

Registered number:

00133804

ARCO LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

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ARCO LIMITED

COMPANY INFORMATION

Directors	K A Appleton (resigned 22 March 2025) G R Bruce D Carr N J Coxwell T R H Lodge T G Martin A G Martin R Martin M Oldersma (appointed 27 February 2025)
Company secretary	H K Haeney (appointed 31 August 2024) N J Dodds (resigned 31 August 2024)
Registered number	00133804
Registered office	1 Blackfriargate Hull HU1 1BH
Independent auditors	RSM UK Audit LLP 2 Humber Quays Wellington Street West Hull HU1 2BN
Bankers	HSBC Bank PLC 3-4 Grand Buildings Jameson Street Hull HU1 3JX

ARCO LIMITED

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ARCO LIMITED

**CHIEF EXECUTIVE'S STATEMENT
FOR THE YEAR ENDED 30 JUNE 2025**

Chief Executive's Statement

Arco has entered its 'Build for Growth' phase following a pivotal year marked by strong financial performance and strategic progress. Pre-exceptional EBITDA rose by 37% to £11.4m, up from £8.3m, despite a modest 6.7% reduction in overall revenue as a focus on quality of earnings was maintained. The gross profit margin improved by 1% points and pre-tax profit (excluding exceptionals) increased to £2.1m, reflecting disciplined cost control and operational efficiency.

Our integrated Joined Up Safety approach — spanning products, consultancy, and training—continues to drive value. Pre-exceptional operating profit more than tripled year on year, supported by enhancements across our core offerings and a strengthened Arco brand proposition.

This year saw the commencement of a digital transformation programme, which included the commissioning of a new ecommerce platform, improvements to marketing technology, and the introduction of an AI-driven pricing tool. These developments are foundational to enhancing the customer experience and enabling Arco to bring new products to market more rapidly while adapting to evolving market conditions.

We also launched the Arco Discovery Centre, a state-of-the-art facility that represents a strategic shift in how our customers interact with us and how our safety solutions are developed, shared, and experienced. Our leadership in safety standards was further reinforced through continued collaboration with the British Safety Industry Federation and the expansion of our UKAS-accredited product assurance laboratory, ensuring our products continue to meet the highest standards of compliance.

Over 1,300 new products were introduced this year—more than in the previous seven years combined. Innovation across our Arco and Trojan brand ranges has strengthened our market position, delivering industry-leading brand recognition and profile. Our Arco Professional Safety Services division also made significant progress, with new and expanded training facilities launched at our Hull and Trafford Park sites. This expanded portfolio enhances the breadth of training options available and positions us well to respond to growing customer needs, particularly as compliance remains a priority across the industry.

Sustainability remains central to our strategy. We proudly retained EcoVadis Gold status and are the only UK-based safety specialist to have earned this distinction. We joined the Science Based Target initiative and committed to significant reductions in greenhouse gas emissions by 2030. We also expanded our Responsible Choice product range and continued to invest in renewable energy and social value initiatives. These achievements reflect our ongoing commitment to ESG leadership and long-term value creation for all stakeholders.

This financial year has laid the solid foundations needed for accretive growth as we anticipate potential economic headwinds in the coming year. Our growth platform is underpinned by investments in people, infrastructure, and innovation. Looking ahead, we remain confident that our strategy and disciplined approach to capital allocation will support sustainable future growth and continued delivery against our strategic objectives.

I would like to thank colleagues for their hard work, commitment, and professionalism throughout the year. Their dedication is fundamental to Arco's success and to our ongoing mission: To keep people safe at work.



Guy Bruce
Chief Executive Officer
17 October 2025

ARCO LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2025

The directors present their strategic report for the Group and the Company for the year ended 30 June 2025.

Business review

As noted in the Chief Executive's Statement, the Group has continued to make strategic and commercial progress, supporting delivery of improved financial performance. Excluding exceptional costs of £3.4m (2024: £8.4m) associated with the transformation plan, the Group achieved profit before tax of £2.1m (2024: £1.3m).

While total sales of £268.9m were 6.7% below last year, continued focus on quality of earnings saw further improvement in gross margin percentage to 25.3% (2024 as restated: 24.3%). The Group has also maintained effective cost control across all operational areas with the annualisation of transformation activity undertaken in FY24 alongside fresh initiatives in the current year.

The Safety Services business has again delivered a strong contribution to Group profit. This year saw the opening of an additional training location in Hull as part of the Arco Discovery Centre development, showcasing the full breadth of the Group's joined-up safety proposition.

The business remains focussed on quality and compliance, supported by a dedicated sourcing team in Xiamen, China and our own in-house independently accredited UKAS test laboratory. This focus, along with our Safety Services offering, remains a key market differentiator and underpins the Group's widely recognised safety expertise.

The Group has also maintained its efforts to develop in a sustainable manner, supported by investment in solar installations and additional EV charging points at Arco sites. Efforts in the year ahead will focus on energy reduction at our National Distribution Centre and Head Office sites.

As anticipated in last year's report, exceptional costs of £3.4m are significantly lower than the prior year (2024: £8.4m). These costs comprise incremental interim resource and professional advisor costs to support the execution of transformation plans and restructuring costs, as detailed in note 12.

Outside of exceptional costs, the Group also recognised a non-trading loss on disposal of a freehold property of £0.1m (2024: profit of £1.1m), and a £0.5m charge (2024: £0.2m credit) from revaluation of foreign exchange derivatives.

Following the step-change benefits delivered last year by the initial phases of the transformation programme, the Group has maintained effective management of its working capital and cash. This has supported the substantial investments made in the year in both technology and the Arco Discovery Centre, alongside a drawing of £6.5m under the Group's £25.0m Revolving Credit Facility. As a consequence at 30 June 2025 the Group had net debt of £3.5m (2024: net cash £3.5m).

During the period, the term of the Revolving Credit Facility was extended by a further year to a maturity of November 2027.

The Group remains committed to ensuring that it has sufficient resources to meet all its cash requirements including the ongoing commitment to the funding journey plan for the Company's defined benefit pension scheme (now closed to new entrants). Further details on the Pension Scheme can be found in the Principal Risks section and in note 23 to the accounts.

Under the strategic plan and transformation programmes now established, the Group has made encouraging progress towards its goal of restoring profitability and return on capital levels to a strong, sustainable level agreed by the Board.

ARCO LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2025

Key performance indicators

The Directors consider that the size and nature of the Group mean that disclosure of additional key performance indicators is not necessary to understand the performance and development of the business. The Board monitors business performance through a range of performance indicators, including:

Financial

- Revenue
- Operating margins
- EBITDA
- Return on Capital
- Cash

Non-financial

- Delivery performance and availability
- Carbon emissions
- Customer satisfaction
- Compliance: health and safety, ethical supply chain, product assurance performance

Principal risks and uncertainties

The Board is responsible for keeping under review the adequacy and effectiveness of the Company's internal controls and risk management systems and, pursuant to formal Terms of Reference approved by the Board, has delegated this function to the Audit Committee, chaired by Naomi Coxwell, an independent non-executive Director. The Group's principal risks and associated mitigating actions, as documented within the Company's strategic risk register, are summarised below:

Commercial Risks– The UK and global economy remains volatile. As with all businesses, this economic pressure may present a risk of margin erosion and weakening demand. To mitigate these risks, the business will continue to pursue product innovation and excellence, particularly through Arco own-brand ranges while managing inflationary impacts through selling price increases and cost-out activities.

