FORENSIC ARCHIVE LTD

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

Registered office and headquarters:
Unit 29
Gravelly Industrial Park
Birmingham
West Midlands
B24 8HZ
England

Company Registration No. 5607780

The Forensic Archive has now been established for approaching three years and has settled down to provide an efficient and timely service to the UK Criminal Justice System, mainly assisting with cold case investigations, reviews and appeals. During that time, an ambitious cataloguing project of the archive has been completed, significant assistance provided with the editing of the National DNA database in line with the Protection of Freedoms Act, and the archive has also been consolidated to one site.

This year, following on from the completion of the cataloguing project, archive staff have been undertaking the ensuing destruction project, dealing with the large tranche of material identified as being past its retention date. As with all matters relating to the Criminal Justice System, this has been undertaken in a methodical, thorough manner, ensuring appropriate records and audit trails were made.

Most of the work remaining regarding the wind-down of FSS infrastructure relates to its mothballed estates. Although buyers are in place, progress regarding the sales of these estates has been slow due mainly to the lengthy and sometimes labyrinthine planning processes encountered. Having said that, the Chorley site was sold at auction in July 2014 and the sale of the Wetherby site completed in May 2015.

Now that the two main projects relating to the archive have been completed, a restructuring exercise has just been undertaken to leave a smaller, core team to look after the archive going forward, enabled by the efficiencies that cataloguing and destruction introduced. My thanks go to the staff who have just left FAL for all of their good work and for leaving the archive in an excellent state for the future. I wish them every luck with their future endeavours. A triennial review of FAL and the archive function is planned for 2016 which, it is anticipated, will provide a view on its longer term future.

Alison Fendley
Executive Director

The directors submit their report and the financial statements for the year ended 31 March 2015.

PRINCIPAL ACTIVITIES

As detailed in the Strategic Report, the main focus of Forensic Archive Ltd (FAL) over the year to March 2015 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 £1,590,000 and an overall loss from continuing activities of £4,685,000. No dividends are planned or proposed (2014: nil).

GOING CONCERN

As a small entity, soon to be smaller on the completion of the destruction project, 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 and of continuing to operate 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 annual running costs and infrastructure of the archive are funded by the Home Office as set out in a formal Service Level Agreement;
- The Home Office has repeatedly 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, although none has been required during this financial year.

The triennial review considering the long term future of FAL and the archive function is planned for completion by April 2016. It is not anticipated this will result in any immediate changes for the company but the Home Office have committed to provision of appropriate support to assist in implementation of recommendations made.

At the date of signing these accounts the directors have no reason to believe that the archive function will not continue to operate in the same way for the foreseeable future.

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

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.

EVENTS AFTER THE REPORTING PERIOD

Details of events after the reporting period are included within the Strategic Report.

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.

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP was re-appointed as auditor of the company at the Board meeting on the 11th December 2014.

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.

By order of the Board

Alison Fendley
Director
16th December 2015

A FAIR REVIEW OF THE BUSINESS

During the year to 31st March 2015, 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 FSS up until it ceased forensic operational activities in March 2012.

In addition, following on from the successful cataloguing project completed last year, the company has also been concentrating on cleaning up the archive by undertaking a destruction project, targeting material past its agreed retention dates. Given the type of material in question, this exercise has been undertaken in a painstaking and thorough manner, consulting with our criminal justice partners where necessary and with proper records made.

Work continued too on FSS 'wind-down' activities, with the sale of the Chorley site in July 2014 and completion of the sale of the Wetherby site in May 2015. In respect of FAL's lease-hold properties, one of the Trident Court buildings was assigned to another company in May 2014 and with Priory House no longer required for storage given the completion of the cataloguing and destruction projects, marketing of the site has started afresh.

EVENTS AFTER THE REPORTING PERIOD

In May 2015 the company sold the freehold property in Wetherby, which was held within assets held for sale at the year end, for £2,250k. This was in line with the carrying value at the year end. In November 2015 the company reached an agreement for the early surrender of property leases and the extent of dilapidations provisions, which have been reflected in the financial statements.

