

FORENSIC ARCHIVE LTD

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016



Registered office and headquarters:

Unit 29
Gravelly Industrial Park
Birmingham
West Midlands
B24 8HZ
England

Company Registration No. 05607780

FORENSIC ARCHIVE LTD
EXECUTIVE DIRECTOR'S STATEMENT

The archive was officially established in October 2012 and during that time has carried out two ambitious projects: cataloguing of the archive, followed by destruction of material past its retention date, enabling consolidation down to a single site; and it has also undertaken significant work relating to identifying and upgrading of DNA samples prior to their destruction in line with the (then) newly introduced Protection of Freedoms Act. Following on from that work and in line with Cabinet Office recommendations, a triennial review of Forensic Archive Ltd (FAL) has been undertaken by the Home Office (HO) in the last year. The review concluded that the services offered by FAL, namely the management of the archive of material built up by the Forensic Science Service (FSS) during forensic casework and provision of appropriate access to the criminal justice system, was still very much required, assisting in the work of cold case investigations and appeals, and that therefore FAL should continue on with its work, and its SLA with the HO be renewed/extended until 2021.

Much of the work relating to the wind-down of the FSS has also been completed during this time with the Scenesafe subsidiary sold, the outstanding Abu Dhabi project successfully closed out, properties at Barmston Court, Chepstow, Chorley and most recently Wetherby (in May 2015) sold, and anticipation that the Huntingdon site sale will be completed before the end of 2016. With regards to the leased properties, one of the Trident Court buildings was re-assigned to another company in May 2014 and agreement was reached to terminate the leases of the other two early, in February 2016, making significant savings. Priory House in Birmingham is the remaining mothballed leased property on FAL's books although, in line with the general financial upswing, there is now some interest being shown in the building and the company is speaking with a few parties regarding its future.

I would like to thank the staff of FAL, without whose hard work all of the above would have been impossible, and in particular, those staff that left us in May 2015 after making significant contributions to the cataloguing and destruction projects. I wish them every luck in the future and am confident that FAL's remaining staff will continue to work hard on behalf of the criminal justice system, continuing to provide an excellent service going forward.

Alison Fendley
Executive Director

FORENSIC ARCHIVE LTD

DIRECTORS' REPORT

The directors submit their report and the financial statements for the year ended 31 March 2016.

PRINCIPAL ACTIVITIES

As detailed in the Strategic Report, the main focus of Forensic Archive Ltd (FAL) over the year to March 2016 has continued to be the maintenance of the archive of forensic material built up by the Forensic Science Service (FSS) and the provision of a service to the UK criminal justice system, ensuring appropriate access to the archive. In addition, work has continued on FSS wind-down activities, such as the disposal of mothballed estates.

RESULTS AND DIVIDENDS

During the year the continuing business of forensic archive provided revenue of £1,028k and an overall loss from continuing activities of £4,096k. No dividends are planned or proposed (2015: £nil).

GOING CONCERN

As a small entity with the provision of an archive service its main focus in addition to the continuing 'wind-down' activities, the directors are satisfied that the company has a reasonable expectation of receiving adequate funding for the foreseeable future to enable it to meet its liabilities as they fall due. The financial statements have therefore continued to be prepared on a going concern basis.

The main factors supporting this are:

- The recommendation of the triennial review that FAL and the archive should continue on as is for at least the next five years and the extension of the service level agreement (SLA) with the Home Office (HO);
- The annual running costs and infrastructure of the archive are funded by the Home Office as set out in the SLA;
- The Home Office has repeatedly and regularly confirmed its assurances to the board of directors that it will provide sufficient liquidation aid to meet the company's long term liabilities, including the full wind down costs. Funding is provided in tranches as required, with £1 million provided in December 2015 to assist with Trident Court dilapidation costs and other property costs.

DIRECTORS

The following directors have held office during the year and up to the date of this report or until stated:

A B MacDonald	Non-Executive Chairman (Home Office)
A Pratt	Non-Executive Director (Home Office)
A D Fendley	Executive Director

QUALIFYING THIRD PARTY INDEMNITY PROVISION FOR DIRECTORS

The company maintains liability insurance for its directors and officers. This insurance was in place throughout the financial year and at the date of the financial statements.

SHARE CAPITAL

No further shares were issued during the year. The company's authorised share capital remains unchanged from an aggregate amount of £100,000,000.

TREASURY POLICY AND FINANCIAL RISK MANAGEMENT

Subject to the provisions included in the company's governance documents, the Board approves treasury policies; day to day operations are controlled by senior managers.

The company's financial instruments comprise cash and liquid resources such as trade receivables and trade payments.

The Board regularly reviews liquidity risk and the status of going concern at meetings, acting appropriately within the zone of insolvency. Grant funding has been obtained, as required, to support the wind down of the business and separate funding is also provided to cover the running costs of the archive.

The company is not exposed to price risk as it holds no listed investments and all share capital is held solely by the Shareholder (see note 26).

In respect of foreign currency transactional exposure, the company undertakes a limited number of foreign exchange transactions and risk is restricted to currency movements between invoice and payment dates.

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the company's policy that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

FUTURE DEVELOPMENTS

The company has chosen in accordance with Companies Act 2006, s 414C(11) to set out in the company's Strategic Report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Directors' Report. It has done so in respect of future developments.


INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP was re-appointed as auditor of the company at the Board meeting on the 27th November 2015.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each director has confirmed that they have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the Board


Alison Fendley
Director

13th Dec 2016

A FAIR REVIEW OF THE BUSINESS

During the year to 31st March 2016, Forensic Archive Ltd (FAL) has continued to focus on the provision and maintenance of an archive service to the criminal justice system pertaining to the records made and work undertaken by the Forensic Science Service (FSS) up until it ceased forensic operational activities in March 2012.

Following on from the cataloguing and destruction projects a restructuring exercise was undertaken and a number of employees were made redundant in May 2015, leaving a small but robust archiving team in place. Despite the significantly reduced number of staff, due to the efficiencies introduced by cataloguing and destruction, all timeliness and other targets are still routinely met or exceeded.

Work continued too on dismantling the remaining aspects of FSS infrastructure, namely its mothballed estates, with the Wetherby site sold in May 2015 and the leases for the remaining Trident Court buildings terminated early (in February 2016) by agreement. The planning process regarding the Huntingdon site is ongoing and it is hoped that the sale will be completed before the end of 2016.

FUTURE DEVELOPMENTS

Following on from the cataloguing and destruction projects, restructuring and the triennial review recommendation that the archive should continue on providing its current service for the foreseeable future, it is intended that the next year should be one of consolidation. Having said that FAL will continue to focus on introducing efficiencies and cost savings where possible, whether through streamlining processes or better use of technology.