Financial Risks – The Group operates a defined benefit pension scheme, which is closed to new members and to future accrual. The Board is regularly appraised of the performance of scheme assets and explores opportunities to reduce the liability to the Company and protect the benefits of pension scheme members. Further details on financial risk management are presented in the Directors' Report.

Supply Chain Risks– Arco's global supply chain is subject to various geopolitical risks which could cause operational disruption and financial loss. Geopolitical conflict, trade restrictions, commodity and currency volatility and natural disasters are all potential risks of operating within a global supply chain. The business mitigates these risk through effective and ongoing supply chain monitoring which ensures resilience in our supply chain.

People Risks– Recruitment and retention risk remains even as the labour market tighten and unemployment rises. We are managing our people risks well as we continue to focus on making Arco a great place to work through training, career development, new benefits, volunteering opportunities, benchmarking our pay and our commitment to pay the Real Living Wage.

Operational Risks – As a product distributor, the Group's business model is at risk if its operational infrastructure is not suitable to ensure that the correct products are delivered to the right place, at the right time, and in a cost-efficient manner. The Group is continually reviewing the effectiveness of its operations to ensure that they are aligned to customer needs.

Digital Risks – The risk of an adverse impact from a cyberattack has increased with the growing prevalence of such attacks worldwide. Arco has a dedicated cyber security team and engages with a specialist external cyber security expert to undertake regular penetration and vulnerability scanning to proactively identify and mitigate risks. We continue to strengthen our cyber controls by investing in industry leading software tools to minimise current and emerging risks.

ARCO LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2025

Sustainability Risks – If the business fails to act in a responsible and sustainable way there is increased risk from environmental regulation and customer demand for more sustainable business practices. Business practices have been adopted which address key challenges including reducing waste, reducing emissions and further improving the social value delivered by business. In addition, sustainable customer propositions and products have been developed. The Board actively monitors sustainability risk through the ESG Committee.

S172 statement

This section describes how the directors have had regard to the matters set out in section 172(1)(a) to (f) Companies Act 2006 in exercising their duty to promote the success of the company for the benefit of its members.

The Board of Directors comprises non-executive and executive directors, with the non-executive directors being a mix of independent directors and representatives of the Martin Family, the major shareholders of the Company. As a result, a wide range of skills, experience and perspectives are available as the Board fulfils its role in setting the Company's strategic aims and overseeing business performance and risk.

Arco's shareholders expect the business to be run in a fair and ethical manner, which has the safety and wellbeing of our people at its heart, and the Board takes a lead role in ensuring that Arco's values and culture are aligned to this.

Regular stakeholder engagement is fundamental to the Board's decision-making processes in seeking to balance short-term and long-term interests in order to deliver sustainable growth and profitability.

Employees

The Board receives regular updates on colleague engagement as colleagues are the driving force of Arco. It is important to the directors that our people understand and live our mission of keeping people safe at work. We continually engage with our people and are mindful of what really matters to them. Further details on colleague engagement are presented in the Directors' Report.

Customers

Meeting the needs of our customers is key for the continuing success of the Company. As a business we look to build strategic partnerships with customers. Our mission of keeping people safe at work is at the core of this and our products and services are delivered to ensure that our customers consider us the expert in safety. The Board receives regular insight on our customers including through voice of customer ("VOC") surveys.

Suppliers

We work with our suppliers to ensure the highest standards for quality, ethics and service and this culture extends across our full global supply base. Through our audits, and in conjunction with external organisations and our team in Xiamen, China, we ensure product compliance and the highest ethical standard in our supply chain.

Arco ensures that supplier engagement is continual, ensuring that two-way feedback can deliver improved standards, innovation, process efficiencies and continual improvement opportunities for products and business practices. By sharing insights and expertise we ensure that we have the high-quality products our customers require.

Government, regulators and trade bodies

Given the products and services we supply, we work closely with organisations such as the British Safety Industry Federation ("BSIF"), Health & Safety Executive ("HSE"), Office for Product Safety & Standards ("OPSS") The Board consider these relationships as key to the Company's strategy of being the 'Expert in Safety' to whom customers turn for their safety equipment and services.

ARCO LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2025

Pension scheme members

Arco's defined benefit pension scheme is now closed to new entrants and future accrual but, in common with many defined benefit schemes, constitutes a significant liability, and therefore risk, to the Company. The Board is regularly appraised of the performance of scheme assets and, with advice from expert advisors and the independent pension trustees, continues to review options to reduce the liability and de-risk the scheme in order to safeguard the accrued benefits of members as well as the Company.

Community

Arco operates across the UK and supports the communities in which it operates and supports colleagues within their communities. The Company continues a long history of community engagement with extensive collaborations at a corporate and colleague level with an array of organisations. The Board has received updates about how the Company is increasingly measuring the impact of its activities through a Social Value framework.

Environment

The Company has placed sustainability at the core of its corporate strategy and implemented a governance framework to ensure environmental issues are properly addressed, that ambitious targets are set, and that performance is monitored. This is overseen by the ESG Committee of the Board.

More information on our approach to sustainability and our work in the community is available on our website (www.arco.co.uk/sustainability), and in our Streamlined Energy and Carbon Reporting.

Shareholders

As a family-owned business, the Board engages extensively with shareholders in relation to the vision and strategic direction of the business, as well as the Company's attitude to risk. The Directors recognise the family's risk appetite in relation to their shareholder investment and ensure that the Group's finances are managed accordingly. There is commitment to delivering consistent dividends, rather than maximising shareholder distributions.

Arco is a fifth-generation family-owned business and therefore has long term shareholders who are Board members. This involvement ensures that the interests of all members are considered and addressed effectively and assists in alignment between the Board and the members. The Board liaises with nominated representatives of the family shareholders as well as engaging with the Family Assembly, a forum created by the family shareholders to align their interests and objectives.

This report was approved by the board on 17 October 2025 and signed on its behalf.



D Carr
Director

ARCO LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2025

The directors present their report and the audited consolidated financial statements for the year ended 30 June 2025.

Principal activities

The Group principally operates as a distributor of PPE and a provider of safety knowledge, services and training. Further details of the Company's business model and strategy are set out in the Strategic Report.

Results and dividends

The loss for the year, after taxation, amounted to £0.5m (2024: £5.5m).

During the year an interim dividend of £25 per ordinary share was declared and paid. No final dividend is proposed, bringing the total dividend per ordinary share for the year ended 30 June 2025 to £25 (2024: £50) and a total dividend payment in respect of the financial year of £1.5m (2024: £3.1m). Dividend payments made in the financial year totalled £3.1m (2024: £3.1m).

Directors

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

Directors' and Officers' Liability Insurance and Indemnities

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

Going concern

The Group has in place a £25m Revolving Credit Facility, maturing in November 2027 with the option to extend for a further year. As at 30 September 2025, £14.0m of the Revolving Credit Facility remains undrawn, in addition to £2.2m of cash in hand, at bank.

The Group has performed long-term forecasting to determine its future profitability and cashflows; these forecasts indicate the Group will continue to have sufficient liquidity until at least the end of 2026. In addition, the Directors have considered the potential impact of severe but plausible scenarios associated with a decline in performance and economic slowdown and have concluded that sufficient options are available to mitigate any material liquidity risk arising from these scenarios.

Accordingly, the Directors expect the Group to continue in operational existence for the foreseeable future and as such, the Group continues to adopt the going concern basis of accounting in preparing these financial statements.

Financial risk management

The Group's operations expose it to a number of financial risks, including credit risk, liquidity risk and foreign currency risks:

Credit risk

The Group assess the creditworthiness of potential new customers before any sales are made and maintains comprehensive credit insurance policies. Customer credit terms and limits are regularly reviewed.

