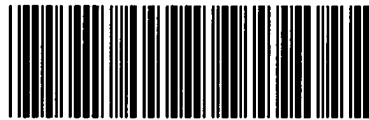


FORENSIC ARCHIVE LTD

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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COMPANIES HOUSE

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

Forensic Archive Ltd (FAL) has continued to operate as normal over the past year.

Covid precautions are now 'business as usual'; with a small staff and large footprint, there is plenty of room to socially distance and whilst open again to visitors, all are requested to take a Covid test before coming to the site. There have been no work-place infections and fortunately only a few staff have picked up the illness elsewhere.

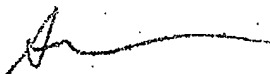
Cold case work amongst the police forces of England and Wales continues apace, generating the majority of requests that come in to FAL. This year, additionally, we have assisted a number of overseas law enforcement agencies and governments, including those from Peru and Australia. Domestically, forces' cold-case work, with FAL's assistance, continues to bear fruit with more convictions achieved, most notably relating to the prolific offending of David Fuller, including the murders of Wendy Knell and Caroline Pierce in 1987.

The UK forensic market-place remains fragile, with Ascertain Toxicology deciding to withdraw from it and other providers finding it tough going. As the archive of last resort, FAL has agreed to absorb Ascertain's archive of case-files and material, a process which is now nearing completion. Ascertain is owned by Abbot Medical, a multi-national pharmaceutical and medical devices company, who will be covering all the costs associated with the transfer.

The sale of FAL's last remaining freehold property, a carpark in central Birmingham, continues to drag on. The completion of the sale is contingent on planning permission being granted, and it has taken some time for the developer and Birmingham City Council to agree a way forward with regards sound-proofing. It is hoped a solution has now been found and that the scheme will go before the planning committee later in 2023.

Noting inflationary pressures and rapid energy price rises, the company is always seeking efficiencies and cost savings, conscious it is ultimately funded by the tax payer. However, as FAL is directly funded by the Home Office (HO) and not reliant on fluctuating markets or generating sales, its financial position is stable and outlook good for the next few years at least, with the current SLA with the HO running until Autumn 2027.

As always, I would like to thank the FAL staff for their continued hard work and commitment to providing an excellent service to the criminal justice system. This has been unwavering throughout the past few years of Covid and beyond.



Alison Fendley OBE
Executive Director

FORENSIC ARCHIVE LTD DIRECTORS' REPORT

The directors submit their report and the financial statements for the year ended 31 March 2023.

PRINCIPAL ACTIVITIES

As detailed in the Strategic Report, the main focus of Forensic Archive Ltd (FAL) over the year to March 2023 has been the continued maintenance of the archive of forensic material built up by the Forensic Science Service (FSS) and FTS (Forensic Telecommunications Service), and the provision of a service to the UK criminal justice system, ensuring appropriate access to the archive. FAL has also been working to transfer and absorb the archive of Ascertain, to maintain access to it as appropriate. In addition, work has continued on the few remaining FSS wind-down activities, mainly the disposal of its remaining freehold estate.

RESULTS AND DIVIDENDS

During the year the continuing business of forensic archive recognised revenue of £1,309,000 (2022: £1,096,000) and an overall loss from continuing activities of £836,000 (2022: £2,141,000). No dividends are planned or proposed (2022: £Nil).

GOING CONCERN

As a small entity with the provision of an archive service its main focus, in addition to the now diminishing '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 and are also confident that the spike in inflation and energy prices experienced in the last year plus any remaining issues related to Covid-19 will not affect this funding. The financial statements have therefore continued to be prepared on a going concern basis.

The main factors supporting this are:

- the renewed Service Level Agreement (SLA) in place between FAL and the Home Office for the provision of an archive service, which currently runs until Autumn 2027;
- the annual running costs and infrastructure of the archive are funded by the Home Office as set out in the SLA; and
- 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 an additional £150,000 requested in the last quarter due to the delay in the sale of Kent Street carpark. An additional £250,000 was received in July 2023 in respect of the liquidation aid.

DIRECTORS

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

J P Dewhurst	Non-Executive Chair (Home Office)
C R I M Prince	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.

FORENSIC ARCHIVE LTD
DIRECTORS' REPORT (CONTINUED)

SHARE CAPITAL

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 loan stock, 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 is available 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).

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 as necessary. It is the company's policy that training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

MATTERS OF STRATEGIC IMPORTANCE

The company has chosen in accordance with the Companies Act 2006, s414C(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 AUDITOR

BDO LLP was re-appointed as auditor of the company at the Board meeting on 20th April 2023.