KEY PERFORMANCE INDICATORS

The archive continues to be funded by the Home Office and as mentioned, there is a Service Level Agreement in place between the Home Office and the company setting out timeliness standards to which the archive is expected to work. All of these are consistently achieved or exceeded. Feedback from customers is also encouraged and recorded and used to drive improvements where required. Regular meetings are also held between the Home Office and Senior Management to review broader operational and financial indicators.

In addition, the Archive Working Group oversees wider issues pertaining to the archive and the criminal justice system, meeting when required. The group is led by the Home Office and includes representatives from other stakeholders and FAL.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board has overall responsibility for the company's approach to assessing risks and systems of internal control including reviewing financial, operational and compliance controls and risk management procedures. The Board and business leadership team regularly review identified risks and the progress of mitigating actions taken, plus identify any emerging risks within the business.

As it continues to provide a service to the criminal justice service, quality remains of paramount importance to FAL and as such, a comprehensive, fit for purpose quality and audit programme is in place, examining all aspects of the business.

The principal risks currently identified are:

- Risk of extended delay in disposing of estates and at less than best value;
- Reputational and/or scientific risks (potentially leading to litigation) relating to work previously undertaken by the FSS as no scientific staff retained.

On behalf of the Board



Alison Fendley
Director

13th Dec 2016

FORENSIC ARCHIVE LTD

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Report on the financial statements

Our opinion

In our opinion, Forensic Archive Ltd's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its loss and cash flows for the year then ended;
 - have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
 - have been prepared in accordance with the requirements of the Companies Act 2006.
-

What we have audited

The financial statements, included within the Report and Financial Statements (the "Annual Report"), comprise:

- the Statement of Financial Position as at 31 March 2016;
- the Income Statement and Statement of Comprehensive Income for the year then ended;
- the Statement of Cash Flows for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, 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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Ian Wall (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham

13 December 2016

FORENSIC ARCHIVE LTD
INCOME STATEMENT
Year ended 31 March 2016

	Notes	2016 £'000	2015 £'000
CONTINUING OPERATIONS			
REVENUE	5	1,028	1,590
Cost of sales		(1,173)	(1,320)
GROSS (LOSS) / PROFIT		(145)	270
Administrative expenses		(1,788)	(3,980)
Other operating income		-	1
OPERATING LOSS		(1,933)	(3,709)
Finance income	10	7	15
Finance costs	11	(2,170)	(991)
LOSS BEFORE TAXATION		(4,096)	(4,685)
Income tax	12	-	-
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		(4,096)	(4,685)
Discontinued operations			
Profit / (loss) for year from discontinued operations (attributable to owners of the parent)	24	1,217	(3,620)
LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT	20	(2,879)	(8,305)

FORENSIC ARCHIVE LTD
STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 March 2016

	Notes	2016 £'000	2015 £'000
LOSS FOR THE YEAR		(2,879)	(8,305)
OTHER COMPREHENSIVE INCOME, NET OF TAX			
Actuarial profit / (loss) on defined benefit pension scheme	23	26,511	(39,336)
Deficit funding payments	23	1,500	1,500
Movement in reimbursement asset	23	(25,176)	40,623
Taxation on actuarial profit / (loss)		-	-
OTHER COMPREHENSIVE INCOME		<u>2,835</u>	<u>2,787</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDER OF THE PARENT		<u>(44)</u>	<u>(5,518)</u>

FORENSIC ARCHIVE LTD
STATEMENT OF CHANGES IN EQUITY
Year ended 31 March 2016

	Share capital £'000	Accumulated losses £'000	Total equity £'000
BALANCE AT 1 APRIL 2014	98,000	(94,215)	3,785
COMPREHENSIVE INCOME			
Loss for the year	-	(8,305)	(8,305)
OTHER COMPREHENSIVE INCOME			
Actuarial loss on defined benefit pension scheme, net of tax	-	(39,336)	(39,336)
Deficit funding payments	-	1,500	1,500
Movement in reimbursement asset	-	40,623	40,623
TOTAL COMPREHENSIVE LOSS	-	(5,518)	(5,518)
BALANCE AT 1 APRIL 2015	98,000	(99,733)	(1,733)
COMPREHENSIVE INCOME			
Loss for the year	-	(2,879)	(2,879)
OTHER COMPREHENSIVE INCOME			
Actuarial gain on defined benefit pension scheme, net of tax	-	26,511	26,511
Deficit funding payments	-	1,500	1,500
Movement in reimbursement asset	-	(25,176)	(25,176)
TOTAL COMPREHENSIVE LOSS	-	(44)	(44)
BALANCE AT 31 MARCH 2016	98,000	(99,777)	(1,777)

FORENSIC ARCHIVE LTD
STATEMENT OF FINANCIAL POSITION
As at 31 March 2016

Company registration number: 05607780

	Notes	2016 £'000	2015 £'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	218	362
Investments	14	-	-
		<u>218</u>	<u>362</u>
CURRENT ASSETS			
Trade and other receivables	15	515	883
Current tax asset	15	29	76
Cash and cash equivalents	15	1,730	1,737
		<u>2,274</u>	<u>2,696</u>
Assets held for sale	24	2,663	4,913
TOTAL ASSETS		<u>5,155</u>	<u>7,971</u>
CURRENT LIABILITIES			
Trade and other payables	17	(722)	(914)
Obligations under finance leases	17	(55)	(49)
Provisions for liabilities	18	(404)	(2,255)
Deferred revenue	17	(246)	(364)
		<u>(1,427)</u>	<u>(3,582)</u>
NON-CURRENT LIABILITIES			
Obligations under finance leases	17	(953)	(1,008)
Provisions for liabilities	18	(4,552)	(5,114)
Retirement benefit obligations	23	-	-
		<u>(5,505)</u>	<u>(6,122)</u>
TOTAL LIABILITIES		<u>(6,932)</u>	<u>(9,704)</u>
NET LIABILITIES		<u>(1,777)</u>	<u>(1,733)</u>
EQUITY			
Share capital	19	98,000	98,000
Accumulated losses	20	(99,777)	(99,733)
TOTAL EQUITY		<u>(1,777)</u>	<u>(1,733)</u>

The financial statements on pages 8 to 39 were approved by the Board of directors and authorised for issue and are signed on its behalf by:


Alison Fendley
DIRECTOR

13th Dec 2016

FORENSIC ARCHIVE LTD
STATEMENT OF CASH FLOWS
Year ended 31 March 2016

	Notes	2016 £'000	2015 £'000
OPERATING ACTIVITIES			
Cash used in operations	21	(2,142)	(2,855)
Interest received		7	15
Interest paid		(73)	(78)
Net cash flow used in operating activities		<u>(2,208)</u>	<u>(2,918)</u>
INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		2,250	400
Net cash generated from investing activities		<u>2,250</u>	<u>400</u>
FINANCING ACTIVITIES			
Repayment of capital element of finance leases		(49)	(43)
Net cash used in financing activities		<u>(49)</u>	<u>(43)</u>
MOVEMENT IN CASH AND CASH EQUIVALENTS		<u>(7)</u>	<u>(2,561)</u>
Cash and cash equivalents at beginning of year		1,737	4,298
Cash and cash equivalents at end of year		<u><u>1,730</u></u>	<u><u>1,737</u></u>

1 AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH IFRSs

The financial statements for the year ended 31 March 2016 were authorised by the Board on 2016 and the Balance Sheet was signed on the Board's behalf by Alison Fendley.

