

Registered number: 02712780

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# ARCO PROFESSIONAL SAFETY SERVICES LIMITED

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## ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023



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## ARCO PROFESSIONAL SAFETY SERVICES LIMITED

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### COMPANY INFORMATION

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**Directors**

T G Martin  
D Evison (resigned 30 November 2022)  
G B A Haughton  
C J Reynolds  
H Wright (resigned 18 April 2023)  
G R Bruce (appointed 1 December 2022)  
D Carr (appointed 19 September 2023)

**Company secretary** Mr N J Dodds

**Registered number** 02712780

**Registered office**

Unit 5  
Raleigh Hall Industrial Estate  
Eccleshall  
Stafford  
ST21 6JL

**Independent auditors**

RSM UK Audit LLP  
2 Humber Quays  
Wellington Street West  
Hull  
HU1 2BN

**Bankers**

The Royal Bank of Scotland  
30 Greengate Street  
Stafford  
Staffordshire  
ST16 2QG

HSBC Bank PLC  
3-4 Grand Buildings  
Jameson Street  
Hull  
HU1 3JX

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**ARCO PROFESSIONAL SAFETY SERVICES LIMITED**

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## ARCO PROFESSIONAL SAFETY SERVICES LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2023

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#### Introduction

The Directors present their strategic report and the Company's financial statements for the year ended 30 June 2023.

#### Financial highlights

The results in represent increased growth along with building on the organisational restructure undertaken in 2020 and the realisation of new growth opportunities. Inflationary pressures have caused decreased profits when compared to 2022

The Company's key financial performance indicators during the year are shown below:

	2023 £	2022 £
Turnover	15,405,091	14,883,048
Operating profit	804,026	1,387,908
Profit for the financial year	648,506	1,116,089
(Decrease) / increase in cash	2,073,601	(828,199)
Operating profit as a % of turnover	5%	9%

#### Corporate social responsibility

The Arco Limited Group's Corporate Social Responsibility (CSR) strategy is split into four key areas: our people, our supply chain, our environment and our community and is disclosed within the Group financial statements which are publicly available.

Arco's Board has also created an ESG Committee to support the Group's development of a sustainability strategy which oversees and supports the work of an executive-led, cross functional sustainability steering group. The new sustainability governance structure enables development, monitoring and reporting of clear, stretching energy and carbon reduction targets.

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## ARCO PROFESSIONAL SAFETY SERVICES LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

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#### Principal risks and uncertainties

Arco Professional Safety Services Limited's risk management activities are overseen by the Audit Committee of Arco Limited which is the ultimate controlling party of the Company. Principal risks and associated mitigating actions are summarised below:

**Commercial Risks** - The sales of Arco Professional Safety Services are entirely within the UK and as the UK economy currently faces high inflation and the prospect of a recession, this presents a risk of reduced demand and margin erosion. The Company targets business customers rather than consumers and seeks to recover inflationary impacts through selling prices and to focus on areas of growth and where market share can be increased.

**Operational Risks** - Arco Professional Safety Services Limited faces a number of significant operational risks due to the nature of the services it provides. Any failure in health and safety controls may risk the health and wellbeing of our colleagues and third parties. The business constantly reinforces and develops its employees to ensure that safety is at the heart of everything it does.

**People Risks** - Arco Professional Safety Services Limited recognises that its ability to retain and develop its employees is essential in providing the highest quality of service to its customers. The Company invests heavily to ensure that its colleagues are trained to the highest professional standards and that our colleague proposition remains relevant and benchmarks well against peers.

**Financial Risks** - The Group's activities expose it to a variety of financial risks including credit risk and foreign exchange risk. There are robust processes in place to manage both exposures: credit risk is addressed through regular reviews of overdue debts and foreign exchange risk through approved forward commitments.

**Sustainability Risks** - Arco Professional Safety Services Limited's business operates in a number of different and unique locations. Significant focus is taken to ensure that works do not disturb habitats with a particular focus on safeguarding protected fauna and flora.

**Liquidity Risks** - The Group maintains finance facilities that are flexible and ensure the Group has sufficient available funds for future growth. Cash flow forecasts are continuously updated and reviewed to ensure liquidity in all scenarios.

This report was approved by the board on **3 October 2023** and signed on its behalf.



**D Carr**  
Director

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## ARCO PROFESSIONAL SAFETY SERVICES LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2023

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The directors present their report and the financial statements for the year ended 30 June 2023.

