

ARCH INITIATIVES

England & Wales · Charity number 1024945

Details

Other names	ARCH
Status	Registered
Legal form	Charitable company
Company number	02812012
Registered	1993-08-23
Register	View on the Charity Commission register

Contact

Address	1 Resolven House St Mellons Business Park Fortran Road St Mellons CF3 0EY
Phone	01633811950
Email	info@archfutures.com
Website	www.archfutures.com

Activities

Objects: TO RELIEVE POVERTY, SICKNESS AND DISTRESS AMONGST PERSONS AFFECTED BY ADDICTION TO DRUGS OF ANY KIND AND/OR ALCOHOL ABUSE AND/OR SUBSTANCE MISUSE; TO PROVIDE EDUCATION AND TRAINING AND, WITHOUT PREJUDICE TO THE GENERALITY OF THE FOREGOING, WITH PARTICULAR EMPHASIS ON MATTERS RELATING TO SUBSTANCE MISUSE, REHABILITATION FOLLOWING SUBSTANCE MISUSE AND EDUCATION AND TRAINING IN LIFE SKILLS FOR THOSE WHO HAVE PARTICULAR NEEDS FOR SUCH SKILLS SO THAT THEIR CONDITIONS OF LIFE MAY BE IMPROVED; AND THE RELIEF OF UNEMPLOYMENT FOR THE BENEFIT OF THE PUBLIC IN SUCH WAYS AS MAY BE THOUGHT FIT BY THE PROVISION OF PRACTICAL SUPPORT, GUIDANCE AND TRAINING OPPORTUNITIES INCLUDING ASSISTANCE TO FIND EMPLOYMENT, FOR THOSE WHO ARE UNEMPLOYED AND IN NEED OF SUCH ASSISTANCE.

Activities: ARCH Initiatives exists to provide services for people whose lives have been affected by substance misuse. The objective of service provision is to determine a clear pathway for each individual client, away from dependence on drug or alcohol use, and to support and guide the service user along that pathway.

Classification

- **How:** Provides Services, Provides Advocacy/advice/information, Other Charitable Activities
- **What:** General Charitable Purposes, Education/training, The Advancement Of Health Or Saving Of Lives, Economic/community Development/employment
- **Who:** Other Defined Groups, The General Public/mankind

Geography

- Bolton
- Wirral

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£64,504	£30,998	-	-
2024-03-31	£75,074	£42,379	-	-
2023-03-31	£60,868	£53,783	-	-
2022-03-31	£59,001	£135,602	-	-
2021-03-31	£101,274	£124,141	-	-

Trustees

Name	Role	Appointed
Dr Daniel Leo Antebi	Chair	2016-07-25
Dr Ann Marie Procter		2024-05-16
Julian Mark Quentin Knight		2022-12-15

ARCH INITIATIVES

England & Wales - Charity number 1024945

Accounts

REGISTERED COMPANY NUMBER: 02812012 (England and Wales)
REGISTERED CHARITY NUMBER: 1024945

**Report of the Trustees and
Financial Statements for the Year Ended 31 March 2025
for
ARCH INITIATIVES**

ARCH INITIATIVES

Contents of the Financial Statements
for the Year Ended 31 March 2025

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ARCH INITIATIVES

Report of the Trustees for the Year Ended 31 March 2025

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2025. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

OBJECTIVES AND ACTIVITIES

Objectives and aims

ARCH Initiatives was established to provide services for people whose lives have been affected by substance misuse. ARCH's objective of service provision, is to support individuals, communities, stakeholders and families to tackle substance misuse and to develop a range of innovative high quality services that transform futures and move individuals away from poor health and well-being, offending behaviour and unemployment. Our client range includes those who are dependant on illicit, legal and prescribed substances and those developing long term conditions or specific illness as a result of dependence.

The charity exists to provide public benefit by relieving poverty, sickness and distress amongst persons affected by addiction to alcohol or drugs of any kind. This includes those who are personally addicted and those families carers, and communities whose lives are impacted by substance misuse.

STRATEGIC REPORT

Achievements and performance

Charitable activities

In the year ended 31 March 2025 ARCH Initiatives had no service contracts although its properties were leased by charitable or statutory authorities who are directly involved in services consistent with the charity's objectives.

In Bolton the NHS are currently the property tenant whilst in the Wirral, Change Grow Live are the property tenant.

Financial review

Financial position

Income for the year 31 March 2025 is £64,504 (2024: £75,074) and this mainly comprises property rental income.

Total expenditure decreased to £30,998 (2024: £42,379). This resulted in an overall surplus of £33,506 compared to the prior years surplus of £25,769.

Principal funding sources

Principal funding sources during the period were from property rentals.

Reserves policy

It is the opinion of the directors that the charity should hold financial reserves;

- because it requires protection against financial risks, as identified by the annual financial risk review;
- to provide for expansion of the charity's business;
- to provide funds for investment in fixed assets; and
- to provide funds for unfunded 'board approved' special projects which enhance services and meet charitable objectives.

ARCH INITIATIVES

Report of the Trustees for the Year Ended 31 March 2025

STRATEGIC REPORT

Financial review

The definition of financial reserves for this purpose is the amount of unrestricted reserves not invested in fixed or other long term assets (net current assets excluding long term debtors).

The charity conducts an annual financial risk review. This review has identified that the charity requires reserves to protect itself against the following principal risks:

- Delayed payment of property rentals causing unanticipated operational cash flow requirements.
- Loss of property rental contracts.
- Properties requiring urgent repairs or refurbishment

As at 31 March 2025 the charity had total funds of £383,051 of which comprises:

- An endowment fund of £69,750 representing assets that must be held permanently by the charitable company;
- An unrestricted funds surplus of £313,301.

Principal risks and uncertainties

The trustees have assessed the major risks to which the charitable company is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

Risk exists when there is uncertainty surrounding events and their outcomes that may have a significant impact on ARCH's ability to:

- achieve its aims
- satisfy the expectations of its stakeholders - operate efficiently

Future plans

Discussions are taking place regarding the potential disposal of the Arch section of the Mercer DB Master Trust (formerly known as the Federation plan). This will be progressed if the exit from the scheme is commercially attractive to the charity.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

ARCH Initiatives is a company limited by guarantee governed by its Memorandum and Articles of Association dated 23rd April 1993 and constituted in accordance with this document.

The Charity is directed by a Management Committee made up of 3 members. Members are recruited from a range of backgrounds, including health and social care and commerce.

The Management Committee's decisions are focused on the approval and monitoring of any strategic business plans and the setting of the annual budget; the monitoring of progress in the achievement of plans and performance against the agreed budget are the typical activities undertaken by the Management Committee.

The Management Committee have delegated to the Chief Executive the responsibility for the management of the organisation.

On 25 July 2016 Kaleidoscope Project became the sole member of ARCH Initiatives. Kaleidoscope Project is a registered charity (number 1115017) and is also a company limited by guarantee (number 05480423) which was incorporated on 14 June 2005. Kaleidoscope Project's governing document is its memorandum and articles of association as amended by special resolution dated 5 April 2006. On the same date, the Trustees of ARCH resigned to be replaced by four of Kaleidoscope's Trustees. Consequently ARCH became part of the Kaleidoscope group on 25 July 2016.

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Report of the Trustees for the Year Ended 31 March 2025

The charity has an independent Board of Trustees drawn from a variety of backgrounds thus ensuring a diverse Board with a strong mix of skills and experience to take the charity forward. When appropriate, vacancies on the Board are advertised through media outlets and interviews conducted, to ensure new appointments will add to the skills and experience of the existing Board.

All new trustees are provided with historical and current information to enable them to appreciate the work and ethos of the charity. The Board is currently developing an induction and training programme for trustees as part of its governance strategy.

The Board of Trustees aims to meet at least quarterly. The day-to day management of the Charity is delegated to the Group Chief Executive, who attends the Board of Trustee meetings.

Key management remuneration

Arch Initiatives currently have no paid employees.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

02812012 (England and Wales)

Registered Charity number

1024945

Registered office

1 Resolven House
Fortran Road
St Mellons
Cardiff
CF3 0EY

Trustees

Dr D L Antebi
Mr J M Q Knight
Mrs F Rutter (resigned 12.9.24)
Dr A Procter (appointed 16.5.24)

Senior Statutory Auditor

Stephen John Bickerton

Auditors

Advantage Accountancy & Advisory Ltd
Chartered Certified Accountants
and Statutory Auditors
Avalon House
5-7 Cathedral Road
Cardiff
CF11 9HA

Chief Executive Officer

Rondine Molinaro

ARCH INITIATIVES

Report of the Trustees for the Year Ended 31 March 2025

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of Arch Initiatives for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year. Under that law, the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the trustees 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

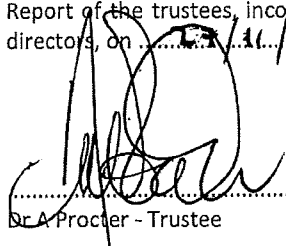
In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

The auditors, Advantage Accountancy & Advisory Ltd, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 17/11/25 and signed on the board's behalf by:


.....
Dr A Procter - Trustee

**Report of the Independent Auditors to the Members of
Arch Initiatives**

Opinion

We have audited the financial statements of Arch Initiatives (the 'charitable company') for the year ended 31 March 2025 which comprise the Statement of Financial Activities, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2025 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable 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 trustees' 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 charitable 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 trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

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.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of Arch Initiatives

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

We have nothing to report in respect of the following matters where 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 trustees 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 trustees are responsible for assessing the charitable 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 trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Our 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 a Report of the Independent Auditors 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 our procedures are capable of detecting irregularities, including fraud is detailed below:

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- We obtained understanding of the legal and regulatory frameworks applicable to the company and the sector in which they operate. We determined that the following laws and regulations were most significant: The Companies Act 2006 , UK corporate taxation laws, employment legislation and health and safety legislation.
- We obtained an understanding of how the company are complying with those legal and regulatory frameworks by making inquiries to management. We corroborated our inquiries through our review of legal correspondence.
- We assessed the susceptibility of the company's financial statements to material misstatements, including how fraud might occur. Audit procedures performed by the engagement team included:

Report of the Independent Auditors to the Members of
Arch Initiatives

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
- understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
- performing analytical procedures to identify any unusual or unexpected relationships;
- challenging assumptions and judgements made by management in its significant accounting estimates;
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- assessing the extent of compliance with relevant laws and regulations.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

Use of our report

This report is made solely to the charitable 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 charitable company's members those matters we are required to state to them in an auditors' 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Stephen John Bickerton (Senior Statutory Auditor)
for and on behalf of Advantage Accountancy & Advisory Ltd
Chartered Certified Accountants
and Statutory Auditors
Avalon House
5-7 Cathedral Road
Cardiff
CF11 9HA

Date: 27/11/25

ARCH INITIATIVES

Statement of Financial Activities
for the Year Ended 31 March 2025

	Notes	Unrestricted fund £	Endowment fund £	2025 Total funds £	2024 Total funds £
INCOME AND ENDOWMENTS FROM					
Investment income	2	64,504	-	64,504	75,074
EXPENDITURE ON					
Charitable activities	3	30,998	-	30,998	42,379
Net gains/(losses) on investments		-	-	-	(6,926)
NET INCOME		33,506	-	33,506	25,769
Transfers between funds	13	7,750	(7,750)	-	-
Net movement in funds		41,256	(7,750)	33,506	25,769
RECONCILIATION OF FUNDS					
Total funds brought forward		272,045	77,500	349,545	323,776
TOTAL FUNDS CARRIED FORWARD		<u>313,301</u>	<u>69,750</u>	<u>383,051</u>	<u>349,545</u>

The notes form part of these financial statements

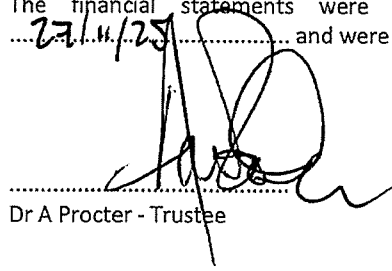
ARCH INITIATIVES

Balance Sheet
31 March 2025

	Notes	Unrestricted fund £	Endowment fund £	2025 Total funds £	2024 Total funds £
FIXED ASSETS					
Investment property	9	465,250	69,750	535,000	535,000
CURRENT ASSETS					
Cash at bank		272,542	-	272,542	256,648
CREDITORS					
Amounts falling due within one year	10	(18,415)	-	(18,415)	(29,615)
NET CURRENT ASSETS		<u>254,127</u>	<u>-</u>	<u>254,127</u>	<u>227,033</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		719,377	69,750	789,127	762,033
CREDITORS					
Amounts falling due after more than one year	11	(364,076)	-	(364,076)	(350,822)
PROVISIONS FOR LIABILITIES	12	(42,000)	-	(42,000)	(61,666)
NET ASSETS		<u>313,301</u>	<u>69,750</u>	<u>383,051</u>	<u>349,545</u>
FUNDS	13				
Unrestricted funds				313,301	272,045
Endowment funds				69,750	77,500
TOTAL FUNDS				<u>383,051</u>	<u>349,545</u>

These financial statements have been prepared in accordance with the provisions applicable to charitable companies subject to the small companies regime.

The financial statements were approved by the Board of Trustees and authorised for issue on 27/11/25 and were signed on its behalf by:


.....
Dr A Procter - Trustee

The notes form part of these financial statements

ARCH INITIATIVES

Notes to the Financial Statements for the Year Ended 31 March 2025

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets.

Financial reporting standard 102 - reduced disclosure exemptions

The charitable company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland':

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of paragraph 3.17(d);
- the requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirement of paragraph 33.7.

Going Concern

The charity has made a profit this year of £33,506 (2024: £25,769). The trustees believe that the combination of current assets and future resources will be sufficient to cover its liabilities; therefore the accounts should be prepared on a going concern basis.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Rental income is recognised in the period to which it relates.

Income from other charitable activities includes amounts received under contract, and is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and fittings - 20% on reducing balance

Investment property

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in fair value is recognised in the Statement of Financial Activities.

ARCH INITIATIVES

Notes to the Financial Statements - continued for the Year Ended 31 March 2025

1. ACCOUNTING POLICIES - continued

Taxation

Arch Initiatives is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Restricted Funds

The restricted fund relates to the Public Health England grant. This grant was awarded to pay for building refurbishment and other fixed assets purchased. Expenditure has been capitalised and the grant has been amortised over the life of the respective assets.

Endowment Funds

The Wirral PCT endowment fund is a grant expressly for the purpose of purchasing and refurbishing the property known as 88-90 Argyle Street. In accordance with the grant agreement, these grants will be credited to the endowment fund and likewise restricted to the purpose of the development, of the property.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Pension costs and other post-retirement benefits

The charity operates a defined benefits pension scheme. The scheme is a multi employer scheme and the details are shown in note 14.

Leasing commitments

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

2. INVESTMENT INCOME

	2025	2024
	£	£
Rents received	61,666	59,385
Deposit account interest	2,838	15,689
	<u>64,504</u>	<u>75,074</u>

ARCH INITIATIVES

Notes to the Financial Statements - continued for the Year Ended 31 March 2025

3. CHARITABLE ACTIVITIES COSTS

	Direct Costs £	Support costs (see note 4) £	Totals £
Charitable activities	13	30,985	30,998

4. SUPPORT COSTS

	Management £	Finance £	Governance costs £	Totals £
Charitable activities	12,438	11,747	6,800	30,985

Support costs, included in the above, are as follows:

	2025 Charitable activities £	2024 Total activities £
Audit & accountancy fees	2,000	1,262
Legal & professional fees	438	8,258
Management charges	10,000	10,000
Pension deficit	11,747	21,360
Bank charges	-	8
Auditors' remuneration	6,800	4,000
	<u>30,985</u>	<u>44,888</u>

5. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	2025 £	2024 £
Auditors' remuneration	<u>6,800</u>	<u>4,000</u>

6. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2025 nor for the year ended 31 March 2024.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 March 2025 nor for the year ended 31 March 2024.

ARCH INITIATIVES

Notes to the Financial Statements - continued for the Year Ended 31 March 2025

7. STAFF COSTS

There are no staff employed as the charity is administrated by Kaleidoscope Project.

8. TANGIBLE FIXED ASSETS

	Fixtures and fittings £
COST	
At 1 April 2024 and 31 March 2025	284,764
DEPRECIATION	
At 1 April 2024 and 31 March 2025	284,764
NET BOOK VALUE	
At 31 March 2025	-
At 31 March 2024	-

9. INVESTMENT PROPERTY

	£
FAIR VALUE	
At 1 April 2024 and 31 March 2025	535,000
NET BOOK VALUE	
At 31 March 2025	535,000
At 31 March 2024	535,000

An independent valuation of the investment property was undertaken post year end on 19 September 2024. The trustees consider this to be an accurate reflection of fair value at 31 March 2025.

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Notes to the Financial Statements - continued
for the Year Ended 31 March 2025

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2025	2024
	£	£
Trade creditors	-	10,000
Accruals and deferred income	18,415	19,615
	<u>18,415</u>	<u>29,615</u>

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

	2025	2024
	£	£
Amounts owed to group undertakings	<u>364,076</u>	<u>350,822</u>

12. PROVISIONS FOR LIABILITIES

A provision of £42,000 is being carried for the amount due on the Charity's defined benefit pension scheme. The details of the scheme are disclosed in note 14.

At the end of 5 April 2023 the actuarial valuation indicated that the scheme was in an asset position of £201,000. This amount has not been recognised in the accounts as it is the Charity's intention to withdraw from the scheme should a reasonable buy out position be negotiated. Current discussions have highlighted that the amount would be in the region of £42,000 to £102,000. Due to this it is felt that the provision held is a more accurate reflection of the Charity's position than the £201,000 asset.

13. MOVEMENT IN FUNDS

	At 1.4.24	Net movement	Transfers	At
	£	in funds	between	31.3.25
		£	funds	£
Unrestricted funds				
General fund	272,045	33,506	7,750	313,301
Endowment funds				
Wirral PCT	77,500	-	(7,750)	69,750
TOTAL FUNDS	<u>349,545</u>	<u>33,506</u>	<u>-</u>	<u>383,051</u>

Net movement in funds, included in the above are as follows:

	Incoming resources	Resources expended	Movement in funds
	£	£	£
Unrestricted funds			
General fund	64,504	(30,998)	33,506
TOTAL FUNDS	<u>64,504</u>	<u>(30,998)</u>	<u>33,506</u>

ARCH INITIATIVES

Notes to the Financial Statements - continued for the Year Ended 31 March 2025

13. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1.4.23 £	Net movement in funds £	Transfers between funds £	At 31.3.24 £
Unrestricted funds				
General fund	200,026	25,769	46,250	272,045
Endowment funds				
Wirral PCT	123,750	-	(46,250)	77,500
TOTAL FUNDS	<u>323,776</u>	<u>25,769</u>	<u>-</u>	<u>349,545</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	75,074	(42,379)	(6,926)	25,769
TOTAL FUNDS	<u>75,074</u>	<u>(42,379)</u>	<u>(6,926)</u>	<u>25,769</u>

Unrestricted funds

The unrestricted funds comprise those funds which the trustees are free to use in accordance with the charitable objectives.

Endowment funds

The Wirral PCT endowment fund is a grant expressly for the purpose of purchasing and refurbishing the property known as 88-90 Argyle Street. In accordance with the grant agreement these grants will be credited to the endowment fund and likewise restricted to the purpose of the development of the property.

14. EMPLOYEE BENEFIT OBLIGATIONS

Arch Initiatives participates in the Mercer DB Master Trust (the scheme) formerly known as The Federation Plan.

The scheme is a multi-employer defined benefit scheme. We are now reporting the results of the 2023 actuarial valuation.

Scheme Membership

Membership of the scheme is made up of 6 deferred pensioners and 2 retired pensioners, there are no active pensioners. The data attributable by type of member is as follows:

Member	Description	5 April 2023	5 April 2020
Deferred members	Total deferred pensions revalued to valuation date - (£ p.a.)	5,845	6,808
Deferred members	Average age weighted	47	44

ARCH INITIATIVES

Notes to the Financial Statements - continued for the Year Ended 31 March 2025

14. EMPLOYEE BENEFIT OBLIGATIONS - continued

Pensioners	Total pensions payable (£p.a.)	2,484	2,103
Pensioners	Average age weighted by pension	71	68

The breakdown of the liability is set out below:

Description	2023 Valuation £'000s	2020 Valuation £'000s
Assets	419	234
Liabilities - Pensioners	(42)	(54)
Liabilities - Deferred members	(176)	(332)
Overall position	201	(152)
Funding Level	192%	61%

Assets Summary

	5 April 2023 Allocation £'000	5 April 2023 Allocation %	Revised Investment strategy after 5 April 2023 %
Pooled Investments Vehicles	414	99	30
Bank	5	1	0
Tailored Credit	0	0	20
UK Inflation Linked Gifts	0	0	40
Sterling Inflation Linked LDI	0	0	10
Total	419	100	100

Analysis of Experience Since Last Valuation

	£'000
Shortfall on 5 April 2023	(152)
Interest	(2)
Contributions less expenses	58
Changes in market conditions (liability impact)	183
Excess investment returns	128
Inflation experience	(40)
Impact of changes to statement of funding principles	28
Miscellaneous	(2)
Surplus on 2023 assumptions	201
Expected 2023 shortfall	(96)
Estimated shortfall at 2023 on 2020 assumptions	175

Changes Since the Valuation Date

The return on the pension assets in the period 1 April 2023 to 31 August 2023 was estimated at - 4%. This does not take into account any contributions received or benefits paid out since the valuation date. Had the conditions at 31 August 2023 applied at the valuation date, it is estimated that the technical provision would have been 15% lower than the value in this report. Taken together the change in financial conditions would have led to an improvement in the overall funding position.