Forensic Archive Ltd is a limited liability company owned by the Home Office. The company is incorporated in England and Wales, and domiciled in the United Kingdom. The registered address is Unit 29, Gravelly Industrial Park, Birmingham, West Midlands, B24 8HZ, England.

The principal accounting policies adopted by the Company are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2 ADOPTION OF NEW AND REVISED STANDARDS

Amendments to published standards effective during the year

IAS 19 Employee Benefits – Amendment

In addition to the above, amendments resulting from the Annual Improvements 2010-2012 Cycle became effective during the period. This was a collection of amendments to seven standards including; IFRS 2 'Share Based Payments', IFRS 3 'Business Combinations', IFRS 8 'Operating Segments', IFRS 13 'Fair Value Measurement', IAS 16 'Property, Plant and Equipment', IAS 24 'Related Party Disclosures' and IAS 38 'Intangible Assets'.

Amendments resulting from the Annual Improvements 2011-2013 Cycle were issued in December 2013 including IFRS 3 and also became effective during the period.

At the balance sheet date a number of new standards and amendments to existing standards were in issue but not yet effective. The Company has not early-adopted any of these new standards or amendments to existing standards.

New standards, amendments to standards or interpretations not yet applied

The International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC) have issued the following standards, amendments and interpretations with an effective date falling after the date of these financial statements.

International Accounting Standards (IAS/IFRS)		Effective date for periods commencing
IAS 1 (amendment):	Disclosure Initiative	1 January 2016
IAS 7 (amendment):	Disclosure Initiative	1 January 2017
IAS 12 (amendment):	Recognition of Deferred Tax	1 January 2017
IAS 16 and IAS 38 (amendment):	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
IAS 27 (amendment):	Separate Financial Statements	1 January 2016
IFRS 9:	Financial Instruments	1 January 2018
IFRS 10, IFRS 12 and IAS 28 (amendments):	Investment Entities – Applying the Consolidation Exception	1 January 2016
IFRS 15:	Revenue from Contracts with Customers	1 January 2018
IFRS 16:	Leases	1 January 2019

In addition to the above, amendments resulting from the Annual Improvements 2012-2014 Cycle were issued in September 2014 with an effective date for periods commencing 1 January 2016. This was a collection of amendments to 4 standards including; IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', IFRS 7 'Financial Instrument Disclosures', IAS 19 'Employee Benefits' and IAS 34 'Interim Financial Reporting'.

The above standards, amendments to standards and interpretations will be adopted in accordance with their effective dates and have not been adopted in these financial statements. The directors do not anticipate that the adoption of the above standards and interpretations will have a material impact on the financial statements of the Company in the period of initial application.

3 ACCOUNTING POLICIES

GOING CONCERN

The company has made a continuing operating loss before exceptional items for the year of £1,933k. The company now has a deficit on the profit and loss reserve of £99,777k and a net liability position of £1,777k. Cash and cash equivalents amount to £1,730k.

The directors have carried out a review of the company's ability to continue in operation for the foreseeable future. EU approval was obtained for the grant funding provided by the Home Office and the company has received the funding it has required to support wind down activities to date. The Home Office has been given regular updates as to both the use of these funds and future requirements. The Home Office has given assurances to the board of directors that further Liquidation Aid will be provided to ensure that the company has sufficient funds to meet these liabilities as and when required.

The directors are satisfied that the company has a reasonable expectation of continuing in operation and receiving adequate funding for the foreseeable future to enable liabilities to be met as they fall due. The financial statements can therefore continue to be prepared on a going concern basis. The principal factors supporting this view are:

- it is the intention that the completion of wind down activities over the next 12 months and beyond will be funded by Liquidation Aid as required;
- the forensic archive is now well established and the annual running costs for this and the necessary supporting infrastructure are funded separately by the Home Office. A Service Level Agreement to formalise this arrangement is in place which currently runs to December 2017 and a triennial review of the company has recently been published recommending it continues to run the archive until at least 2021; and
- the company has an agreement with the Home Office such that they will fund the pension scheme deficit and have provided a guarantee for the pension scheme.

BASIS OF PREPARATION AND ACCOUNTING

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The company's financial statements are presented in sterling and all values are rounded to the nearest thousand pounds except where otherwise indicated. The principal accounting policies adopted are set out below.

REVENUE RECOGNITION

The main source of income comes from Home Office funding which is recognised when the company becomes entitled to it.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods or services provided in the normal course of business, net of discounts, VAT and other sales related taxes. Revenue is recognised when goods and services are delivered and title has passed.

The provision of services contains many aspects and revenue is only recognised when all related work has been completed. This constitutes the 'significant act' for revenue reporting purposes.

3 ACCOUNTING POLICIES (Continued)

GOVERNMENT GRANTS

Government grants relating to maintaining working capital and offsetting trading losses whilst the company winds down its activities are recognised as income over the period necessary to match them with losses incurred. Government grants received for the purpose of funding wind down activities are recognised as income as costs are incurred.

Amounts not yet utilised are recognised within current liabilities as deferred income.

LEASING

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and a reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Rentals payable under operating leases are charged to income on a straight line basis over the term of the relevant lease.

FOREIGN CURRENCIES

The functional and presentational currency of Forensic Archive Ltd is sterling (£). Transactions in foreign currency are initially recorded in the functional currency by applying the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional rate of exchange ruling at the year end date. All differences are taken to the Income Statement.

OPERATING LOSS BEFORE EXCEPTIONAL ITEM

Operating loss before exceptional item is the loss arising from the normal recurring operations of the business.

EXCEPTIONAL ITEM

Material costs or gains which due to the nature of the events giving rise to them, require separate presentation on the face of the Income Statement or in a note to allow a better understanding of financial performance in the year in comparison to prior years, are disclosed separately.