#### Directors' responsibilities statement

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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the surplus or deficit of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Principal activity

The principal activity of the Company during the year was the supply of training and equipment hire as access and safety specialists.

#### Business review results and dividends

The surplus for the year, after taxation, amounted to £648,506 (2022 - £1,116,089).

The Directors propose no dividend in the year (2022 - £nil).

#### Directors

The directors who held office during the year and up to the date of signing the financial statements are disclosed on the company information page at the front of the accounts.

#### Environmental matters

The Company will seek to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues. The Company has complied with all applicable legislation and regulations.

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## ARCO PROFESSIONAL SAFETY SERVICES LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

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#### Future developments

The Company again delivered a strong performance and offers great margin potential. The Company will continue to explore opportunities to invest in growth in the services offering. During the year, the new safety centre at Bracknell began full operation and customers have reacted positively to the enhanced capabilities that it offers. The company believe that there is scope to increase its contracted offering to its customers, particularly large strategic accounts. The Bracknell centre in particular demonstrated the full breadth of the joined up safety proposition.

#### Directors' and Officers' Liability Insurance and Indemnities

The Company has granted an indemnity to each of its Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' Report.

#### Disclosure of information to auditors

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

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

#### Going Concern

The Group which the Company is a part of operates a central treasury function. The Directors have considered the continued availability of these resources in forming their going concern assessment. The Group has considered its financial resource requirements, including those of the Company, and has assessed that it has sufficient financial resources at its disposal including through access to external funding. As part of its assessment, the Group has performed performance and cashflow forecasting. The Directors have reviewed these and expect the Group to continue in operational existence for the foreseeable future. In particular, the Directors have considered the potential impact of severe but plausible scenarios associated with a decline in performance and economic slowdown and has concluded that sufficient options are available to mitigate any material liquidity risk arising from these scenarios. The Directors have received confirmation from the Company's ultimate parent, Arco Limited, that the Group will support the Company in meeting its liabilities as they fall due for a period of at least 12 months from the financial statement approval date. As such the Company continues to adopt the going concern basis of accounting in preparing these financial statements

#### Auditors

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

This report was approved by the board on **3 October 2023** and signed on its behalf.



D Carr  
Director

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## ARCO PROFESSIONAL SAFETY SERVICES LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARCO PROFESSIONAL SAFETY SERVICES LIMITED

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#### Opinion

We have audited the financial statements of Arco Professional Safety Services Limited (the 'company') for the year ended 30 June 2023 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and 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 30 June 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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.



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## ARCO PROFESSIONAL SAFETY SERVICES LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARCO PROFESSIONAL SAFETY SERVICES LIMITED

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#### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the 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 3, 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.

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## ARCO PROFESSIONAL SAFETY SERVICES LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARCO PROFESSIONAL SAFETY SERVICES LIMITED

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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 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.

#### **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

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## ARCO PROFESSIONAL SAFETY SERVICES LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARCO PROFESSIONAL SAFETY SERVICES LIMITED

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As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety regulations and employment law. We performed audit procedures to inquire of management and those charged with governance whether the company is in compliance with these law and regulations.

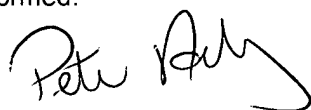
The audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to;

- on a sample basis testing manual journal entries and other adjustments and evaluating the business rationale;
- in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates applied;
- reviewing key control account reconciliations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <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.



Peter Adams FCA (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
2 Humber Quays  
Wellington Street West  
Hull  
HU1 2BN

Date 3/10/23

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**ARCO PROFESSIONAL SAFETY SERVICES LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2023**

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	Note	2023 £	2022 £
Turnover	4	15,405,091	14,883,048
Cost of sales		(11,008,780)	(10,690,469)
<b>Gross profit</b>		<u>4,396,311</u>	<u>4,192,579</u>
Administrative expenses		(3,614,285)	(2,826,671)
Other operating income	5	22,000	22,000
<b>Operating profit</b>		<u>804,026</u>	<u>1,387,908</u>
Interest receivable and similar income		980	68
<b>Profit before tax</b>		<u>805,006</u>	<u>1,387,976</u>
Tax on profit	9	(156,500)	(271,887)
<b>Profit for the financial year</b>		<u>648,506</u>	<u>1,116,089</u>
<b>Other comprehensive income for the year</b>			
<b>Total comprehensive income for the year</b>		<u>648,506</u>	<u>1,116,089</u>

There were no recognised gains and losses for 2023 or 2022 other than those included in the statement of comprehensive income.