ARCH INITIATIVES

Notes to the Financial Statements - continued
for the Year Ended 31 March 2025

14. EMPLOYEE BENEFIT OBLIGATIONS - continued

Financial Assumptions - Main Financial assumptions for Technical provisions

	2023 Valuation	2020 Valuation
Pre retirement discount rate	Gilt curve +1.4% p.a.	Gilt curve +1.5% p.a.
Post retirement discount rate	Gilt curve +0.5% p.a.	Gilt curve +0.5% p.a.
RPI Inflation	Inflation curve	Inflation curve
CPI Inflation	RPI-0.75% until 2030 RPI from that year	RPI-0.75% p.a.until 2030 RPI from that year
RPI pension increases	In line with RPI assumptions	In line RPI assumptions
CPI pension increases	In line with CPI assumptions	In line with CPI assumptions
Recovery plan return	Gilt curve +0.5% p.a.	Gilt curve +2.0% p.a.
Average Gilt Yield curve	3.65%p.a.	0.69%p.a.
Average inflation curve	3.35% p.a.	2.71% p.a.

Demographic assumptions - for Technical provisions

	2023 Valuation	2020 Valuation
Mortality - base table	115% of S3PxA	115% of S3PxA
Mortality - future improvements	CMI 2022[1.5%, S Core]	CMI 2019 [1.5%,S=7.5]
CPI inflation	RPI -0.75% until 2030 RPI from that year	RPI -0.75% until 2030 RPI from that year
Proportions married	90% married for both males and females	90% married for both males and females
Age of retirement	All members assumed to retire at normal retirement age. Members who are past their normal retirement are assumed to retire at the valuation date.	All members assumed to retire at normal retirement age. Members who are past their normal retirement are assumed to retire at the valuation date.
Commutation	No cash commutation where benefit formula includes cash. Where the benefit formula does not include cash, members are assumed to take 50% of their maximum cash entitlement, based on the current cash commutation factor. 50% of 3/80ths using current commutation factors for members without cash on top.	50% of 3/80ths using current commutation factors for members without cash on top
Expenses	No allowance (funded by separate) contributions by the employer.	No allowance (funded by separate) contributions by the employer.

Other Assumptions

	Assumed rate at last valuation p.a.	Assumed rate during inter valuation period p.a.
Investment returns - assumed for the purpose of the 2020 recovery plan	0.63%	15.73%
Revaluation up to retirement		

ARCH INITIATIVES

Notes to the Financial Statements - continued for the Year Ended 31 March 2025

14. EMPLOYEE BENEFIT OBLIGATIONS - continued

in line with RPI	2.57%	6.09%
in line with CPI	1.82%	4.49%
Pension increases in payment		
in line with RPI	2.57%	6.09%
in line with CPI	1.82%	4.49%

Global Pandemics and Climate Change

For the 2023 valuation the potential impacts of global pandemics and climate change have been considered. These included the following climate change shock scenarios:

	Potential Impact (2023 and 2020 valuation)
UK long dated interest rate	-0.5%p.a.
Inflation	+0.5%p.a.
UK life expectancy -0.25 years	-0.25 years
Equity market re-pricing	-15%
Diversified growth fund re-pricing -7.5%	-7.5%
Investment grade credit spread widening	0.2%p.a.
Impact on high yield debt	-5%

Technical Provisions Sensitivity

	% Change in Liability
Pre retirement discount rate reduced by 0.25%p.a. at each term	+2.3%
Post retirement discount rate reduced by 0.25% p.a. at each term	+3.2%
Inflation assumption increased by 0.25% p.a. at each term	+5.5%
Members one year younger	+2.8%
	+less than
Cash commutation assumption increased by 10%	0.1%

Summary of Benefits

Main benefits of the two underlying schemes:

	NHSPS Scheme	LGPS Scheme
Normal retirement date	60th Birthday	65th Birthday
Normal retirement pension	1/80th of final pay for each complete year of service	1/60th of final pay for each complete year of service
Normal retirement cash	Up to 3 times the members pension	Part of pension can be exchanged for a cash free sum
Increase to pension	In line with rpi	In line with cpi
Early retirement pension	Available after the age of 55 or on ill health	From age 55 to 60
Death after retirement: * lump sum	On death within 5 years of commencement of pension	On death within 10 years of commencement of pension
* dependant's pension	One half of members pension	37.5% of members pension

ARCH INITIATIVES

Notes to the Financial Statements - continued for the Year Ended 31 March 2025

15. ULTIMATE PARENT COMPANY

The charity's parent company at the balance sheet date was Kaleidoscope Project (company number 05480423, charity number 1115017), a charitable company incorporated in the UK. The parent's principal activities include the provision of holistic care and support services to those suffering due to poverty, age, infirmity, substance abuse or physical and mental hardship or distress.

Copies of group accounts are available from either Companies House or from the registered office at Resolven House, St Mellons Business Park, Forttran Road, St Mellons, Cardiff CF3 0EY.

The ultimate controlling party are the trustees of the parent company Kaleidoscope Project.

16. CONTINGENT LIABILITIES

The charity may be required to repay funding if it fails to comply with conditions laid down by the various funding providers.

Included in Investment properties is the purchase and refurbishment costs of a building on Argyle Street, Birkenhead. A grant of £500,000 was received from the Wirral Primary Care Trust (WPCT) towards these costs. WPCT hold a legal charge over the property dated 31 March 2009, the terms of which are that should the property be sold within 20 years a set percentage of the sales proceeds will revert back to WPCT. The percentage remittable is tapered down to 0% over 20 years. As at 31 March 2025 the amount repayable would be: £69,750 (2024 - £77,500)

17. RELATED PARTY DISCLOSURES

The charitable company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Accounts

**Report of the Trustees and
Financial Statements for the Year Ended 31 March 2024
for
ARCH INITIATIVES**

Advantage Accountancy & Advisory Ltd
Chartered Certified Accountants
and Statutory Auditors
Avalon House
5-7 Cathedral Road
Cardiff
CF11 9HA

ARCH INITIATIVES

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ARCH INITIATIVES

Report of the Trustees for the Year Ended 31 March 2024

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2024. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

OBJECTIVES AND ACTIVITIES

Objectives and aims

ARCH Initiatives was established to provide services for people whose lives have been affected by substance misuse. ARCH's objective of service provision, is to support individuals, communities, stakeholders and families to tackle substance misuse and to develop a range of innovative high quality services that transform futures and move individuals away from poor health and well-being, offending behaviour and unemployment. Our client range includes those who are dependant on illicit, legal and prescribed substance and those developing long term conditions or specific illness as a result of dependence.

The charity exists to provide public benefit by relieving poverty, sickness and distress amongst persons affected by addiction to alcohol or drugs of any kind. This includes those who are personally addicted and those families carers, and communities whose lives are impacted by substance misuse.

STRATEGIC REPORT

Achievement and performance

Charitable activities

In the year ended March 31, 2024 ARCH Initiatives had no service contracts although its properties were leased by charitable or statutory authorities who are directly involved in services consistent with the charity's objectives.

In Bolton the NHS are currently the property tenant whilst in the Wirral, Change Grow Live are the property tenant.

Financial review

Financial position

Income for the year 31 March 2024 is £75,074 (2023: £60,868) and this mainly comprises property rental income.

Total expenditure decreased to £42,379 (2023: £53,783). This resulted in an overall surplus of £25,769 compared to the prior years surplus of £7,085.

Principal funding sources

Principal funding sources during the period were from property rentals.

Reserves policy

It is the opinion of the directors that the charity should hold financial reserves;

- because it requires protection against financial risks, as identified by the annual financial risk review;
- to provide for expansion of the charity's business;
- to provide funds for investment in fixed assets; and
- to provide funds for unfunded 'board approved' special projects which enhance services and meet charitable objectives.

ARCH INITIATIVES

Report of the Trustees for the Year Ended 31 March 2024

STRATEGIC REPORT

Financial review

The definition of financial reserves for this purpose is the amount of unrestricted reserves not invested in fixed or other long term assets (net current assets excluding long term debtors).

The charity conducts an annual financial risk review. This review has identified that the charity requires reserves to protect itself against the following principal risks:

- Delayed payment of property rentals causing unanticipated operational cash flow requirements.
- Loss of property rental contracts.
- Properties requiring urgent repairs or refurbishment

As at 31 March 2024 the charity had total funds of £349,545 of which comprises:

- An endowment fund of £77,500 representing assets that must be held permanently by the charitable company;
- An unrestricted funds surplus of £272,045.

Principal risks and uncertainties

The trustees have assessed the major risks to which the charitable company is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

Risk exists when there is uncertainty surrounding events and their outcomes that may have a significant impact on ARCH's ability to:

- achieve its aims
- satisfy the expectations of its stakeholders - operate efficiently

Future plans

Discussions are taking place regarding the potential disposal of the Arch section of the Mercer DB Master Trust (formerly known as the Federation plan). This will be progressed if the exit from the scheme is commercially attractive to the charity.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

ARCH Initiatives is a company limited by guarantee governed by its Memorandum and Articles of Association dated 23rd April 1993 and constituted in accordance with this document.

The Charity is directed by a Management Committee made up of 4 members. Members are recruited from a range of backgrounds, including health and social care and commerce.

The Management Committee's decisions are focused on the approval and monitoring of any strategic business plans and the setting of the annual budget; the monitoring of progress in the achievement of plans and performance against the agreed budget are the typical activities undertaken by the Management Committee.

The Management Committee have delegated to the Chief Executive the responsibility for the management of the organisation.

On 25 July 2016 Kaleidoscope Project became the sole member of ARCH Initiatives. Kaleidoscope Project is a registered charity (number 1115017) and is also a company limited by guarantee (number 05480423) which was incorporated on 14 June 2005. Kaleidoscope Project's governing document is its memorandum and articles of association as amended by special resolution dated 5 April 2006. On the same date, the Trustees of ARCH resigned to be replaced by four of Kaleidoscope's Trustees. Consequently ARCH became part of the Kaleidoscope group on 25 July 2016.

ARCH INITIATIVES

Report of the Trustees for the Year Ended 31 March 2024

The charity has an independent Board of Trustees drawn from a variety of backgrounds thus ensuring a diverse Board with a strong mix of skills and experience to take the charity forward. When appropriate, vacancies on the Board are advertised through media outlets and interviews conducted, to ensure new appointments will add to the skills and experience of the existing Board.

All new trustees are provided with historical and current information to enable them to appreciate the work and ethos of the charity. The Board is currently developing an induction and training programme for trustees as part of its governance strategy.

The Board of Trustees aims to meet at least quarterly. The day-to day management of the Charity is delegated to the Group Chief Executive, who attends the Board of Trustee meetings.

Key management remuneration

Arch Initiatives currently have no paid employees.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

02812012 (England and Wales)

Registered Charity number

1024945

Registered office

1 Resolven House
Fortran Road
St Mellons
Cardiff
CF3 0EY

Trustees

Dr D L Antebi
Mr J M Q Knight
Mrs F Rutter (resigned 12.9.24)
Mr S Davison (resigned 22.12.23)
Dr A Procter (appointed 16.5.24)

Senior Statutory Auditor

Stephen John Bickerton

Auditors

Advantage Accountancy & Advisory Ltd
Chartered Certified Accountants
and Statutory Auditors
Avalon House
5-7 Cathedral Road
Cardiff
CF11 9HA

Chief Executive Officer

Martin Blakebrough

ARCH INITIATIVES

Report of the Trustees for the Year Ended 31 March 2024

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of Arch Initiatives for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

The auditors, Advantage Accountancy & Advisory Ltd, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 20/12/2024 and signed on the board's behalf by:



Dr A Procter - Trustee

Report of the Independent Auditors to the Members of Arch Initiatives

Opinion

We have audited the financial statements of Arch Initiatives (the 'charitable company') for the year ended 31 March 2024 which comprise the Statement of Financial Activities, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2024 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable 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 trustees' 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 charitable 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 trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

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.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of Arch Initiatives

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

We have nothing to report in respect of the following matters where 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 trustees 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 trustees are responsible for assessing the charitable 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 trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Our 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 a Report of the Independent Auditors 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:

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- We obtained understanding of the legal and regulatory frameworks applicable to the company and the sector in which they operate. We determined that the following laws and regulations were most significant: The Companies Act 2006, UK corporate taxation laws, employment legislation and health and safety legislation.
- We obtained an understanding of how the company are complying with those legal and regulatory frameworks by making inquiries to management. We corroborated our inquiries through our review of legal correspondence.
- We assessed the susceptibility of the company's financial statements to material misstatements, including how fraud might occur. Audit procedures performed by the engagement team included:

**Report of the Independent Auditors to the Members of
Arch Initiatives**

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
- understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
- performing analytical procedures to identify any unusual or unexpected relationships;
- challenging assumptions and judgements made by management in its significant accounting estimates;
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- assessing the extent of compliance with relevant laws and regulations.

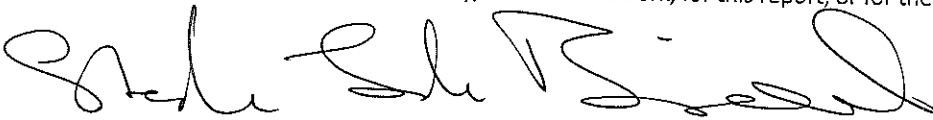
There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

Use of our report

This report is made solely to the charitable 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 charitable company's members those matters we are required to state to them in an auditors' 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Stephen John Bickerton (Senior Statutory Auditor)
for and on behalf of Advantage Accountancy & Advisory Ltd
Chartered Certified Accountants
and Statutory Auditors
Avalon House
5-7 Cathedral Road
Cardiff
CF11 9HA

Date: 20/12/24

ARCH INITIATIVES

Statement of Financial Activities for the Year Ended 31 March 2024

	Notes	Unrestricted fund £	Endowment fund £	2024 Total funds £	2023 Total funds £
INCOME AND ENDOWMENTS FROM					
Other trading activities	2	-	-	-	1,869
Investment income	3	75,074	-	75,074	58,999
Total		<u>75,074</u>	<u>-</u>	<u>75,074</u>	<u>60,868</u>
EXPENDITURE ON					
Charitable activities	4				
Charitable Activities		<u>42,379</u>	<u>-</u>	<u>42,379</u>	<u>53,783</u>
Net gains/(losses) on investments		<u>(6,926)</u>	<u>-</u>	<u>(6,926)</u>	<u>-</u>
NET INCOME		25,769	-	25,769	7,085
Transfers between funds	16	<u>46,250</u>	<u>(46,250)</u>	<u>-</u>	<u>-</u>
Net movement in funds		72,019	(46,250)	25,769	7,085
RECONCILIATION OF FUNDS					
Total funds brought forward		200,026	123,750	323,776	316,691
TOTAL FUNDS CARRIED FORWARD		<u>272,045</u>	<u>77,500</u>	<u>349,545</u>	<u>323,776</u>

The notes form part of these financial statements

ARCH INITIATIVES

Balance Sheet 31 March 2024

	Notes	Unrestricted fund £	Endowment fund £	2024 Total funds £	2023 Total funds £
FIXED ASSETS					
Investment property	11	457,500	77,500	535,000	541,926
CURRENT ASSETS					
Debtors	12	-	-	-	9,750
Cash at bank		256,648	-	256,648	789,670
		<u>256,648</u>	<u>-</u>	<u>256,648</u>	<u>799,420</u>
CREDITORS					
Amounts falling due within one year	13	(29,615)	-	(29,615)	(29,974)
NET CURRENT ASSETS		<u>227,033</u>	<u>-</u>	<u>227,033</u>	<u>769,446</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>684,533</u>	<u>77,500</u>	<u>762,033</u>	<u>1,311,372</u>
CREDITORS					
Amounts falling due after more than one year	14	(350,822)	-	(350,822)	(893,929)
PROVISIONS FOR LIABILITIES	15	(61,666)	-	(61,666)	(93,667)
NET ASSETS		<u>272,045</u>	<u>77,500</u>	<u>349,545</u>	<u>323,776</u>
FUNDS	16				
Unrestricted funds				272,045	200,026
Endowment funds				77,500	123,750
TOTAL FUNDS				<u>349,545</u>	<u>323,776</u>

These financial statements have been prepared in accordance with the provisions applicable to charitable companies subject to the small companies regime.

The financial statements were approved by the Board of Trustees and authorised for issue on 20/12/2024..... and were signed on its behalf by:



Dr A Procter - Trustee

The notes form part of these financial statements

1. ACCOUNTING POLICIES**Basis of preparing the financial statements**

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets.

Financial reporting standard 102 - reduced disclosure exemptions

The charitable company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland':

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of paragraph 3.17(d);
- the requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirement of paragraph 33.7.

Going Concern

The charity has made a profit this year of £25,769 (2023: £7,085). The trustees believe that the combination of current assets and future resources will be sufficient to cover its liabilities; therefore the accounts should be prepared on a going concern basis.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Rental income is recognised in the period to which it relates.

Income from other charitable activities includes amounts received under contract, and is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and fittings	- 20% on reducing balance
-----------------------	---------------------------

Investment property

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in fair value is recognised in the Statement of Financial Activities.

ARCH INITIATIVES

Notes to the Financial Statements - continued for the Year Ended 31 March 2024

1. ACCOUNTING POLICIES - continued

Taxation

Arch Initiatives is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Restricted Funds

The restricted fund relates to the Public Health England grant. This grant was awarded to pay for building refurbishment and other fixed assets purchased. Expenditure has been capitalised and the grant has been amortised over the life of the respective assets.

Endowment Funds

The Wirral PCT endowment fund is a grant expressly for the purpose of purchasing and refurbishing the property known as 88-90 Argyle Street. In accordance with the grant agreement, these grants will be credited to the endowment fund and likewise restricted to the purpose of the development, of the property.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Pension costs and other post-retirement benefits

The charity operates a defined benefits pension scheme. The scheme is a multi employer scheme and the details are shown in note 17.

Leasing commitments

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

2. OTHER TRADING ACTIVITIES

	2024	2023
	£	£
Miscellaneous income	-	1,869
	<u> </u>	<u> </u>

ARCH INITIATIVES

Notes to the Financial Statements - continued for the Year Ended 31 March 2024

3. INVESTMENT INCOME

	2024	2023
	£	£
Rents received	59,385	58,999
Deposit account interest	15,689	-
	<u>75,074</u>	<u>58,999</u>

4. CHARITABLE ACTIVITIES COSTS

	Direct Costs £	Support costs (see note 5) £	Totals £
Charitable Activities	<u>(2,509)</u>	<u>44,888</u>	<u>42,379</u>

5. SUPPORT COSTS

	Management £	Finance £	Governance costs £	Totals £
Charitable Activities	<u>19,520</u>	<u>21,368</u>	<u>4,000</u>	<u>44,888</u>

Support costs, included in the above, are as follows:

	2024 Charitable Activities £	2023 Total activities £
Audit & accountancy fees	1,262	2,924
Legal & professional fees	8,258	11,244
Management charges	10,000	10,000
Pension deficit	21,360	22,413
Bank charges	8	-
Auditors' remuneration	4,000	2,500
	<u>44,888</u>	<u>49,081</u>

6. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	2024 £	2023 £
Auditors' remuneration	<u>4,000</u>	<u>2,500</u>

ARCH INITIATIVES

Notes to the Financial Statements - continued for the Year Ended 31 March 2024

7. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2024 nor for the year ended 31 March 2023.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 March 2024 nor for the year ended 31 March 2023.

8. STAFF COSTS

There are no staff employed as the charity is administrated by Kaleidoscope Project.

9. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Endowment fund £	Total funds £
INCOME AND ENDOWMENTS FROM			
Other trading activities	1,869	-	1,869
Investment income	58,999	-	58,999
Total	<u>60,868</u>	<u>-</u>	<u>60,868</u>
EXPENDITURE ON			
Charitable activities			
Charitable Activities	53,783	-	53,783
NET INCOME			
Transfers between funds	7,085	-	7,085
	11,250	(11,250)	-
Net movement in funds	<u>18,335</u>	<u>(11,250)</u>	<u>7,085</u>
RECONCILIATION OF FUNDS			
Total funds brought forward	181,691	135,000	316,691
TOTAL FUNDS CARRIED FORWARD	<u>200,026</u>	<u>123,750</u>	<u>323,776</u>

ARCH INITIATIVES

Notes to the Financial Statements - continued for the Year Ended 31 March 2024

10. TANGIBLE FIXED ASSETS

	Fixtures and fittings £
COST	
At 1 April 2023 and 31 March 2024	<u>284,764</u>
DEPRECIATION	
At 1 April 2023 and 31 March 2024	<u>284,764</u>
NET BOOK VALUE	
At 31 March 2024	<u>-</u>
At 31 March 2023	<u>-</u>

11. INVESTMENT PROPERTY

	£
FAIR VALUE	
At 1 April 2023	541,926
Revaluation	<u>(6,926)</u>
At 31 March 2024	<u>535,000</u>
NET BOOK VALUE	
At 31 March 2024	<u>535,000</u>
At 31 March 2023	<u>541,926</u>

An independent valuation of the investment property was undertaken post year end on 19 September 2024. The trustees consider this to be an accurate reflection of fair value at 31 March 2024.

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2024	2023
	£	£
Trade debtors	<u>-</u>	<u>9,750</u>

ARCH INITIATIVES

Notes to the Financial Statements - continued for the Year Ended 31 March 2024

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2024	2023
	£	£
Trade creditors	10,000	14,974
Accruals and deferred income	19,615	15,000
	<u>29,615</u>	<u>29,974</u>

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

	2024	2023
	£	£
Amounts owed to group undertakings	<u>350,822</u>	<u>893,929</u>

15. PROVISIONS FOR LIABILITIES

A provision of £61,666 is being carried for the amount due on the Charity's defined benefit pension scheme. The details of the scheme are disclosed in note 17.

At the end of the year the actuarial valuation indicated that the scheme was in an asset position of £201,000. This amount has not been recognised in the accounts as it is the Charity's intention to withdraw from the scheme should a reasonable buy out position be negotiated. Current discussions have highlighted that the amount would be in the region of £42,000 to £102,000. Due to this it is felt that the current liability held is a more accurate reflection of the Charity's position than the £201,000 asset.

16. MOVEMENT IN FUNDS

	At 1.4.23 £	Net movement in funds £	Transfers between funds £	At 31.3.24 £
Unrestricted funds				
General fund	200,026	25,769	46,250	272,045
Endowment funds				
Wirral PCT	123,750	-	(46,250)	77,500
TOTAL FUNDS	<u>323,776</u>	<u>25,769</u>	<u>-</u>	<u>349,545</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	75,074	(42,379)	(6,926)	25,769
TOTAL FUNDS	<u>75,074</u>	<u>(42,379)</u>	<u>(6,926)</u>	<u>25,769</u>

ARCH INITIATIVES

Notes to the Financial Statements - continued for the Year Ended 31 March 2024

16. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1.4.22 £	Net movement in funds £	Transfers between funds £	At 31.3.23 £
Unrestricted funds				
General fund	181,691	7,085	11,250	200,026
Endowment funds				
Wirral PCT	135,000	-	(11,250)	123,750
TOTAL FUNDS	<u>316,691</u>	<u>7,085</u>	<u>-</u>	<u>323,776</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	60,868	(53,783)	7,085
TOTAL FUNDS	<u>60,868</u>	<u>(53,783)</u>	<u>7,085</u>

A current year 12 months and prior year 12 months combined position is as follows:

	At 1.4.22 £	Net movement in funds £	Transfers between funds £	At 31.3.24 £
Unrestricted funds				
General fund	181,691	32,854	57,500	272,045
Endowment funds				
Wirral PCT	135,000	-	(57,500)	77,500
TOTAL FUNDS	<u>316,691</u>	<u>32,854</u>	<u>-</u>	<u>349,545</u>

ARCH INITIATIVES

Notes to the Financial Statements - continued for the Year Ended 31 March 2024

16. MOVEMENT IN FUNDS - continued

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	135,942	(96,162)	(6,926)	32,854
TOTAL FUNDS	<u>135,942</u>	<u>(96,162)</u>	<u>(6,926)</u>	<u>32,854</u>

Unrestricted funds

The unrestricted funds comprise those funds which the trustees are free to use in accordance with the charitable objectives.

Endowment funds

The Wirral PCT endowment fund is a grant expressly for the purpose of purchasing and refurbishing the property known as 88-90 Argyle Street. In accordance with the grant agreement these grants will be credited to the endowment fund and likewise restricted to the purpose of the development of the property.

17. EMPLOYEE BENEFIT OBLIGATIONS

Arch Initiatives participates in the Mercer DB Master Trust (the scheme) formerly known as The Federation Plan.

The scheme is a multi-employer defined benefit scheme. We are now reporting the results of the 2023 actuarial valuation.

Scheme Membership

Membership of the scheme is made up of 6 deferred pensioners and 2 retired pensioners, there are no active pensioners. The data attributable by type of member is as follows:

Member	Description	5 April 2023	5 April 2020
Deferred members	Total deferred pensions revalued to valuation date - (£ p.a.)	5,845	6,808
Deferred members	Average age weighted	47	44
Pensioners	Total pensions payable (£p.a.)	2,484	2,103
Pensioners	Average age weighted by pension	71	68

The breakdown of the liability is set out below:

Description	2023 Valuation £'000s	2020 Valuation £'000s
Assets	419	234
Liabilities - Pensioners	(42)	(54)
Liabilities - Deferred members	(176)	(332)
Overall position	201	(152)
Funding Level	192%	61%

ARCH INITIATIVES

Notes to the Financial Statements - continued for the Year Ended 31 March 2024

17. EMPLOYEE BENEFIT OBLIGATIONS - continued

Assets Summary

	5 April 2023 Allocation £'000	5 April 2023 Allocation %	Revised Investment strategy after 5 April 2023 %
Pooled Investments Vehicles	414	99	30
Bank	5	1	0
Tailored Credit	0	0	20
UK Inflation Linked Gifts	0	0	40
Sterling Inflation Linked LDI	0	0	10
Total	419	100	100

Analysis of Experience Since Last Valuation

	£'000
Shortfall on 5 April 2023	(152)
Interest	(2)
Contributions less expenses	58
Changes in market conditions (liability impact)	183
Excess investment returns	128
Inflation experience	(40)
Impact of changes to statement of funding principles	28
Miscellaneous	(2)
Surplus on 2023 assumptions	201
Expected 2023 shortfall	(96)
Estimated shortfall at 2023 on 2020 assumptions	175

Changes Since the Valuation Date

The return on the pension assets in the period April 1, 2023 to August 31, 2023 was estimated at - 4%. This does not take into account any contributions received or benefits paid out since the valuation date. Had the conditions at August 31, 2023 applied at the valuation date, it is estimated that the technical provision would have been 15% lower than the value in this report. Taken together the change in financial conditions would have led to an improvement in the overall funding position.

Financial Assumptions - Main Financial assumptions for Technical provisions

	2023 Valuation	2020 Valuation
Pre retirement discount rate	Gilt curve +1.4% p.a.	Gilt curve +1.5% p.a.
Post retirement discount rate	Gilt curve +0.5% p.a.	Gilt curve +0.5% p.a.
RPI Inflation	Inflation curve	Inflation curve
CPI Inflation	RPI-0.75% until 2030 RPI from that year	RPI-0.75% p.a. until 2030 RPI from that year
RPI pension increases	In line with RPI assumptions	In line RPI assumptions
CPI pension increases	In line with CPI assumptions	In line with CPI assumptions
Recovery plan return	Gilt curve +0.5% p.a.	Gilt curve +2.0% p.a.
Average Gilt Yield curve	3.65% p.a.	0.69% p.a.
Average inflation curve	3.35% p.a.	2.71% p.a.

ARCH INITIATIVES

Notes to the Financial Statements - continued for the Year Ended 31 March 2024

17. EMPLOYEE BENEFIT OBLIGATIONS - continued

Demographic assumptions - for Technical provisions

	2023 Valuation	2020 Valuation
Mortality - base table	115% of S3PxA	115% of S3PxA
Mortality - future improvements	CMI 2022[1.5%, S Core]	CMI 2019 [1.5%,S=7.5]
CPI inflation	RPI -0.75% until 2030 RPI from that year	RPI -0.75% until 2030 RPI from that year
Proportions married	90% married for both males and females	90% married for both males and females
Age of retirement	All members assumed to retire at normal retirement age. Members who are past their normal retirement are assumed to retire at the valuation date.	All members assumed to retire at normal retirement age. Members who are past their normal retirement are assumed to retire at the valuation date.
Commutation	No cash commutation where benefit formula includes cash. Where the benefit formula does not include cash, members are assumed to take 50% of their maximum cash entitlement, based on the current cash commutation factor. 50% of 3/80ths using current commutation factors for members without cash on top.	50% of 3/80ths using current commutation factors for members without cash on top
Expenses	No allowance (funded by separate) contributions by the employer.	No allowance (funded by separate) contributions by the employer.

Other Assumptions

	Assumed rate at last valuation p.a.	Assumed rate during inter valuation period p.a.
Investment returns - assumed for the purpose of the 2020 recovery plan	0.63%	15.73%
Revaluation up to retirement in line with RPI	2.57%	6.09%
in line with CPI	1.82%	4.49%
Pension increases in payment in line with RPI	2.57%	6.09%
in line with CPI	1.82%	4.49%

Global Pandemics and Climate Change

For the 2023 valuation the potential impacts of global pandemics and climate change have been considered. These included the following climate change shock scenarios:

	Potential Impact (2023 and) 2020 valuation
UK long dated interest rate	-0.5%p.a.
Inflation	+0.5%p.a.

ARCH INITIATIVES

Notes to the Financial Statements - continued for the Year Ended 31 March 2024

17. EMPLOYEE BENEFIT OBLIGATIONS - continued

UK life expectancy -0.25 years	-0.25 years
Equity market re-pricing	-15%
Diversified growth fund re-pricing -7.5%	-7.5%
Investment grade credit spread widening	0.2%p.a.
Impact on high yield debt	-5%

Technical Provisions Sensitivity

	% Change in Liability
Pre retirement discount rate reduced by 0.25%p.a. at each term	+2.3%
Post retirement discount rate reduced by 0.25% p.a. at each term	+3.2%
Inflation assumption increased by 0.25% p.a. at each term	+5.5%
Members one year younger	+2.8%
	+less than
Cash commutation assumption increased by 10%	0.1%

Summary of Benefits

Main benefits of the two underlying schemes:

	NHSPS Scheme	LGPS Scheme
Normal retirement date	60th Birthday	65th Birthday
Normal retirement pension	1/80th of final pay for each complete year of service	1/60th of final pay for each complete year of service
Normal retirement cash	Up to 3 times the members pension	Part of pension can be exchanged for a cash free sum
Increase to pension	In line with rpi	In line with cpi
Early retirement pension	Available after the age of 55 or on ill health	From age 55 to 60
Death after retirement:		
* lump sum	On death within 5 years of commencement of pension	On death within 10 years of commencement of pension
* dependant's pension	One half of members pension	37.5% of members pension

18. ULTIMATE PARENT COMPANY

The charity's parent company at the balance sheet date was Kaleidoscope Project (company number 05480423, charity number 1115017), a charitable company incorporated in the UK. The parent's principal activities include the provision of holistic care and support services to those suffering due to poverty, age, infirmity, substance abuse or physical and mental hardship or distress.

Copies of group accounts are available from either Companies House or from the registered office at Resolven House, St Mellons Business Park, Fortran Road, St Mellons, Cardiff CF3 0EY.

The ultimate controlling party are the trustees of the parent company Kaleidoscope Project.

ARCH INITIATIVES

Notes to the Financial Statements - continued for the Year Ended 31 March 2024

19. CONTINGENT LIABILITIES

The charity may be required to repay funding if it fails to comply with conditions laid down by the various funding providers.

Included in Investment properties is the purchase and refurbishment costs of a building on Argyle Street, Birkenhead. A grant of £500,000 was received from the Wirral Primary Care Trust (WPCT) towards these costs. WPCT hold a legal charge over the property dated 31 March 2009, the terms of which are that should the property be sold within 20 years a set percentage of the sales proceeds will revert back to WPCT. The percentage remittable is tapered down to 0% over 20 years. As at 31 March 2024 the amount repayable would be: £77,500 (2023 - £135,000)

20. RELATED PARTY DISCLOSURES

The charitable company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

REGISTERED COMPANY NUMBER: 02812012 (England and Wales)
REGISTERED CHARITY NUMBER: 1024945

**Report of the Trustees and
Financial Statements for the Year Ended 31 March 2024
for
ARCH INITIATIVES**

Advantage Accountancy & Advisory Ltd
Chartered Certified Accountants
and Statutory Auditors
Avalon House
5-7 Cathedral Road
Cardiff
CF11 9HA

ARCH INITIATIVES

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for the Year Ended 31 March 2024**

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ARCH INITIATIVES

Report of the Trustees for the Year Ended 31 March 2024

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2024. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

OBJECTIVES AND ACTIVITIES

Objectives and aims

ARCH Initiatives was established to provide services for people whose lives have been affected by substance misuse. ARCH's objective of service provision, is to support individuals, communities, stakeholders and families to tackle substance misuse and to develop a range of innovative high quality services that transform futures and move individuals away from poor health and well-being, offending behaviour and unemployment. Our client range includes those who are dependant on illicit, legal and prescribed substance and those developing long term conditions or specific illness as a result of dependence.

The charity exists to provide public benefit by relieving poverty, sickness and distress amongst persons affected by addiction to alcohol or drugs of any kind. This includes those who are personally addicted and those families carers, and communities whose lives are impacted by substance misuse.

STRATEGIC REPORT

Achievement and performance

Charitable activities

In the year ended March 31, 2024 ARCH Initiatives had no service contracts although its properties were leased by charitable or statutory authorities who are directly involved in services consistent with the charity's objectives.

In Bolton the NHS are currently the property tenant whilst in the Wirral, Change Grow Live are the property tenant.

Financial review

Financial position

Income for the year 31 March 2024 is £75,074 (2023: £60,868) and this mainly comprises property rental income.

Total expenditure decreased to £42,379 (2023: £53,783). This resulted in an overall surplus of £25,769 compared to the prior years surplus of £7,085.

Principal funding sources

Principal funding sources during the period were from property rentals.

Reserves policy

It is the opinion of the directors that the charity should hold financial reserves;

- because it requires protection against financial risks, as identified by the annual financial risk review;
- to provide for expansion of the charity's business;
- to provide funds for investment in fixed assets; and
- to provide funds for unfunded 'board approved' special projects which enhance services and meet charitable objectives.

ARCH INITIATIVES

Report of the Trustees for the Year Ended 31 March 2024

STRATEGIC REPORT

Financial review

The definition of financial reserves for this purpose is the amount of unrestricted reserves not invested in fixed or other long term assets (net current assets excluding long term debtors).

The charity conducts an annual financial risk review. This review has identified that the charity requires reserves to protect itself against the following principal risks:

- Delayed payment of property rentals causing unanticipated operational cash flow requirements.
- Loss of property rental contracts.
- Properties requiring urgent repairs or refurbishment

As at 31 March 2024 the charity had total funds of £349,545 of which comprises:

- An endowment fund of £77,500 representing assets that must be held permanently by the charitable company;
- An unrestricted funds surplus of £272,045.

Principal risks and uncertainties

The trustees have assessed the major risks to which the charitable company is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

Risk exists when there is uncertainty surrounding events and their outcomes that may have a significant impact on ARCH's ability to:

- achieve its aims
- satisfy the expectations of its stakeholders - operate efficiently

Future plans

Discussions are taking place regarding the potential disposal of the Arch section of the Mercer DB Master Trust (formerly known as the Federation plan). This will be progressed if the exit from the scheme is commercially attractive to the charity.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

ARCH Initiatives is a company limited by guarantee governed by its Memorandum and Articles of Association dated 23rd April 1993 and constituted in accordance with this document.

The Charity is directed by a Management Committee made up of 4 members. Members are recruited from a range of backgrounds, including health and social care and commerce.

The Management Committee's decisions are focused on the approval and monitoring of any strategic business plans and the setting of the annual budget; the monitoring of progress in the achievement of plans and performance against the agreed budget are the typical activities undertaken by the Management Committee.

The Management Committee have delegated to the Chief Executive the responsibility for the management of the organisation.

On 25 July 2016 Kaleidoscope Project became the sole member of ARCH Initiatives. Kaleidoscope Project is a registered charity (number 1115017) and is also a company limited by guarantee (number 05480423) which was incorporated on 14 June 2005. Kaleidoscope Project's governing document is its memorandum and articles of association as amended by special resolution dated 5 April 2006. On the same date, the Trustees of ARCH resigned to be replaced by four of Kaleidoscope's Trustees. Consequently ARCH became part of the Kaleidoscope group on 25 July 2016.

ARCH INITIATIVES

Report of the Trustees for the Year Ended 31 March 2024

The charity has an independent Board of Trustees drawn from a variety of backgrounds thus ensuring a diverse Board with a strong mix of skills and experience to take the charity forward. When appropriate, vacancies on the Board are advertised through media outlets and interviews conducted, to ensure new appointments will add to the skills and experience of the existing Board.

All new trustees are provided with historical and current information to enable them to appreciate the work and ethos of the charity. The Board is currently developing an induction and training programme for trustees as part of its governance strategy.

The Board of Trustees aims to meet at least quarterly. The day-to day management of the Charity is delegated to the Group Chief Executive, who attends the Board of Trustee meetings.

Key management remuneration

Arch Initiatives currently have no paid employees.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

02812012 (England and Wales)

Registered Charity number

1024945

Registered office

1 Resolven House
Fortran Road
St Mellons
Cardiff
CF3 0EY

Trustees

Dr D L Antebi
Mr J M Q Knight
Mrs F Rutter (resigned 12.9.24)
Mr S Davison (resigned 22.12.23)
Dr A Procter (appointed 16.5.24)

Senior Statutory Auditor

Stephen John Bickerton

Auditors

Advantage Accountancy & Advisory Ltd
Chartered Certified Accountants
and Statutory Auditors
Avalon House
5-7 Cathedral Road
Cardiff
CF11 9HA

Chief Executive Officer

Martin Blakebrough

ARCH INITIATIVES

Report of the Trustees for the Year Ended 31 March 2024

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of Arch Initiatives for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

The auditors, Advantage Accountancy & Advisory Ltd, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 20/12/2024..... and signed on the board's behalf by:



.....
Dr A Procter - Trustee

Report of the Independent Auditors to the Members of Arch Initiatives

Opinion

We have audited the financial statements of Arch Initiatives (the 'charitable company') for the year ended 31 March 2024 which comprise the Statement of Financial Activities, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2024 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable 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 trustees' 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 charitable 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 trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

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.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of Arch Initiatives

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

We have nothing to report in respect of the following matters where 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 trustees 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 trustees are responsible for assessing the charitable 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 trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Our 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 a Report of the Independent Auditors 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:

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- We obtained understanding of the legal and regulatory frameworks applicable to the company and the sector in which they operate. We determined that the following laws and regulations were most significant: The Companies Act 2006, UK corporate taxation laws, employment legislation and health and safety legislation.
- We obtained an understanding of how the company are complying with those legal and regulatory frameworks by making inquiries to management. We corroborated our inquiries through our review of legal correspondence.
- We assessed the susceptibility of the company's financial statements to material misstatements, including how fraud might occur. Audit procedures performed by the engagement team included:

**Report of the Independent Auditors to the Members of
Arch Initiatives**

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
- understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
- performing analytical procedures to identify any unusual or unexpected relationships;
- challenging assumptions and judgements made by management in its significant accounting estimates;
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- assessing the extent of compliance with relevant laws and regulations.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

Use of our report

This report is made solely to the charitable 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 charitable company's members those matters we are required to state to them in an auditors' 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Stephen John Bickerton (Senior Statutory Auditor)
for and on behalf of Advantage Accountancy & Advisory Ltd
Chartered Certified Accountants
and Statutory Auditors
Avalon House
5-7 Cathedral Road
Cardiff
CF11 9HA

Date:

ARCH INITIATIVES

Statement of Financial Activities for the Year Ended 31 March 2024

	Notes	Unrestricted fund £	Endowment fund £	2024 Total funds £	2023 Total funds £
INCOME AND ENDOWMENTS FROM					
Other trading activities	2	-	-	-	1,869
Investment income	3	75,074	-	75,074	58,999
Total		<u>75,074</u>	<u>-</u>	<u>75,074</u>	<u>60,868</u>
EXPENDITURE ON					
Charitable activities	4				
Charitable Activities		42,379	-	42,379	53,783
Net gains/(losses) on investments		(6,926)	-	(6,926)	-
NET INCOME		25,769	-	25,769	7,085
Transfers between funds	16	46,250	(46,250)	-	-
Net movement in funds		72,019	(46,250)	25,769	7,085
RECONCILIATION OF FUNDS					
Total funds brought forward		200,026	123,750	323,776	316,691
TOTAL FUNDS CARRIED FORWARD		<u>272,045</u>	<u>77,500</u>	<u>349,545</u>	<u>323,776</u>

The notes form part of these financial statements

ARCH INITIATIVES

Balance Sheet 31 March 2024

	Notes	Unrestricted fund £	Endowment fund £	2024 Total funds £	2023 Total funds £
FIXED ASSETS					
Investment property	11	457,500	77,500	535,000	541,926
CURRENT ASSETS					
Debtors	12	-	-	-	9,750
Cash at bank		256,648	-	256,648	789,670
		<u>256,648</u>	<u>-</u>	<u>256,648</u>	<u>799,420</u>
CREDITORS					
Amounts falling due within one year	13	(29,615)	-	(29,615)	(29,974)
		<u>227,033</u>	<u>-</u>	<u>227,033</u>	<u>769,446</u>
NET CURRENT ASSETS					
		684,533	77,500	762,033	1,311,372
TOTAL ASSETS LESS CURRENT LIABILITIES					
CREDITORS					
Amounts falling due after more than one year	14	(350,822)	-	(350,822)	(893,929)
PROVISIONS FOR LIABILITIES	15	(61,666)	-	(61,666)	(93,667)
		<u>272,045</u>	<u>77,500</u>	<u>349,545</u>	<u>323,776</u>
NET ASSETS					
FUNDS	16				
Unrestricted funds				272,045	200,026
Endowment funds				77,500	123,750
TOTAL FUNDS				<u>349,545</u>	<u>323,776</u>

These financial statements have been prepared in accordance with the provisions applicable to charitable companies subject to the small companies regime.