OPERATING LOSS

Operating loss is the loss arising from the normal, recurring operations of the business and after charging material exceptional items as defined above.

RETIREMENT AND OTHER POST RETIREMENT BENEFITS

All members of the defined benefit schemes are contracted out of the earnings-related part of the State pension scheme.

The plans' assets of the defined benefit scheme are measured at fair value. Liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term.

Full actuarial valuations are carried out at intervals not normally exceeding three years as determined by the Trustees and are updated at each year end date. The resulting defined benefit asset or liability is presented separately on the face of the Statement of Financial Position. For defined benefit schemes, the amount charged to income and included as part of people costs is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations for that cost. Where an event occurs that significantly reduces the expected years of future service of present employees or eliminates for a significant number of employees the accrual of defined benefits for some or all of their future service, a curtailment is included as part of people costs. The interest cost and expected rate of return on assets are included within finance costs or finance income.

3 ACCOUNTING POLICIES (Continued)

Actuarial gains and losses are recognised immediately in the Statement of Comprehensive Income. Any deferred tax movement associated with the actuarial gains and losses is also recognised in the Statement of Comprehensive Income. The company also operates a defined contribution scheme. The company's contributions are charged to operating profit as part of people costs in the year to which the contributions relate. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Statement of Financial Position.

The company's defined benefit scheme and defined contribution scheme were closed to new entrants on 1 January 2010. As a result of this, once the defined benefit scheme starts to mature the company expects the costs of funding the scheme to increase over future years.

The Home Office has entered into an arrangement to fund the deficit on the pension scheme and provided a guarantee over this liability. This guarantee has been recognised as an asset with the movement in the asset being shown against the expense to which it relates.

The company has a contract based Group Personal Pension Plan which is available to new entrants (GPPP). Costs are recognised in the same way as those of the defined contribution scheme.

INCOME TAX AND DEFERRED TAX

The charge for current tax is based on the results for the year as adjusted for items that are disallowed. It is calculated using rates that have been enacted or substantively enacted at the reporting date.

Deferred tax is provided, using the liability method, on all temporary differences at the reporting date, between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets, and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and increased or reduced to the extent that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the tax asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated in the Statement of Financial Position at historic cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged to the Income Statement so as to write off the cost of assets (other than freehold land which is not depreciated) less residual value over their useful economic lives, using the straight line method, on the following bases:

Land and buildings:

Freehold land	Not depreciated
Freehold buildings	4 to 19 years
Leasehold buildings	term of the lease
Refurbishment of buildings	5 years or the remaining life of the lease if shorter

Plant, equipment and motor vehicles:

Laboratory equipment	5 to 10 years
Computer equipment	3 years
Office equipment	5 years
Motor vehicles	5 years

3 ACCOUNTING POLICIES (Continued)

Where asset lives have been shortened due to the wind down activities of the business, depreciation has been accelerated over the remaining period and the additional expense has been categorised as an exceptional item.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

NON-CURRENT ASSETS HELD FOR SALE

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when a sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Where the company has classified such items as held for sale, there is a clear commitment to the sale and it is expected to qualify for recognition as a complete sale within one year from the date of classification.

IMPAIRMENT OF TANGIBLE ASSETS

At the reporting date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent of other assets, the company estimates the recoverable amount of the generating unit to which the asset belongs.

Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

If the recoverable amount of an asset is estimated to be higher than its impaired carrying amount, impairment is reversed to align with the recoverable amount, unless this is deemed to be lower than the depreciated historical cost. An impairment reversal is recognised as a gain in the Income Statement.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the company's Statement of Financial Position when the company becomes a party to the contractual provisions of the instrument.

Trade receivables are recognised initially at the value invoiced, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. This is based on the company's expectations of the likelihood of the debt being settled. The amount of the provision is the difference between the debtor and the expected value of the payment. The loss is recognised in the Income Statement within administrative expenses. When a trade receivable is uncollectible, it is written off against the provision for bad debts. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the Income Statement.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand and on demand deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash.

3 ACCOUNTING POLICIES (Continued)

DERECOGNITION OF FINANCIAL ASSETS

The company derecognises a financial asset only when the contractual rights to the cash flow expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

FINANCIAL LIABILITIES AND EQUITY

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

PROVISIONS

Provisions are recognised when the company has a present obligation as a result of a past event, and it is probable that the company will be required to settle that obligation. Provisions are measured as the directors' best estimate of the expenditure required to settle the obligation at the reporting date, where the effect is material.

OTHER OPERATING INCOME

Other operating income comprises grant income and miscellaneous receipts.

4 USE OF ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Material estimates and assumptions are made particularly with regard to establishing depreciation periods for the company, the value of assets held for sale, impairment testing, parameters for measuring pension valuation, provisions, and the likelihood that tax assets can be realised.

5 REVENUE

The following table provides an analysis by geographical market:

	2016 £'000	2015 £'000
Continuing operations		
United Kingdom	1,028	1,590
	<u>1,028</u>	<u>1,590</u>

Revenue is analysed based on the location of the customer.

6 REPORTABLE INFORMATION

The company is not required to comply with the requirements of IFRS8 "Operating Segments". The company has reported its results based on having one segment, but has chosen to give additional voluntary disclosure in relation to geographical information based on the Board of directors' process for monitoring the performance and profitability of the organisation as a single entity.

7 LOSS FOR THE YEAR

	2016 £'000	2015 £'000
Loss for the year has been arrived at after charging:		
Depreciation of property, plant and equipment	144	146
Loss on disposal of property, plant and equipment	-	-
Cost of inventories recognised as expense	-	2
Normal operating lease rental costs	228	369
Redundancy costs	29	270
Staff costs (see note 9a)	564	1,017
Pension administration cost	235	1,433

During the prior year the company reached an agreement with the Pension Protection Fund and settled PPF levies, leading to an additional charge for the year of £1,433k.

8 AUDITOR'S REMUNERATION

	2016 £'000	2015 £'000
The analysis of auditor's remuneration is as follows:		
Fees payable to the company's auditor for:		
- Audit of the company's annual financial statements	35	33
Total audit fees	35	33
Fees in respect of other services:		
- Tax and advisory services	-	-
- Other assurance services	-	-

9a PEOPLE COSTS AND DIRECTORS' EMOLUMENTS

	2016 Number	2015 Number
The average monthly number of employees (including directors) was:		
Management and support staff	17	34
	17	34
Temporary resource	-	1
	17	35

FORENSIC ARCHIVE LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 March 2016

9a PEOPLE COSTS AND DIRECTORS' EMOLUMENTS (continued)

People costs including directors' emoluments (see note 9b)

	2016 £'000	2015 £'000
Wages and salaries	473	870
Social security costs	45	77
Pensions (see note 23)	46	70
	<u>564</u>	<u>1,017</u>

9b DIRECTORS' EMOLUMENTS

	2016 £'000	2015 £'000
Directors' emoluments	87	86
Money purchase pension contributions	9	9
Total	<u>96</u>	<u>95</u>

	2016 Number	2015 Number
The number of directors to whom relevant benefits are accruing under:		
Money purchase pension scheme	1	1
	<u>1</u>	<u>1</u>

Key management personnel

Key management have been determined as the FAL Board of directors, which has responsibility for planning, directing and controlling the activities of the company. Emoluments for key management personnel are as stated above under directors' emoluments.