FORENSIC ARCHIVE LTD
DIRECTORS' REPORT (CONTINUED)

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



A D Fendley
Director
9 October 2023

FORENSIC ARCHIVE LTD STRATEGIC REPORT

FAIR REVIEW OF THE BUSINESS

During the year to 31st March 2023, 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, plus the digital archive of closed digital forensic provider, Forensic Telecommunications Service (FTS). Work on transferring FTS archives to more robust digital storage media is now complete and will be reviewed periodically to ensure easy access to the data is maintained. Material from Ascertain Toxicology continues to be added to FAL's archive also and that work should be complete in the next few months.

The archive team continues to work efficiently, regularly outperforming the turn-around times set out in the SLA - which were reduced further in the latest agreement - and assisting the numerous cold case projects operating in police forces throughout the country.

A sale has long been agreed, subject to planning permission being granted, for FAL's last remaining freehold property, a carpark in Birmingham. The developer is hopeful the scheme will be considered by the Council's planning committee later in 2023, now that a way forward with regards soundproofing issues has been identified. The carpark is currently rented out, providing modest revenue for FAL, but the agreed sale could bring in a significant windfall.

FUTURE DEVELOPMENTS

Although a buyer was found for the Kent Street Carpark site a few years ago, completion of the sale is contingent on planning being granted. It had been hoped the sale would have been completed during this financial year, however the protracted discussions between Birmingham City Council's environmental planning unit and the developer have resulted in significant delays. It does now seem that a resolution has been agreed and it is thought the scheme will be considered by the planning committee later in 2023.

As stated previously, the UK forensic market-place continues to exhibit significant fragility, with Ascertain Toxicology choosing to exit and other providers finding it difficult to make a living. The National Police Chiefs' Council (NPCC) has therefore been reviewing and updating its forensic market contingency plan, to which FAL is contributing in its role as archive of last resort. The policing forensic community on behalf of the NPCC has also recently expressed a wish for FAL to further develop the work on the future of forensic archiving, although funding for the additional work has not yet been agreed.

In the meantime, the Home Office has reiterated its support for FAL in its current form, with the SLA running until 2027.

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 held between the Home Office and senior management to review broader operational and financial indicators.

In addition, the Executive Director sits on a number of criminal justice and stakeholder groups which can provide additional scrutiny and feedback.

During the year the continuing business of forensic archive recognised revenue of £1,309,000 (2022: £1,096,000) and an overall loss from continuing activities of £836,000 (2022: £2,141,000).

FORENSIC ARCHIVE LTD
STRATEGIC REPORT (CONTINUED)

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, including external reviews of both physical and IT security. The company is also BSI accredited (ISO 9001) and maintains an HTA licence.

The principal risks currently identified are:

- loss of key individuals from the business;
- reputational and/or scientific risks (potentially leading to litigation) relating to work previously undertaken by the FSS as no scientific staff have been retained;
- long term national or regional power-outages, leading to loss of frozen material held by FAL and;
- significant Covid-19 outbreak within FAL, preventing provision of service to the UK criminal justice system.

On behalf of the Board



A D Fendley
Director
9 October 2023

FORENSIC ARCHIVE LTD
STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the 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. The directors have elected under company law to prepare the financial statements in accordance with UK-adopted International Accounting Standards.

The financial statements are required by law and UK-adopted International Accounting Standards to present fairly the financial position and performance of the company. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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 the 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 they have been prepared in accordance with UK-adopted International Accounting Standards; 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 requirements of 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.

FORENSIC ARCHIVE LTD
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORENSIC ARCHIVE LTD
Year ended 31 March 2023

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Forensic Archive Ltd ("the Company") for the year ended 31 March 2023 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Other Companies Act 2006 Reporting

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

FORENSIC ARCHIVE LTD
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORENSIC ARCHIVE LTD
(CONTINUED)
Year ended 31 March 2023

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiring of management and the Board, including obtaining and reviewing supporting documentation, concerning the Company's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they had knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We obtained an understanding of the legal and regulatory frameworks applicable to the Company based on our understanding of the Company and sector experience and discussions with management. We considered the most significant laws and regulations for the Company to be the applicable

FORENSIC ARCHIVE LTD
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORENSIC ARCHIVE LTD
(CONTINUED)
Year ended 31 March 2023

Auditor's responsibilities for the audit of the financial statements (continued)

accounting framework, Companies Act 2006, corporate taxes and VAT legislation, employment taxes, health and safety and the Bribery Act 2010.