The financial statements were approved by the Board of Trustees and authorised for issue on 20/12/2024 and were signed on its behalf by:

20/12/2024

Dr A Procter - Trustee

The notes form part of these financial statements

1. ACCOUNTING POLICIES**Basis of preparing the financial statements**

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets.

Financial reporting standard 102 - reduced disclosure exemptions

The charitable company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland':

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of paragraph 3.17(d);
- the requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirement of paragraph 33.7.

Going Concern

The charity has made a profit this year of £25,769 (2023: £7,085). The trustees believe that the combination of current assets and future resources will be sufficient to cover its liabilities; therefore the accounts should be prepared on a going concern basis.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Rental income is recognised in the period to which it relates.

Income from other charitable activities includes amounts received under contract, and is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and fittings - 20% on reducing balance

Investment property

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in fair value is recognised in the Statement of Financial Activities.

ARCH INITIATIVES

Notes to the Financial Statements - continued for the Year Ended 31 March 2024

1. ACCOUNTING POLICIES - continued

Taxation

Arch Initiatives is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Restricted Funds

The restricted fund relates to the Public Health England grant. This grant was awarded to pay for building refurbishment and other fixed assets purchased. Expenditure has been capitalised and the grant has been amortised over the life of the respective assets.

Endowment Funds

The Wirral PCT endowment fund is a grant expressly for the purpose of purchasing and refurbishing the property known as 88-90 Argyle Street. In accordance with the grant agreement, these grants will be credited to the endowment fund and likewise restricted to the purpose of the development, of the property.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Pension costs and other post-retirement benefits

The charity operates a defined benefits pension scheme. The scheme is a multi employer scheme and the details are shown in note 17.

Leasing commitments

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

2. OTHER TRADING ACTIVITIES

	2024	2023
	£	£
Miscellaneous income	-	1,869
	<u> </u>	<u> </u>

ARCH INITIATIVES

Notes to the Financial Statements - continued for the Year Ended 31 March 2024

3. INVESTMENT INCOME

	2024	2023
	£	£
Rents received	59,385	58,999
Deposit account interest	15,689	-
	<u>75,074</u>	<u>58,999</u>

4. CHARITABLE ACTIVITIES COSTS

	Direct Costs	Support costs (see note 5)	Totals
	£	£	£
Charitable Activities	(2,509)	44,888	42,379
	<u>(2,509)</u>	<u>44,888</u>	<u>42,379</u>

5. SUPPORT COSTS

	Management	Finance	Governance costs	Totals
	£	£	£	£
Charitable Activities	19,520	21,368	4,000	44,888
	<u>19,520</u>	<u>21,368</u>	<u>4,000</u>	<u>44,888</u>

Support costs, included in the above, are as follows:

	2024 Charitable Activities	2023 Total activities
	£	£
Audit & accountancy fees	1,262	2,924
Legal & professional fees	8,258	11,244
Management charges	10,000	10,000
Pension deficit	21,360	22,413
Bank charges	8	-
Auditors' remuneration	4,000	2,500
	<u>44,888</u>	<u>49,081</u>

6. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	2024	2023
	£	£
Auditors' remuneration	4,000	2,500
	<u>4,000</u>	<u>2,500</u>

ARCH INITIATIVES

Notes to the Financial Statements - continued for the Year Ended 31 March 2024

7. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2024 nor for the year ended 31 March 2023.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 March 2024 nor for the year ended 31 March 2023.

8. STAFF COSTS

There are no staff employed as the charity is administrated by Kaleidoscope Project.

9. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Endowment fund £	Total funds £
INCOME AND ENDOWMENTS FROM			
Other trading activities	1,869	-	1,869
Investment income	58,999	-	58,999
Total	<u>60,868</u>	<u>-</u>	<u>60,868</u>
EXPENDITURE ON			
Charitable activities			
Charitable Activities	<u>53,783</u>	<u>-</u>	<u>53,783</u>
NET INCOME	7,085	-	7,085
Transfers between funds	<u>11,250</u>	<u>(11,250)</u>	<u>-</u>
Net movement in funds	18,335	(11,250)	7,085
RECONCILIATION OF FUNDS			
Total funds brought forward	181,691	135,000	316,691
TOTAL FUNDS CARRIED FORWARD	<u><u>200,026</u></u>	<u><u>123,750</u></u>	<u><u>323,776</u></u>

ARCH INITIATIVES

Notes to the Financial Statements - continued for the Year Ended 31 March 2024

10. TANGIBLE FIXED ASSETS

	Fixtures and fittings £
COST	
At 1 April 2023 and 31 March 2024	284,764
DEPRECIATION	
At 1 April 2023 and 31 March 2024	284,764
NET BOOK VALUE	
At 31 March 2024	-
At 31 March 2023	-

11. INVESTMENT PROPERTY

	£
FAIR VALUE	
At 1 April 2023	541,926
Revaluation	(6,926)
At 31 March 2024	535,000
NET BOOK VALUE	
At 31 March 2024	535,000
At 31 March 2023	541,926

An independent valuation of the investment property was undertaken post year end on 19 September 2024. The trustees consider this to be an accurate reflection of fair value at 31 March 2024.

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2024	2023
	£	£
Trade debtors	-	9,750

ARCH INITIATIVES

Notes to the Financial Statements - continued for the Year Ended 31 March 2024

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2024	2023
	£	£
Trade creditors	10,000	14,974
Accruals and deferred income	19,615	15,000
	<u>29,615</u>	<u>29,974</u>

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

	2024	2023
	£	£
Amounts owed to group undertakings	<u>350,822</u>	<u>893,929</u>

15. PROVISIONS FOR LIABILITIES

A provision of £61,666 is being carried for the amount due on the Charity's defined benefit pension scheme. The details of the scheme are disclosed in note 17.

At the end of the year the actuarial valuation indicated that the scheme was in an asset position of £201,000. This amount has not been recognised in the accounts as it is the Charity's intention to withdraw from the scheme should a reasonable buy out position be negotiated. Current discussions have highlighted that the amount would be in the region of £42,000 to £102,000. Due to this it is felt that the current liability held is a more accurate reflection of the Charity's position than the £201,000 asset.

16. MOVEMENT IN FUNDS

	At 1.4.23	Net movement	Transfers	At
	£	in funds	between	31.3.24
	£	£	funds	£
Unrestricted funds				
General fund	200,026	25,769	46,250	272,045
Endowment funds				
Wirral PCT	123,750	-	(46,250)	77,500
TOTAL FUNDS	<u>323,776</u>	<u>25,769</u>	<u>-</u>	<u>349,545</u>

Net movement in funds, included in the above are as follows:

	Incoming resources	Resources expended	Gains and losses	Movement in funds
	£	£	£	£
Unrestricted funds				
General fund	75,074	(42,379)	(6,926)	25,769
TOTAL FUNDS	<u>75,074</u>	<u>(42,379)</u>	<u>(6,926)</u>	<u>25,769</u>

ARCH INITIATIVES

Notes to the Financial Statements - continued
for the Year Ended 31 March 2024

16. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1.4.22 £	Net movement in funds £	Transfers between funds £	At 31.3.23 £
Unrestricted funds				
General fund	181,691	7,085	11,250	200,026
Endowment funds				
Wirral PCT	135,000	-	(11,250)	123,750
TOTAL FUNDS	<u>316,691</u>	<u>7,085</u>	<u>-</u>	<u>323,776</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	60,868	(53,783)	7,085
TOTAL FUNDS	<u>60,868</u>	<u>(53,783)</u>	<u>7,085</u>

A current year 12 months and prior year 12 months combined position is as follows:

	At 1.4.22 £	Net movement in funds £	Transfers between funds £	At 31.3.24 £
Unrestricted funds				
General fund	181,691	32,854	57,500	272,045
Endowment funds				
Wirral PCT	135,000	-	(57,500)	77,500
TOTAL FUNDS	<u>316,691</u>	<u>32,854</u>	<u>-</u>	<u>349,545</u>

ARCH INITIATIVES

Notes to the Financial Statements - continued for the Year Ended 31 March 2024

16. MOVEMENT IN FUNDS - continued

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	135,942	(96,162)	(6,926)	32,854
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUNDS	<u>135,942</u>	<u>(96,162)</u>	<u>(6,926)</u>	<u>32,854</u>

Unrestricted funds

The unrestricted funds comprise those funds which the trustees are free to use in accordance with the charitable objectives.

Endowment funds

The Wirral PCT endowment fund is a grant expressly for the purpose of purchasing and refurbishing the property known as 88-90 Argyle Street. In accordance with the grant agreement these grants will be credited to the endowment fund and likewise restricted to the purpose of the development of the property.

17. EMPLOYEE BENEFIT OBLIGATIONS

Arch Initiatives participates in the Mercer DB Master Trust (the scheme) formerly known as The Federation Plan.

The scheme is a multi-employer defined benefit scheme. We are now reporting the results of the 2023 actuarial valuation.

Scheme Membership

Membership of the scheme is made up of 6 deferred pensioners and 2 retired pensioners, there are no active pensioners. The data attributable by type of member is as follows:

Member	Description	5 April 2023	5 April 2020
Deferred members	Total deferred pensions revalued to valuation date - (£ p.a.)	5,845	6,808
Deferred members	Average age weighted	47	44
Pensioners	Total pensions payable (£p.a.)	2,484	2,103
Pensioners	Average age weighted by pension	71	68

The breakdown of the liability is set out below:

	2023	2020
Description	Valuation	Valuation
	£'000s	£'000s
Assets	419	234
Liabilities - Pensioners	(42)	(54)
Liabilities - Deferred members	(176)	(332)
Overall position	201	(152)
Funding Level	192%	61%

ARCH INITIATIVES

Notes to the Financial Statements - continued for the Year Ended 31 March 2024

17. EMPLOYEE BENEFIT OBLIGATIONS - continued

Assets Summary

	5 April 2023 Allocation £'000	5 April 2023 Allocation %	Revised Investment strategy after 5 April 2023 %
Pooled Investments Vehicles	414	99	30
Bank	5	1	0
Tailored Credit	0	0	20
UK Inflation Linked Gifts	0	0	40
Sterling Inflation Linked LDI	0	0	10
Total	419	100	100

Analysis of Experience Since Last Valuation

	£'000
Shortfall on 5 April 2023	(152)
Interest	(2)
Contributions less expenses	58
Changes in market conditions (liability impact)	183
Excess investment returns	128
Inflation experience	(40)
Impact of changes to statement of funding principles	28
Miscellaneous	(2)
Surplus on 2023 assumptions	201
Expected 2023 shortfall	(96)
Estimated shortfall at 2023 on 2020 assumptions	175

Changes Since the Valuation Date

The return on the pension assets in the period April 1, 2023 to August 31, 2023 was estimated at - 4%. This does not take into account any contributions received or benefits paid out since the valuation date. Had the conditions at August 31, 2023 applied at the valuation date, it is estimated that the technical provision would have been 15% lower than the value in this report. Taken together the change in financial conditions would have led to an improvement in the overall funding position.

Financial Assumptions - Main Financial assumptions for Technical provisions

	2023 Valuation	2020 Valuation
Pre retirement discount rate	Gilt curve +1.4% p.a.	Gilt curve +1.5% p.a.
Post retirement discount rate	Gilt curve +0.5% p.a.	Gilt curve +0.5% p.a.
RPI Inflation	Inflation curve	Inflation curve
CPI Inflation	RPI-0.75% until 2030 RPI from that year	RPI-0.75% p.a. until 2030 RPI from that year
RPI pension increases	In line with RPI assumptions	In line RPI assumptions
CPI pension increases	In line with CPI assumptions	In line with CPI assumptions
Recovery plan return	Gilt curve +0.5% p.a.	Gilt curve +2.0% p.a.
Average Gilt Yield curve	3.65% p.a.	0.69% p.a.
Average inflation curve	3.35% p.a.	2.71% p.a.

ARCH INITIATIVES

Notes to the Financial Statements - continued for the Year Ended 31 March 2024

17. EMPLOYEE BENEFIT OBLIGATIONS - continued

Demographic assumptions - for Technical provisions

	2023 Valuation	2020 Valuation
Mortality - base table	115% of S3PxA	115% of S3PxA
Mortality - future improvements	CMI 2022[1.5%, S Core]	CMI 2019 [1.5%,S=7.5]
CPI inflation	RPI -0.75% until 2030 RPI from that year	RPI -0.75% until 2030 RPI from that year
Proportions married	90% married for both males and females	90% married for both males and females
Age of retirement	All members assumed to retire at normal retirement age. Members who are past their normal retirement are assumed to retire at the valuation date.	All members assumed to retire at normal retirement age. Members who are past their normal retirement are assumed to retire at the valuation date.
Commutation	No cash commutation where benefit formula includes cash. Where the benefit formula does not include cash, members are assumed to take 50% of their maximum cash entitlement, based on the current cash commutation factor. 50% of 3/80ths using current commutation factors for members without cash on top.	50% of 3/80ths using current commutation factors for members without cash on top
Expenses	No allowance (funded by separate contributions by the employer.)	No allowance (funded by separate contributions by the employer.)

Other Assumptions

	Assumed rate at last valuation p.a.	Assumed rate during inter valuation period p.a.
Investment returns - assumed for the purpose of the 2020 recovery plan	0.63%	15.73%
Revaluation up to retirement in line with RPI	2.57%	6.09%
in line with CPI	1.82%	4.49%
Pension increases in payment in line with RPI	2.57%	6.09%
in line with CPI	1.82%	4.49%

Global Pandemics and Climate Change

For the 2023 valuation the potential impacts of global pandemics and climate change have been considered. These included the following climate change shock scenarios:

	Potential Impact (2023 and) 2020 valuation
UK long dated interest rate	-0.5%p.a.
Inflation	+0.5%p.a.

ARCH INITIATIVES

Notes to the Financial Statements - continued for the Year Ended 31 March 2024

17. EMPLOYEE BENEFIT OBLIGATIONS - continued

UK life expectancy -0.25 years	-0.25 years
Equity market re-pricing	-15%
Diversified growth fund re-pricing -7.5%	-7.5%
Investment grade credit spread widening	0.2%p.a.
Impact on high yield debt	-5%

Technical Provisions Sensitivity

	% Change in Liability
Pre retirement discount rate reduced by 0.25%p.a. at each term	+2.3%
Post retirement discount rate reduced by 0.25% p.a. at each term	+3.2%
Inflation assumption increased by 0.25% p.a. at each term	+5.5%
Members one year younger	+2.8%
Cash commutation assumption increased by 10%	+less than 0.1%

Summary of Benefits

Main benefits of the two underlying schemes:

	NHSPS Scheme 60th Birthday	LGPS Scheme 65th Birthday
Normal retirement date		
Normal retirement pension	1/80th of final pay for each complete year of service	1/60th of final pay for each complete year of service
Normal retirement cash	Up to 3 times the members pension	Part of pension can be exchanged for a cash free sum
Increase to pension	In line with rpi	In line with cpi
Early retirement pension	Available after the age of 55 or on ill health	From age 55 to 60
Death after retirement:		
* lump sum	On death within 5 years of commencement of pension	On death within 10 years of commencement of pension
* dependant's pension	One half of members pension	37.5% of members pension

18. ULTIMATE PARENT COMPANY

The charity's parent company at the balance sheet date was Kaleidoscope Project (company number 05480423, charity number 1115017), a charitable company incorporated in the UK. The parent's principal activities include the provision of holistic care and support services to those suffering due to poverty, age, infirmity, substance abuse or physical and mental hardship or distress.

Copies of group accounts are available from either Companies House or from the registered office at Resolven House, St Mellons Business Park, Fortran Road, St Mellons, Cardiff CF3 0EY.

The ultimate controlling party are the trustees of the parent company Kaleidoscope Project.

ARCH INITIATIVES

Notes to the Financial Statements - continued for the Year Ended 31 March 2024

19. CONTINGENT LIABILITIES

The charity may be required to repay funding if it fails to comply with conditions laid down by the various funding providers.

Included in Investment properties is the purchase and refurbishment costs of a building on Argyle Street, Birkenhead. A grant of £500,000 was received from the Wirral Primary Care Trust (WPCT) towards these costs. WPCT hold a legal charge over the property dated 31 March 2009, the terms of which are that should the property be sold within 20 years a set percentage of the sales proceeds will revert back to WPCT. The percentage remittable is tapered down to 0% over 20 years. As at 31 March 2024 the amount repayable would be: £77,500 (2023 - £135,000)

20. RELATED PARTY DISCLOSURES

The charitable company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

ARCH INITIATIVES

Detailed Statement of Financial Activities for the Year Ended 31 March 2024

	2024 £	2023 £
INCOME AND ENDOWMENTS		
Other trading activities		
Miscellaneous income	-	1,869
Investment income		
Rents received	59,385	58,999
Deposit account interest	15,689	-
	<u>75,074</u>	<u>58,999</u>
Total incoming resources	<u>75,074</u>	<u>60,868</u>
EXPENDITURE		
Charitable activities		
Premises costs	(2,509)	4,702
Support costs		
Management		
Audit & accountancy fees	1,262	2,924
Legal & professional fees	8,258	11,244
Management charges	10,000	10,000
	<u>19,520</u>	<u>24,168</u>
Finance		
Pension deficit	21,360	22,413
Bank charges	8	-
	<u>21,368</u>	<u>22,413</u>
Governance costs		
Auditors' remuneration	4,000	2,500
	<u>42,379</u>	<u>53,783</u>
Total resources expended	<u>42,379</u>	<u>53,783</u>
Net income before gains and losses	<u>32,695</u>	<u>7,085</u>
Realised recognised gains and losses		
Realised gains/(losses) on investment property	(6,926)	-
Net income	<u>25,769</u>	<u>7,085</u>

This page does not form part of the statutory financial statements

ARCH INITIATIVES

England & Wales - Charity number 1024945

Accounts

REGISTERED COMPANY NUMBER: 02812012 (England and Wales)
REGISTERED CHARITY NUMBER: 1024945

**Report of the Trustees and
Financial Statements
for the Year Ended 31 March 2023
for
Arch Initiatives**

Xeinadin Audit Limited
Chartered Accountants
& Statutory Auditors
Highdale House
7 Centre Court
Treforest Industrial Estate
Pontypridd
Rhondda Cynon Taff
CF37 5YR

Arch Initiatives

Contents of the Financial Statements for the Year Ended 31 March 2023

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Report of the Trustees	1 to 4
Report of the Independent Auditors	5 to 8
Statement of Financial Activities	9
Balance Sheet	10
Notes to the Financial Statements	11 to 20

Arch Initiatives (Registered number: 02812012)

**Report of the Trustees
for the Year Ended 31 March 2023**

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2023. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

OBJECTIVES AND ACTIVITIES

Objectives and aims

ARCH Initiatives was established to provide services for people whose lives have been affected by substance misuse. ARCH's objective of service provision is to support individuals, communities, stakeholders and families to tackle substance misuse and to develop a range of innovative high quality services that transform futures and move individuals away from poor health and well-being, offending behaviour and unemployment. Our client range includes those who are dependant on illicit, legal and prescribed substance and those developing long term conditions or specific illness as a result of dependence.

The charity exists to provide public benefit by relieving poverty, sickness and distress amongst persons affected by addiction to alcohol or drugs of any kind. This includes those who are personally addicted and those families carers, and communities whose lives are impacted by substance misuse.