FUTURE DEVELOPMENTS

Looking ahead, given the two major projects completed in the last few years, as planned FAL can now operate in a much more efficient and streamlined way than when it was originally set up. A restructuring exercise has therefore been undertaken, with redundant staff having left at the end of May 2015, leaving a smaller core of staff to maintain and run the archive going forward. A proper process of collective and individual consultation was followed throughout the restructuring exercise, with discussions held with employee representatives and staff. Redundant employees have also been provided with outplacement support.

The current SLA with the Home Office regarding the running of the archive runs until September 2016 and the result of the planned triennial review should determine the longer term future of the archive.

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. 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; and
- Reputational and/or scientific risks (potentially leading to litigation) relating to work previously undertaken by the FSS as no scientific staff have been retained.

By order of the Board

Alison Fendley
Director
16th December 2015

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 2015 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 comprise:

- the Statement of Financial Position as at 31 March 2015;
- 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 applicable law and IFRSs as adopted by the European Union.

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 6, 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 Report and Financial Statements 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.

Richard Bacon

Richard F Bacon (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
16 December 2015

CONTINUING OPERATIONS	Notes	2015 £'000	2014 £'000
REVENUE	5	1,590	2,010
Cost of sales		(1,320)	(2,119)
GROSS PROFIT / (LOSS)		270	(109)
Administrative expenses		(3,980)	(2,298)
Distribution expenses		-	(1)
Other operating income	5	1	501
OPERATING LOSS		(3,709)	(1,907)
Finance income	10	15	7
Finance costs	11	(991)	(998)
LOSS BEFORE TAXATION		(4,685)	(2,898)
Income tax	12	-	-
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		(4,685)	(2,898)
Discontinued operations			
(Loss) / Profit for year from discontinued operations (attributable to owners of the parent)	24	(3,620)	1,914
LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT	20	(8,305)	(984)

	Notes	2015 £'000	2014 £'000
LOSS FOR THE YEAR		(8,305)	(984)
OTHER COMPREHENSIVE INCOME, NET OF TAX			
Actuarial (loss) / profit on defined benefit pension scheme	23	(39,336)	791
Deficit funding payments	23	1,500	1,500
Movement in reimbursement asset	23	40,623	(1,382)
Taxation on actuarial loss		-	-
OTHER COMPREHENSIVE INCOME		2,787	909
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDER OF THE PARENT		(5,518)	(75)

	Share capital £'000	Accumulated losses £'000	Total equity £'000
BALANCE AT 1 APRIL 2013	98,000	(94,140)	3,860
COMPREHENSIVE INCOME			
Loss for the year	-	(984)	(984)
OTHER COMPREHENSIVE INCOME			
Actuarial gain on defined benefit pension scheme, net of tax	-	791	791
Deficit funding payments	-	1,500	1,500
Movement in reimbursement asset	-	(1,382)	(1,382)
TOTAL COMPREHENSIVE LOSS	-	(75)	(75)
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 31 MARCH 2015	98,000	(99,733)	(1,733)

STATEMENT OF FINANCIAL POSITION

As at 31 March 2015 Company registration number: 5607780

	Notes	2015 £'000	2014 £'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	362	508
Investments	14	-	-
		362	508
CURRENT ASSETS			
Trade and other receivables	15	883	1,860
Current tax asset	15	76	110
Cash and cash equivalents	15	1,737	4,298
		2,696	6,268
Assets held for sale	24	4,913	5,024
TOTAL ASSETS		7,971	11,800
CURRENT LIABILITIES			
Trade and other payables	17	(914)	(804)
Obligations under finance leases	17	(49)	(43)
Provisions for liabilities	18	(2,255)	(2,274)
Deferred revenue	17	(364)	(404)
		(3,582)	(3,525)
NON-CURRENT LIABILITIES			
Obligations under finance leases	17	(1,008)	(1,057)
Provisions for liabilities	18	(5,114)	(3,433)
Retirement benefit obligations	23	-	-
		(6,122)	(4,490)
TOTAL LIABILITIES		(9,704)	(8,015)
NET (LIABILITIES) / ASSETS		(1,733)	3,785
EQUITY			
Share capital	19	98,000	98,000
Retained earnings	20	(99,733)	(94,215)
TOTAL EQUITY		(1,733)	3,785

The financial statements on pages 9 to 40 were approved by the Board of directors and authorised for issue and are signed on its behalf by:

Alison Fendley
DIRECTOR
16th December 2015

FORENSIC ARCHIVE LTD
STATEMENT OF CASH FLOWS
Year ended 31 March 2015

	Notes	2015 £'000	2014 £'000
OPERATING ACTIVITIES			
Cash used in operations	21	(2,855)	(1,514)
Interest received		15	7
Interest paid		(78)	(84)
Pension repair payments		-	-
Net cash flow used in operating activities		(2,918)	(1,591)
INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		400	2,770
Purchase of property, plant and equipment and intangible assets		-	(99)
Proceeds from sale of subsidiary net of costs		-	650
Net cash from investing activities		400	3,321
FINANCING ACTIVITIES			
Repayment of capital element of finance leases		(43)	(37)
Net cash used in financing activities		(43)	(37)
MOVEMENT IN CASH AND CASH EQUIVALENTS		(2,561)	1,693
Cash and cash equivalents at beginning of year		4,298	2,605
Cash and cash equivalents at end of year		1,737	4,298

1 AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH IFRSs

The financial statements for the year ended 31 March 2015 were authorised by the Board on 16th December 2015 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 32 Financial Instruments – Presentation – Amendment; Offsetting Financial Assets and Financial Liabilities
IAS 39 Financial Instruments: Recognition and Measurement – Amendment; Novation of Derivatives and Continuation of Hedge Accounting
IAS 36 Impairment of Assets – Amendment; Recoverable Amount Disclosures for Non-Financial Asset
IFRS 13 Fair Value Measurement

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 16 and IAS 38 (amendment):	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
IAS 19 (amendment):	Employee Benefits	1 July 2014
IAS 27 (amendment):	Separate Financial Statements	1 January 2016
IFRS 9:	Financial Instruments	1 January 2018
IFRS 14:	Regulatory Deferral Accounts	1 January 2016
IFRS 15:	Revenue from Contracts with Customers	1 January 2017

In addition to the above, amendments resulting from the Annual Improvements 2010-2012 Cycle were issued in December 2013 with an effective date for periods commencing 1 July 2014. 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 with an effective date for periods commencing 1 July 2014.

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 an operating loss before exceptional items for the year of £3,709,000. The company now has a deficit on the profit and loss reserve of £99,733,000 and a net liability position of £1,733,000. Cash and cash equivalents amount to £1,737,000.

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 September 2016; 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.

The triennial review of FAL and the archive function is planned for completion by April 2016. It is not anticipated this will result in any immediate changes for the company but the Home Office have committed to provision of appropriate support to assist in implementation of recommendations made. At the date of signing these accounts the directors have no reason to believe that the archive function will not continue to operate in the same way for the foreseeable future.

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:

	2015 £'000	2014 £'000
Continuing operations		
United Kingdom	1,590	2,010
	1,590	2,010

Revenue is analysed based on the location of the customer.

OTHER OPERATING INCOME

Other operating income includes an amount of £nil (2014: £500k) relating to grants received from the Home Office.

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

	2015 £'000	2014 £'000
Loss for the year has been arrived at after charging:		
Depreciation of property, plant and equipment	146	140
Loss on disposal of property, plant and equipment	-	3
Cost of inventories recognised as expense	2	8
Normal operating lease rental costs	369	441
Redundancy costs	270	-
Staff costs (see note 9a)	1,017	1,259
Pension administration cost	1,433	-

During the 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

	2015 £'000	2014 £'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	33	36
Total audit fees	33	36
Fees in respect or other services:		
- Tax and advisory services	-	-
- Other assurance services	-	-
	-	-

9a PEOPLE COSTS AND DIRECTORS' EMOLUMENTS

	2015 Number	2014 Number
The average monthly number of employees (including directors) was:		
Management and support staff	34	48
	34	48
Temporary resource	1	1
	35	49

9a PEOPLE COSTS AND DIRECTORS' EMOLUMENTS (continued)

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

	2015 £'000	2014 £'000
Wages and salaries	870	1,084
Pensions (see note 23)	70	73
Social security	77	102
	1,017	1,259

9b DIRECTORS' EMOLUMENTS

	2015 £'000	2014 £'000
Directors' emoluments	86	86
Money purchase pension contributions	9	9
Total	95	95