**ARCO PROFESSIONAL SAFETY SERVICES LIMITED**  
**REGISTERED NUMBER: 02712780**

**BALANCE SHEET**  
**AS AT 30 JUNE 2023**

	Note	2023 £	2022 £
<b>Fixed assets</b>			
Tangible assets	10	2,243,673	775,938
		<u>2,243,673</u>	<u>775,938</u>
<b>Current assets</b>			
Stocks	11	585,519	519,923
Debtors	12	4,283,952	6,242,156
Cash at bank and in hand	13	3,214,723	1,141,122
		<u>8,084,194</u>	<u>7,903,201</u>
Creditors: amounts falling due within one year	14	(3,696,795)	(3,150,950)
<b>Net current assets</b>		<u>4,387,399</u>	<u>4,752,251</u>
<b>Total assets less current liabilities</b>		<u>6,631,072</u>	<u>5,528,189</u>
<b>Provisions for liabilities</b>			
Deferred tax	15	(102,301)	-
Other provisions	16	(567,065)	(214,989)
		<u>(669,366)</u>	<u>(214,989)</u>
<b>Net assets</b>		<u><u>5,961,706</u></u>	<u><u>5,313,200</u></u>
<b>Capital and reserves</b>			
Called up share capital	17	1,072	1,072
Share premium account	18	298,728	298,728
Profit and loss account	18	5,661,906	5,013,400
		<u><u>5,961,706</u></u>	<u><u>5,313,200</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 3 October 2023



**D Carr**  
Director

The notes on pages 13 to 26 form part of these financial statements.

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**ARCO PROFESSIONAL SAFETY SERVICES LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2023**

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	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
<b>At 1 July 2021</b>	1,072	298,728	3,897,311	4,197,111
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	1,116,089	1,116,089
<b>Other comprehensive income for the year</b>	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	1,116,089	1,116,089
<b>Total transactions with owners</b>	-	-	-	-

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ARCO PROFESSIONAL SAFETY SERVICES LIMITED

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STATEMENT OF CHANGES IN EQUITY (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2023

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At 1 July 2022	1,072	298,728	5,013,400	5,313,200
Comprehensive income for the year				
Profit for the year	-	-	648,506	648,506
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	648,506	648,506
Total transactions with owners	-	-	-	-
At 30 June 2023	<u>1,072</u>	<u>298,728</u>	<u>5,661,906</u>	<u>5,961,706</u>

The notes on pages 13 to 26 form part of these financial statements.

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## ARCO PROFESSIONAL SAFETY SERVICES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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#### 1. General information

Arco Professional Safety Services Limited is a private company limited by shares and it is incorporated and domiciled in England, United Kingdom. The address of its registered office is Units 5, Raleigh Hall Industrial Estate, Eccleshall, Stafford, ST21 6JL. The registered number of the Company is 02712780.

The Company's functional and presentational currency is GBP.

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

#### 2. Accounting policies

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

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

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

The financial statements have been prepared on a going concern basis, in compliance with the Companies Act and FRS 102 as it applies to the financial statements of the entity for the year ended 30 June 2023.

The following principal accounting policies have been applied:

##### 2.2 Turnover

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

##### Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2023

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**2.2 Turnover (continued)**

**Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**2.3 Operating leases: the Company as lessee**

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

**2.4 Leased assets: the Company as lessee**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

**2.5 Interest income**

Interest income is recognised in profit or loss using the effective interest method.

**2.6 Pensions**

**Defined contribution pension plan**

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2023

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**2.7 Current and deferred taxation**

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

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2023

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**2.8 Tangible fixed assets**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures, Fittings & Equipment- at varying rates on cost (20% - 33%)

Land and Buildings- 5% on cost

Depreciation is charged from the month the asset is brought into use to the month of disposal. A pool of technical service assets are not depreciated due to the type of asset, expected useful life and renewal program making any depreciation on these assets immaterial.

**2.9 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**2.10 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.11 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.12 Provisions for liabilities**

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2023

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**2.13 Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an 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.

**2.14 Related party transactions**

The Company's financial statements are included in the published consolidated financial statements of Arco Limited. Accordingly, the Company has taken advantage of the exemption contained in FRS 102 (Related Party Disclosures) and transactions with Group undertakings are not separately recorded, where both parties to the transaction are 100% owned members of that Group.