10 FINANCE INCOME

	2016 £'000	2015 £'000
Interest receivable:		
Short term bank deposits	7	15
Total finance income	<u>7</u>	<u>15</u>

FORENSIC ARCHIVE LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 March 2016

11 FINANCE COSTS

	2016 £'000	2015 £'000
Interest on obligations under finance leases	73	78
Net pension finance cost (see note 23)	2,097	913
Total finance costs	<u>2,170</u>	<u>991</u>

12 INCOME TAX

	2016 £'000	2015 £'000
The major components of income tax charge / (credit) for the years ended 31 March 2016 and 31 March 2015 are:		
Tax charged to the Income Statement		
Current income tax:		
Adjustment in respect of current income tax of prior years	-	-
Total current tax	<u>-</u>	<u>-</u>
Deferred income tax:		
Relating to origination and reversal of temporary differences	-	-
Effect of change in tax rate	-	-
Total deferred tax	<u>-</u>	<u>-</u>
Income tax charge reported in the Income Statement	<u>-</u>	<u>-</u>
Tax credited to Other Comprehensive Income		
Income tax related to items charged or credited directly to Other Comprehensive Income:		
Deferred income tax related to actuarial movements on pension deficit	-	-
Income tax credit reported in Other Comprehensive Income	<u>-</u>	<u>-</u>
Total taxation (gains)/ losses recognised		
Current income tax credit	-	-
Deferred income tax credit	-	-
Total income tax credit	<u>-</u>	<u>-</u>

FORENSIC ARCHIVE LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 March 2016

12 INCOME TAX (continued)

	2016 £'000	2015 £'000
A reconciliation between tax expense and the product of accounting profit multiplied by the UK rate of Corporation Tax for the years ended 31 March 2016 and 31 March 2015 is as follows:		
Profit / (loss) before taxation		
Continuing operations	(4,096)	(4,685)
Discontinued operations	1,217	(3,620)
	<u>(2,879)</u>	<u>(8,305)</u>
At UK standard rate of corporation tax of 20% (2015: 21%)	(576)	(1,744)
Non-allowable expenses	14	12
Deferred tax not recognised	(1,759)	1,707
Deferred tax – difference in closing tax rates	2,296	1,146
Deferred tax – difference in opening tax rates	-	(1,067)
Income not taxable	-	(61)
Ineligible depreciation	25	7
	<u>-</u>	<u>-</u>
Tax charge in the Income Statement	-	-
Effective income tax rate	0%	0%

In addition to the changes in rates of corporation tax disclosed above a number of further legislation changes to the UK corporation tax system were included in the Finance Act 2013, including legislation to reduce the main rate of corporation tax from 21% to 20% from 1 April 2015.

	2016 £'000	2015 £'000
Movement in deferred income tax position		
At 1 April	-	-
Deferred income tax taken to the Income Statement	-	-
Deferred income tax taken to the Statement of Comprehensive Income	-	-
Rate change	-	-
At 31 March	<u>-</u>	<u>-</u>

Deferred tax relates to the following:

	2016 £'000	2015 £'000
Pensions temporary differences	-	-
Net deferred tax liability	<u>-</u>	<u>-</u>

12 INCOME TAX (continued)

The company has unrecognised deferred tax assets of £20,664k (2015: £22,849k), comprising £2,069k (2015: £2,288k) relating to property, plant and equipment timing differences, £10k (2015: £Nil) relating to provisions timing differences and £18,585k (2015: £20,561k) relating to tax losses that are available to offset against future taxable profits. These have not been recognised because the company does not expect to have sufficient taxable profits in the foreseeable future. The company is considering its ability to utilise these tax losses going forward.

13 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings £'000	Plant, equipment and motor vehicles £'000	Total £'000
Cost:			
At 1 April 2014	10,867	215	11,082
Additions	-	-	-
Disposals	(419)	-	(419)
Reclassified as held for sale	-	-	-
At 31 March 2015	10,448	215	10,663
Additions	-	-	-
Disposals	-	-	-
Reclassified as held for sale	-	-	-
At 31 March 2016	10,448	215	10,663
Accumulated amortisation and impairment:			
At 1 April 2014	10,485	89	10,574
Charged in the year	111	35	146
Disposals	(419)	-	(419)
On assets reclassified as held for sale	-	-	-
At 31 March 2015	10,177	124	10,301
Charged in the year	111	33	144
Disposals	-	-	-
On assets reclassified as held for sale	-	-	-
At 31 March 2016	10,288	157	10,445
Net book amount:			
At 31 March 2016	160	58	218
At 31 March 2015	271	91	362
At 31 March 2014	382	126	508

Included within the net book amount for plant, equipment and motor vehicles is £nil (2015: £Nil) relating to equipment held under finance leases.

Depreciation rates are disclosed within note 3 on accounting policies. No depreciation is provided on freehold land which represents £85k (2015: £85k) of the total cost of land and buildings. Of the depreciation charged in the year, £141k (2015: £141k) has been included within cost of sales on the Income Statement, £3k (2015: £5k) within administrative expenses and £Nil (2015: £Nil) in exceptional items. The company has no assets in the course of construction (2015: £Nil).

At 31 March 2016 the company had entered into contractual commitments not provided for, relating to the acquisition of property, plant and equipment amounting to £Nil (2015: £Nil).

13 PROPERTY, PLANT AND EQUIPMENT (Continued)

The net book amount of land and buildings comprises:

	2016 £'000	2015 £'000
Freehold	85	85
Short leasehold	75	186
	<u>160</u>	<u>271</u>

Assets held for sale

As part of the wind down of operational activities the Board has agreed to dispose of all freehold properties held by the company. One of the properties was already identified for sale at the prior year end (31 March 2015) following restructuring initiatives. This property is being actively marketed. The property has received initial bids and discussions with interested parties are taking place. The property has been classified as held for sale and presented separately in the Statement of Financial Position. Whilst the property has been held for sale for more than 12 months this has been beyond the control of the company and it is expected that the property will be sold within the next 12 months.