	2015 Number	2014 Number
The number of directors to whom relevant benefits are accruing under:		
Money purchase pension scheme	1	1
	1	1

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

	2015 £'000	2014 £'000
Interest receivable:		
Short term bank deposits	15	7
Total finance income	15	7

11 FINANCE COSTS

	2015 £'000	2014 £'000
Interest on obligations under finance leases	78	84
Net pension finance cost (see note 23)	913	914
Total finance costs	991	998

12 INCOME TAX

	2015 £'000	2014 £'000
The major components of income tax charge / (credit) for the years ended 31 March 2015 and 31 March 2014 are:		
Tax charged to the Income Statement		
Current income tax:		
Adjustment in respect of current income tax of prior years	-	-
Total current tax	-	-
Deferred income tax:		
Relating to origination and reversal of temporary differences	-	-
Effect of change in tax rate	-	-
Total deferred tax	-	-
Income tax charge reported in the Income Statement	-	-
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	-	-
Total taxation (gains)/ losses recognised		
Current income tax credit	-	-
Deferred income tax credit	-	-
Total income tax credit	-	-

12 INCOME TAX (continued)

	2015 £'000	2014 £'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 2015 and 31 March 2014 is as follows:		
Profit / (loss) before taxation		
Continuing operations	(4,685)	(2,898)
Discontinued operations	(3,620)	1,914
	(8,305)	(984)
At UK standard rate of corporation tax of 21% (2014: 23%)	(1,744)	(226)
Non-allowable expenses	12	39
Deferred tax not recognised	1,707	(3,141)
Deferred tax – difference in closing tax rates	1,146	14
Deferred tax – difference in opening tax rates	(1,067)	3,434
Income not taxable	(61)	(146)
Ineligible depreciation	7	26
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.

	2015 £'000	2014 £'000
Movement in deferred income tax position		
At 1 April 2014	-	-
Deferred income tax taken to the Income Statement	-	-
Deferred income tax taken to the Statement of Comprehensive Income	-	-
Rate change	-	-
At 31 March 2015	-	-

Deferred tax relates to the following:

	2015 £'000	2014 £'000
Pensions temporary differences	-	-
Net deferred tax liability	-	-

12 INCOME TAX (continued)

The company has unrecognised deferred tax assets of £22,849k (2014: £21,349k), comprising £2,288k (2014: £2,749k) relating to property, plant and equipment timing differences, £nil (2014: £1,139k) relating to provisions timing differences and £20,561k (2014: £17,461k) 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 2013	11,602	276	11,878
Additions	-	99	99
Disposals	(735)	(160)	(895)
Reclassified as held for sale	-	-	-
At 31 March 2014	10,867	215	11,082
Additions	-	-	-
Disposals	(419)	-	(419)
Reclassified as held for sale	-	-	-
At 31 March 2015	10,448	215	10,663
Accumulated amortisation and impairment:			
At 1 April 2013	11,109	217	11,326
Charged in the year	111	29	140
Disposals	(735)	(157)	(892)
On assets reclassified as held for sale	-	-	-
At 31 March 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
Net book amount:			
At 31 March 2015	271	91	362
At 31 March 2014	382	126	508
At 31 March 2013	493	59	552

Included within the net book amount for plant, equipment and motor vehicles is £nil (2014: £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 (2014: £85k) of the total cost of land and buildings. Of the depreciation charged in the year, £141k (2014: £123k) has been included within cost of sales on the Income Statement, £5k (2014: £17k) within administrative expenses and £nil (2014: £nil) in exceptional items. The company has no assets in the course of construction (2014: £nil).

At 31 March 2015 the company had entered into contractual commitments not provided for, relating to the acquisition of property, plant and equipment amounting to £nil (2014: £nil).

13 PROPERTY, PLANT AND EQUIPMENT (Continued)

The net book amount of land and buildings comprises:

	2015 £'000	2014 £'000
Freehold	85	85
Short leasehold	186	297
	271	382

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. Three of the properties were already identified for sale at the prior year end (31 March 2014) following restructuring initiatives. One of these properties has been disposed of during the year. All of these properties are being actively marketed. The properties have received initial bids and discussions with interested parties are taking place. These properties have been classified as a disposal group held for sale and presented separately in the Statement of Financial Position. Whilst these properties have been held for sale for more than 12 months this has been beyond the control of the company and it is expected that the properties 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:

	2015 £'000	2014 £'000
Property, plant and equipment	4,913	5,024
Total assets classified as held for sale	4,913	5,024

14 INVESTMENTS

Investments in subsidiaries

	2015 £'000
At 1 April	-
Additions	-
Transferred to held for sale	-
At 31 March	-

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.