- Discussing among the engagement team, to assess how and where fraud might occur in the financial statements and any potential indicators of fraud and non-compliance with laws and regulation.

We designed and executed procedures in line with our responsibilities to detect material misstatements in respect of irregularities, including fraud. These procedures, together with the extent to which they are capable of detecting irregularities, including fraud, are detailed below:

- We made enquiries of management and those charged with governance and reviewed correspondence with the relevant authorities to identify any irregularities or instances of non-compliance with laws and regulations.
- We tested the appropriateness of accounting journals on a sample basis and other adjustments made in the preparation of the financial statements. We used data assurance techniques to identify and analyse the complete population of all journals in the year to identify and test any which we considered were indicative of management override.
- We reviewed the Company's accounting policies for non-compliance with relevant standards. Our work also included considering significant accounting estimates for evidence of misstatement or possible bias and testing any significant transactions that appeared to be outside the normal course of business.
- We also tested manual journals posted to revenue, agreeing them to supporting documentation to check that they were appropriate, correctly recorded and supported by appropriate evidence.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

DocuSigned by:

Samantha Lifford

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Samantha Lifford (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Birmingham, UK
Date: 09 October 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number QC305127).

FORENSIC ARCHIVE LTD
INCOME STATEMENT
Year ended 31 March 2023

	Note	2023 £'000	2022 £'000
CONTINUING OPERATIONS			
REVENUE	5	1,309	1,096
Cost of sales		(680)	(923)
GROSS PROFIT		629	173
Administrative expenses		(984)	(871)
Other operating income		30	21
OPERATING LOSS	6	(325)	(677)
Finance costs	9	(511)	(1,464)
LOSS BEFORE TAXATION		(836)	(2,141)
Income tax	10	-	-
LOSS FOR THE YEAR	21	(836)	(2,141)

FORENSIC ARCHIVE LTD
STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 March 2023

	Note	2023 £'000	2022 £'000
LOSS FOR THE YEAR		(836)	(2,141)
OTHER COMPREHENSIVE INCOME, NET OF TAX			
Actuarial (loss)/profit on defined benefit pension scheme	23	(7,692)	48,268
Deficit funding payments	23	1,774	1,770
Movement in reimbursement asset	23	6,441	(48,556)
OTHER COMPREHENSIVE INCOME		523	1,482
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(313)	(659)

FORENSIC ARCHIVE LTD
STATEMENT OF CHANGES IN EQUITY
Year ended 31 March 2023

	Share capital £'000	Accumulated losses £'000	Total equity £'000
BALANCE AT 1 APRIL 2021	98,000	(96,708)	1,292
Loss for the year	-	(2,141)	(2,141)
OTHER COMPREHENSIVE INCOME			
Actuarial gain on defined benefit pension scheme, net of tax	-	48,268	48,268
Deficit funding payments	-	1,770	1,770
Movement in reimbursement asset	-	(48,556)	(48,556)
TOTAL COMPREHENSIVE LOSS	-	(659)	(659)
BALANCE AT 31 MARCH 2022 AND 1 APRIL 2022	98,000	(97,367)	633
Loss for the year	-	(836)	(836)
OTHER COMPREHENSIVE (LOSS)			
Actuarial loss on defined benefit pension scheme, net of tax	-	(7,692)	(7,692)
Deficit funding payments	-	1,774	1,774
Movement in reimbursement asset	-	6,441	6,441
TOTAL COMPREHENSIVE LOSS	-	(313)	(313)
BALANCE AT 31 MARCH 2023	98,000	(97,680)	320

FORENSIC ARCHIVE LTD
STATEMENT OF FINANCIAL POSITION
As at 31 March 2023

Company registration number: 05607780

	Note	2023 £'000	2022 £'000
NON-CURRENT ASSETS			
Right-of-use assets	12	2,758	-
		<u>2,758</u>	
CURRENT ASSETS			
Trade and other receivables	14	538	254
Cash and cash equivalents	15	934	1,567
		<u>1,472</u>	<u>1,821</u>
Assets held for sale	24	140	140
		<u>1,612</u>	<u>1,961</u>
TOTAL ASSETS		<u>4,370</u>	<u>1,961</u>
CURRENT LIABILITIES			
Trade and other payables	16	(335)	(218)
Current tax liabilities	16	(35)	-
Lease liability	17	(277)	-
Deferred revenue	16	(429)	(411)
Provisions for liabilities	19	(119)	(146)
		<u>(1,195)</u>	<u>(775)</u>
NON-CURRENT LIABILITIES			
Lease liability	17	(2,385)	-
Provisions for liabilities	19	(470)	(553)
		<u>(2,855)</u>	<u>(553)</u>
TOTAL LIABILITIES		<u>(4,050)</u>	<u>(1,328)</u>
NET ASSETS		<u>320</u>	<u>633</u>
EQUITY			
Share capital	20	98,000	98,000
Accumulated losses	21	(97,680)	(97,367)
TOTAL EQUITY		<u>320</u>	<u>633</u>