STRATEGIC REPORT

Achievement and performance

Charitable activities

During 2022/23, ARCH Initiatives has no service contracts although its properties were leased by charitable or statutory authorities who are directly involved in services consistent with the charity's objectives.

In Bolton, the NHS are currently the tenant whilst in the Wirral, Change Grow Live are the tenant.

Financial review

Financial position

Income for the year 31 March 2023 is £60,868 (2022: £59,001) and this mainly comprises property rental income.

Total expenditure decreased to £53,783 (2022: £135,602) mainly due to no profit/loss on sale of property during the current year and a significant decrease in pension deficit. This resulted in an overall surplus of £7,085 compared to the prior years deficit of £76,601.

Reserves policy

It is the opinion of the directors that the charity should hold financial reserves;

- because it requires protection against financial risks, as identified by the annual financial risk review;
- to provide for expansion of the charity's business;
- to provide funds for investment in fixed assets;
- to provide funds for unfunded 'board approved' special projects which enhance services and meet 'charitable objectives'.

The definition of financial reserves for this purpose is the amount of unrestricted reserves not invested in fixed or other long term assets (net current assets excluding long term debtors).

The charity conducts an annual financial risk review. This review has identified that the charity requires reserves to protect itself against the following principal risks:

- Delayed payment of property rentals causing unanticipated operational cash flow requirements.
- Loss of property rental contracts.
- Properties requiring urgent repairs or refurbishment

As at 31 March 2023 the charity had total funds of £323,776 of which comprises:

- An endowment fund of £123,750 representing assets that must be held permanently by the charitable company;
- An unrestricted funds surplus of £200,026.

Principal funding sources

Principal funding sources during the period were from tenants.

Arch Initiatives (Registered number: 02812012)

**Report of the Trustees
for the Year Ended 31 March 2023**

STRATEGIC REPORT

Principal risks and uncertainties

The trustees have assessed the major risks to which the charitable company is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

Risk exists when there is uncertainty surrounding events and their outcomes that may have a significant impact on ARCH's ability to:

- achieve its aims
- satisfy the expectations of its stakeholders
- operate efficiently

Future plans

Discussions are taking place regarding the potential disposal of the Arch section of the Mercer DB Master Trust (formerly known as the Federation plan). This will be progressed if the exit from the scheme is commercially attractive to the charity.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

ARCH Initiatives is a company limited by guarantee governed by its Memorandum and Articles of Association dated 23rd April 1993 and constituted in accordance with this document.

The Charity is directed by a Management Committee made up of 4 members. Members are recruited from a range of backgrounds, including health and social care and commerce.

The Management Committee's decisions are focused on the approval and monitoring of any strategic business plans and the setting of the annual budget; the monitoring of progress in the achievement of plans and performance against the agreed budget are the typical activities undertaken by the management committee.

The management committee have delegated to the Chief Executive the responsibility for the management of the organisation.

On 25 July 2016 Kaleidoscope Project became the sole member of ARCH Initiatives. Kaleidoscope project is a registered charity (number 1115017) and is also a company limited by guarantee (number 05480423) which was incorporated on 14 June 2005. The project governing document is its memorandum and articles of association as amended by special resolution dated 5 April 2006. On the same date, the trustees of ARCH resigned to be replaced by four of Kaleidoscope's trustees. Consequently ARCH became part of the Kaleidoscope group on 25 July 2016.

The charity has an independent Board of Trustees drawn from a variety of backgrounds thus ensuring a diverse Board with a strong mix of skills and experience to take the charity forward. When appropriate, vacancies on the Board are advertised through media outlets and interviews conducted, to ensure new appointments will add to the skills and experience of the existing Board.

All new trustees are provided with historical and current information to enable them to appreciate the work and ethos of the charity. The Board is currently developing an induction and training programme for trustees as part of its governance strategy.

The Board of Trustees aims to meet at least quarterly, The day-to day management of the charity is delegated to the Group Chief Executive, who attends the Board of Trustee meetings.

Key management remuneration

Arch Initiatives currently have no paid employees.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

02812012 (England and Wales)

Registered Charity number

1024945

Arch Initiatives (Registered number: 02812012)

**Report of the Trustees
for the Year Ended 31 March 2023**

Registered office

1 Resolven House
St Mellons Business Park
Fortran Road
St Mellons
Cardiff
CF3 0EY

Trustees

D L Antebi
S P Davison
Mrs F Rutter
J M Q Knight Trustee (appointed 15.12.22)

Chief Executive Officer

Martin Blakebrough

Auditors

Xeinadin Audit Limited
Chartered Accountants
& Statutory Auditors
Highdale House
7 Centre Court
Treforest Industrial Estate
Pontypridd
Rhondda Cynon Taff
CF37 5YR

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of Arch Initiatives for the purposes of company law) are responsible for preparing the Report of the Trustees and 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".

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Arch Initiatives (Registered number: 02812012)

**Report of the Trustees
for the Year Ended 31 March 2023**

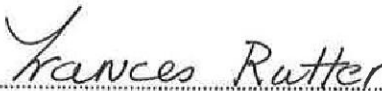
DISCLOSURE OF INFORMATION TO AUDITOR

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

AUDITORS

In accordance with the company's articles, a resolution proposing that Xeinadin Audit Limited be reappointed as auditor of the company will be put at a General meeting.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on ~~December~~ 18, 2023 and signed on the board's behalf by:


.....

Mrs F Rutter - Trustee

Ms

AR.

Report of the Independent Auditors to the Members of Arch Initiatives (Registered number: 02812012)

Opinion

We have audited the financial statements of Arch Initiatives (the 'charitable company') for the year ended 31 March 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is 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'.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2023 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable 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 trustees' 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 charitable 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 trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

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.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

**Report of the Independent Auditors to the Members of
Arch Initiatives (Registered number: 02812012)**

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

We have nothing to report in respect of the following matters where 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 trustees 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 trustees are responsible for assessing the charitable 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 trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Our 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 a Report of the Independent Auditors 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.

**Report of the Independent Auditors to the Members of
Arch Initiatives (Registered number: 02812012)**

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities including fraud and non-compliance with laws and regulations we have considered the following:

- (a) The nature of the industry and sector, control environment and business performance;
- (b) Results of the enquiries of management about their own identification and assessment of the risks of irregularities;
- (c) Any matters we have identified having obtained and reviewed the charitable company's documentation of their policies and procedures relating to:
 - (i) identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - (ii) detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - (iii) the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
 - (iv) the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas:

- (a) Timing of recognition of income

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the charitable company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included UK Companies Act, employment law, health and safety, pensions legislation and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the charitable company's ability to operate or to avoid a material penalty.

Audit response to risks identified

Our procedures to respond to risks identified included the following:

- (a) Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- (b) Enquiring of management concerning actual and potential litigation and claims;
- (c) Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- (d) In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

**Report of the Independent Auditors to the Members of
Arch Initiatives (Registered number: 02812012)**

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

Use of our report

This report is made solely to the charitable 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 charitable company's members those matters we are required to state to them in an auditors' 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

G. Francis.

G Francis ACA FCCA (Senior Statutory Auditor)
for and on behalf of Xeinadin Audit Limited
Chartered Accountants
& Statutory Auditors
Highdale House
7 Centre Court
Treforest Industrial Estate
Pontypridd
Rhondda Cynon Taff
CF37 5YR

Date: *18 December 2023.*

Arch Initiatives

Statement of Financial Activities (Incorporating an Income and Expenditure Account) for the Year Ended 31 March 2023

	Notes	Unrestricted fund £	Endowment fund £	31.3.23 Total funds £	31.3.22 Total funds £
INCOME AND ENDOWMENTS FROM					
Other trading activities	2	1,869	-	1,869	-
Investment income	3	<u>58,999</u>	<u>-</u>	<u>58,999</u>	<u>59,001</u>
Total		<u>60,868</u>	<u>-</u>	<u>60,868</u>	<u>59,001</u>
EXPENDITURE ON					
Charitable activities					
Drug treatments		-	-	-	135,602
Charitable Activities Costs	4	<u>53,783</u>	<u>-</u>	<u>53,783</u>	<u>-</u>
Total		<u>53,783</u>	<u>-</u>	<u>53,783</u>	<u>135,602</u>
NET INCOME/(EXPENDITURE)		7,085	-	7,085	(76,601)
Transfers between funds	15	<u>11,250</u>	<u>(11,250)</u>	<u>-</u>	<u>-</u>
Net movement in funds		18,335	(11,250)	7,085	(76,601)
RECONCILIATION OF FUNDS					
Total funds brought forward		<u>181,691</u>	<u>135,000</u>	<u>316,691</u>	<u>393,292</u>
TOTAL FUNDS CARRIED FORWARD	15	<u>200,026</u>	<u>123,750</u>	<u>323,776</u>	<u>316,691</u>

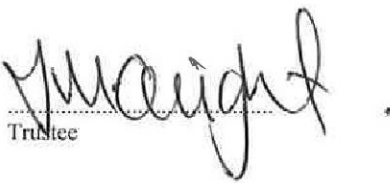
The notes form part of these financial statements

Arch Initiatives (Registered number: 02812012)

**Balance Sheet
31 March 2023**

	Notes	Unrestricted fund £	Endowment fund £	31.3.23 Total funds £	31.3.22 Total funds £
FIXED ASSETS					
Investment property	10	418,176	123,750	541,926	541,926
CURRENT ASSETS					
Debtors	11	9,750	-	9,750	22,630
Cash at bank		<u>789,670</u>	<u>-</u>	<u>789,670</u>	<u>812,807</u>
		799,420	-	799,420	835,437
CREDITORS					
Amounts falling due within one year	12	(29,974)	-	(29,974)	(7,421)
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CURRENT ASSETS		<u>769,446</u>	<u>-</u>	<u>769,446</u>	<u>828,016</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,187,622	123,750	1,311,372	1,369,942
CREDITORS					
Amounts falling due after more than one year	13	(893,929)	-	(893,929)	(901,251)
PROVISIONS FOR LIABILITIES	14	(93,667)	-	(93,667)	(152,000)
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS		<u>200,026</u>	<u>123,750</u>	<u>323,776</u>	<u>316,691</u>
FUNDS					
Unrestricted funds				200,026	181,691
Endowment funds				<u>123,750</u>	<u>135,000</u>
TOTAL FUNDS	15			<u>323,776</u>	<u>316,691</u>

The financial statements were approved by the Board of Trustees and authorised for issue on December 18, 2023 and were signed on its behalf by:


Trustee

The notes form part of these financial statements

**Notes to the Financial Statements
for the Year Ended 31 March 2023**

Basis of preparing the financial statements

The charitable company is a private limited company limited by guarantee.

Financial reporting standard 102 - reduced disclosure exemptions

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of paragraph 3.17(d);
- the requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirement of paragraph 33.7.

Rental income is recognised in the period to which it relates.

Expenditure

Tangible fixed assets

Fixtures and fittings	- 20% on reducing balance
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Investment property

Taxation

continued...

Arch Initiatives

Notes to the Financial Statements - continued for the Year Ended 31 March 2023

1. ACCOUNTING POLICIES - continued

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Restricted funds

The restricted funds relate to the Public Health England grant. This grant was awarded to pay for building refurbishment and other fixed assets purchased. Expenditure has been capitalised and the grant has been amortised over the life of the respective assets.

Endowment funds

The Wirral PCT endowment fund is a grant expressly for the purpose of purchasing and refurbishing the property known as 88-90 Argyle Street. In accordance with the grant agreement these grants will be credited to the endowment fund and likewise restricted to the purpose of the development of the property.

Leasing commitments

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The charity operates a defined benefit pension scheme. The scheme is a multi employer scheme and the details are shown in note 14.

2. OTHER TRADING ACTIVITIES

	31.3.23	31.3.22
	£	£
Miscellaneous income	<u>1,869</u>	<u>-</u>

3. INVESTMENT INCOME

	31.3.23	31.3.22
	£	£
Rents received	<u>58,999</u>	<u>59,001</u>

4. CHARITABLE ACTIVITIES COSTS

	Direct Costs £	Support costs (see note 5) £	Totals £
Expenses	<u>4,702</u>	<u>49,081</u>	<u>53,783</u>

Arch Initiatives

Notes to the Financial Statements - continued for the Year Ended 31 March 2023

5. SUPPORT COSTS

	Management £	Finance £	Governance costs £	Totals £
Expenses				
	<u>24,168</u>	<u>22,413</u>	<u>2,500</u>	<u>49,081</u>

Support costs, included in the above, are as follows:

	31.3.23 Expenses £	31.3.22 Total activities £
Hire of plant and machinery	-	2,111
Office expenses	-	286
Legal & professional fees	11,244	17,494
Audit & accountancy fees	2,924	4,800
Management charges	10,000	-
Pension deficit	22,413	77,012
Auditors' remuneration	<u>2,500</u>	<u>2,395</u>
	<u>49,081</u>	<u>104,098</u>

6. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	31.3.23 £	31.3.22 £
Auditors' remuneration	2,500	2,395
Hire of plant and machinery	-	2,111
Deficit on disposal of fixed assets	<u>-</u>	<u>28,399</u>

7. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustee's remuneration, expenses or other benefits for the year ended 31 March 2023 (2022: £nil).

Arch Initiatives

Notes to the Financial Statements - continued for the Year Ended 31 March 2023

7. TRUSTEES' REMUNERATION AND BENEFITS - continued

Trustees' expenses

There were no trustee's expenses paid for the year ended 31 March 2023 (2022: £nil).

8. STAFF COSTS

There are no staff employed as the charity is administered by Kaleidoscope Project.

9. TANGIBLE FIXED ASSETS

Fixtures
and
fittings
£

COST

At 1 April 2022 and 31 March 2023

284,764

DEPRECIATION

At 1 April 2022 and 31 March 2023

284,764

NET BOOK VALUE

At 31 March 2023

-

At 31 March 2022

-

10. INVESTMENT PROPERTY

£

FAIR VALUE

At 1 April 2022
and 31 March 2023

541,926

NET BOOK VALUE

At 31 March 2023

541,926

At 31 March 2022

541,926

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

31.3.23

31.3.22

£

£

Trade debtors

9,750

19,500

Prepayments

-

3,130

9,750

22,630

Arch Initiatives

Notes to the Financial Statements - continued for the Year Ended 31 March 2023

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.23	31.3.22
	£	£
Trade creditors	14,974	621
Accruals and deferred income	<u>15,000</u>	<u>6,800</u>
	<u>29,974</u>	<u>7,421</u>

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

	31.3.23	31.3.22
	£	£
Amounts owed to group undertakings	<u>893,929</u>	<u>901,251</u>

14. PROVISIONS FOR LIABILITIES

A provision of £93,667 is being carried for the amount due on the Charity's defined benefit pension scheme. The details of the scheme are disclosed in note 16.

At the end of the year the actuarial valuation indicated that the scheme was in an asset position of £201,000. This amount has not been recognised in the accounts as it is the Charity's intention to withdraw from the scheme should a reasonable buy out position be negotiated. Current discussions have highlighted that the amount would be in the region of £42,000 to £102,000. Due to this it is felt that the current liability held is a more accurate reflection of the Charity's position than the £201,000 asset.

15. MOVEMENT IN FUNDS

	At 1.4.22	Net movement in funds	Transfers between funds	At 31.3.23
	£	£	£	£
Unrestricted funds				
General fund	181,691	7,085	11,250	200,026
Endowment funds				
Wirral PCT	135,000	-	(11,250)	123,750
	<u>316,691</u>	<u>7,085</u>	<u>-</u>	<u>323,776</u>
TOTAL FUNDS				

Net movement in funds, included in the above are as follows:

	Incoming resources	Resources expended	Movement in funds
	£	£	£
Unrestricted funds			
General fund	60,868	(53,783)	7,085
	<u>60,868</u>	<u>(53,783)</u>	<u>7,085</u>
TOTAL FUNDS			

Arch Initiatives

Notes to the Financial Statements - continued for the Year Ended 31 March 2023

15. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1.4.21 £	Net movement in funds £	Transfers between funds £	At 31.3.22 £
Unrestricted funds				
General fund	247,042	(76,601)	11,250	181,691
Endowment funds				
Wirral PCT	146,250	-	(11,250)	135,000
	<u>393,292</u>	<u>(76,601)</u>	<u>-</u>	<u>316,691</u>
TOTAL FUNDS				

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	59,001	(135,602)	(76,601)
	<u>59,001</u>	<u>(135,602)</u>	<u>(76,601)</u>
TOTAL FUNDS			

Unrestricted funds

The unrestricted funds comprise those funds which the trustees are free to use in accordance with the charitable objectives.

Endowment funds

The Wirral PCT endowment fund is a grant expressly for the purpose of purchasing and refurbishing the property known as 88-90 Argyle Street. In accordance with the grant agreement these grants will be credited to the endowment fund and likewise restricted to the purpose of the development of the property.

16. EMPLOYEE BENEFIT OBLIGATIONS

Arch Initiatives participates in the Mercer DB Master Trust (the scheme) formerly known as The Federation Plan.

The scheme is a multi-employer defined benefit scheme. We are now reporting the results of the 2023 actuarial valuation.

Scheme Membership

Membership of the scheme is made up of 6 deferred pensioners and 2 retired pensioners, there are no active pensioners. The data attributable by type of member is as follows:

Member	Description	5 April 2023	5 April 2020
Deferred members	Total deferred pensions revalued to valuation date - (£ p.a.)	5,845	6,808
Deferred members	Average age weighted	47	44
Pensioners	Total pensions payable (£ p.a.)	2,484	2,103
Pensioners	Average age weighted by pension	71	68

The breakdown of the liability is set out below:

Arch Initiatives

Notes to the Financial Statements - continued for the Year Ended 31 March 2023

16. EMPLOYEE BENEFIT OBLIGATIONS - continued

Description	2023 Valuation £'000s	2020 Valuation £'000s
Assets	419	234
Liabilities – Pensioners	(42)	(54)
Liabilities - Deferred members	(176)	(332)
Overall position	201	(152)
Funding level	192%	61%

Assets Summary

	5 April 2023 Allocation £'000	5 April 2023 Allocation %	Revised Investment strategy after 5 April 2023 %
Pooled Investment Vehicles	414	99	30
Bank	5	1	0
Tailored Credit	0	0	20
UK Inflation Linked Gifts	0	0	40
Sterling Inflation Linked LDI	0	0	10
Total	419	100	100

Analysis of Experience Since Last Valuation

	£'000
Shortfall on 5 April 2023	(152)
Interest	(2)
Contributions less expenses	58
Changes in market conditions (liability impact)	183
Excess investment returns	128
Inflation experience	(40)
Impact of changes to statement of funding principles	28
Miscellaneous	(2)
Surplus on 2023 assumptions	201
 Expected 2023 shortfall	 (96)
Estimated shortfall at 2023 on 2020 assumptions	175

Changes Since the Valuation Date

The return on the pension assets in the period April 1, 2023 to August 31, 2023 was estimated at - 4%. This does not take into account any contributions received or benefits paid out since the valuation date. Had the conditions at August 31, 2023 applied at the valuation date, it is estimated that the technical provision would have been 15% lower than the value in this report. Taken together the change in financial conditions would have led to an improvement in the overall funding position.

Financial Assumptions - Main Financial assumptions for Technical provisions

	2023 Valuation	2020 Valuation
Pre retirement discount rate	Gilt curve +1.4% p.a.	Gilt curve +1.5% p.a.
Post retirement discount rate	Gilt curve +0.5% p.a.	Gilt curve +0.5% p.a.
RPI inflation	Inflation curve	Inflation curve
CPI inflation	RPI -0.75% until 2030 RPI from that year	RPI - 0.75% p.a. until 2030 RPI from that year
RPI pension increases	In line with RPI assumptions	In line with RPI assumptions
CPI pension increases	In line with CPI assumptions	In line with CPI assumptions

Arch Initiatives

Notes to the Financial Statements - continued for the Year Ended 31 March 2023

16. EMPLOYEE BENEFIT OBLIGATIONS - continued

Recovery plan return	Gilt curve +0.5% p.a.	Gilt curve +2.0% p.a.
Average Gilt Yield curve	3.65% p.a.	0.69% p.a.
Average inflation curve	3.35% p.a.	2.71% p.a.

Demographic assumptions - for Technical provisions

	2023 Valuation	2020 Valuation
Mortality - base table	115% of S3PxA	115% of S3PxA
Mortality - future improvements	CMI 2022[1.5%, S Core]	CMI 2019 [1.5%, S=7.5]
CPI inflation	RPI -0.75% until 2030 RPI from that year	RPI -0.75% until 2030 RPI from that year
Proportions married	90% married for both males and females	90% married for both males and females
Age of retirement	All members assumed to retire at normal retirement age. Members who are past their normal retirement are assumed to retire at the valuation date.	All members assumed to retire at normal retirement age. Members who are past their normal retirement are assumed to retire at the valuation date.
Commutation	Commutation No cash commutation where benefit formula includes cash. Where the benefit formula does not include cash, members are assumed to take 50% of their maximum cash entitlement, based on the current cash commutation factor. 50% of 3/80ths using current commutation factors for members without cash on top.	50% of 3/80ths using current commutation factors for members without cash on top
Expenses	No allowance (funded by separate contributions by the employer.)	No allowance (funded by separate contributions by the employer.)

