

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**

	<b>Page</b>
<b>Report of the Trustees</b>	1 to 4
<b>Report of the Independent Auditors</b>	5 to 8
<b>Statement of Financial Activities</b>	9
<b>Balance Sheet</b>	10
<b>Notes to the Financial Statements</b>	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**

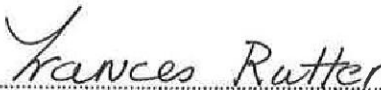
**DISCLOSURE OF INFORMATION TO AUDITOR**

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

X R.

## **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](http://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](http://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 £
<b>INCOME AND ENDOWMENTS FROM</b>					
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>
<b>Total</b>		<u>60,868</u>	<u>-</u>	<u>60,868</u>	<u>59,001</u>
<b>EXPENDITURE ON</b>					
<b>Charitable activities</b>					
Drug treatments		-	-	-	135,602
Charitable Activities Costs	4	<u>53,783</u>	<u>-</u>	<u>53,783</u>	<u>-</u>
<b>Total</b>		<u>53,783</u>	<u>-</u>	<u>53,783</u>	<u>135,602</u>
<b>NET INCOME/(EXPENDITURE)</b>		7,085	-	7,085	(76,601)
<b>Transfers between funds</b>	15	<u>11,250</u>	<u>(11,250)</u>	<u>-</u>	<u>-</u>
<b>Net movement in funds</b>		18,335	(11,250)	7,085	(76,601)
<b>RECONCILIATION OF FUNDS</b>					
Total funds brought forward		<u>181,691</u>	<u>135,000</u>	<u>316,691</u>	<u>393,292</u>
<b>TOTAL FUNDS CARRIED FORWARD</b>	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 £
<b>FIXED ASSETS</b>					
Investment property	10	418,176	123,750	541,926	541,926
<b>CURRENT ASSETS</b>					
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
<b>CREDITORS</b>					
Amounts falling due within one year	12	(29,974)	-	(29,974)	(7,421)
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CURRENT ASSETS</b>		<u>769,446</u>	<u>-</u>	<u>769,446</u>	<u>828,016</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,187,622	123,750	1,311,372	1,369,942
<b>CREDITORS</b>					
Amounts falling due after more than one year	13	(893,929)	-	(893,929)	(901,251)
<b>PROVISIONS FOR LIABILITIES</b>	14	(93,667)	-	(93,667)	(152,000)
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET ASSETS</b>		<u>200,026</u>	<u>123,750</u>	<u>323,776</u>	<u>316,691</u>
<b>FUNDS</b>					
Unrestricted funds				200,026	181,691
Endowment funds				<u>123,750</u>	<u>135,000</u>
<b>TOTAL FUNDS</b>	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

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
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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.

## 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
	£	£	£	£
<b>Unrestricted funds</b>				
General fund	181,691	7,085	11,250	200,026
<b>Endowment funds</b>				
Wirral PCT	135,000	-	(11,250)	123,750
	<u>316,691</u>	<u>7,085</u>	<u>-</u>	<u>323,776</u>
<b>TOTAL FUNDS</b>				

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

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

## 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 £
<b>Unrestricted funds</b>				
General fund	247,042	(76,601)	11,250	181,691
<b>Endowment funds</b>				
Wirral PCT	146,250	-	(11,250)	135,000
	<u>393,292</u>	<u>(76,601)</u>	<u>-</u>	<u>316,691</u>
<b>TOTAL FUNDS</b>				

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

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

##### 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)
<b>Overall position</b>	<b>201</b>	<b>(152)</b>
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
<b>Total</b>	<b>419</b>	<b>100</b>	<b>100</b>

#### Analysis of Experience Since Last Valuation

	£'000
<b>Shortfall on 5 April 2023</b>	<b>(152)</b>
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)
<b>Surplus on 2023 assumptions</b>	<b>201</b>
 <b>Expected 2023 shortfall</b>	 <b>(96)</b>
<b>Estimated shortfall at 2023 on 2020 assumptions</b>	<b>175</b>

#### 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%
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	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.