Scenesafe Limited was a subsidiary during 2013 and shown as a held for sale asset at 31 March 2013. Scenesafe Limited was disposed of on 20 May 2013.

SUBSIDIARIES EXCLUDED FROM CONSOLIDATION

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 2015 and 2014 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 2015 or 31 March 2014.

15 OTHER FINANCIAL ASSETS

	2015 £'000	2014 £'000
Trade and other receivables:		
Amounts receivable for the sale of goods	437	505
Allowance for doubtful debts	-	(9)
	437	496
Other debtors	-	1,003
Prepayments and accrued income	446	361
	446	1,364
Total trade and other receivables	883	1,860
Other tax and social security receivable	76	110

15 OTHER FINANCIAL ASSETS (Continued)

Ageing of past due not impaired receivables

	2015 £'000	2014 £'000
30 – 60 days	-	-
60 – 90 days	-	-
90 – 120 days	-	-
Over 120 days	-	-
	-	-

Movement in the allowance for doubtful debts

	2015 £'000	2014 £'000
Balance at 1 April	9	12
Impairment losses recognised	-	-
Amounts recovered during the year	-	-
Receivables written off as uncollectable	(9)	(3)
Balance at 31 March	-	9

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.

Aging of impaired debts

	2015 £'000	2014 £'000
90 – 120 days	-	-
Over 120 days	-	9
	-	9

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

15 OTHER FINANCIAL ASSETS (Continued)

Cash and cash equivalents

	2015 £'000	2014 £'000
Bank balances and cash	1,737	4,298
Cash and cash equivalents	1,737	4,298

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.

16 FINANCIAL RISK MANAGEMENT (Continued)

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 period 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

	2015 £'000	2014 £'000
Trade and other payables:		
Accruals	878	779
Other creditors	15	25
Other tax and social security	21	-
	914	804

Trade payables comprise amounts outstanding for trade purchases.

	2015 £'000	2014 £'000
Deferred revenue	364	404

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

17 OTHER FINANCIAL LIABILITIES (Continued)

Obligations under finance leases

	Minimum lease payments		Present value of lease payments	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Within one year	121	121	49	43
In the second to fifth years inclusive	485	485	254	230
After five years	937	1,058	754	827
	1,543	1,664	1,057	1,100
Less: future finance charges	(486)	(564)		
Present value of lease obligations	1,057	1,100		
Less: amounts due for settlement within 12 months (shown under current liabilities)			(49)	(43)
Amounts due for settlement after 12 months			1,008	1,057

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 in note 17 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.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	£'000	£'000	£'000	£'000
At 31 March 2015				
Finance lease liabilities	121	121	364	937
Trade and other payables	914	-	-	-
Provision	2,266	357	1,071	4,588
At 31 March 2014				
Finance lease liabilities	121	121	364	1,058
Trade and other payables	804	-	-	-
Provision (restated)	2,301	1,456	638	2,125

In the prior year the above figures were shown on a discounted rather than undiscounted basis and have been updated to meet the requirements of IFRS 7.

18 PROVISIONS FOR LIABILITIES

	Reorganisation costs £'000	Property costs £'000	Total £'000
At 1 April 2014	28	5,679	5,707
Utilised during the year	-	(2,517)	(2,517)
Unused amounts reversed during the year	-	(650)	(650)
Additional amounts provided	270	4,134	4,404
Impact of discount rate and passage of time	-	425	425
At 31 March 2015	298	7,071	7,369
Due within 1 year	298	1,957	2,255
Due within second to fifth year inclusive	-	1,338	1,338
Due after five years	-	3,776	3,776
	298	7,071	7,369

The provision for reorganisation costs includes an additional amount provided for redundancies announced in March 2015. This has been settled after the period end.

The provision for property related costs includes an onerous lease provision for two 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.