Other Assumptions

	Assumed rate at last valuation p.a.	Assumed rate during inter valuation period p.a.
Investment returns - assumed for the purpose of the 2020 recovery plan	0.63%	15.73%
Revaluation up to retirement		
in line with RPI	2.57%	6.09%
in line with CPI	1.82%	4.49%
Pension increases in payment		
in line with RPI	2.57%	6.09%
in line with CPI	1.82%	4.49%

Global Pandemics and Climate Change

For the 2023 valuation the potential impacts of global pandemics and climate change have been considered. These included the following climate change shock scenarios:

	Potential Impact (2023 and 2020 valuation)
UK long dated interest rate	-0.5% p.a.
Inflation	+0.5% p.a.
UK life expectancy -0.25 years	-0.25 years
Equity market re-pricing	-15%
Diversified growth fund re-pricing -7.5%	-7.5%
Investment grade credit spread widening	0.2% p.a.
Impact on high yield debt	-5%

Arch Initiatives

Notes to the Financial Statements - continued for the Year Ended 31 March 2023

16. EMPLOYEE BENEFIT OBLIGATIONS - continued

Technical Provisions Sensitivity

	% Change in Liability
Pre retirement discount rate reduced by 0.25%p.a. at each term +2.3%	+2.3%
Post retirement discount rate reduced by 0.25% p.a. at each term	+3.2%
Inflation assumption increased by 0.25% p.a. at each term +5.5%	+5.5%
Members one year younger	+2.8%
Cash commutation assumption increased by 10%	+less than 0.1%

Summary of Benefits

Main benefits of the two underlying schemes:

	NHSPS Scheme	LGPS Scheme
Normal retirement date	60th Birthday	65th Birthday
Normal retirement pension	1/80th of final pay for each complete year of service Up to 3 times the members pension	1/60th of final pay for each complete year of service Part of pension can be exchanged for a cash free sum
Normal retirement cash	In line with rpi Available after the age of 55 or on ill health	In line with cpi From age 55 to 60
Death after retirement: * lump sum	On death within 5 years of commencement of pension One half of members pension	On death within 10 years of commencement of pension 37.5% of members pension
* dependant's pension		

17. ULTIMATE PARENT COMPANY

The charity's parent company at the balance sheet date was Kaleidoscope Project (company number 05480423, charity number 1115017), a charitable company incorporated in the UK. The parent's principal activities include the provision of holistic care and support services to those suffering due to poverty, age, infirmity, substance abuse or physical and mental hardship or distress.

Copies of group accounts are available from either Companies House or from the registered office at Resolven House, St Mellons Business Park, Fortran Road, St Mellons, Cardiff CF3 0EY.

The ultimate controlling party are the trustees of the parent company Kaleidoscope Project.

Arch Initiatives

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2023**

18. CONTINGENT LIABILITIES

The charity may be required to repay funding if it fails to comply with conditions laid down by the various funding providers.

Included in Investment properties is the purchase and refurbishment costs of a building on Argyle Street, Birkenhead. A grant of £500,000 was received from the Wirral Primary Care Trust (WPCT) towards these costs. WPCT hold a legal charge over the property dated 31 March 2009, the terms of which are that should the property be sold within 20 years a set percentage of the sales proceeds will revert back to WPCT. The percentage remittable is tapered down to 0% over 20 years. As at 31 March 2023 the amount repayable would be: £123,750 (2022 - £135,000)

19. RELATED PARTY DISCLOSURES

The charitable company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

ARCH INITIATIVES

England & Wales - Charity number 1024945

Accounts

REGISTERED COMPANY NUMBER: 02812012 (England and Wales)
REGISTERED CHARITY NUMBER: 1024945

**Report of the Trustees and
Financial Statements
for the Year Ended 31 March 2022
for
ARCH INITIATIVES**

Xeinadin Audit Limited
Chartered Accountants
& Statutory Auditors
Highdale House
7 Centre Court
Treforest Industrial Estate
Pontypridd
Rhondda Cynon Taff
CF37 5YR

ARCH INITIATIVES

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ARCH INITIATIVES (REGISTERED NUMBER: 02812012)

Report of the Trustees for the Year Ended 31 March 2022

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2022. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

OBJECTIVES AND ACTIVITIES

Objectives and aims

ARCH Initiatives was established to provide services for people whose lives have been affected by substance misuse. ARCH's objective of service provision is to support individuals, communities, stakeholders and families to tackle substance misuse and to develop a range of innovative high quality services that transform futures and move individuals away from poor health and well-being, offending behaviour and unemployment. Our client range includes those who are dependant on illicit, legal and prescribed substance and those developing long term conditions or specific illness as a result of dependence.

ARCH exists to provide public benefit by relieving poverty, sickness and distress amongst persons affected by addiction to alcohol or drugs of any kind. This includes those who are personally addicted and those families carers, and communities whose lives are impacted by substance misuse.

STRATEGIC REPORT

Achievement and performance

Charitable activities

During 2021/22, ARCH Initiatives held no contracts although its properties were leased by charitable or statutory authorities.

In Bolton, the NHS are currently the tenant whilst in the Wirral, Change Grow Live are our tenants.

Financial review

Financial position

Income for the year to 31 March 2022 reduced to £59,001 from £101,274 in the previous year. This decrease was mainly due to the ending of a lease.

Total expenditure increased to £135,602 from £124,141 in the previous year, mainly due to an additional deficit contribution to the ARCH section of the Federated Pension Plan and costs incurred in marketing the property which was sold. This resulted in an overall deficit of £76,601 compared to the prior years deficit of £22,867.

Reserves policy

It is the opinion of the directors that the charity should hold financial reserves;

- because it requires protection against financial risks, as identified by the annual financial risk review;
- to provide for expansion of the charity's business;
- to provide funds for investment in fixed assets;
- to provide funds for unfunded 'board approved' special projects which enhance services and meet charitable objectives'.

The definition of financial reserves for this purpose is the amount of unrestricted reserves not invested in fixed or other long term assets (net current assets excluding long term debtors).

The charity conducts an annual financial risk review. This review has identified that the charity requires reserves to protect itself against the following principal risks:

- Delayed payment of amounts due on major contracts causing unanticipated operational cash flow requirements.
- Loss of major contracts and a resulting reduction in the contribution to central fixed costs
- Loss of contracts where TUPE does not apply
- Unforeseen cost pressures on contracts
- Properties requiring urgent repairs or refurbishment

As at 31 March 2022 the charity had total funds of £316,691 of which comprises:

- An endowment fund of £135,000 representing assets that must be held permanently by the charitable company;
- An unrestricted funds surplus of £181,691.

As stated in the previous years Trustees Report, plans remain to attempt to merge the company into Kaleidoscope if the situation with the ARCH pension fund and the endowment fund can be resolved.

Principal funding sources

Principal funding sources during the period were from tenants.

ARCH INITIATIVES (REGISTERED NUMBER: 02812012)

Report of the Trustees for the Year Ended 31 March 2022

STRATEGIC REPORT

Principal risks and uncertainties

The trustees have assessed the major risks to which the charitable company is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

Risk exists when there is uncertainty surrounding events and their outcomes that may have a significant impact on ARCH's ability to:

- achieve its aims
- satisfy the expectations of its stakeholders
- operate efficiently

Risk management is the responsibility of the trustees and, in recognition of this, the Board has decided that the services and beneficiaries of the charity will be best protected by entering into a full merger with its parent company, Kaleidoscope Project. This merger will take place as soon as is practicable.

Future plans

The aim of ARCH is to merge fully with Kaleidoscope. This however cannot happen in the near future until we are able to resolve an issue relating to the lease on one of our buildings which is under a covenant due the previous receipt of a grant. To transfer this building to Kaleidoscope is currently too costly and complicated but efforts will continue to be made to resolve this.

It is also the intention of the ARCH Board to find a buyer for the ARCH section of the Federated Pension Plan as soon as this is possible.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

ARCH Initiatives is a company limited by guarantee governed by its Memorandum and Articles of Association dated 23rd April 1993 and constituted in accordance with this document.

The Charity is directed by a Management Committee made up of 4 members. Members are recruited from a range of backgrounds, including health and social care and commerce.

The Management Committee's decisions are focused on the approval and monitoring of any strategic business plans and the setting of the annual budget; the monitoring of progress in the achievement of plans and performance against the agreed budget are the typical activities undertaken by the management committee.

The management committee have delegated to the Chief Executive the responsibility for the management of the organisation.

On 25 July 2016 Kaleidoscope Project became the sole member of ARCH Initiatives. Kaleidoscope project is a registered charity (number 1115017) and is also a company limited by guarantee (number 05480423) which was incorporated on 14 June 2005. The project governing document is its memorandum and articles of association as amended by special resolution dated 5 April 2006. On the same date, the trustees of ARCH resigned to be replaced by four of Kaleidoscope's trustees. Consequently ARCH became part of the Kaleidoscope group on 25 July 2016.

The charity has an independent Board of Trustees drawn from a variety of backgrounds thus ensuring a diverse Board with a strong mix of skills and experience to take the charity forward. When appropriate, vacancies on the Board are advertised through media outlets and interviews conducted, to ensure new appointments will add to the skills and experience of the existing Board.

All new trustees are provided with historical and current information to enable them to appreciate the work and ethos of the charity. The Board is currently developing an induction and training programme for trustees as part of its governance strategy.

The Board of Trustees aims to meet at least quarterly, The day-to day management of the charity is delegated to the Group Chief Executive, who attends the Board of Trustee meetings. Arch Initiatives currently have no paid employees.

Key management remuneration

Arch Initiatives currently have no paid employees.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

02812012 (England and Wales)

Registered Charity number

1024945

**Report of the Trustees
for the Year Ended 31 March 2022**

Registered office

1 Resolven House
St Mellons Business Park
Fortran Road
St Mellons
Cardiff
CF3 0EY

Trustees

D L Antebi
S P Davison
Mrs F Rutter

Chief Executive Officer

Martin Blakebrough

Auditors

Xeinadin Audit Limited
Chartered Accountants
& Statutory Auditors
Highdale House
7 Centre Court
Treforest Industrial Estate
Pontypridd
Rhondda Cynon Taff
CF37 5YR

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of Arch Initiatives for the purposes of company law) are responsible for preparing the Report of the Trustees and 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"

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the income and resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

AUDITORS

In accordance with the company's articles, a resolution proposing that Xeinadin Audit Limited be reappointed as auditor of the company will be put at a General meeting.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 15-12-2022 and signed on the board's behalf by:



S P Davison - Trustee

**Report of the Independent Auditors to the Members of
Arch Initiatives (Registered number: 02812012)**

Opinion

We have audited the financial statements of Arch Initiatives (the 'charitable company') for the year ended 31 March 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is 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'.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable 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 trustees' 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 charitable 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 trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

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.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

We have nothing to report in respect of the following matters where 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Report of the Independent Auditors to the Members of
Arch Initiatives (Registered number: 02812012)**

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 trustees 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 trustees are responsible for assessing the charitable 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 trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

**Report of the Independent Auditors to the Members of
Arch Initiatives (Registered number: 02812012)**

Our 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 a Report of the Independent Auditors 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 our procedures are capable of detecting irregularities, including fraud is detailed below:

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities including fraud and non-compliance with laws and regulations we have considered the following:

- (a) The nature of the industry and sector, control environment and business performance;
- (b) Results of the enquiries of management about their own identification and assessment of the risks of irregularities;
- (c) Any matters we have identified having obtained and reviewed the charitable company's documentation of their policies and procedures relating to:
 - (i) identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - (ii) detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - (iii) the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
 - (iv) the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas:

- (a) Timing of recognition of income

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the charitable company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included UK Companies Act, employment law, health and safety, pensions legislation and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the charitable company's ability to operate or to avoid a material penalty.

Audit response to risks identified

Our procedures to respond to risks identified included the following:

- (a) Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- (b) Enquiring of management concerning actual and potential litigation and claims;
- (c) Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- (d) In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

**Report of the Independent Auditors to the Members of
Arch Initiatives (Registered number: 02812012)**

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

Use of our report

This report is made solely to the charitable 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 charitable company's members those matters we are required to state to them in an auditors' 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

G. Francis.

G Francis ACA FCCA (Senior Statutory Auditor)
for and on behalf of Xeinadin Audit Limited
Chartered Accountants
& Statutory Auditors
Highdale House
7 Centre Court
Treforest Industrial Estate
Pontypridd
Rhondda Cynon Taff
CF37 5YR

Date: 21/12/22

ARCH INITIATIVES

Statement of Financial Activities (Incorporating an Income and Expenditure Account) for the Year Ended 31 March 2022

	Notes	Unrestricted fund £	Restricted fund £	Endowment fund £	31.3.22 Total funds £	31.3.21 Total funds £
INCOME AND ENDOWMENTS FROM						
Investment income	2	59,001	-	-	59,001	95,249
Other income		-	-	-	-	6,025
Total		<u>59,001</u>	<u>-</u>	<u>-</u>	<u>59,001</u>	<u>101,274</u>
EXPENDITURE ON						
Charitable activities	3					
Drug treatments		135,602	-	-	135,602	124,141
NET INCOME/(EXPENDITURE)		<u>(76,601)</u>	<u>-</u>	<u>-</u>	<u>(76,601)</u>	<u>(22,867)</u>
Transfers between funds	14	11,250	-	(11,250)	-	-
Net movement in funds		<u>(65,351)</u>	<u>-</u>	<u>(11,250)</u>	<u>(76,601)</u>	<u>(22,867)</u>
RECONCILIATION OF FUNDS						
Total funds brought forward		247,042	-	146,250	393,292	416,159
TOTAL FUNDS CARRIED FORWARD		<u>181,691</u>	<u>-</u>	<u>135,000</u>	<u>316,691</u>	<u>393,292</u>

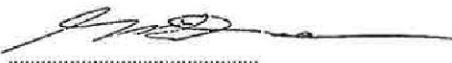
The notes form part of these financial statements

ARCH INITIATIVES (REGISTERED NUMBER: 02812012)

**Balance Sheet
31 March 2022**

	Notes	Unrestricted fund £	Restricted fund £	Endowment fund £	31.3.22 Total funds £	31.3.21 Total funds £
FIXED ASSETS						
Tangible assets	8	-	-	-	-	1
Investment property	9	406,926	-	135,000	541,926	1,121,713
		<u>406,926</u>	<u>-</u>	<u>135,000</u>	<u>541,926</u>	<u>1,121,714</u>
CURRENT ASSETS						
Debtors	10	22,630	-	-	22,630	-
Cash at bank		812,807	-	-	812,807	284,595
		<u>835,437</u>	<u>-</u>	<u>-</u>	<u>835,437</u>	<u>284,595</u>
CREDITORS						
Amounts falling due within one year	11	(7,421)	-	-	(7,421)	(912,017)
		<u>828,016</u>	<u>-</u>	<u>-</u>	<u>828,016</u>	<u>(627,422)</u>
NET CURRENT ASSETS						
		<u>828,016</u>	<u>-</u>	<u>-</u>	<u>828,016</u>	<u>(627,422)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,234,942	-	135,000	1,369,942	494,292
CREDITORS						
Amounts falling due after more than one year	12	(901,251)	-	-	(901,251)	-
PROVISIONS FOR LIABILITIES	13	(152,000)	-	-	(152,000)	(101,000)
		<u>181,691</u>	<u>-</u>	<u>135,000</u>	<u>316,691</u>	<u>393,292</u>
NET ASSETS						
		<u>181,691</u>	<u>-</u>	<u>135,000</u>	<u>316,691</u>	<u>393,292</u>
FUNDS	14					
Unrestricted funds					181,691	247,042
Endowment funds					135,000	146,250
TOTAL FUNDS					<u>316,691</u>	<u>393,292</u>

The financial statements were approved by the Board of Trustees and authorised for issue on 15-12-2022 and were signed on its behalf by:



S P Davison - Trustee

The notes form part of these financial statements

ARCH INITIATIVES

Notes to the Financial Statements for the Year Ended 31 March 2022

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The charitable company is a private limited company limited by guarantee.

Going Concern

The charity has made a loss this year of £76,601 compared to a loss of £22,867 last year. The trustees believe that the combination of current assets and future resources will be sufficient to cover its liabilities, therefore the accounts should be prepared on a going concern basis.

Financial reporting standard 102 - reduced disclosure exemptions

The charitable company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland':

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of paragraph 3.17(d);
- the requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirement of paragraph 33.7.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Rental income is recognised in the period to which it relates.

Income from other charitable activities includes amounts received under contract, and is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and fittings - 20% on reducing balance

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Investment property

Investment property is included at fair value. Changes in value are recognised in the income statement. Fair value is estimated by using a valuation technique.

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

ARCH INITIATIVES

Notes to the Financial Statements - continued for the Year Ended 31 March 2022

1. ACCOUNTING POLICIES - continued

Fund accounting

Restricted funds

The restricted funds relate to the Public Health England grant. This grant was awarded to pay for building refurbishment and other fixed assets purchased. Expenditure has been capitalised and the grant has been amortised over the life of the respective assets.

Endowment funds

The Wirral PCT endowment fund is a grant expressly for the purpose of purchasing and refurbishing the property known as 88-90 Argyle Street. In accordance with the grant agreement these grants will be credited to the endowment fund and likewise restricted to the purpose of the development of the property.

Leasing commitments

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The charity operates a defined benefit pension scheme. The scheme is a multi employer scheme and the details are shown in note 14.

2. INVESTMENT INCOME

	31.3.22 £	31.3.21 £
Rents received	<u>59,001</u>	<u>95,249</u>

3. CHARITABLE ACTIVITIES COSTS

	Direct Costs £	Support costs (see note 4) £	Totals £
Drug treatments	<u>31,504</u>	<u>104,098</u>	<u>135,602</u>

4. SUPPORT COSTS

	Management £	Finance £	Governance costs £	Totals £
Drug treatments	<u>24,691</u>	<u>77,012</u>	<u>2,395</u>	<u>104,098</u>

ARCH INITIATIVES

Notes to the Financial Statements - continued for the Year Ended 31 March 2022

4. SUPPORT COSTS - continued

Support costs, included in the above, are as follows:

	31.3.22 Drug treatments	31.3.21 Total activities
	£	£
Hire of plant and machinery	2,111	4,222
Office expenses	286	410
Legal & professional fees	17,494	9,690
Audit & accountancy fees	4,800	2,300
Bank charges	-	152
Pension deficit	77,012	99,560
Auditors' remuneration	2,395	2,500
	<u>104,098</u>	<u>118,834</u>

5. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	31.3.22 £	31.3.21 £
Auditors' remuneration	2,395	2,500
Hire of plant and machinery	2,111	4,222
Deficit on disposal of fixed assets	<u>28,399</u>	<u>-</u>

6. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2022 nor for the year ended 31 March 2021.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 March 2022 nor for the year ended 31 March 2021.

7. STAFF COSTS

There are no staff employed as the charity is administered by Kaleidoscope Project.

8. TANGIBLE FIXED ASSETS

	Fixtures and fittings £
COST	
At 1 April 2021 and 31 March 2022	<u>284,764</u>
DEPRECIATION	
At 1 April 2021 and 31 March 2022	<u>284,764</u>
NET BOOK VALUE	
At 31 March 2022	<u>-</u>
At 31 March 2021	<u>-</u>

ARCH INITIATIVES

Notes to the Financial Statements - continued for the Year Ended 31 March 2022

9. INVESTMENT PROPERTY

	£
FAIR VALUE	
At 1 April 2021	1,121,713
Disposals	(579,787)
	<u>541,926</u>
At 31 March 2022	541,926
NET BOOK VALUE	
At 31 March 2022	<u>541,926</u>
At 31 March 2021	<u>1,121,713</u>

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.22	31.3.21
	£	£
Trade debtors	19,500	-
Prepayments	3,130	-
	<u>22,630</u>	<u>-</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.22	31.3.21
	£	£
Trade creditors	621	1,024
Amounts owed to group undertakings	-	906,277
Accruals and deferred income	6,800	4,716
	<u>7,421</u>	<u>912,017</u>

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

	31.3.22	31.3.21
	£	£
Amounts owed to group undertakings	<u>901,251</u>	<u>-</u>

13. PROVISIONS FOR LIABILITIES

A provision of £152,000 is being carried for the amount due on the Charity's defined benefit pension scheme. The details of the scheme are disclosed in note 14.

