financial risk factors

The company's activities expose it to a variety of risks including credit risk and liquidity risk. The directors, who have overall responsibility for the establishment and oversight of the company's risks, have put in place a risk management programme that assesses such risks and seeks to minimise the potential effects on the company's performance.

For the purposes of this note, the directors have taken into account current facts and circumstances and what they consider to be standard market practice and industry accepted levels of risk and exposure, given the nature of the company's business.

Actual outcomes and results may differ significantly in the future, which may result in a number of the risks outlined in this note having a materially adverse impact on the company's performance. However, the existence of these risks and exposures may also have a positive impact on the future performance of the company. The directors do not guarantee the ultimate performance of the company.

All of the company's financial assets and liabilities are measured at amortised cost.

(i) Credit risk

Credit risk is the risk of the company's net asset value changing due to a counterparty (debtor) defaulting on its obligations made to the company. The company has no significant concentrations of credit risk outside of the group. Credit risk arises from its receivable amounts owed by related parties. The company do not expect any credit loss associated to the amount due from related parties.

An analysis of the credit quality of financial assets is as follows:

	31 March 2023	31 March 2022
	£'000	£'000
Cash and cash equivalents	49	-
Amount due from group undertakings	9,201	8,091
Other debtors	17	16
	9,267	8,107
Neither past due nor impaired	9,267	8,107
Past due but not impaired		
- less than 30 days overdue	-	-
- 30 to 90 days overdue	-	-
Loans payable by related parties	9,267	8,107

(ii) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as and when they fall due. The company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

Management monitors this risk and the liquidity position of the company on a monthly basis through regular meetings to discuss and consider the potential timing of the maturity of its assets and liabilities and projected operating cash flows. There are currently no external capital requirements.

A summary table with maturity of financial assets and liabilities presented below is used to manage liquidity risk. The amounts disclosed in the tables below are the contractual undiscounted cash flows. Undiscounted cash flows in respect of balances due within 12 months generally equal their carrying amounts in the balance sheet as the impact of discounting is not significant.

The maturity analysis of financial asset is as follows:

As at 31 March 2023	**Due within one year**	**1-2 years**	**2-5 years**	**Over 5 years**	**TOTAL**
	£000	£000	£000	£000	£000
Amount due from related parties	9,201	-	-	-	9,201
Other debtors	17	-	-	-	17
Cash and cash equivalents	49	-	-	-	49
	9,267	**-**	**-**	**-**	**9,267**

As at 31 March 2022	**Due within one year**	**1-2 years**	**2-5 years**	**Over 5 years**	**TOTAL**
	£000	£000	£000	£000	£000
Amount due from related parties	8,091	-	-	-	8,091
Other debtors	16	-	-	-	16
	8,107	**-**	**-**	**-**	**8,107**

15 Financial risk management (continued)
(ii) Liquidity risk (continued)
The maturity analysis of financial liabilities are as follows:

As at 31 March 2023	Due within one year £000	1-2 years £000	2-5 years £000	Over 5 years £000	TOTAL £000
Bank overdraft	-	-	-	-	-
Trade and other payables	5,469	-	-	-	5,469
Lease Liabilities	54	23	-	-	77
Other payables	-	-	840	-	840
	5,523	**23**	**840**	**-**	**6,386**

As at 31 March 2022	Due within one year £000	1-2 years £000	2-5 years £000	Over 5 years £000	TOTAL £000
Bank overdraft	3	-	-	-	3
Trade and other payables	5,745	-	-	-	5,745
Lease Liabilities	178	68	-	-	246
Other payables	-	-	344	-	344
	5,926	**68**	**344**	**-**	**6,338**

16 Related party

Transactions with related parties

During the year ended 31 March 2023, the company charged The Arch Company Properties L.P., services fees of £30,761,000 (2022 - £29,954,000).

The Arch Company Services Limited and The Arch Company Properties L.P. are indirectly owned by BX CDR Holdco Limited and TT CDR Assetco Limited.

The amount due from Arch Company Properties L.P. at the year end totalled £9,201,000 (2022 - £8,091,000).

Other related party transactions
During the year ended 31 March 2023 the company incurred £4,447,000 (2022 - £10,089,000) recharges which comprised staff and overheads costs from Telereal Services Limited, a related company. The recharge also included senior management fees of £1,625,000 (2022 - £2,750,000). *The transactions were on an arm's length basis.*

Telereal Services Limited is a subsidiary of Trillium Holdings Limited a company which has an interest in CDR JV L.P., the owner of The Arch Company Services Limited.

The amount due to Telereal Services Limited at the year end totalled £415,000 (2022 - £2,071,000). The amount is interest free, unsecured and payable on demand.

During the year ended 31 March 2023 the company also incurred £98,650 (2022 - £325,800) recharges which comprised various tax and legal from Revantage Global Services Limited, a related company.

Revantage Global Services Limited is a related company of BX CDR Holdco Limited, a company that has an interest in CDR JV L.P., the owner of The Arch Company Services Limited. The balance due to Revantage Global Services Limited was £60,703 (2022 - £Nil).

Key Management Personnel

For the purposes of this report, Key Management Personnel (KMP) are members of the leadership team who have the authority and responsibility for planning, directing and controlling the activities of the company. In addition, it also includes senior management charges from Telereal Services Limited.

Remuneration paid to Key Management Personnel

Category	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Management fee	1,625	2,750
Short-term employee benefits	1,802	358
Other long term benefits	133	106
	3,560	3,214

17 Called up share capital

	31 March 2023	31 March 2022
	£	£
Allotted, called up and fully paid		
1 (2022-1) ordinary share of £1 each	1	1
	1	1

The company issued 1 ordinary share of £1 at par on 15 August 2018.

18 Operating leases

The future aggregate minimum rentals payable under non-cancellable leases are as follows:

	31 March 2023	31 March 2022
	£'000	£'000
Less than one year	117	77

19 Controlling party

The Arch Company Services Limited is owned by CDR JV GP Limited acting as general partner of CDR JV L.P. There is no ultimate controlling party.

Copies of the financial statements of CDR JV GP Limited may be obtained from the Company Secretary, 6th Floor, Watling House, 33 Cannon Street, London, EC4M 5SB.