19 SHARE CAPITAL

	2015 £'000	2014 £'000
Authorised:		
100,000,000 (2014: 100,000,000) ordinary shares of £1 each	100,000	100,000
Allotted, issued and fully paid:		
98,000,001 (2014: 98,000,001) ordinary shares of £1 each	98,000	98,000

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

	2015 £'000	2014 £'000
Balance 1 April	(94,215)	(94,140)
Loss for the year	(8,305)	(984)
Other comprehensive income	2,787	909
Balance at 31 March	(99,733)	(94,215)

21 NOTES TO THE STATEMENT OF CASH FLOWS

	2015 £'000	2014 £'000
Continuing operations		
Operating loss for the year	(3,709)	(1,907)
Adjustments for:		
Difference between current service cost and pension contributions	(1)	(5)
Pension administration costs	1,875	-
Depreciation of property, plant and equipment	146	140
Loss on disposal of property, plant and equipment	-	3
Increase in provisions	270	-
Operating cash flows before movement in working capital	(1,419)	(1,769)
Decrease / (Increase) in receivables	1,011	(215)
Increase in trade and other payables	70	478
Cash used in operations – continuing operations	(338)	(1,506)

	2015 £'000	2014 £'000
Discontinued operations		
Operating (loss) / profit for the year	(3,620)	1,914
Adjustments for:		
Impairment of assets held for sale	(289)	121
Profit on disposal of property, plant and equipment	-	(270)
Increase / (Decrease) in provisions	1,392	(1,773)
Operating cash flows before movement in working capital	(2,517)	(8)
Decrease in inventories	-	-
Decrease in receivables	-	-
Decrease in payables	-	-
Cash used in operations – discontinued operations	(2,517)	(8)
Net cash used in operating activities	(2,855)	(1,514)

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

	2015	2014
	£'000	£'000
The company as lessee:		
Operating lease payments recognised as an expense in the year	369	441

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:

	2015	2014
	£'000	£'000
Within one year	1,110	1,610
In the second to fifth year inclusive	1,466	2,813
After five years	1,451	1,779
	4,027	6,202

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). Prior to February 2014 there was also a defined contribution pension scheme.

Total pension cost for the year in operating profit

	2015	2014
	£'000	£'000
Defined contribution pension scheme and GPPP	43	34
Defined benefit pension scheme	27	39
Total pension cost for the year	70	73

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 2011, using the projected unit method. The current triennial review is ongoing.

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 2015 %	At 31 March 2014 %
Rate of increase in salaries	3.1	3.5
Rate of increase in pensions in payment		
on pre 88 GMP* in payment	-	-
on post 88 GMP* in payment	3.1	2.3
on pensions in payment in excess of GMP* (pre April 2010)	3.1	3.5
on pensions in payment in excess of GMP* (post April 2010)	2.2	2.3
Discount rate	3.5	4.6
Inflation assumption	3.1	3.5

* Guaranteed Minimum Pension

Mortality assumptions

The specific mortality rates used for both the pre and post retirement liabilities in 2015 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 2015	Female 2015	Male 2014	Female 2014
Member age 61 (current life expectancy)	29.3	31.7	29.2	31.5
Members age 40 (life expectancy at age 61)	31.8	34.2	31.7	34.1

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 2015 %	Fair value at 31 March 2015 £'000	Long-term rate of return expected at 31 March 2014 %	Fair value at 31 March 2014 £'000
Equities, property, commodities and hedge fund	3.5	124,110	4.6	113,327
Bonds	3.5	28,062	4.6	23,314
Cash and net current assets	3.5	375	4.6	497
Corporate bonds	3.5	35,073	4.6	31,472
Total market value of assets		187,620		168,610
Present value of scheme liabilities		(247,928)		(188,295)
Deficit in scheme		(60,308)		(19,685)
Home office guarantee		60,308		19,685
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 3.5% 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

	2015 £'000	2014 £'000
Current service cost	27	39
Total operating charge	27	39

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

	2015 £'000	2014 £'000
Expected return on pension scheme assets	7,700	7,235
Interest on pension scheme liabilities	(8,613)	(8,149)
Net cost	(913)	(914)

The actual return on scheme assets was £21,474k (2014: £7,890k).