The major classes of assets and liabilities comprising the operations classified as held for sale are as follows:

	2016 £'000	2015 £'000
Property, plant and equipment	2,663	4,913
Total assets classified as held for sale	<u>2,663</u>	<u>4,913</u>

14 INVESTMENTS

Investments in subsidiaries

	2016 £'000
At 1 April	-
Additions	-
Transferred to held for sale	-
At 31 March	<u>-</u>

FORENSIC ARCHIVE LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 March 2016

14 INVESTMENTS (Continued)

Name	Class of holding	Proportion	Nature of business
Forensic Science Service Ltd	Ordinary	100%	Dormant
Forensic8 Limited	Ordinary	100%	Dormant
JKF Audio Visual & Photographic Services Ltd	Ordinary	100%	Dormant
Iforensic Limited	Ordinary	100%	Dormant

All shares in the above companies are held by Forensic Archive Ltd. All of the subsidiary companies were incorporated in the UK.

SUBSIDIARIES EXCLUDED FROM CONSOLIDATION

In accordance with Companies Act 2006 s402, the dormant subsidiary undertakings companies listed above are not consolidated as, in the opinion of the directors, the amounts involved are immaterial and would be of no value to the members. At 31 March 2016 and 2015 these subsidiary companies had capital and reserves ranging from £1 to £3, and have not traded during either year.

None of the dormant subsidiary undertakings had intra-group balances at 31 March 2016 or 31 March 2015.

15 OTHER FINANCIAL ASSETS

	2016 £'000	2015 £'000
Trade and other receivables:		
Amounts receivable for the sale of goods	295	437
Allowance for doubtful debts	-	-
	<u>295</u>	<u>437</u>
Other debtors	25	-
Prepayments and accrued income	195	446
	<u>220</u>	<u>446</u>
Total trade and other receivables	<u>515</u>	<u>883</u>
Other tax and social security receivable	<u>29</u>	<u>76</u>

15 OTHER FINANCIAL ASSETS (Continued)

Ageing of past due not impaired receivables

	2016 £'000	2015 £'000
30 – 60 days	-	-
60 – 90 days	-	-
90 – 120 days	-	-
Over 120 days	-	-
	<u>-</u>	<u>-</u>

Movement in the allowance for doubtful debts

	2016 £'000	2015 £'000
Balance at 1 April	-	9
Impairment losses recognised	-	-
Amounts recovered during the year	-	-
Receivables written off as uncollectable	-	(9)
Balance at 31 March	<u>-</u>	<u>-</u>

In considering the recoverability of a trade receivable the company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. All of the trade receivables are with the Home Office and thus may be regarded as low credit risk.

Cash and cash equivalents

	2016 £'000	2015 £'000
Bank balances and cash	1,730	1,737
Cash and cash equivalents	<u>1,730</u>	<u>1,737</u>

Cash and cash equivalents comprise cash and short term deposits with an original maturity of three months or less. Commercial deposits are held with leading UK clearing banks. Such deposits are not guaranteed under any Government scheme.

Bank balances earn interest at floating rates depending on daily bank deposit rates. Short term deposits are made for varying periods of between one week and three months depending on the immediate cash requirements of the company and earn interest at the respective short term deposit rates.

The carrying amount of these assets is approximately equal to their fair value.

All financial assets are classified as loans and receivables.

16 FINANCIAL RISK MANAGEMENT

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity investment are disclosed in note 3 to the financial statements.

Financial risk management objectives

The company manages its capital to ensure the company will be able to continue as a going concern. The capital structure of the company consists of debt, which includes the finance leases in note 17, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital and accumulated losses as disclosed in notes 19 and 20. The main purpose of these financial instruments is to manage the liquidity needs of the business operations. The company has various other financial instruments such as trade debtors and trade creditors, which arise directly from operations.

It is the company's policy that no speculative trading in financial instruments shall be undertaken. The company by dint of its memorandum and articles can only invest through its bankers on the money market.

Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to support the Home Office objective of an orderly solvent wind down of the company's scientific activities, to provide an ongoing forensic archive service to the benefit of the Home Office and other key stakeholders and to minimise the cost of capital through maintaining an optimal capital structure.

In order to maintain or adjust the capital structure, the company may issue new shares to the Shareholder (the Home Office) or arrange further loan funding from the Shareholder.

The company obtains grant funding from the Home Office to support delivery of the above objectives, which has negated the requirement to change either the loan funding or shares issued during the financial year.

The main risks arising from the company's financial instruments are liquidity risk, credit risk, foreign currency risk and interest rate risk.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of directors, which regularly reviews the status of going concern at each meeting, acting appropriately. The Board secures grant funding for the purposes of financing ongoing trading losses for so long as this is required and to fund the wind down of the business.

Credit risk management

The company has a robust approval and monitoring process in place for credit allocation to ensure a fair and equitable platform for customers to do business with. The level of credit granted is based on the customer's risk profile. Given the company's customer base, credit risk is generally low

Foreign currency risk

The company previously undertook work overseas however during the current year all amounts have been invoiced in Sterling. Hence there is no exposure to foreign currency risk.

The carrying amounts of financial assets and liabilities recorded at amortised cost in the financial statements are approximately equal to their fair values.

17 OTHER FINANCIAL LIABILITIES

Current liabilities

	2016 £'000	2015 £'000
Trade and other payables:		
Accruals	700	878
Other creditors	11	15
Other tax and social security	11	21
	<u>722</u>	<u>914</u>

Trade payables comprise amounts outstanding for trade purchases.

	2016 £'000	2015 £'000
Deferred revenue	<u>246</u>	<u>364</u>

Deferred revenue relates to income billed in advance to the Home Office for future periods.

Obligations under finance leases

	Minimum lease payments		Present value of lease payments	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Within one year	121	121	55	49
In the second to fifth years inclusive	485	485	277	254
After five years	816	937	676	754
	<u>1,422</u>	<u>1,543</u>	<u>1,008</u>	<u>1,057</u>
Less: future finance charges	(414)	(486)		
Present value of lease obligations	<u>1,008</u>	<u>1,057</u>		
Less: amounts due for settlement within 12 months (shown under current liabilities)			(55)	(49)
Amounts due for settlement after 12 months			<u>953</u>	<u>1,008</u>

The property asset included under finance leases relates to a property lease with a lease term of 12 years. The lease is on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The full contractual liability has been shown above.

Maturity of financial liabilities:

The maturity of obligations under finance leases is shown above.

All financial liabilities are included in other financial liabilities at amortised cost.