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**ARCO PROFESSIONAL SAFETY SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2023**

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

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

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to the accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. No specific judgements have been identified in the financial statements of the entity for the year ended 30 June 2023.

Significant accounting estimates

**(i) Provisions**

Information about provisions and contingencies, which are considered to have a risk of material adjustment in the next financial period due to the assumptions and estimations used, are disclosed in the notes to the accounts. The provisions are based on historical experience and management's best knowledge at the time and are reviewed at each balance sheet date. The actual costs and timing of future cash flows are dependent on future events. Any difference between expectations and the actual future liability will be accounted for in the period when such determination is made.

Stock provisions are disclosed in the notes to the accounts. Arco group entities assess at each reporting date whether any inventories are impaired comparing the carrying amount of each item of stock with its selling price less costs to complete and sell. The provisions are based on management's best knowledge at the time and are reviewed at each balance sheet date. Any difference between expectations and the actual future liability will be accounted for in the period when such determination is made.

**4. Turnover**

An analysis of turnover by class of business is as follows:

	2023 £	2022 £
Services	11,925,325	11,569,056
Sale of goods	3,479,765	3,313,992
	<u>15,405,090</u>	<u>14,883,048</u>

All turnover arose within the United Kingdom.

**5. Other operating income**

	2023 £	2022 £
Rental income	22,000	22,000
	<u>22,000</u>	<u>22,000</u>

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**ARCO PROFESSIONAL SAFETY SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2023**

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**6. Operating Profit**

**Operating Profit is starting after charging:**

	2023 £	2022 £
Depreciation of owned fixed assets	257,331	143,771
Operating lease rentals - vehicles	120,206	176,160
Operating lease rentals - buildings	276,610	276,210
Auditors fees in respect of the audit of the financial statements	<u>14,000</u>	<u>11,000</u>

**7. Employees**

Staff costs, including directors' remuneration, were as follows:

	2023 £	2022 £
Wages and salaries	4,818,505	4,634,646
Social security costs	481,627	463,426
Cost of defined contribution scheme	293,674	282,512
	<u>5,593,806</u>	<u>5,380,584</u>

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

	2023 No.	2022 No.
Management and administration	12	12
Training and technical services	128	131
	<u>140</u>	<u>143</u>

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ARCO PROFESSIONAL SAFETY SERVICES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2023

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8. Directors' remuneration

	2023 £	2022 £
Directors' emoluments	190,129	185,738
Company contributions to defined contribution pension schemes	51,155	22,634
	<u>241,284</u>	<u>208,372</u>

Two of the four Directors of the Company do not receive any remuneration from the Company in respect of their services to the Company. Two of the Directors are paid by the parent company, Arco Limited. Members of money purchase pension schemes 2 (2022: 2).

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**ARCO PROFESSIONAL SAFETY SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2023**

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**9. Taxation**

	2023 £	2022 £
<b>Corporation tax</b>		
Current tax on profits for the year	59,321	263,304
Adjustments in respect of previous periods	(21,260)	1,715
	<u>38,061</u>	<u>265,019</u>
<b>Total current tax</b>	<u>38,061</u>	<u>265,019</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	114,781	3,991
Adjustments in respect of prior periods	3,658	2,877
<b>Total deferred tax</b>	<u>118,439</u>	<u>6,868</u>
<b>Taxation on profit on ordinary activities</b>	<u>156,500</u>	<u>271,887</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2022 - lower than) the standard rate of corporation tax in the UK of 20.5% (2022 - 19%). The differences are explained below:

	2023 £	2022 £
Profit on ordinary activities before tax	<u>805,006</u>	<u>1,387,976</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.5% (2022 - 19%)	165,262	263,715
<b>Effects of:</b>		
Expenses not deductible for tax purposes	798	2,622
Fixed asset differences	(13,151)	-
Adjustments to tax charge in respect of prior periods	(21,260)	1,715



**ARCO PROFESSIONAL SAFETY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2023**

**9. Taxation (continued)**

	2023 £	2022 £
Adjustments to tax in respect of previous periods - deferred tax	3,658	2,877
Remeasurement of deferred tax for changes in tax rates	21,193	958
Total tax charge for the year	<u>156,500</u>	<u>271,887</u>