The financial statements on pages 12 to 41 were approved by the Board of directors and authorised for issue and are signed on its behalf by:



A D Fendley
Director
9 October 2023

FORENSIC ARCHIVE LTD
STATEMENT OF CASH FLOWS
Year ended 31 March 2023

	Note	2023 £'000	2022 £'000
OPERATING ACTIVITIES			
Cash used in operations	22	(379)	(190)
Interest paid		(13)	(5)
Net cash flow used in operating activities		<u>(392)</u>	<u>(195)</u>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment and intangible assets		-	-
Net cash flow generated in investing activities		<u>-</u>	<u>-</u>
FINANCING ACTIVITIES			
Repayment of capital element of lease liabilities		(241)	(149)
Net cash used in financing activities		<u>(241)</u>	<u>(149)</u>
MOVEMENT IN CASH AND CASH EQUIVALENTS			
		(633)	(344)
Cash and cash equivalents at beginning of year		<u>1,567</u>	<u>1,911</u>
Cash and cash equivalents at end of year		<u>934</u>	<u>1,567</u>

FORENSIC ARCHIVE LTD
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2023

1 AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH IFRSs

The financial statements for the year ended 31 March 2023 were authorised by the Board on 2023 and the Statement of Financial Position was signed on the Board's behalf by A.D Fendley.

Forensic Archive Ltd is a limited liability company limited by shares owned by the Home Office. The company is incorporated and domiciled in England and Wales. 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 BASIS OF PREPARATION AND ACCOUNTING

These financial statements have been prepared in accordance with UK-adopted International Accounting Standards, and the Companies Act 2006 applicable to companies reporting under International Financial Reporting Standards (IFRSs). The financial statements have been prepared under the historical cost convention.

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

ADOPTION OF NEW AND REVISED STANDARDS

At the date of authorisation of these financial statements, the company has not applied the following new IFRSs that have been issued but are not yet effective:

IFRS 17	<i>Insurance contracts – new standard</i>
IFRS 17 (amendments)	<i>Insurance contracts – amendments to comparative information</i>
IAS 12 (amendments)	<i>Income taxes – amendments to deferred tax for single transactions</i>
IAS 8 (amendments)	<i>Accounting policies, changes in accounting estimates and errors – amendments to the definition of accounting estimates</i>
IAS 1 (amendments)	<i>Presentation of financial statements – disclosure of accounting policies</i>

The new standards and amendments above are not expected to have a material impact on the financial statements.

The following amendments and interpretations have been adopted by the company in the year ended 31 March 2023.

IFRS 3 (amendments)	<i>Business combinations – amendment to a reference</i>
IAS 37 (amendments)	<i>Provisions, contingent liabilities and contingent assets – amendments to specify costs to fulfil a contract when considering onerous contracts</i>
IAS 16 (amendments)	<i>Property, plant and equipment – amendments to treatment of sales proceeds and costs while preparing an asset for intended use</i>
Annual improvements 2018-2020	<i>Minor amendments to IFRS 1, IFRS 9, IAS 41 and IFRS 16</i>

The adoption of these amendments and interpretations has not had a significant impact on the financial statements.

3. ACCOUNTING POLICES

GOING CONCERN

The company has made an operating loss for the year of £325,000 (2022: £677,000). The company now has accumulated losses of £97,680,000 (2022: £97,367,000) and a net asset position of £320,000 (2022: £633,000). Cash and cash equivalents amount to £934,000 (2022: £1,567,000).

As a small entity with the provision of an archive service its main focus, in addition to the now diminishing '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 and are also confident that the spike in inflation and energy prices experienced in the last year, plus any remaining issues related to Covid-19 will not affect this funding. The financial statements have therefore continued to be prepared on a going concern basis. This assessment has been performed for a period of at least 12 months from the date these financial statements were authorised for issue.