The table below analyses the financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, which are therefore not stated on the same basis as the amounts included on the Statement of Financial Position.

FORENSIC ARCHIVE LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 March 2016

17 OTHER FINANCIAL LIABILITIES (Continued)

	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
At 31 March 2016				
Finance lease liabilities	121	121	363	817
Trade and other payables	722	-	-	-
Provision	414	357	1,071	4,231
At 31 March 2015				
Finance lease liabilities	121	121	364	937
Trade and other payables	914	-	-	-
Provision	2,266	357	1,071	4,588

18 PROVISIONS FOR LIABILITIES

	Reorganis- ation costs £'000	Property costs £'000	Total £'000
At 1 April 2015	298	7,071	7,369
Utilised during the year	(270)	(1,954)	(2,224)
Unused amounts reversed during the year	-	-	-
Additional amounts provided	29	-	29
Impact of discount rate and passage of time	-	(218)	(218)
At 31 March 2016	57	4,899	4,956
Due within 1 year	57	347	404
Due within second to fifth year inclusive	-	1,300	1,300
Due after five years	-	3,252	3,252
	57	4,899	4,956

The provision for reorganisation costs includes an additional amount provided for previously estimated redundancy costs.

The provision for property related costs includes an onerous lease provision for one of the company's leased sites and a provision for dilapidations at another site. These are based on estimated costs over the remaining lease term discounted using the Government bond rate for the remaining term. The company expects that this provision will be utilised over the life of the leases.

FORENSIC ARCHIVE LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 March 2016

19 SHARE CAPITAL

	2016 £'000	2015 £'000
Authorised:		
100,000,000 (2015: 100,000,000) ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted, issued and fully paid:		
98,000,001 (2015: 98,000,001) ordinary shares of £1 each	<u>98,000</u>	<u>98,000</u>

No shares were issued during the year.

The company has one class of ordinary share which carry no rights to fixed income.

20 ACCUMULATED LOSSES

	2016 £'000	2015 £'000
Balance 1 April	(99,733)	(94,215)
Loss for the year	(2,879)	(8,305)
Other comprehensive income	2,835	2,787
Balance at 31 March	<u>(99,777)</u>	<u>(99,733)</u>

FORENSIC ARCHIVE LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 March 2016

21 NOTES TO THE STATEMENT OF CASH FLOWS

	2016 £'000	2015 £'000
Continuing operations		
Operating loss for the year	(1,933)	(3,709)
Adjustments for:		
Difference between current service cost and pension contributions	5	(1)
Pension administration costs	733	1,875
Depreciation of property, plant and equipment	144	146
(Decrease) / Increase in provisions	(241)	270
Operating cash flows before movement in working capital	(1,292)	(1,419)
Decrease in receivables	415	1,011
(Decrease) / Increase in trade and other payables	(310)	70
Cash used in operations – continuing operations	(1,187)	(338)
	2016 £'000	2015 £'000
Discontinued operations		
Operating profit / (loss) for the year	1,217	(3,620)
Adjustments for:		
Impairment of assets held for sale	-	(289)
(Decrease) / Increase in provisions	(2,172)	1,392
Operating cash flows before movement in working capital	(955)	(2,517)
Movement in inventories	-	-
Movement in receivables	-	-
Movement in payables	-	-
Cash used in operations – discontinued operations	(955)	(2,517)
Net cash used in operating activities	(2,142)	(2,855)

Cash and cash equivalents (which are presented as a single class of assets on the face of the Statement of Financial Position) comprise cash at bank and other short term highly liquid investments with a maturity of 3 months or less.

22 OPERATING LEASE ARRANGEMENTS

	2016 £'000	2015 £'000
The company as lessee:		
Operating lease payments recognised as an expense in the year	<u>228</u>	<u>369</u>

At the reporting date, the company has outstanding total commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016 £'000	2015 £'000
Within one year	366	1,110
In the second to fifth year inclusive	1,466	1,466
After five years	1,084	1,451
	<u>2,916</u>	<u>4,027</u>

Operating lease payments represent rentals payable for certain properties. In relation to properties, these costs are the total amounts due for the full contractual period of the lease.

23 RETIREMENT BENEFIT SCHEMES

The company's employees belong to a defined benefit pension scheme, or a contract based Group Personal Pension Plan (GPPP).

Total pension cost for the year in operating profit

	2016 £'000	2015 £'000
Defined contribution pension scheme and GPPP	27	43
Defined benefit pension scheme	19	27
Total pension cost for the year	<u>46</u>	<u>70</u>

Defined benefit scheme

The company operates a defined benefit scheme in the UK, funded by the payment of contributions to a separate Trustee administered fund. The latest full actuarial valuation was carried out as at November 2014, using the projected unit method.

It is intended that the scheme will continue to operate in the long term and funding will be supported by the Home Office.

23 RETIREMENT BENEFIT SCHEMES (Continued)

For the IAS19 valuation, the major assumptions used by the actuary were:

	At 31 March 2016 %	At 31 March 2015 %
Rate of increase in salaries	3.0	3.1
Rate of increase in pensions in payment on pensions in payment in excess of GMP* (pre April 2010)	3.0	3.1
on pensions in payment in excess of GMP* (post April 2010)	2.2	2.2
Discount rate	3.7	3.5
Inflation assumption	3.0	3.1

* Guaranteed Minimum Pension

Mortality assumptions

The specific mortality rates used for both the pre and post retirement liabilities in 2016 are consistent with those used in the prior year. These are based on S1NA Light Tables published in 2003 using year of birth with an adjustment down of 1 year for males and 2 years for females. Future improvements are based on the medium cohort with a 1.5% minimum improvement per annum for males, 1.5% for females.

The weighted average life expectancy underlying the valuation were:

	Male 2016	Female 2016	Male 2015	Female 2015
Member age 61 (current life expectancy)	30.4	32.7	29.3	31.7
Members age 40 (life expectancy at age 61)	32.7	35.2	31.8	34.2

23 RETIREMENT BENEFIT SCHEMES (Continued)

The assets in the scheme and the expected rate of return were:

	Long-term rate of return expected at 31 March 2016 %	Fair value at 31 March 2016 £'000	Long-term rate of return expected at 31 March 2015 %	Fair value at 31 March 2015 £'000
Equities, property, commodities and hedge fund	3.7	120,044	3.5	124,110
Bonds	3.7	39,049	3.5	28,062
Cash and net current assets	3.7	348	3.5	375
Corporate bonds	3.7	23,185	3.5	35,073
Total market value of assets		182,626		187,620
Present value of scheme liabilities		(217,758)		(247,928)
Deficit in scheme		(35,132)		(60,308)
Home office guarantee		35,132		60,308
Net pension liability		-		-

The Home Office has provided a guarantee for the pension scheme liability and therefore the company has recognised a financial asset.