**10. Tangible fixed assets**

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Total £
<b>Cost or valuation</b>				
At 1 July 2022	891,194	1,155,018	91,205	2,137,417
Additions	1,526,724	-	198,342	1,725,066
At 30 June 2023	<u>2,417,918</u>	<u>1,155,018</u>	<u>289,547</u>	<u>3,862,483</u>
<b>Depreciation</b>				
At 1 July 2022	250,080	1,031,958	79,441	1,361,479
Charge for the year on owned assets	155,283	59,131	42,917	257,331
At 30 June 2023	<u>405,363</u>	<u>1,091,089</u>	<u>122,358</u>	<u>1,618,810</u>
<b>Net book value</b>				
At 30 June 2023	<u>2,012,555</u>	<u>63,929</u>	<u>167,189</u>	<u>2,243,673</u>
At 30 June 2022	<u>641,114</u>	<u>123,060</u>	<u>11,764</u>	<u>775,938</u>

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**ARCO PROFESSIONAL SAFETY SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2023**

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**11. Stocks**

	2023 £	2022 £
Goods for resale	585,519	519,923
	<u>585,519</u>	<u>519,923</u>

In the opinion of the directors there is no significant difference between the replacement costs of stock and the value stated in the balance sheet. Stocks are stated after provision for impairment of £171,307 (2022: £126,600).

**12. Debtors**

	2023 £	2022 £
Trade debtors	2,015,795	2,095,526
Amounts owed by group undertakings	2,169,000	3,963,424
Corporation tax	5,153	129,746
Prepayments and accrued income	94,004	37,322
Deferred tax	-	16,138
	<u>4,283,952</u>	<u>6,242,156</u>

Trade debtors are stated after provision for impairment of £280,307 (2022: £285,042).

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

**13. Cash and cash equivalents**

	2023 £	2022 £
Cash at bank and in hand	3,214,723	1,141,122
	<u>3,214,723</u>	<u>1,141,122</u>

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**ARCO PROFESSIONAL SAFETY SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2023**

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

	2023 £	2022 £
Trade creditors	848,734	985,804
Amounts owed to group undertakings	1,080,236	1,080,236
Other taxation and social security	544,653	438,869
Accruals and deferred income	1,223,172	646,041
	<u>3,696,795</u>	<u>3,150,950</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

**15. Deferred taxation**

	2023 £	2022 £
At beginning of year	16,138	23,006
Charged to the profit or loss	(118,439)	(6,868)
<b>At end of year</b>	<u>(102,301)</u>	<u>16,138</u>

	2023 £	2022 £
Deferred tax - tax effect of timing differences	(102,301)	16,138
	<u>(102,301)</u>	<u>16,138</u>

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**ARCO PROFESSIONAL SAFETY SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2023**

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**16. Provisions**

	Dilapidations and onerous leases £
At 1 July 2022	214,989
Charged to the profit or loss	352,076
<b>At 30 June 2023</b>	<b><u>567,065</u></b>

**17. Share capital**

	2023 £	2022 £
<b>Authorised, allotted, called up and fully paid</b>		
1,000 (2022 - 1,000) Ordinary shares of £1.00 each	1,000	1,000
72 (2022 - 72) Ordinary A shares of £1.00 each	72	72
	<u>1,072</u>	<u>1,072</u>

Both the Ordinary shares and Ordinary A shares carry full and equal voting rights and rights to participation in dividends.

**18. Reserves**

**Share premium account**

This reserve represents the amount above the nominal value received for shares issued, less transaction costs.

**19. Capital commitments**

At 30 June 2023 the Company had contracted for future capital expenditure to the sum of £nil (2022 - £nil).

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**ARCO PROFESSIONAL SAFETY SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2023**

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**20. Commitments under operating leases**

At 30 June 2023 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2023 £	2022 £
Not later than 1 year	312,585	408,837
Later than 1 year and not later than 5 years	415,165	745,299
Later than 5 years	164,339	250,949
	<u>892,089</u>	<u>1,405,085</u>

**21. Related party transactions**

The Company has taken advantage of the exemption in FRS 102, Section 33 Related Party Disclosures paragraph 33.7 not to disclose transactions with other group companies which meet the criteria that all subsidiary undertakings which are party to the transactions are wholly owned by the ultimate parent undertaking.

**22. Controlling party**

The Directors consider Arco Limited, a company incorporated in England and Wales as the ultimate controlling party. Arco Limited owns 100% of the issued share capital of Arco Professional Safety Services Limited.

Arco Limited is the largest and smallest group for which group financial statements are drawn up. Arco Limited Group financial statements are available from PO Box 21, 1 Blackfriargate, Hull, HU1 1BH.