14. MOVEMENT IN FUNDS

	At 1.4.21	Net movement in funds	Transfers between funds	At 31.3.22
	£	£	£	£
Unrestricted funds				
General fund	247,042	(76,601)	11,250	181,691
Endowment funds				
Wirral PCT	146,250	-	(11,250)	135,000
TOTAL FUNDS	<u>393,292</u>	<u>(76,601)</u>	<u>-</u>	<u>316,691</u>

ARCH INITIATIVES

Notes to the Financial Statements - continued for the Year Ended 31 March 2022

14. MOVEMENT IN FUNDS - continued

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	59,001	(135,602)	(76,601)
TOTAL FUNDS	<u>59,001</u>	<u>(135,602)</u>	<u>(76,601)</u>

Comparatives for movement in funds

	At 1.4.20 £	Net movement in funds £	Transfers between funds £	At 31.3.21 £
Unrestricted funds				
General fund	240,859	(22,867)	29,050	247,042
Restricted funds				
Public Health England grant	17,800	-	(17,800)	-
Endowment funds				
Wirral PCT	157,500	-	(11,250)	146,250
TOTAL FUNDS	<u>416,159</u>	<u>(22,867)</u>	<u>-</u>	<u>393,292</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	101,274	(124,141)	(22,867)
TOTAL FUNDS	<u>101,274</u>	<u>(124,141)</u>	<u>(22,867)</u>

Unrestricted funds

The unrestricted funds comprise those funds which the trustees are free to use in accordance with the charitable objectives.

Restricted funds

The restricted funds relate to the Public Health England grant. This grant was awarded to pay for building refurbishment and other fixed assets purchased for Birchwood and Argyle Street. Expenditure has been capitalised and the grant has been amortised over the life of the respective assets.

Endowment funds

The Wirral PCT endowment fund is a grant expressly for the purpose of purchasing and refurbishing the property known as 88-90 Argyle Street. In accordance with the grant agreement these grants will be credited to the endowment fund and likewise restricted to the purpose of the development of the property.

ARCH INITIATIVES

Notes to the Financial Statements - continued for the Year Ended 31 March 2022

15. EMPLOYEE BENEFIT OBLIGATIONS

Arch Initiatives participates in The Mercer DB Master Trust (the scheme), formerly known as The Federation Pension Plan.

The scheme is a multi employer defined benefit scheme. In 2020 the Charity reported the results from their 2017 Actuarial valuation as the results for their 2020 valuation were not available at the time of the approval of the accounts. These amounts are shown in the comparative data below.

This year the Charity has been provided with the results of the 2020 Actuarial valuation and it is these results that are reflected in the financial statements. The overall provision at the year end is shown in note 12.

Actuarial Data 2020 valuation

Membership of the scheme is made up of no active members, 6 Deferred pensioners and 2 Retired pensioners giving a total of 8. Below is the data attributable by type of member:

Member	Description	5 April 2020	5 April 2017
	Total deferred pensions revalued to valuation date - (£)		
Deferred members	p.a.	6,808	6,256
Deferred members	Average age weighted by pension	44	41
Pensioners	Total pensions payable (£ p.a.)	2,103	1,893
Pensioners	Average age weighted by pension	68	65

The breakdown of the liability for 2020 is detailed below:

Description	2020 Valuation £'000s	2017 Valuation £'000s
Assets	234	227
Liabilities - Pensioners	(54)	(54)
Liabilities - Deferred members	(281)	(184)
Overall position	101	11
Funding level	70%	95%
Change in assets		£'000s
Value of assets at previous valuation date		227
Assumed return on assets		28
Contributions received (net of expenses)		-
Benefits paid		(6)
Difference between actual and assumed return on assets		(15)
Value of assets at current valuation date		234

The assets are split £230k Mobius Life - FPP Default fund (98%) and £4k net current assets (2%).

Overall the breakdown of the assets is 22% UK Equity, 22% Overseas Equity, 33% Government bonds, 2% cash and 22% Diversified growth.

Change in Technical provisions	£'000s
Value of past service liabilities at previous valuation date	238
Interest on the liabilities	31
Benefits paid	(6)
Actual inflation increases being lower than assumed	(3)
Impact of changes in financial conditions since previous valuation	51
Impact of proposed changes to statement of funding principles	24
Value of past service liabilities at current valuation date	335

Financial Assumptions - Summary of main financial assumptions at 5 April 2020 for Technical provisions

Pre retirement discount rate	Gilt curve +1.5% p.a.
Post retirement discount rate	Gilt curve +0.5% p.a.
RPI inflation	Inflation curve RPI - 0.75% p.a. until 2030 RPI from that year
CPI inflation	In line with RPI assumptions
RPI pension increases	In line with CPI assumptions
CPI pension increases	Gilt curve +2.0% p.a.
Recovery plan return	

ARCH INITIATIVES

Notes to the Financial Statements - continued for the Year Ended 31 March 2022

15. EMPLOYEE BENEFIT OBLIGATIONS - continued

Average Gilt Yield curve	0.69% p.a.
Average Inflation curve	2.71% p.a.

Demographic assumptions - for Technical provisions

Mortality - base table	115% of S3PxA
Mortality - future improvements	CMI 2019 [1.5%,S=7.5]
Proportions married	90% married for both males and females
	All members assumed to retire at normal retirement age.
Age of retirement	Members who are past their normal retirement are assumed to retire at the valuation date.
Commutation	50% of 3/80ths using current commutation factors for members without cash on top
Expenses	No allowance (funded by separate contributions by the employer)

Other Assumptions

	Assumed rate at last valuation (per annum)	Average rate during inter valuation period (per annum)
Investment returns - assumed for the purpose of the 2017 recovery plan	4.70%	1.93%
Revaluation up to retirement in line with RPI	3.50%	3.20%
in line with CPI	2.75%	2.37%
Pension increases in payment in line with RPI	3.50%	2.90%
in line with CPI	2.75%	2.02%

For the 2020 valuation the potential impacts of global pandemics and climate change have been considered. These included the following climate change shock scenario's:

Area of impact	Potential Impact
UK Long dated interest rate	-0.5% p.a.
Inflation	+0.5% p.a.
UK Life expectancy	-0.25 years
Equity market repricing	-15%
Diversified growth fund repricing	-7.5%

The overall liability on the scheme has been included and also disclosed in note 12.

Comparative Data from 2017 valuation

Membership of the scheme is made up of no active members, 6 Deferred pensioners and 2 Retired pensioners giving a total of 8.

Fund Account	£
Employer Contributions - Additional	21,190
Employer Contributions - Deficit funding	3,000
Employee Contributions	-
Transfers In	-
Other Income	-
Benefits paid - Pensions	(2,073)
Payment to and on account of leavers	-
Administration expenses - audit fees	(252)
Administration expenses - PPF Levy	(1,436)
Administration expenses - Trustee management fees	(19,776)
Net Additions from dealings with members	653
Investment Income - interest on cash deposits	5
Change in market Investments	(3,891)

ARCH INITIATIVES

Notes to the Financial Statements - continued for the Year Ended 31 March 2022

15. EMPLOYEE BENEFIT OBLIGATIONS - continued

Net returns on Investment	(3,886)
Net decrease in the fund during year	(3,222)
Statement of Net Assets available for Benefits	£
Pooled Investment Vehicles	229,631
AVC Investment	-
Total Net Investment	229,631
Current Assets	
Contributions due from employer in respect of deficit funding	250
Contributions due from employer in respect of additional funding	1,630
DIS contributions - cash balances	7,321
Current Liabilities	
Accrued Administration expenses	(5,196)
Tax payable	(14)
Net assets of the plan at end of year	233,622

The market value of the pooled investment vehicle is totally attributable to Monbus - FPP Default amounts totalling £229,631. The movements in the year were:

Pooled Investment Vehicles	£
Value at 6 April 2019	239,252
Purchases at cost	8,910
Sales proceeds	(14,640)
Change in market value	(3,891)
Value at 5 April 2020	229,631

The last full actuarial valuation, taking into account the present value of past service liabilities, was completed in 2017. In compiling these figures the assumptions used are noted below:

Pre retirement discount rate	4.7% per annum
Post retirement rate	2.2% per annum
Return on existing assets and new contributions over the deficit recovery period	4.7% per annum
Rate of inflation - RPI	3.5% per annum
Rate of inflation - CPI	2.75% per annum
Revaluation of pensions in deferment	2.75% and 3.5% per annum
Increases to pensions in payment	2.75% and 3.5% per annum

Rate of withdrawals	No allowance will be made for withdrawals from the section
Members taking transfer values	No allowance will be made for members taking transfer values from the section
Retirements	All members will be assumed to retire at their normal retirement date It is assumed that 50% of members who do not have a cash benefit will commute pension to provide a cash sum of 3n/80ths x salary, with a pension commuted on current rates. The current commutation factors are 12:1 but may change in the future.
Cash commutation	Any strains arising from ill health are assumed to be met by additional contributions from the employer.
Ill health retirements	No allowance will be made.
Mortality - pre retirement	The basis adopted for the valuation was: Base mortality table - 100% of the mortality rates in the standard tables S2PMA for males and S2PFA for females, projected to the valuation date in line with the approach below. Allowance for future improvements - CMI core projection model with a 1.25% per annum long term projected rate of improvement (CMI-2016 (1.25%)) using a year of birth approach.
Mortality - post retirement	

ARCH INITIATIVES

Notes to the Financial Statements - continued for the Year Ended 31 March 2022

15. EMPLOYEE BENEFIT OBLIGATIONS - continued

Contingent dependants pensions	90% of members will be assumed to be married at retirement (or on earlier death). This proportion reduces each year after retirement based on the mortality assumptions relating to the spouse. This allowance is designed to cover all contingent dependants pensions (including non married partners and childrens pensions where applicable) rather than separate assumptions being made for such benefits.
Dependants ages	Males will be assumed to be three years older than females. There has not been any practice of granting discretionary benefits or increases in benefits under the section and consequently no allowance will be made for this.
Discretionary benefits	The actuarial method used in the calculation of the technical provisions will be the defined accrued benefits method.
Further calculation principles	Management and administration expenses will be paid as an additional amount based on an agreed formula. The employer will also pay amounts as needed to meet audit fees and the levies payable to the Pensions Regulator and the Pension Protection Fund.

The above assumptions generated the following position:

Present value of the past service liabilities for:	£
Deferreds	184,000
Pensioners	54,000
Expenses	-
Total Value of liabilities	(238,000)
Assets	227,000
Surplus/(Deficit)	(11,000)
Funding Level	95%

16. ULTIMATE PARENT COMPANY

The charity's parent company at the balance sheet date was Kaleidoscope Project (company number 05480423, charity number 1115017), a charitable company incorporated in the UK.

The parent's principal activities include the provision of holistic care and support services to those suffering due to poverty, age, infirmity, substance abuse or physical and mental hardship or distress.

Copies of group accounts are available from either Companies House or from the registered office at Resolven House, St Mellons Business Park, Fortran Road, St Mellons, Cardiff CF3 0EY.

The ultimate controlling party are the trustees of the parent company Kaleidoscope Project.

17. CONTINGENT LIABILITIES

The charity may be required to repay funding if it fails to comply with conditions laid down by the various funding providers.

Included in Investment properties is the purchase and refurbishment costs of a building on Argyle Street, Birkenhead. A grant of £500,000 was received from the Wirral Primary Care Trust (WPCT) towards these costs. WPCT hold a legal charge over the property dated 31 March 2009, the terms of which are that should the property be sold within 20 years a set percentage of the sales proceeds will revert back to WPCT. The percentage remittable is tapered down to 0% over 20 years. As at 31 March 2022 the amount repayable would be: £135,000 (2020 - £146,250)

Also included in Investment properties is a grant of £178,000 was awarded by Public Health England to pay for refurbishment and other assets at Birchwood and Argyle Street. All expenditure has been capitalised and the grant has been amortised over 5 years. The terms of reimbursement are that should either of the properties be sold within the period of amortisation, the residual value of the grant will be repaid to Public Health England. At 31 March 2022 the amount repayable would be £NIL (2021 - £nil)

ARCH INITIATIVES

Notes to the Financial Statements - continued for the Year Ended 31 March 2022

18. RELATED PARTY DISCLOSURES

The charitable company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

ARCH INITIATIVES

England & Wales - Charity number 1024945

Accounts

REGISTERED COMPANY NUMBER: 02812012 (England and Wales)
REGISTERED CHARITY NUMBER: 1024945

**Report of the Trustees and
Financial Statements
for the Year Ended 31 March 2021
for
ARCH INITIATIVES**

O'Brien & Partners
Chartered Accountants
& Statutory Auditors
Highdale House
7 Centre Court
Treforest Industrial Estate
Pontypridd
Rhondda Cynon Taff
CF37 5YR

ARCH INITIATIVES

Contents of the Financial Statements for the Year Ended 31 March 2021

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ARCH INITIATIVES (REGISTERED NUMBER: 02812012)

Report of the Trustees for the Year Ended 31 March 2021

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2021. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

OBJECTIVES AND ACTIVITIES

Objectives and aims

ARCH Initiatives was established to provide services for people whose lives have been affected by substance misuse. ARCH's objective of service provision is to support individuals, communities, stakeholders and families to tackle substance misuse and to develop a range of innovative high quality services that transform futures and move individuals away from poor health and well-being, offending behaviour and unemployment. Our client range includes those who are dependant on illicit, legal and prescribed substance and those developing long term conditions or specific illness as a result of dependence.

ARCH exists to provide public benefit by relieving poverty, sickness and distress amongst persons affected by addiction to alcohol or drugs of any kind. This includes those who are personally addicted and those families carers, and communities whose lives are impacted by substance misuse.

STRATEGIC REPORT

Achievement and performance

Charitable activities

During 2020/21, ARCH Initiatives held no contracts although its properties were leased by charitable or statutory authorities.

In Bolton, the NHS are currently the tenant whilst in the Wirral, Change Grow Live are our tenants. In July 2021 after the end of this financial year, one of ARCH's buildings in the Wirral was sold at a market value £571,500.

Financial review

Financial position

Income for the year to 31 March 2021 reduced to £101,274 from £194,013 in the previous year. This decrease was mainly due to the ending of a lease.

Total expenditure increased to £124,141 from £68,048 in the previous year, mainly due to an additional deficit contribution to the ARCH section of the Federated Pension Plan. This resulted in an overall deficit of £22,867 compared to a surplus in the previous year of £125,965 after net gains/losses on investments.

Reserves policy

It is the opinion of the directors that the charity should hold financial reserves;

- because it requires protection against financial risks, as identified by the annual financial risk review;
- to provide for expansion of the charity's business;
- to provide funds for investment in fixed assets;
- to provide funds for unfunded 'board approved' special projects which enhance services and meet charitable objectives'.

The definition of financial reserves for this purpose is the amount of unrestricted reserves not invested in fixed or other long term assets (net current assets excluding long term debtors).

The charity conducts an annual financial risk review. This review has identified that the charity requires reserves to protect itself against the following principal risks:

- Delayed payment of amounts due on major contracts causing unanticipated operational cash flow requirements.
- Loss of major contracts and a resulting reduction in the contribution to central fixed costs
- Loss of contracts where TUPE does not apply
- Unforeseen cost pressures on contracts
- Properties requiring urgent repairs or refurbishment

As at 31 March 2021 the charity had total funds of £393,292 of which comprises:

- An endowment fund of £146,250 representing assets that must be held permanently by the charitable company;
- An unrestricted funds surplus of £247,042.

As stated in the previous years Trustees Report, plans remain to attempt to merge the company into Kaleidoscope if the situation with the ARCH pension fund and the endowment fund can be resolved.

Principal funding sources

Principal funding sources during the period were from tenants.

ARCH INITIATIVES (REGISTERED NUMBER: 02812012)

Report of the Trustees for the Year Ended 31 March 2021

STRATEGIC REPORT

Principal risks and uncertainties

The trustees have assessed the major risks to which the charitable company is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

Risk exists when there is uncertainty surrounding events and their outcomes that may have a significant impact on ARCH's ability to:

- achieve its aims
- satisfy the expectations of its stakeholders
- operate efficiently

Risk management is the responsibility of the trustees and, in recognition of this, the Board has decided that the services and beneficiaries of the charity will be best protected by entering into a full merger with its parent company, Kaleidoscope Project. This merger will take place as soon as is practicable.

Future plans

The aim of ARCH is to merge fully with Kaleidoscope. This however cannot happen in the near future until we are able to resolve an issue relating to the lease on one of our buildings which is under a covenant due the previous receipt of a grant. To transfer this building to Kaleidoscope is currently too costly and complicated but efforts will continue to be made to resolve this.

It is also the intention of the ARCH Board to find a buyer for the ARCH section of the Federated Pension Plan as soon as this is possible.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

ARCH Initiatives is a company limited by guarantee governed by its Memorandum and Articles of Association dated 23rd April 1993 and constituted in accordance with this document.

The Charity is directed by a Management Committee made up of 4 members. Members are recruited from a range of backgrounds, including health and social care and commerce.

The Management Committee's decisions are focused on the approval and monitoring of any strategic business plans and the setting of the annual budget; the monitoring of progress in the achievement of plans and performance against the agreed budget are the typical activities undertaken by the management committee.

The management committee have delegated to the Chief Executive the responsibility for the management of the organisation.

On 25 July 2016 Kaleidoscope Project became the sole member of ARCH Initiatives. Kaleidoscope project is a registered charity (number 1115017) and is also a company limited by guarantee (number 05480423) which was incorporated on 14 June 2005. The project governing document is its memorandum and articles of association as amended by special resolution dated 5 April 2006. On the same date, the trustees of ARCH resigned to be replaced by four of Kaleidoscope's trustees. Consequently ARCH became part of the Kaleidoscope group on 25 July 2016.

The charity has an independent Board of Trustees drawn from a variety of backgrounds thus ensuring a diverse Board with a strong mix of skills and experience to take the charity forward. When appropriate, vacancies on the Board are advertised through media outlets and interviews conducted, to ensure new appointments will add to the skills and experience of the existing Board.

All new trustees are provided with historical and current information to enable them to appreciate the work and ethos of the charity. The Board is currently developing an induction and training programme for trustees as part of its governance strategy.

The Board of Trustees aims to meet at least quarterly. The day-to day management of the charity is delegated to the Group Chief Executive, who attends the Board of Trustee meetings. Arch Initiatives currently have no paid employees.

Key management remuneration

Arch Initiatives currently have no paid employees.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

02812012 (England and Wales)

Registered Charity number

1024945

ARCH INITIATIVES (REGISTERED NUMBER: 02812012)

**Report of the Trustees
for the Year Ended 31 March 2021**

Registered office

1 Resolven House
St Mellons Business Park
Fortran Road
St Mellons
Cardiff
CF3 0EY

Trustees

D L Antebi
S P Davison
Mrs F Rutter

Chief Executive Officer

Martin Blakebrough

Auditors

O'Brien & Partners
Chartered Accountants
& Statutory Auditors
Highdale House
7 Centre Court
Treforest Industrial Estate
Pontypridd
Rhondda Cynon Taff
CF37 5YR

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of Arch Initiatives for the purposes of company law) are responsible for preparing the Report of the Trustees and 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"

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

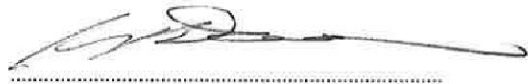
AUDITORS

In accordance with the company's articles, a resolution proposing that O'Brien & Partners be reappointed as auditor of the company will be put at a General meeting.

ARCH INITIATIVES (REGISTERED NUMBER: 02812012)

**Report of the Trustees
for the Year Ended 31 March 2021**

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on
16-12-21..... and signed on the board's behalf by:



S P Davison - Trustee

Report of the Independent Auditors to the Members of Arch Initiatives (Registered number: 02812012)

Opinion

We have audited the financial statements of Arch Initiatives (the 'charitable company') for the year ended 31 March 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is 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'.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable 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 trustees' 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 charitable 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 trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

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.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

We have nothing to report in respect of the following matters where 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Report of the Independent Auditors to the Members of
Arch Initiatives (Registered number: 02812012)**

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 trustees 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 trustees are responsible for assessing the charitable 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 trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Report of the Independent Auditors to the Members of Arch Initiatives (Registered number: 02812012)

Our 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 a Report of the Independent Auditors 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 our procedures are capable of detecting irregularities, including fraud is detailed below:

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities including fraud and non-compliance with laws and regulations we have considered the following:

- (a) The nature of the industry and sector, control environment and business performance;
- (b) Results of the enquiries of management about their own identification and assessment of the risks of irregularities;
- (c) Any matters we have identified having obtained and reviewed the charitable company's documentation of their policies and procedures relating to:
 - (i) identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - (ii) detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - (iii) the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
 - (iv) the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas:

- (a) Timing of recognition of income

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the charitable company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included UK Companies Act, employment law, health and safety, pensions legislation and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the charitable company's ability to operate or to avoid a material penalty.