The overall expected return on assets assumption of 3.7% is a weighted average of the long term expectations for each asset class at the reporting date. The basis used to determine the expected rate of return for the major categories of scheme assets is as follows:

Equities: this is based on the expected return on government bonds plus an additional equity risk premium.

Government bonds: this is based on the yield for 15 year fixed interest medium coupon gilts at the reporting date.

Corporate bonds: the basis for assessing the expected return on corporate bonds is the yield on the iBoxx sterling non-gilts (all stocks) index at the reporting date.

Analysis of amount charged to operating loss

	2016 £'000	2015 £'000
Current service cost	19	27
Total operating charge	19	27

The service cost has reduced as a result of changes made to the scheme benefits for future accrual from 1 April 2010 and the significant changes in employee headcount which have reduced pensionable payroll.

23 RETIREMENT BENEFIT SCHEMES (Continued)

Analysis of amount credited to finance income

	2016 £'000	2015 £'000
Expected return on pension scheme assets	6,546	7,700
Interest on pension scheme liabilities	(8,643)	(8,613)
Net cost	<u>(2,097)</u>	<u>(913)</u>

The actual return on scheme assets was (£3,802k) (2015: £21,474k).

Analysis of amount recognised in Statement of Comprehensive Income

	2016 £'000	2015 £'000
Actual return less expected return on pension scheme assets	(10,348)	13,774
Actuarial gains and losses arising on scheme liabilities	36,859	(53,110)
Home office guarantee	(25,176)	40,623
Deficit funding payments	1,500	1,500
Actuarial gain recognised in Statement of Comprehensive Income	<u>2,835</u>	<u>2,787</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of Comprehensive Income since adoption of IFRSs is the loss of £75,661k (2015: £78,496k).

Movement in the (deficit)/surplus for the year

	2016 £'000	2015 £'000
(Deficit)/surplus in scheme at start of the year	-	-
Movement in year:		
Current service cost	(19)	(27)
Contributions	14	28
Administration expenses	(733)	(1,875)
Other finance income	(2,097)	(913)
Actuarial gain / (loss)	26,511	(39,336)
Deficit funding payments	1,500	1,500
Home office guarantee	(25,176)	40,623
(Deficit)/surplus in scheme at end of the year	<u>-</u>	<u>-</u>

FORENSIC ARCHIVE LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 March 2016

23 RETIREMENT BENEFIT SCHEMES (Continued)

Asset and liability reconciliation

Reconciliation of assets

	2016 £'000	2015 £'000
Assets at start of the year	187,620	168,610
Expected return on assets	6,546	7,700
Actuarial (loss) / gain	(10,348)	13,774
Employer contributions	14	28
Pension Protection Fund levy	(235)	(1,433)
Administration expenses paid	(498)	(442)
Benefits paid	(1,975)	(2,122)
Employee contributions	2	5
Deficit funding payments	1,500	1,500
Assets at end of the year	<u>182,626</u>	<u>187,620</u>

Reconciliation of liabilities

Liabilities at start of the year	247,928	188,295
Current service cost	19	27
Interest cost	8,643	8,613
Employee contributions	2	5
Actuarial (gain) / loss relating to demographic assumptions	(7,733)	-
Actuarial (gain) / loss relating to financial assumptions	(26,077)	53,110
Actuarial gain relating to experience adjustments	(3,049)	-
Benefits paid	(1,975)	(2,122)
Liabilities at end of the year	<u>217,758</u>	<u>247,928</u>

Contributions

During the year the company contributed 17% of pensionable pay to the scheme. This is the rate agreed as part of the valuation of the scheme as at 30 November 2011. This rate will remain at 17% in the financial year from 1 April 2016. In addition, the Home Office has contributed £1.5m towards recovery of the past service deficit.

History of experience gains and losses

	2016 £'000	2015 £'000	2014 £'000	2013 £'000	2012 £'000
Benefit obligation at end of year	(217,758)	(247,928)	(188,295)	(181,904)	(147,378)
Fair value of plan assets at end of year	182,626	187,620	168,610	160,837	145,832
	(35,132)	(60,308)	(19,685)	(21,067)	(1,546)
Reimbursement asset	35,132	60,308	19,685	21,067	-
(Deficit)/surplus in scheme at end of the year	-	-	-	-	(1,546)

FORENSIC ARCHIVE LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 March 2016

23 RETIREMENT BENEFIT SCHEMES (Continued)

	2016 £'000	2015 £'000	2014 £'000	2013 £'000	2012 £'000
Difference between the expected and actual return on scheme assets	(10,348)	13,774	655	8,593	(2,572)
Experience gains and losses on scheme liabilities	36,859	(53,110)	136	5,265	-

24 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

24(a) Assets held for sale

	2016 £'000	2015 £'000
Property, plant and equipment	2,663	4,913
Total	<u>2,663</u>	<u>4,913</u>

24 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Continued)

24(b) Discontinued income statement

	Notes	2016 £'000	2015 £'000
REVENUE		-	-
Cost of sales		-	-
GROSS RESULT		-	-
Administrative expenses		-	-
Distribution expenses		-	-
Other operating income		-	-
OPERATING RESULT BEFORE EXCEPTIONAL ITEM		-	-
Exceptional item	24(c)	1,217	(3,620)
OPERATING PROFIT / (LOSS)		1,217	(3,620)
Finance income		-	-
Finance costs		-	-
PROFIT / (LOSS) BEFORE TAXATION		1,217	(3,620)
Income tax		-	-
PROFIT / (LOSS) FOR THE YEAR FROM DISCONTINUED OPERATIONS		1,217	(3,620)

24(c) Discontinued Exceptional items

	2016 £'000	2015 £'000
Impairment (reversal) / loss recognised in respect of assets	-	(289)
Movements in onerous lease provisions	(217)	3,909
EU approved grant funding	(1,000)	-
	(1,217)	3,620

25. RELATED PARTY TRANSACTIONS

Forensic Archive Ltd is a wholly Government Owned Company, the Home Office being the Shareholder. The Home Office is regarded as a related party. The balance remaining on loans from the Home Office at the year-end was £Nil (2015: £Nil), following Home Office agreement to waive the loan at the 2012 year end. No new loans were issued in the year. Interest payable during the year was £Nil (2015: £Nil).

No ordinary share capital (2015: £Nil) was issued during the year.

26. ULTIMATE CONTROLLING PARTY

The Secretary of State for the Home Office controls the company. The Treasury Solicitor holds all of the issued share capital of the company on behalf of the Home Office.