Foreign currency risk

The Group purchases some goods denominated in foreign currencies (USD and EUR). To mitigate the cash flow risks associated with exchange rate volatility, the Group makes forward purchases of anticipated currency requirements in line with Group treasury policy. Hedge accounting is not applied to these instruments.

Liquidity risk

The Group has in place a £25m Revolving Credit Facility, maturing in November 2027 with the option to extend for a further year, providing sufficient available funds for its operations and planned investments.

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DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 30 JUNE 2025

Engagement with colleagues

The Group ensures that all colleagues receive relevant updates through regular email newsletters and other digital tools alongside the cascade of information through line managers and team meetings. This includes updates on business developments and financial performance. Colleague engagement with company results is encouraged through a range of performance-linked incentives.

Arco Voice is an employee-led forum made up of a diverse cross section of employee representatives from each business area. The forum meets throughout the year and allows all colleagues the opportunity to help inform decisions and shape the Group's business.

Arco recognises that businesses that are diverse in age, gender identity, race, sexual orientation, physical or mental ability, ethnicity, and perspective are proven to be better companies. The Group encourages an inclusive culture, underpinned by diversity and inclusion policies, with the aim of creating an environment at Arco that supports the diversity of colleague voices.

The Group ensures that applications for employment from disabled persons are given fair consideration based on their skills and qualifications. Disabled applicants and existing colleagues are supported by making reasonable adjustments to recruitment, workplace and work practices to ensure they have equal access to opportunities, training and career development.

By fostering an inclusive and supportive work environment, the Group aims to ensure that all colleagues, including those with disabilities, are empowered to achieve their full potential and contribute meaningfully to the success of the Group.

Streamlined Energy & Carbon Reporting ("SECR")

The scope of this energy and carbon report includes all activities and sites operated and financially controlled by ARCO. All sites and activities take place in the UK. For FY25 this includes Head Office at Blackfriargate Hull, the National Distribution Centre, ARCO stores nationwide and Safety Services locations.

Methodology for collection of Data

An evidence-based methodology was adopted in accordance with BS EN ISO 14064-3:2019, Section 4.3, and matched that being utilised in the current Energy Saving Opportunities Scheme (ESOS) compliance audit, which is based on BS EN 16247-1:2012.

UK Government GHG Conversion Factors for Company Reporting 2025 were used to convert all energy units to kWh, all mileage units to kWh and finally kWh to tCO₂e.

Intensity Ratio

The Group has elected to report total tonnes of CO₂e per total £m sales per its audited accounts.

Data Verification

A number of internal processes are in place to ensure data collected is accurate, transparent and auditable, including utility invoice checking by a third party; ISO 14001 audits of data and monitoring systems by accredited certification body BSI; independent consultant review by Environmental Strategies Limited.

ARCO LIMITED

**DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 30 JUNE 2025**

Carbon reporting for the period 1 July 2024 – 30 June 2025

		2025	2024
Energy consumption used to calculate emissions	<i>kWh</i>	12,684,712	13,177,845
Scope 1	<i>tCO₂e</i>	1,538	1,624
Scope 2	<i>tCO₂e</i>	645	929
Scope 3	<i>tCO₂e</i>	137	146
Total Gross CO₂e	<i>tCO₂e</i>	2,320	2,699
Intensity ratio: total tCO₂e / total £m sales		8.63	9.36

Scope 1: Emissions from combustion of gas at Group-operated sites and combustion of fuel for transport and site purposes

Scope 2: Emissions from purchased electricity

Scope 3: Emissions from business travel in employee-owned vehicles where the Group repaid mileage claims

Energy and carbon reporting includes Scope 1 carbon emissions associated with all sites and vehicles operational in FY25, regardless of when the site or vehicle was added to the portfolio during the year; Scope 2 carbon emissions associated with all sites operational in FY25; and Scope 3 emissions associated with car hire and staff claiming fuel spend for use of their employee-owned vehicle for business purposes. No energy types are excluded.

In the period covered by the report ARCO has purchased its electrical energy from renewable sources, backed by Renewable Energy Guarantees of Origin (REGOs).

Energy Efficiency Action

Arco continues to benefit from in-year and previous investment in energy efficiency, including LED lighting retrofit, and active monitoring and targeting of energy use across our portfolio. We have continued to purchase renewable energy backed by certificates of origin and offset our previous year greenhouse gas emissions to achieve a carbon neutral energy status.

As part of our low carbon transition plan, we continue to reap the benefits of our Solar installations and the switch from a fossil-fuelled grey fleet. To support this the installation of several EV charging points at strategic Arco sites is ongoing.

As our pursuance of the approved near-term science-based target continue, Arco will focus its efforts in FY26 on energy reduction at our National Distribution Centre and Head Office sites by increasing surveillance and exploring and introducing innovative ways of providing heat for Arco colleagues.

Overseas branches

In addition to a subsidiary company based in the Republic of Ireland (Arco Safety Limited), the Company operates its Xiamen Representative Office, a non-trading branch in China. All other activities and operations of the Group are based in the United Kingdom.

ARCO LIMITED

**DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 30 JUNE 2025**

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and company financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practices (United Kingdom standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

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

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

Auditors

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

This report was approved by the board on 17 October 2025 and signed on its behalf.



D Carr
Director

ARCO LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARCO LIMITED

Opinion

We have audited the financial statements of Arco Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2025 which comprise the Consolidated statement of comprehensive income, the Consolidated balance sheet, the Company balance sheet, the Consolidated statement of changes in equity, the Company statement of changes in equity, the Consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2025 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

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

We have nothing to report in this regard.

ARCO LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARCO LIMITED (continued)

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

ARCO LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARCO LIMITED (continued)

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

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

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

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

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

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

- testing manual journal entries and other adjustments and evaluating their business rationale;
- challenging judgements and estimates applied to significant or unusual transactions or transactions entered into outside the normal course of business; and
- reviewing key control account reconciliations.

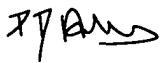
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

ARCO LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARCO LIMITED (continued)

Use of our report

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



Peter Adams FCA (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

Two Humber Quays, Wellington Street West

Hull

HU1 2BN

17 October 2025

ARCO LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2025**

	Note	2025 £000	2024 £000 <i>As restated*</i>
Turnover	4	268,948	288,117
Cost of sales		(200,660)	(218,164)
Gross profit		<u>68,288</u>	<u>69,953</u>
Distribution costs		(30,939)	(33,327)
Administrative expenses		(25,943)	(28,284)
Operating profit before depreciation and exceptionals		<u>11,406</u>	<u>8,342</u>
Depreciation and amortisation		(7,749)	(7,571)
Unrealised (losses)/gains on foreign exchange derivatives		(509)	177
Operating profit before exceptionals		<u>3,148</u>	<u>948</u>
Exceptional other operating costs	12	(3,432)	(8,406)
(Loss) / profit on disposal of tangible assets		(107)	1,064
Operating loss	5	<u>(391)</u>	<u>(6,394)</u>
Interest	9	(939)	(699)
Loss before taxation		<u>(1,330)</u>	<u>(7,093)</u>
Tax on loss	10	872	1,589
Loss for the financial year		<u>(458)</u>	<u>(5,504)</u>
Currency movement on overseas investments		(16)	1
Actuarial losses on defined benefit pension scheme	23	2,901	(5,800)
Deferred tax based on defined benefit obligation		(725)	1,450
Other comprehensive income /(loss) for the year		<u>2,160</u>	<u>(4,349)</u>
Total comprehensive income /(loss) for the year		<u><u>1,702</u></u>	<u><u>(9,853)</u></u>
Loss for the year attributable to:			
Owners of the parent Company		(458)	(5,504)
		<u>(458)</u>	<u>(5,504)</u>

* the 2024 statement of comprehensive income has been restated to align with an updated format, with no change to reported revenue or profit. Refer note 2 for further details.