Audit response to risks identified

Our procedures to respond to risks identified included the following:

- (a) Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- (b) Enquiring of management concerning actual and potential litigation and claims;
- (c) Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- (d) In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

**Report of the Independent Auditors to the Members of
Arch Initiatives (Registered number: 02812012)**

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

Use of our report

This report is made solely to the charitable 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 charitable company's members those matters we are required to state to them in an auditors' 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

G. Francis.

G Francis ACA FCCA (Senior Statutory Auditor)
for and on behalf of O'Brien & Partners
Chartered Accountants
& Statutory Auditors
Highdale House
7 Centre Court
Treforest Industrial Estate
Pontypridd
Rhondda Cynon Taff
CF37 5YR

Date: *21st December 2021.*

ARCH INITIATIVES

Statement of Financial Activities (Incorporating an Income and Expenditure Account) for the Year Ended 31 March 2021

	Notes	Unrestricted fund £	Restricted fund £	Endowment fund £	31.3.21 Total funds £	31.3.20 Total funds £
INCOME AND ENDOWMENTS FROM						
Investment income	2	95,249	-	-	95,249	126,332
Other income		6,025	-	-	6,025	67,681
Total		101,274	-	-	101,274	194,013
EXPENDITURE ON Charitable activities						
Drug treatments	3	124,141	-	-	124,141	68,048
NET INCOME/(EXPENDITURE)		(22,867)	-	-	(22,867)	125,965
Transfers between funds	13	29,050	(17,800)	(11,250)	-	-
Net movement in funds		6,183	(17,800)	(11,250)	(22,867)	125,965
RECONCILIATION OF FUNDS						
Total funds brought forward		240,859	17,800	157,500	416,159	290,194
TOTAL FUNDS CARRIED FORWARD		247,042	-	146,250	393,292	416,159

The notes form part of these financial statements

ARCH INITIATIVES (REGISTERED NUMBER: 02812012)

**Balance Sheet
31 March 2021**

	Notes	Unrestricted fund £	Restricted fund £	Endowment fund £	31.3.21 Total funds £	31.3.20 Total funds £
FIXED ASSETS						
Tangible assets	8	-	-	-	-	51,058
Investment property	9	975,463	-	146,250	1,121,713	1,070,655
		<u>975,463</u>	<u>-</u>	<u>146,250</u>	<u>1,121,713</u>	<u>1,121,713</u>
CURRENT ASSETS						
Debtors	10	-	-	-	-	9,750
Cash at bank and in hand		284,595	-	-	284,595	395,046
		<u>284,595</u>	<u>-</u>	<u>-</u>	<u>284,595</u>	<u>404,796</u>
CREDITORS						
Amounts falling due within one year	11	(912,016)	-	-	(912,016)	(1,099,350)
		<u>(912,016)</u>	<u>-</u>	<u>-</u>	<u>(912,016)</u>	<u>(1,099,350)</u>
NET CURRENT ASSETS		<u>(627,421)</u>	<u>-</u>	<u>-</u>	<u>(627,421)</u>	<u>(694,554)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		348,042	-	146,250	494,292	427,159
PROVISIONS FOR LIABILITIES	12	(101,000)	-	-	(101,000)	(11,000)
		<u>(101,000)</u>	<u>-</u>	<u>-</u>	<u>(101,000)</u>	<u>(11,000)</u>
NET ASSETS		<u>247,042</u>	<u>-</u>	<u>146,250</u>	<u>393,292</u>	<u>416,159</u>
FUNDS	13					
Unrestricted funds					247,042	240,859
Restricted funds					-	17,800
Endowment funds					146,250	157,500
					<u>393,292</u>	<u>416,159</u>
TOTAL FUNDS					<u>393,292</u>	<u>416,159</u>

The financial statements were approved by the Board of Trustees and authorised for issue on 16.12.21 and were signed on its behalf by:



S P Davison - Trustee

**Notes to the Financial Statements
for the Year Ended 31 March 2021**

Basis of preparing the financial statements

The charitable company is a private limited company limited by guarantee.

The charity has net current liabilities of £627,421 (2020 - £694,554), The trustees believe that there are sufficient future resources to be able to cover this position and therefore the accounts should be prepared on a going concern basis.

The charitable company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland':

- ## Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Rental income is recognised in the period to which it relates.

Income from other charitable activities includes amounts received under contract, and is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and fittings - 20% on reducing balance

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Investment property is included at fair value. Changes in value are recognised in the income statement. Fair value is estimated by using a valuation technique.

The charity is exempt from corporation tax on its charitable activities.

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

ARCH INITIATIVES

Notes to the Financial Statements - continued for the Year Ended 31 March 2021

1. ACCOUNTING POLICIES - continued

Fund accounting

Restricted funds

The restricted funds relate to the Public Health England grant. This grant was awarded to pay for building refurbishment and other fixed assets purchased. Expenditure has been capitalised and the grant is being amortised over the life of the respective assets.

Endowment funds

The Wirral PCT endowment fund is a grant expressly for the purpose of purchasing and refurbishing the property known as 88-90 Argyle Street. In accordance with the grant agreement these grants will be credited to the endowment fund and likewise restricted to the purpose of the development of the property.

Leasing commitments

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The charity operates a defined benefit pension scheme. The scheme is a multi employer scheme and the details are shown in note 14.

2. INVESTMENT INCOME

	31.3.21 £	31.3.20 £
Rents received	95,249	126,332

3. CHARITABLE ACTIVITIES COSTS

	Direct Costs £	Support costs (see note 4) £	Totals £
Drug treatments	5,307	118,834	124,141

4. SUPPORT COSTS

	Management £	Finance £	Governance costs £	Totals £
Drug treatments	16,774	99,560	2,500	118,834

ARCH INITIATIVES

Notes to the Financial Statements - continued for the Year Ended 31 March 2021

4. SUPPORT COSTS - continued

Support costs, included in the above, are as follows:

	31.3.21 Drug treatments	31.3.20 Total activities
	£	£
Hire of plant and machinery	4,222	4,739
Office expenses	410	19,522
Legal & professional fees	9,690	25,260
Audit & accountancy fees	2,300	2,200
Bank charges	152	207
Depreciation of tangible and heritage assets	-	12,764
Pension deficit	99,560	-
Auditors' remuneration	2,500	2,500
	<u>118,834</u>	<u>67,192</u>

5. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	31.3.21	31.3.20
	£	£
Auditors' remuneration	2,500	2,500
Depreciation - owned assets	-	12,764
Hire of plant and machinery	<u>4,222</u>	<u>4,739</u>

6. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2021 nor for the year ended 31 March 2020.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 March 2021 nor for the year ended 31 March 2020.

7. STAFF COSTS

There are no staff employed as the charity is administered by Kaleidoscope Project.

8. TANGIBLE FIXED ASSETS

	Fixtures and fittings £
COST	
At 1 April 2020	335,822
Reclassification	<u>(51,058)</u>
At 31 March 2021	<u>284,764</u>
DEPRECIATION	
At 1 April 2020 and 31 March 2021	<u>284,764</u>
NET BOOK VALUE	
At 31 March 2021	<u>-</u>
At 31 March 2020	<u>51,058</u>

ARCH INITIATIVES

Notes to the Financial Statements - continued for the Year Ended 31 March 2021

9. INVESTMENT PROPERTY

	£
FAIR VALUE	
At 1 April 2020	1,070,655
Reclassification	51,058
At 31 March 2021	1,121,713
NET BOOK VALUE	
At 31 March 2021	1,121,713
At 31 March 2020	1,070,655

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.21	31.3.20
	£	£
Trade debtors	-	9,750

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.21	31.3.20
	£	£
Trade creditors	1,023	1,235
Amounts owed to group undertakings	906,277	1,058,629
Accruals and deferred income	4,716	39,486
	912,016	1,099,350

12. PROVISIONS FOR LIABILITIES

A provision of £101,000 (2020 - £11,000) is being carried for the amount due on the Charity's defined benefit pension scheme. The details of the scheme are disclosed in note 14.

13. MOVEMENT IN FUNDS

	At 1.4.20 £	Net movement in funds £	Transfers between funds £	At 31.3.21 £
Unrestricted funds				
General fund	240,859	(22,867)	29,050	247,042
Restricted funds				
Public Health England grant	17,800	-	(17,800)	-
Endowment funds				
Wirral PCT	157,500	-	(11,250)	146,250
TOTAL FUNDS	416,159	(22,867)	-	393,292

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	101,274	(124,141)	(22,867)
TOTAL FUNDS	101,274	(124,141)	(22,867)

ARCH INITIATIVES

Notes to the Financial Statements - continued for the Year Ended 31 March 2021

13. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1.4.19 £	Net movement in funds £	Transfers between funds £	At 31.3.20 £
Unrestricted funds				
General fund	44,547	138,729	57,583	240,859
Restricted funds				
Public Health England grant	76,897	(12,764)	(46,333)	17,800
Endowment funds				
Wirral PCT	168,750	-	(11,250)	157,500
TOTAL FUNDS	<u>290,194</u>	<u>125,965</u>	<u>-</u>	<u>416,159</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	194,013	(55,284)	138,729
Restricted funds			
Public Health England grant	-	(12,764)	(12,764)
TOTAL FUNDS	<u>194,013</u>	<u>(68,048)</u>	<u>125,965</u>

Unrestricted funds

The unrestricted funds comprise those funds which the trustees are free to use in accordance with the charitable objectives.

Restricted funds

The restricted funds relate to the Public Health England grant. This grant was awarded to pay for building refurbishment and other fixed assets purchased for Birchwood and Argyle Street. Expenditure has been capitalised and the grant is being amortised over the life of the respective assets.

Endowment funds

The Wirral PCT endowment fund is a grant expressly for the purpose of purchasing and refurbishing the property known as 88-90 Argyle Street. In accordance with the grant agreement these grants will be credited to the endowment fund and likewise restricted to the purpose of the development of the property.

ARCH INITIATIVES

Notes to the Financial Statements - continued for the Year Ended 31 March 2021

14. EMPLOYEE BENEFIT OBLIGATIONS

Arch Initiatives participates in The Mercer DB Master Trust (the scheme), formerly known as The Federation Pension Plan.

The scheme is a multi employer defined benefit scheme. In 2020 the Charity reported the results from their 2017 Actuarial valuation as the results for their 2020 valuation were not available at the time of the approval of the accounts. These amounts are shown in the comparative data below.

This year the Charity has been provided with the results of the 2020 Actuarial valuation and it is these results that are reflected in the financial statements. The overall provision at the year end is shown in note 12.

Actuarial Data 2020 valuation

Membership of the scheme is made up of no active members, 6 Deferred pensioners and 2 Retired pensioners giving a total of 8. Below is the data attributable by type of member:

Member	Description	5 April 2020	5 April 2017
	Total deferred pensions revalued to valuation date - (£)		
Deferred members	p.a.	6,808	6,256
Deferred members	Average age weighted by pension	44	41
Pensioners	Total pensions payable (£ p.a.)	2,103	1,893
Pensioners	Average age weighted by pension	68	65

The breakdown of the liability for 2020 is detailed below:

Description	2020 Valuation £'000s	2017 Valuation £'000s
Assets	234	227
Liabilities - Pensioners	(54)	(54)
Liabilities - Deferred members	(281)	(184)
Overall position	101	11
Funding level	70%	95%
Change in assets		£'000s
Value of assets at previous valuation date		227
Assumed return on assets		28
Contributions received (net of expenses)		-
Benefits paid		(6)
Difference between actual and assumed return on assets		(15)
Value of assets at current valuation date		234

The assets are split £230k Mobius Life - FPP Default fund (98%) and £4k net current assets (2%).

Overall the breakdown of the assets is 22% UK Equity, 22% Overseas Equity, 33% Government bonds, 2% cash and 22% Diversified growth.

Change in Technical provisions	£'000s
Value of past service liabilities at previous valuation date	238
Interest on the liabilities	31
Benefits paid	(6)
Actual inflation increases being lower than assumed	(3)
Impact of changes in financial conditions since previous valuation	51
Impact of proposed changes to statement of funding principles	24
Value of past service liabilities at current valuation date	335

Financial Assumptions - Summary of main financial assumptions at 5 April 2020 for Technical provisions

Pre retirement discount rate	Gilt curve +1.5% p.a.
Post retirement discount rate	Gilt curve +0.5% p.a.
RPI inflation	Inflation curve
CPI inflation	RPI - 0.75% p.a. until 2030 RPI
RPI pension increases	from that year
CPI pension increases	In line with RPI assumptions
Recovery plan return	In line with CPI assumptions
	Gilt curve +2.0% p.a.

ARCH INITIATIVES

Notes to the Financial Statements - continued for the Year Ended 31 March 2021

14. EMPLOYEE BENEFIT OBLIGATIONS - continued

Average Gilt Yield curve	0.69% p.a.
Average Inflation curve	2.71% p.a.

Demographic assumptions - for Technical provisions

Mortality - base table	115% of S3PxA
Mortality - future improvements	CMI 2019 [1.5%,S=7.5]
Proportions married	90% married for both males and females
	All members assumed to retire at normal retirement age.
	Members who are past their normal retirement are assumed to retire at the valuation date.
Age of retirement	50% of 3/80ths using current commutation factors for members without cash on top
Commutation	
Expenses	No allowance (funded by separate contributions by the employer)

Other Assumptions

	Assumed rate at last valuation (per annum)	Average rate during inter valuation period (per annum)
Investment returns - assumed for the purpose of the 2017 recovery plan	4.70%	1.93%
Revaluation up to retirement in line with RPI	3.50%	3.20%
in line with CPI	2.75%	2.37%
Pension increases in payment in line with RPI	3.50%	2.90%
in line with CPI	2.75%	2.02%

For the 2020 valuation the potential impacts of global pandemics and climate change have been considered. These included the following climate change shock scenario's:

Area of impact	Potential Impact
UK Long dated interest rate	-0.5% p.a.
Inflation	+0.5% p.a.
UK Life expectancy	-0.25 years
Equity market repricing	-15%
Diversified growth fund repricing	-7.5%

The overall liability on the scheme has been included and also disclosed in note 12.

Comparative Data from 2017 valuation

Membership of the scheme is made up of no active members, 6 Deferred pensioners and 2 Retired pensioners giving a total of 8.

Fund Account	£
Employer Contributions - Additional	21,190
Employer Contributions - Deficit funding	3,000
Employee Contributions	-
Transfers In	-
Other Income	-
Benefits paid - Pensions	(2,073)
Payment to and on account of leavers	-
Administration expenses - audit fees	(252)
Administration expenses - PPF Levy	(1,436)
Administration expenses - Trustee management fees	(19,776)
Net Additions from dealings with members	653
Investment Income - interest on cash deposits	5
Change in market Investments	(3,891)

ARCH INITIATIVES

Notes to the Financial Statements - continued for the Year Ended 31 March 2021

14. EMPLOYEE BENEFIT OBLIGATIONS - continued

Net returns on Investment	(3,886)
Net decrease in the fund during year	(3,222)
Statement of Net Assets available for Benefits	£
Pooled Investment Vehicles	229,631
AVC Investment	-
Total Net Investment	229,631
Current Assets	
Contributions due from employer in respect of deficit funding	250
Contributions due from employer in respect of additional funding	1,630
DIS contributions - cash balances	7,321
Current Liabilities	
Accrued Administration expenses	(5,196)
Tax payable	(14)
Net assets of the plan at end of year	233,622

The market value of the pooled investment vehicle is totally attributable to Monbius - FPP Default amounts totalling £229,631. The movements in the year were:

Pooled Investment Vehicles	£
Value at 6 April 2019	239,252
Purchases at cost	8,910
Sales proceeds	(14,640)
Change in market value	(3,891)
Value at 5 April 2020	229,631

The last full actuarial valuation, taking into account the present value of past service liabilities, was completed in 2017. In compiling these figures the assumptions used are noted below:

Pre retirement discount rate	4.7% per annum
Post retirement rate	2.2% per annum
Return on existing assets and new contributions over the deficit recovery period	4.7% per annum
Rate of inflation - RPI	3.5% per annum
Rate of inflation - CPI	2.75% per annum
Revaluation of pensions in deferment	2.75% and 3.5% per annum
Increases to pensions in payment	2.75% and 3.5% per annum

Rate of withdrawals	No allowance will be made for withdrawals from the section
Members taking transfer values	No allowance will be made for members taking transfer values from the section
Retirements	All members will be assumed to retire at their normal retirement date It is assumed that 50% of members who do not have a cash benefit will commute pension to provide a cash sum of 3n/80ths x salary, with a pension commuted on current rates. The current commutation factors are 12:1 but may change in the future.
Cash commutation	Any strains arising from ill health are assumed to be met by additional contributions from the employer.
Ill health retirements	No allowance will be made.
Mortality - pre retirement	The basis adopted for the valuation was: Base mortality table - 100% of the mortality rates in the standard tables S2PMA for males and S2PFA for females, projected to the valuation date in line with the approach below. Allowance for future improvements - CMI core projection model with a 1.25% per annum long term projected rate of improvement (CMI-2016 (1.25%) using a year of birth approach.
Mortality - post retirement	

ARCH INITIATIVES

Notes to the Financial Statements - continued for the Year Ended 31 March 2021

14. EMPLOYEE BENEFIT OBLIGATIONS - continued

	90% of members will be assumed to be married at retirement (or on earlier death). This proportion reduces each year after retirement based on the mortality assumptions relating to the spouse. This allowance is designed to cover all contingent dependants pensions (including non married partners and childrens pensions where applicable) rather than separate assumptions being made for such benefits.
Contingent dependants pensions	
Dependants ages	Males will be assumed to be three years older than females.
	There has not been any practice of granting discretionary benefits or increases in benefits under the section and consequently no allowance will be made for this.
Discretionary benefits	
	The actuarial method used in the calculation of the technical provisions will be the defined accrued benefits method.
Further calculation principles	
	Management and administration expenses will be paid as an additional amount based on an agreed formula. The employer will also pay amounts as needed to meet audit fees and the levies payable to the Pensions Regulator and the Pension Protection Fund.

The above assumptions generated the following position:

Present value of the past service liabilities for:	£
Deferreds	184,000
Pensioners	54,000
Expenses	-
Total Value of liabilities	(238,000)
Assets	227,000
Surplus/(Deficit)	(11,000)
Funding Level	95%

15. ULTIMATE PARENT COMPANY

The charity's parent company at the balance sheet date was Kaleidoscope Project (company number 05480423, charity number 1115017), a charitable company incorporated in the UK.

The parent's principal activities include the provision of holistic care and support services to those suffering due to poverty, age, infirmity, substance abuse or physical and mental hardship or distress.

Copies of group accounts are available from either Companies House or from the registered office at Resolven House, St Mellons Business Park, Fortran Road, St Mellons, Cardiff CF3 0EY.

The ultimate controlling party are the trustees of the parent company Kaleidoscope Project.

16. CONTINGENT LIABILITIES

The charity may be required to repay funding if it fails to comply with conditions laid down by the various funding providers.

Included in Investment properties is the purchase and refurbishment costs of a building on Argyle Street, Birkenhead. A grant of £500,000 was received from the Wirral Primary Care Trust (WPCT) towards these costs. WPCT hold a legal charge over the property dated 31 March 2009, the terms of which are that should the property be sold within 20 years a set percentage of the sales proceeds will revert back to WPCT. The percentage remittable is tapered down to 0% over 20 years. As at 31 March 2021 the percentage repayable would be 50% of the sale proceeds: £146,250 (2020 - £157,500)

Also included in Investment properties is a grant of £178,000 was awarded by Public Health England to pay for refurbishment and other assets at Birchwood and Argyle Street. All expenditure has been capitalised and the grant has been amortised over 5 years. The terms of reimbursement are that should either of the properties be sold within the period of amortisation, the residual value of the grant will be repaid to Public Health England. At 31 March 2021 the amount repayable would be £NIL (2020 - £17,800)

ARCH INITIATIVES

Notes to the Financial Statements - continued for the Year Ended 31 March 2021

17. RELATED PARTY DISCLOSURES

The charitable company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

18. POST BALANCE SHEET EVENTS

As noted in the Trustees report, the charitable company has sold one of its properties since the year end. The property is not related to either of the properties mentioned under contingent liabilities.

ARCH INITIATIVES

Detailed Statement of Financial Activities for the Year Ended 31 March 2021

	31.3.21 £	31.3.20 £
INCOME AND ENDOWMENTS		
Investment income		
Rents received	95,249	126,332
Other income		
Other income	6,025	67,681
Total incoming resources	<u>101,274</u>	<u>194,013</u>
EXPENDITURE		
Charitable activities		
Premises costs	5,307	201
Travel & subsistence	-	655
	<u>5,307</u>	<u>856</u>
Support costs		
Management		
Hire of plant and machinery	4,222	4,739
Office expenses	410	19,522
Legal & professional fees	9,690	25,260
Audit & accountancy fees	2,300	2,200
Bank charges	152	207
Depreciation of tangible and heritage assets	-	12,764
	<u>16,774</u>	<u>64,692</u>
Finance		
Pension deficit	99,560	-
Governance costs		
Auditors' remuneration	2,500	2,500
Total resources expended	<u>124,141</u>	<u>68,048</u>
Net (expenditure)/income	<u>(22,867)</u>	<u>125,965</u>