The main factors supporting this are:

- the SLA in place between FAL and the Home Office for the provision of an archive service, which currently runs until Autumn 2027;
- the annual running costs and infrastructure of the archive are funded by the Home Office as set out in the SLA; and
- 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 an additional £150,000 requested in the last quarter due to the delay in the sale of Kent Street car-park. An additional £250,000 was received in July 2023 in respect of the liquidation aid.

GOVERNMENT GRANTS

Government grants relating to maintaining working capital and offsetting trading losses 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 – the company as a lessee:

On commencement of a contract (or part of a contract) which gives the company the right to use an asset for a period of time in exchange for consideration, the company recognises a right-of-use asset and a lease liability unless the lease qualifies as a 'short-term' lease or a 'low-value' lease.

Initial and subsequent measurement of the right-of-use asset

A right-of-use asset is recognised at commencement of the lease and initially measured at the amount of the lease liability, plus any incremental costs of obtaining the lease and any lease payments made at or before the leased asset is available for use by the company.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses. The depreciation methods applied are as follows:

Leased property	On a straight-line basis over the shorter of the lease term and the useful life
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The right-of-use asset is adjusted for any re-measurement of the lease liability and lease modifications.

3 ACCOUNTING POLICES (Continued)

LEASING (continued)

Initial measurement of the lease liability

The lease liability is initially measured at the present value of the lease payments during the lease term discounted using the interest rate implicit in the lease, or the incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined.

The lease term is the non-cancellable period of the lease plus extension periods that the company is reasonably certain to exercise and termination periods that the company is reasonably certain not to exercise.

The incremental borrowing rate is the rate of interest the company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Subsequent measurement of the lease liability

The lease liability is subsequently increased for a constant periodic rate of interest on the remaining balance of the lease liability and reduced for lease payments.

Interest on the lease liability is recognised in profit or loss. Variable lease payments not included in the measurement of the lease liability, as they are not dependent on an index or rate, are recognised in profit or loss in the period in which the event or condition that triggers those payments occurs.

Re-measurement of the lease liability

The lease liability is adjusted for changes arising from the original terms and conditions of the lease that change the lease term or the lease payments. The change in the amounts payable under the lease are recognised when the change takes effect and are discounted at the original discount rate.

Lease modification

A lease modification is a change that was not part of the original terms and conditions of the lease. It is accounted for as a separate lease if it increases the scope of the lease by adding the right to use one or more additional assets with a commensurate adjustment to the payments under the lease.

For a lease modification not accounted for as a separate lease, the lease liability is adjusted for the revised lease payments, discounted using a revised discount rate. The revised discount rate used is the interest rate implicit in the lease for the remainder of the lease term, or if that rate cannot be readily determined, the lessee company's incremental borrowing rate at the date of the modification.

Where the lease modification decreases the scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect the partial or full termination of the lease. Any difference between the adjustment to the lease liability and the adjustment to the right-of-use asset is recognised in profit or loss.

For all other lease modifications, the adjustment to the lease liability is recognised as an adjustment to the right-of-use asset.

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.

3 ACCOUNTING POLICIES (Continued)

RETIREMENT AND OTHER POST RETIREMENT BENEFITS (Continued)

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.

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's contributions are charged to operating loss 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 was 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 a 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.

3 ACCOUNTING POLICIES (Continued)

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
Plant and equipment:	
Laboratory equipment	5 to 10 years

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 the income statement.

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.

RECOGNITION OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when the company becomes party to the contractual provisions of the instrument.

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.

TRADE AND OTHER RECEIVABLES

Trade receivables are initially measured at their transaction price. Receivables are held to collect the contractual cash flows which are solely payments of principal and interest. Therefore, these receivables are subsequently measured at amortised cost using the effective interest rate method.

3. ACCOUNTING POLICIES (Continued)

IMPAIRMENT OF FINANCIAL ASSETS

An impairment loss is recognised for the expected credit losses on financial assets when there is an increased probability that the counterparty will be unable to settle an instrument's contractual cash flows on the contractual due dates, a reduction in the amounts expected to be recovered, or both.

The probability of default and expected amounts recoverable are assessed using reasonable and supportable past and forward-looking information that is available without undue cost or effort. The expected credit loss is a probability-weighted amount determined from a range of outcomes and takes into account the time value of money.

The measurement of impairment losses depends on whether the financial asset is 'performing', 'underperforming' or 'non-performing' based on the company's assessment of increases in the credit risk of the financial asset since its initial recognition and any events that have occurred before the year-end which have a detrimental impact on cash flows.