The notes on pages 20 to 41 form part of these financial statements.

ARCO LIMITED

**CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2025**

	Note	2025 £000	2024 £000
Fixed assets			
Intangible assets	13	8,869	7,031
Tangible assets	14	43,423	44,404
		52,292	51,435
Current assets			
Stocks	16	34,854	32,329
Debtors: amounts falling due within one year	17	53,825	57,359
Cash at bank and in hand	18	3,021	3,648
		91,700	93,336
Creditors: amounts falling due within one year	19	(64,381)	(58,344)
Net current assets		27,319	34,992
Total assets less current liabilities		79,611	86,427
Provisions for liabilities			
Other provisions	22	(4,677)	(5,710)
		(4,677)	(5,710)
Net assets excluding pension liability		74,934	80,717
Pension liability	23	(11,628)	(15,970)
Net assets		63,306	64,747
Capital and reserves			
Called up share capital	26	63	63
Share premium account	27	31	31
Capital redemption reserve	27	22	22
Profit and loss account	27	63,190	64,631
Equity attributable to owners of the parent Company		63,306	64,747

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 17 October 2025.



D Carr
Director

The notes on pages 20 to 41 form part of these financial statements.

ARCO LIMITED

**COMPANY BALANCE SHEET
AS AT 30 JUNE 2025**

	Note	2025 £000	2024 £000
Fixed assets			
Intangible assets	13	8,818	6,980
Tangible assets	14	41,663	42,422
Investments	15	14,444	14,444
		64,925	63,846
Current assets			
Stocks	16	34,253	31,705
Debtors: amounts falling due within one year	17	54,795	58,308
Cash at bank and in hand		1,777	1,697
		90,825	91,710
Creditors: amounts falling due within one year	19	(78,272)	(69,504)
Net current assets		12,553	22,206
Total assets less current liabilities		77,478	86,052
Provisions for liabilities			
Other provisions	22	(4,016)	(4,975)
		(4,016)	(4,975)
Net assets excluding pension liability		73,462	81,077
Pension liability	23	(11,628)	(15,970)
Net assets		61,834	65,107
Capital and reserves			
Called up share capital	26	63	63
Share premium account	27	31	31
Capital redemption reserve	27	22	22
Profit and loss account	27	61,718	64,991
		61,834	65,107

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The loss for the financial year attributable to the Company is £2.3m.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 17 October 2025.

D Carr 
Director

The notes on pages 20 to 41 form part of these financial statements.

ARCO LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2025**

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
At 1 July 2023	63	31	22	77,594	77,710
Comprehensive income for the year					
Loss for the year	-	-	-	(5,504)	(5,504)
Other comprehensive loss	-	-	-	(4,349)	(4,349)
Total comprehensive loss for the year	-	-	-	(9,853)	(9,853)
Contributions by and distributions to owners					
Dividends: Equity capital	-	-	-	(3,110)	(3,110)
At 30 June 2024	63	31	22	64,631	64,747
Loss for the year	-	-	-	(458)	(458)
Other comprehensive income /(loss)	-	-	-	2,160	2,160
Total comprehensive income /(loss) for the year	-	-	-	1,702	1,702
Contributions by and distributions to owners					
Dividends: Equity capital	-	-	-	(3,143)	(3,143)
At 30 June 2025	63	31	22	63,190	63,306

ARCO LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2025**

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
At 1 July 2023	63	31	22	78,654	78,770
Comprehensive income for the year					
Loss for the year	-	-	-	(6,204)	(6,204)
Other comprehensive loss	-	-	-	(4,349)	(4,349)
Total comprehensive loss for the year	-	-	-	(10,553)	(10,553)
Contributions by and distributions to owners					
Dividends: Equity capital	-	-	-	(3,110)	(3,110)
At 30 June 2024	63	31	22	64,991	65,107
Loss for the year	-	-	-	(2,306)	(2,306)
Other comprehensive income /(loss)	-	-	-	2,176	2,176
Total comprehensive loss for the year	-	-	-	(130)	(130)
Contributions by and distributions to owners					
Dividends: Equity capital	-	-	-	(3,143)	(3,143)
At 30 June 2025	63	31	22	61,718	61,834

ARCO LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2025**

	Note	2025 £000	2024 £000
Cash flows from operating activities			
Loss for the financial year before taxation		(1,330)	(7,093)
Adjustments for:			
Amortisation of intangible assets		3,043	3,139
Depreciation of tangible assets		4,706	4,433
Gain on tangible and intangible asset disposals		115	(1,065)
Interest		939	699
(Increase)/decrease in stocks		(2,525)	10,472
Decrease/(increase) in debtors		3,595	(1,329)
(Decrease)/increase in creditors		(401)	3,612
Decrease in provisions		(1,031)	(54)
Additional defined benefit pension contributions		(2,200)	(4,084)
Corporation tax received/(paid)		140	(4)
Net cash generated from operating activities		5,051	8,726
Cash flows from investing activities			
Purchase of intangible fixed assets		(4,881)	(3,522)
Purchase of tangible fixed assets		(4,025)	(2,235)
Sale of tangible and intangible fixed assets		186	1,302
Net cash from investing activities		(8,720)	(4,455)
Cash flows from financing activities			
Bank loans drawn/repaid		6,500	-
Dividends paid		(3,143)	(3,110)
Net interest paid		(180)	(84)
Net cash used in financing activities		3,177	(3,194)
Net (decrease)/increase in cash and cash equivalents		(492)	1,077
Cash and cash equivalents at beginning of year		3,513	2,436
Cash and cash equivalents at the end of year	18	3,021	3,513
Cash and cash equivalents at the end of year comprise:			
Cash at bank and in hand		3,021	3,648
Bank overdrafts		-	(135)
		3,021	3,513

The notes on pages 20 to 41 form part of these financial statements.

ARCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

1. General information

Arco Limited is a private company limited by shares and it is incorporated and domiciled in England, United Kingdom. The address of its registered office is 1 Blackfriargate, Hull, HU1 1BH. The registered number of the Company is 00133804.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The Group has this year updated the format of its consolidated statement of comprehensive income and has therefore restated the prior year statement to be consistent with the new presentation. There is no change in reported revenue or profit for either financial year.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

The Group has in place a £25m Revolving Credit Facility, maturing in November 2027 with the option to extend for a further year. As at 30 September 2025, £14.0m of the Revolving Credit Facility remains undrawn, in addition to £2.2m of cash in hand, at bank.

The Group has performed long-term forecasting to determine its future profitability and cashflows; these forecasts indicate the Group will continue to have sufficient liquidity until at least the end of 2026. In addition, the Directors have considered the potential impact of severe but plausible scenarios associated with a decline in performance and economic slowdown and have concluded that sufficient options are available to mitigate any material liquidity risk arising from these scenarios.

Accordingly, the Directors expect the Group to continue in operational existence for the foreseeable future and as such, the Group continues to adopt the going concern basis of accounting in preparing these financial statements.

2.4 Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions, have been complied with. A qualifying entity is defined as a member of a Group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. Arco Limited can take these exemptions for standalone financial statements.