Analysis of amount recognised in Statement of Comprehensive Income

	2015 £'000	2014 £'000
Actual return less expected return on pension scheme assets	13,774	655
Actuarial gains and losses arising on scheme liabilities	(53,110)	136
Home office guarantee	40,623	(1,382)
Deficit funding payments	1,500	1,500
Actuarial gain recognised in Statement of Comprehensive Income	2,787	909

The cumulative amount of actuarial gains and losses recognised in the Statement of Comprehensive Income since adoption of IFRSs is the loss of £78,496k (2014: £39,160k).

Movement in the deficit for the year

	2015 £'000	2014 £'000
(Deficit)/surplus in scheme at start of the year	-	-
Movement in year:		
Current service cost	(27)	(39)
Contributions	28	44
Administration expenses	(1,875)	-
Other finance income	(913)	(914)
Actuarial (loss) / gain	(39,336)	791
Deficit funding payments	1,500	1,500
Home office guarantee	40,623	(1,382)
Deficit in scheme at end of the year	-	-

23 RETIREMENT BENEFIT SCHEMES (Continued)

Asset and liability reconciliation

Reconciliation of assets

	2015 £'000	2014 £'000
Assets at start of the year	168,610	160,837
Expected return on assets	7,700	7,235
Actuarial gain	13,774	655
Employer contributions	28	44
Pension Protection Fund levy	(1,433)	-
Administration expenses paid	(442)	-
Benefits paid	(2,122)	(1,669)
Employee contributions	5	8
Deficit funding payments	1,500	1,500
Assets at end of the year	187,620	168,610

Reconciliation of liabilities

	2015 £'000	2014 £'000
Liabilities at start of the year	188,295	181,904
Current service cost	27	39
Interest cost	8,613	8,149
Employee contributions	5	8
Actuarial loss	53,110	(136)
Benefits paid	(2,122)	(1,669)
Liabilities at end of the year	247,928	188,295

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 2015. In addition, the Home Office has contributed £1.5m towards recovery of the past service deficit.

History of experience gains and losses

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Benefit obligation at end of year	(247,928)	(188,295)	(181,904)	(147,378)	(111,611)
Fair value of plan assets at end of year	187,620	168,610	160,837	145,832	135,029
	(60,308)	(19,685)	(21,067)	(1,546)	23,418
Reimbursement asset	60,308	19,685	21,067	-	-
(Deficit)/surplus in scheme at end of the year	-	-	-	(1,546)	23,418

23 RETIREMENT BENEFIT SCHEMES (Continued)

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Difference between the expected and actual return on scheme assets	13,774	655	8,593	(2,572)	2,392
Experience gains and losses on scheme liabilities	(53,110)	136	5,265	-	-

24 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

24(a) Assets held for sale

	2015 £'000	2014 £'000
Property, plant and equipment	4,913	5,024
Total	4,913	5,024

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

24(b) Discontinued income statement

	Notes	2015 £'000	2014 £'000
REVENUE		-	-
Cost of sales		-	-
GROSS LOSS		-	-
Administrative expenses		-	-
Distribution expenses		-	-
Other operating income		-	-
OPERATING PROFIT / (LOSS) BEFORE EXCEPTIONAL ITEM		-	-
Exceptional item	24(c)	(3,620)	1,914
OPERATING (LOSS) / PROFIT		(3,620)	1,914
Finance income		-	-
Finance costs		-	-
(LOSS) / PROFIT BEFORE TAXATION		(3,620)	1,914
Income tax		-	-
(LOSS) / PROFIT FOR THE YEAR FROM DISCONTINUED OPERATIONS		(3,620)	1,914

24(c) Discontinued Exceptional items

	2015 £'000	2014 £'000
Impairment (reversal) / loss recognised in respect of assets	(289)	121
Profit on disposal of assets	-	(270)
Movements in onerous lease provisions	3,909	736
EU approved grant funding	-	(2,501)
	3,620	(1,914)

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 (2014: £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 (2014: £nil).

No ordinary share capital (2014: £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.

27 EVENTS AFTER THE REPORTING PERIOD

In May 2015 the company disposed of its Wetherby site for £2,250k. In November 2015 the company reached an agreement for the early surrender of property leases and the extent of dilapidations provisions, which have been reflected in the financial statements.