As a qualifying entity, the Company has taken advantage of the following exemptions:

- i) from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;
- ii) from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv) of FRS 102;

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025

2.4 Exemptions for qualifying entities under FRS 102 (continued)

- iii) from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102; and
- iv) from the requirement to disclose transactions with other group entities as required by paragraph 33.9 of FRS 102.

2.5 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP and all values are rounded to the nearest one thousand except when otherwise indicated.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.6 Turnover

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

Sale of goods

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

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

Rendering of services

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025

2.7 Operating leases: the Group as lessee

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 July 2022 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.8 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.9 Pensions

Defined contribution pension plan

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

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

Defined benefit pension plan

The Group operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the balance sheet date less the fair value of plan assets at the balance sheet date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS102 fair value hierarchy and in accordance with the Group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

2.9 Pensions (continued)

The retirement benefit obligation recognised in the consolidated statement of financial position represents the deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

2.10 Current and deferred taxation

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

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

2.11 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence such as the cost of major restructuring. Further details are provided in Note 12 to the financial statements.

2.12 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.14 Intangible assets

Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. Software is amortised over its estimated useful life, of between three and five years, on a straight line basis. Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

2.15 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

The cost of fixed assets is written off over their expected useful lives as follows:

Freehold property - 20 years

Leasehold property - 2 to 20 years

Plant, fixtures and fittings - 3 to 10 years

Motor vehicles - 5 years

In the absence of a full professional valuation the Directors are unable to quantify the value of land included in freehold property. They are of the opinion, however, that such value would not be significant in relation to the building content. Accordingly, the total value of freehold property is subject to depreciation.

Where land is acquired separately the asset is held at cost.

Repairs, maintenance and minor inspection costs are expensed as incurred.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the consolidated income statement.

2.16 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads. At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.17 Business combination and goodwill

Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

Goodwill recognised represent the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Groups' interest in the identifiable net assets, liabilities and contingent liabilities acquired.

Positive goodwill arising on acquisition is capitalised, classified as an asset on the balance sheet and amortised on a straight-line basis over its useful economic life. It is annually reviewed for the impairment of events or changes in circumstances indicate that the carrying value may not be recoverable.

2.18 Investments in subsidiaries

In the Parent Company financial statements, investments in subsidiaries are accounted for at cost less provision for impairment.

2.19 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

2.20 Provisions for liabilities

Provisions are recognised when an event has taken place that gives rise to a legal or constructive obligation, a transfer of economic benefits is probable and a reliable estimate can be made.

Provisions are measured as the best estimate of the amount required to settle the obligation, taking into account the related risks and uncertainties. Increases in provisions are generally charged as an expense to profit or loss.

2.21 Financial instruments

The Group has elected to apply the provisions of Section 11 "Basic Financial Instruments" of FRS 102 to all of its financial instruments.

The Group has elected to apply the recognition and measurement provisions of IFRS 9 Financial Instruments (as adopted by the UK Endorsement Board) with the disclosure requirements of Sections 11 and 12 and the other presentation requirements of FRS 102.

Financial instruments are recognised in the Group's Balance sheet when the Group becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at their transaction price including transaction costs and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables due with the operating cycle fall into this category of financial instruments.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date.

Financial assets are impaired when events, subsequent to their initial recognition, indicate the *estimated future cash flows derived from the financial asset(s) have been adversely impacted*. The impairment loss will be the difference between the current carrying amount and the present value of the future cash flows at the asset(s) original effective interest rate.

If there is a favourable change in relation to the events surrounding the impairment loss then the impairment can be reviewed for possible reversal. The reversal will not cause the current carrying amount to exceed the original carrying amount had the impairment not been recognised. The impairment reversal is recognised in the profit or loss.

Financial liabilities

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

Basic financial liabilities, which include trade and other payables, bank loans, other loans and loans due to fellow group companies are initially measured at their transaction price after transaction costs. When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Discounting is omitted where the effect of discounting is immaterial.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

2.21 Financial instruments (continued)

Debt instruments are subsequently carried at their amortised cost using the effective interest rate method.

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade payables are initially recognised at their transaction price and subsequently are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Other financial instruments

Derivatives, including forward exchange contracts, futures contracts and interest rate swaps, are not classified as basic financial instruments. These are initially recognised at fair value on the date the derivative contract is entered into, with costs being charged to the profit or loss. They are subsequently measured at fair value with changes in the profit or loss.

Debt instruments that do not meet the conditions as set out in FRS 102 paragraph 11.9 are subsequently measured at fair value through the profit or loss. This recognition and measurement would also apply to financial instruments where the performance is evaluated on a fair value basis as with a documented risk management or investment strategy.

2.22 Related party transactions

The Company has taken advantage of the exemption, as provided by paragraph 33.1A of FRS 102 on the grounds that it is a wholly owned subsidiary of a Group headed by Arco Limited, whose financial statements are publicly available. Hence, it does not disclose transactions with members of the same Group that are wholly owned. The Company discloses transactions with related parties which are not wholly owned within the same Group.

2.23 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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

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

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to the accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements

(i) Taxation and Deferred Taxation

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

(ii) Exceptional Items

Management judgement is required to determine the amount of exceptional items to be recognised under the Group's policy. These are items considered to be material and exceptional in nature as they are non-recurring and are significant in size relative to the ongoing activity of the group.

ARCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

3. Judgments in applying accounting policies and key sources of estimation uncertainty (continued)

Significant accounting estimates

(i) Provisions

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

(ii) Stock provisions

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

(iii) Pension and other post-employment benefits

The cost of defined benefit pension plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans are subject to significant uncertainty. In determining the appropriate assumptions, management seeks guidance from its professional advisors in determining the appropriate discount rates and inflation assumptions. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates. The reporting of an accounting surplus on the Group's defined benefit plans is based on a judgement on the Group's ability to recover the surplus in the long term according to the rules of the scheme.

(iv) Impairment of non-current assets

The Group tests annually whether noncurrent assets have suffered any impairment in accordance with the requirements of FRS 102 Section 27, Impairment of Assets. The recoverable value of intangibles and property, plant and equipment is assessed to ensure that the carrying value is not greater than the future economic benefit. These calculations require the use of estimates, in particular future profit forecasts.

4. Turnover

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

	2025	2024
	£000	£000
Sale of goods	256,566	275,135
Services	12,382	12,982
	268,948	288,117
Analysis of turnover by country of destination:	2025	2024
	£000	£000
United Kingdom	263,321	281,525
Other countries	5,627	6,592
	268,948	288,117

ARCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

5. Operating loss

The operating loss is stated after charging/(crediting):

	2025	2024
	£000	£000
Research and development credits (RDEC)	-	127
Exchange differences	414	322
Other operating lease rentals - land and buildings	(3,726)	(3,966)
Other operating lease rentals - other (cars and vans)	(1,627)	(2,009)
Operating lease income	-	8
Depreciation of owned assets	(4,706)	(4,433)
Software amortisation	(3,043)	(3,139)
Fees payable to the Company's auditors for the audit of the Parent Company and the Group's consolidated financial statements	(111)	(104)
Fees payable to the Company's auditors for the Group's subsidiaries	<u>(32)</u>	<u>(30)</u>

The comparative figures in the consolidated statement of comprehensive income have been restated. Depreciation and amortisation of £7.6m and unrealised gains on foreign exchange derivatives of £0.2m are now shown separately beneath a new line – operating profit before depreciation and exceptionals. Pre-existing comparative figures have been adjusted as follows: cost of sales has reduced by £1.3m, gross profit has increased by £1.3m and administrative expenses has reduced by £6.2m. Comparative operating profit before exceptionals and operating loss remains unchanged.

6. Employees

Staff costs including directors' remuneration, were as follows:

	Group 2025	Group 2024
	£000	£000
Wages and salaries	49,831	54,021
Social security costs	5,045	4,163
Other pension costs	3,208	3,332
	<u>58,084</u>	<u>61,516</u>

Other Group pension costs of £3,208,000 (2024: £3,332,000) are solely in respect of the defined contribution scheme.

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

	Group 2025	Group 2024
	No.	No.
Management and administration	217	230
Production, distribution and sales	1,118	1,152
	<u>1,335</u>	<u>1,382</u>

The Group has revised the method used to calculate the average number of employees. Previously, this was reported on a full-time equivalent (FTE) basis. The current and prior year figures have now been presented on an average headcount basis to provide a more consistent and transparent representation. The comparative figures have been restated accordingly.

ARCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

7. Directors' remuneration

	2025	2024
	£000	£000
Remuneration	3,046	2,355
Company contributions to defined contribution pension schemes	-	22
Compensation for loss of office	-	12
	<u>3,046</u>	<u>2,389</u>

The highest paid director received remuneration of £1,406,000 (2024 - £757,000).

As a result of ongoing board succession planning, certain payments to directors are categorised for accounting purposes as compensation for loss of office.

8. Key management compensation

Key management includes members of senior management but does not include amounts for directors included above. The compensation paid or payable to key management for employee services is shown below:

	2025	2024
	£000	£000
Salaries and other short-term benefits	2,760	1,187
	<u>2,760</u>	<u>1,187</u>

9. Interest

	2025	2024
	£000	£000
Net interest payable on defined benefit scheme	(759)	(615)
Bank interest payable	(317)	(143)
Bank interest receivable	151	131
Other interest	(14)	(72)
	<u>(939)</u>	<u>(699)</u>

10. Taxation

	2025	2024
	£000	£000
Corporation tax		
Current year tax charge	-	(17)
Adjustments in respect of previous periods	12	(49)
Foreign tax charge	74	15
	<u>86</u>	<u>(51)</u>

Deferred tax

Origination and reversal of timing differences	(912)	(1,171)
Adjustment in respect of previous periods	(46)	(367)
	<u>(958)</u>	<u>(1,538)</u>

Taxation credit on profit loss on ordinary activities

	<u>(872)</u>	<u>(1,589)</u>
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ARCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher (2024 - lower) the applicable standard rate of corporation tax in the UK of 25% (2024 – 25%). The differences are explained below:

	2025	2024
	£000	£000
Loss on ordinary activities before tax	<u>(1,330)</u>	<u>(7,093)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2024 – 25%)	(333)	(1,773)
Effects of:		
Fixed asset timing differences	282	99
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	99	137
R&D expenditure credits	-	(17)
Chargeable gains	-	261
Adjustments to corporation tax charge in respect of prior periods	12	(49)
Adjustments to deferred tax charge in respect of prior periods	(46)	-
Deferred tax rate difference	-	(367)
Movement in deferred tax not recognised	(812)	137
Impact of overseas tax rate	<u>(74)</u>	<u>(17)</u>
Total tax charge for the year	<u><u>(872)</u></u>	<u><u>(1,589)</u></u>

11. Dividends

	2025	2024
	£000	£000
Ordinary:		
Final paid - £25 in relation to FY24 (FY23: £25)	1,580	1,555
Interim paid - £25 (2024: £25)	1,563	1,555
	<u><u>3,143</u></u>	<u><u>3,110</u></u>

During the year an interim dividend of £25 per ordinary share was declared and paid. No final dividend is proposed, bringing the total dividend per ordinary share for the year ended 30 June 2025 to £25 (2024: £50) and a total dividend payment in respect of the financial year of £1.5m (2024: £3.1m). Dividend payments made in the financial year totalled £3.1m (2024: £3.1m).

12. Exceptional other operating costs

The Group has incurred exceptional restructuring costs during the period related to the execution of transformation plans. The costs are summarised as follows:

	2025	2024
	£000	£000
Incremental interim resources required to execute transformation plan	2,296	5,179
Restructuring costs	1,136	3,227
	<u><u>3,432</u></u>	<u><u>8,406</u></u>

These costs are considered to be material and exceptional in nature as they are non-recurring and are significant in size relative to the ongoing expenses of the group.

Restructuring costs comprise redundancy and the closure of retail stores, including onerous lease provisions, accelerated strip out costs and store inventory impairments incurred as part of the transformation programme.

ARCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

**13. Intangible Assets
Group**

	Computer Software £000
Cost	
At 1 July 2024	19,148
Additions	4,881
Disposals	<u>(169)</u>
At 30 June 2025	<u>23,860</u>
Amortisation	
At 1 July 2024	12,117
Charge for the year on owned assets	3,043
On disposals	<u>(169)</u>
At 30 June 2025	<u>14,991</u>
Net book value	
At 30 June 2025	<u>8,869</u>
At 30 June 2024	<u>7,031</u>
Company	
Cost	
At 1 July 2024	18,954
Additions	4,881
Disposals	<u>(169)</u>
At 30 June 2025	<u>23,666</u>
Amortisation	
At 1 July 2024	11,974
Charge for the year on owned assets	3,043
On disposals	<u>(169)</u>
At 30 June 2025	<u>14,848</u>
Net book value	
At 30 June 2025	<u>8,818</u>
At 30 June 2024	<u>6,980</u>

ARCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

14. Tangible fixed assets

Group

	Freehold property £000	Long-term leasehold property £000	Plant and machinery £000	Motor vehicles £000	Total £000
Cost or valuation					
At 1 July 2024	45,150	8,463	30,185	97	83,895
Additions	73	2,666	1,286	-	4,025
Disposals	(217)	(34)	(1,235)	-	(1,486)
At 30 June 2025	45,006	11,095	30,236	97	86,434
Depreciation					
At 1 July 2024	10,239	5,439	23,716	97	39,491
Charge for the year on owned assets	2,215	619	1,872	-	4,706
Disposals	(217)	(18)	(951)	-	(1,186)
At 30 June 2025	12,237	6,040	24,637	97	43,011
Net book value					
At 30 June 2025	<u>32,769</u>	<u>5,055</u>	<u>5,599</u>	<u>-</u>	<u>43,423</u>
At 30 June 2024	<u>34,911</u>	<u>3,024</u>	<u>6,469</u>	<u>-</u>	<u>44,404</u>

Company

	Freehold property £000	Long-term leasehold property £000	Plant and machinery £000	Motor vehicles £000	Total £000
Cost or valuation					
At 1 July 2024	42,676	8,463	28,872	97	80,108
Additions	12	2,666	1,249	-	3,927
Disposals	(169)	(34)	(1,168)	-	(1,371)
At 30 June 2025	42,519	11,095	28,953	97	82,664
Depreciation					
At 1 July 2024	9,628	5,439	22,522	97	37,686
Charge for the year on owned assets	2,003	619	1,765	-	4,387
Disposals	(169)	(18)	(885)	-	(1,072)
At 30 June 2025	11,462	6,040	23,402	97	41,001
Net book value					
At 30 June 2025	<u>31,057</u>	<u>5,055</u>	<u>5,551</u>	<u>-</u>	<u>41,663</u>
At 30 June 2024	<u>33,048</u>	<u>3,024</u>	<u>6,350</u>	<u>-</u>	<u>42,422</u>

ARCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

15. Fixed asset investments

Company	Investments in subsidiary companies £000	Unlisted investments £000	Total £000
Cost or valuation			
At 1 July 2024	21,116	100	21,216
At 30 June 2025	<u>21,116</u>	<u>100</u>	<u>21,216</u>
Impairment			
At 1 July 2024	6,672	100	6,772
At 30 June 2025	<u>6,672</u>	<u>100</u>	<u>6,772</u>
Net book value			
At 30 June 2025	<u>14,444</u>	<u>-</u>	<u>14,444</u>
At 30 June 2024	<u>14,444</u>	<u>-</u>	<u>14,444</u>

ARCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

15. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Arco Safety Limited - Registered in Eire	Suite 3, One Earlsfort Centre, Earlsfort Terrace, Dublin 2	Ordinary	100 %
Arco Professional Safety Services Limited - Registered in England	Unit 5, Raleigh Hall Industrial Estate, Eccleshall, Stafford, ST21 6JL	Ordinary	100 %
<i>Dormant companies registered in England -</i> Confined Spaces Training Services Limited Arco Hollman Nicholls Limited Arco Humberside Limited Arco Group Limited Arco Central Limited, Arco West Midlands Limited Arco Tyne & Wear Limited Arco (GB) Limited Arco Holdings Limited Arco Cleveland Limited Arco MTM Limited Melrite (Industrial Supplies) Limited Safestyle Workwear Limited Safety Navigator Limited Commercial Debt Recovery Services Limited Total Access (UK) Limited Hose, Ducting & Fittings Limited Arc Associates UK Ltd	PO Box 21, 1 Blackfriargate, Hull, HU1 1BH	Ordinary	100 %
<i>Dormant companies registered in Northern Ireland -</i> Occupational Safety Services Limited Gilpins the Shop for Men Limited Arco Gilpins Limited	7 Trench Road, Mallusk, Newtonabbey, Co Antrim, BT36 4TY	Ordinary	100 %
<i>Dormant companies registered in Scotland -</i> Arco Atholl Limited W Walker & Sons (Safety) Limited.	Unit 3, Watt Street, Kingston Bridge Trading Estate, Glasgow. G5 8RR	Ordinary	100 %

ARCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

16. Stocks

	Group 2025 £000	Group 2024 £000	Company 2025 £000	Company 2024 £000
Finished goods and goods for resale	34,854	32,329	34,253	31,705
	<u>34,854</u>	<u>32,329</u>	<u>34,253</u>	<u>31,705</u>

In the opinion of the Directors, there is no significant difference between the replacement costs of stock and the value stated in the balance sheet.

The amount of inventories recognised as an expense during the year for the Group is £157,625,000 (2024: £169,435,000) and for Company is £154,855,000 (2024: £166,120,000).

Inventories are stated after provisions for impairment in the Group of £4,442,000 (2024: £5,447,000) and Company £4,340,000 (2024: £5,326,000).

17. Debtors

	Group 2025 £000	Group 2024 £000	Company 2025 £000	Company 2024 £000
Trade debtors	43,150	45,859	40,502	42,655
Amounts owed by group undertakings	-	-	3,834	4,361
Corporation tax	-	173	-	266
Prepayments and accrued income	4,187	5,076	3,912	4,652
Deferred taxation (note 21)	6,274	6,041	6,333	6,164
Financial instruments (note 20)	214	210	214	210
	<u>53,825</u>	<u>57,359</u>	<u>54,795</u>	<u>58,308</u>

Trade debtors within the Group are stated after provisions for impairment of £665,000 (2024: £1,225,000) and Company £357,000 (2024: £958,000).

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

18. Cash and net debt

<i>Group</i>	30 June 2023 £000	Cash flows £000	30 June 2024 £000	Cash flows £000	30 June 2025 £000
Cash at bank and in hand	3,428	220	3,648	(627)	3,021
Less: bank overdrafts	(992)	857	(135)	135	-
Cash and cash equivalents	<u>2,436</u>	<u>1,077</u>	<u>3,513</u>	<u>(492)</u>	<u>3,021</u>
Bank borrowings	-	-	-	(6,500)	(6,500)
Net cash/(debt)	<u>2,436</u>	<u>1,077</u>	<u>3,513</u>	<u>(6,992)</u>	<u>(3,479)</u>

ARCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

19. Creditors: Amounts falling due within one year

	Group 2025 £000	Group 2024 £000	Company 2025 £000	Company 2024 £000
Bank borrowings (note 18)	6,500	-	6,500	-
Bank overdrafts	-	135	-	135
Corporation tax	61	-	-	-
Trade creditors	41,286	42,308	39,927	40,588
Amounts owed to group undertakings	-	-	16,719	14,796
Other taxation and social security	6,973	6,201	6,269	5,411
Accruals and deferred income	8,746	9,398	8,042	8,272
Financial instruments (note 20)	815	302	815	302
	<u>64,381</u>	<u>58,344</u>	<u>78,272</u>	<u>69,504</u>

Bank borrowings comprise amounts drawn down on the Group's revolving credit facility. The amounts fall due within one year. The facility is secured by way of fixed and floating charges on the Group's assets and matures in November 2027 with the option to extend for a further year. Interest is paid on any borrowings at a rate of SONIA base rate plus 2.55% margin. A commitment fee of 35% of the 2.55% margin (0.8925%) is payable quarterly on the undrawn balance of the facility.

20. Financial instruments

	Group 2025 £000	Group 2024 £000	Company 2025 £000	Company 2024 £000
Financial assets				
Derivative financial instruments measured at fair value through profit or loss	<u>214</u>	<u>210</u>	<u>214</u>	<u>210</u>
Financial liabilities				
Derivative financial instruments measured at fair value through profit or loss	<u>815</u>	<u>302</u>	<u>815</u>	<u>302</u>

All other assets and liabilities stated in the balance sheet are measured at amortised cost.

ARCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

21. Deferred tax				
Group			2025	2024
			£000	£000
At beginning of year			6,041	3,053
Credited to profit or loss			958	1,538
Credited/(charged) to other comprehensive income			(725)	1,450
			<u>6,274</u>	<u>6,041</u>
At end of year				
Company			2025	2024
			£000	£000
At beginning of year			6,164	3,153
Charged to profit or loss			894	1,561
Charged to other comprehensive income			(725)	1,450
			<u>6,333</u>	<u>6,164</u>
	Group	Group	Company	Company
	2025	2024	2025	2024
	£000	£000	£000	£000
Accelerated capital allowances	(641)	(1,727)	(573)	(1,604)
Tax losses carried forward	5,425	5,187	5,425	5,187
Defined benefit pension scheme	2,907	3,993	2,907	3,993
Other timing differences	437	442	428	442
Rolled over capital gains	(1,854)	(1,854)	(1,854)	(1,854)
	<u>6,274</u>	<u>6,041</u>	<u>6,333</u>	<u>6,164</u>
22. Other provisions				
Dilapidations and onerous leases				
	Group	Group	Company	Company
	2025	2024	2025	2024
	£000	£000	£000	£000
At beginning of year	3,170	5,122	2,551	4,555
Charge to profit or loss	294	206	252	154
Utilised in year	(348)	(2,158)	(348)	(2,158)
	<u>3,116</u>	<u>3,170</u>	<u>2,455</u>	<u>2,551</u>
Restructuring and other provisions				
	Group	Group	Company	Company
	2025	2024	2025	2024
	£000	£000	£000	£000
At beginning of year	2,540	643	2,424	643
Charge to profit or loss	507	1,890	507	1,774
Utilised in year	(1,486)	(643)	(1,370)	(643)
Re-classification from accruals	-	650	-	650
	<u>1,561</u>	<u>2,540</u>	<u>1,561</u>	<u>2,424</u>
At end of year				
Total	<u>4,677</u>	<u>5,710</u>	<u>4,016</u>	<u>4,975</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

23. Pension arrangements

The Group operates a Defined benefit pension scheme (The Arco Stakeholder Pension Plan) in addition the Group also operated the Arco Group Pension and Life Assurance Scheme, which offers a defined benefit arrangement.

The Arco Stakeholder Pension Plan provides the framework under which colleagues can arrange personal pension plans with Legal and General. Both the colleague and Company contribute to these plans.

The Company sponsors Arco Group Pension and Life Assurance Scheme, a funded defined benefit pension scheme in the UK. The Scheme is set up on a tax relieved basis as a separate trust independent of the Company and is supervised by independent trustees. The Trustees are responsible for ensuring that the correct benefits are paid, that the Scheme is appropriately funded and that Scheme assets are appropriately invested.

The Scheme is subject to regular actuarial valuations with interim actuarial valuations being carried out each year. These actuarial valuations are carried out in accordance with the requirements of the Pensions Act 2004 and so include deliberate margins for prudence. The Trustees are required to use prudent assumptions to value the liabilities and costs of the Scheme whereas the accounting assumptions must be best estimates.

The Scheme closed to future accrual on 6 April 2010 and members no longer pay contributions to the Scheme. Company contributions after this date are used to fund any deficit in the Scheme as determined by regular actuarial valuations. Over the year to 30 June 2025 the Company contributed £2,200,000 to the Scheme in line with the Schedules of Contributions in force over the period. Responsibility for making good any deficit within the Scheme lies with the Company.

Results for the interim valuation were completed as at 5 April 2025. The results of that valuation have been projected to 30 June 2025 with an approximate allowance for any changes in membership since that date and using the assumptions set out below. The figures in the following disclosure were measured using the Projected Unit Method.

ARCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

23. Pension arrangements (continued)

Reconciliation of present value of plan liabilities:

	2025	2024
	£000	£000
Reconciliation of present value of plan liabilities		
At the beginning of the year	125,031	122,657
Interest cost	6,169	6,331
Actuarial (gains)/losses	(10,738)	2,448
Benefits paid	(8,149)	(6,405)
At the end of the year	<u>112,313</u>	<u>125,031</u>

Composition of plan assets:

	2025	2024
	£000	£000
The major categories of the scheme assets are as follows:		
Return seeking - Private equity	26,898	39,624
Return seeking – Global equities	6,261	5,709
Return seeking – Diversified growth	9,083	-
Matching assets - LDI	27,671	30,063
Matching assets - Liquidity funds	8,317	14,687
Matching assets – Downside risk	1,706	2,523
Matching assets - Secure income	15,105	15,602
Cash	5,644	853
Total plan assets	<u>100,685</u>	<u>109,061</u>

	2025	2024
	£000	£000
Fair value of plan assets	100,685	109,061
Present value of plan liabilities	(112,313)	(125,031)
Net pension scheme liability	<u>(11,628)</u>	<u>(15,970)</u>

The charge to the profit or loss is as follows:

	2025	2024
	£000	£000
Interest on obligation	(759)	(615)
Total	<u>(759)</u>	<u>(615)</u>

Reconciliation of fair value of plan assets were as follows:

	2025	2024
	£000	£000
Opening fair value of scheme assets	109,061	109,018
Interest income on plan assets	5,410	5,716
Return on scheme assets	(7,837)	(3,352)
Contributions by employer	2,200	4,084
Benefits paid	(8,149)	(6,405)
	<u>100,685</u>	<u>109,061</u>

ARCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

23. Pension arrangements (continued)

	2025 £000	2024 £000
Analysis of actuarial gain (loss) recognised in Other Comprehensive Income		
Loss on scheme assets (excluding amount included in net interest expense)	7,837	3,352
Actuarial (gains) / losses - arising from changes in financial assumptions	(6,385)	2,850
Actuarial (gains) / losses - arising from changes in demographic assumptions	(3,905)	(1,130)
Actuarial (gains) / losses - experience (gain) / loss	(448)	728
Derecognition of surplus	-	-
	(2,901)	5,800

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2025 %	2024 %
Discount rate	5.6	5.1
Revaluation of deferred pensions (before 2030) - benefits in excess of GMP	2.0	2.6
Revaluation of deferred pensions (2030 onwards) - benefits in excess of GMP	3.0	3.4
Increase for pensions in payment (before 2030) - benefits accrued before February 2000	3.4	3.6
Increase for pensions in payment (2030 onwards) - benefits accrued before February 2000	3.4	3.6
Increases for pensions in payment (before 2030) - benefits accrued prior to June 2002 and after February 2020	3.1	3.2
Increases for pensions in payment (2030 onwards) - benefits accrued prior to June 2002 and after February 2020	3.4	3.6
Increases for pensions in payment (before 2030) - benefits accrued after June 2002	2.0	2.6
Increases for pensions in payment (2030 onwards) - benefits accrued after June 2002	3.0	3.4
Proportion of members opting for early retirement	90	90
Proportion of members commuting pension for cash	100	100
Proportion of members married at retirement	80	80
Inflation assumption - RPI (before 2030)	3.0	3.4
Inflation assumption - RPI (2030 onwards)	3.0	3.4
Inflation assumption - CPI (before 2030)	2.0	2.6
Inflation assumption - CPI (2030 onwards)	3.0	3.4

	2025 (%)	2024 (%)
Mortality rates: life expectancy		
- for a male aged 65 now	86.1	86.1
- at 65 for a male aged 45 now	87.1	87.1
- for a female aged 65 now	88.4	88.4
- at 65 for a female member aged 45 now	89.5	89.6

	2025 £000	2024 £000
The return on scheme assets was:		
Interest income	5,410	5,716
Loss return on scheme assets (excluding amount included in net interest expense)	(7,837)	(3,352)
Total return on scheme assets	(2,427)	2,364

ARCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

24. Commitments under operating leases

At 30 June 2025 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2025 £000	Group 2024 £000	Company 2025 £000	Company 2024 £000
Not later than 1 year	5,406	5,390	4,636	4,819
Later than 1 year and not later than 5 years	15,795	15,634	14,207	14,533
Later than 5 years	16,156	16,799	15,498	16,741
	<u>37,357</u>	<u>37,823</u>	<u>34,341</u>	<u>36,093</u>

25. Other financial commitments

At 30 June 2025 the Group had contracted for future capital expenditure to the sum of £0.2m (2024 - £0.2m).

At 30 June 2025 the Group had contracted for future forward contracts in relation to currency hedging to the sum of £22.9m (2024: £16.9m).

26. Share capital

	2025 £000	2024 £000
Authorised, allotted, called up and fully paid		
Ordinary shares of £1.00 each - No. of shares 62,666 (2024: 62,666)	<u>63</u>	<u>63</u>

27. Reserves

Share premium account

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Capital redemption reserve

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

28. Related party transactions

The Company has taken advantage of the exemption as per paragraph 33.1A of FRS 102 and has therefore not disclosed transactions or balances with entities which form part of the Group (or investees of the Group qualifying as related parties).

29. Ultimate controlling party

In the Directors' opinion, the Company has no ultimate controlling party. The Company is the parent undertaking of the largest and smallest Group in which the financial statements of the Company are consolidated. Copies of the financial statements are publicly available from the Registrar of Companies in the UK.