The financial asset moves from 'performing' to 'underperforming' when the increase in credit risk since initial recognition becomes significant.

Impairment losses and any subsequent reversals of impairment losses are adjusted against the carrying amount of the receivable and are recognised in profit or loss.

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.

Trade and other payables are initially measured at fair value, net of direct transaction costs and subsequently measured at amortised cost.

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.

REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each arrangement with a customer, the company: identifies whether the arrangement meets the definition of a contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each performance obligation to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

HOME OFFICE INCOME

Revenue from the Home Office is recognised in line with the terms of the SLA. Revenue is recognised when the company satisfies its performance obligations under the contract with its customer. The company's trade receivables are all related to the value of revenue receivable from contracts with customers.

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 impairment testing, parameters for measuring pension valuation, provisions, and the likelihood that tax assets can be realised.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment (see note 17).

Lease make-good provision

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss (see note 19).

FORENSIC ARCHIVE LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 March 2023

5 REVENUE

The company has one customer for which revenue recognised relates to operating the archive on behalf of the Home Office in the United Kingdom.

6 OPERATING LOSS

	2023 £'000	2022 £'000
Loss for the year has been arrived at after charging:		
Depreciation of right-of-use asset	145	147
Low-value lease rental costs	1	1
Staff costs (see note 8a)	551	537
Pension administration cost	14	27

7 AUDITOR'S REMUNERATION

	2023 £'000	2022 £'000
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The analysis of auditor's remuneration is as follows:

Fees payable to the company's auditors for:

- Audit of the company's annual financial statements	45	38
Total audit fees	45	38

FORENSIC ARCHIVE LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 March 2023

8a PEOPLE COSTS AND DIRECTORS' EMOLUMENTS

	2023 Number	2022 Number
The average monthly number of employees (including directors) was:		
Management and support staff	12	12
	<u>12</u>	<u>12</u>
People costs including directors' emoluments (see note 8b)		
	2023 £'000	2022 £'000
Wages and salaries	426	423
Social security costs	45	41
Other pension costs (see note 23)	80	73
	<u>551</u>	<u>537</u>

8b DIRECTORS' EMOLUMENTS

	2023 £'000	2022 £'000
Directors' emoluments	100	96
Money purchase pension contributions	10	9
Total	<u>110</u>	<u>105</u>
	2023 Number	2022 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

The total remuneration of the directors and key management personnel (including employer's national insurance) amounted to £122,000 (2022: £117,000).

9 FINANCE COSTS

	2023 £'000	2022 £'000
Interest expense on lease liabilities	13	5
Net pension finance cost (see note 23)	498	1,459
Total finance costs	<u>511</u>	<u>1,464</u>

FORENSIC ARCHIVE LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 March 2023

10 INCOME TAX

The income tax payable for the year ended 31 March 2023 was £Nil (2022: £Nil).

A reconciliation between tax expense and the product of accounting loss multiplied by the UK rate of Corporation Tax for the years ended 31 March 2023 and 31 March 2022 is as follows:

	2023 £'000	2022 £'000
Loss before taxation:	(836)	(2,141)
	<u>(836)</u>	<u>(2,141)</u>
At UK standard rate of corporation tax of 19% (2022: 19%)	(159)	(407)
Non-allowable expenses	70	79
Deferred tax not recognised	(1)	1,670
Amounts credited directly to SORIE or otherwise transferred	120	282
Remeasurement of deferred tax for changes in tax rates	(30)	(1,624)
	<u>-</u>	<u>-</u>
Tax charge in the Income Statement	-	-

The company has unrecognised deferred tax assets of £6,713,000 (2022: £6,765,000), comprising £2,884,000 (2022: £2,883,000) relating to property, plant and equipment timing differences, £29,700 (2022: £84,000) relating to provisions timing differences and £3,800,000 (2022: £3,798,000) 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.

FORENSIC ARCHIVE LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 March 2023

11 PROPERTY, PLANT AND EQUIPMENT

	Buildings £'000	Plant and equipment £'000	Total £'000
Cost:			
At 1 April 2022	555	215	770
Disposals	(555)	-	(555)
31 March 2023	-	215	215
Accumulated depreciation and impairment:			
At 1 April 2022	555	215	770
Disposals	(555)	-	(555)
31 March 2023	-	215	215
Carrying amount:			
At 31 March 2023	-	-	-
At 31 March 2022	-	-	-

12 RIGHT-OF-USE ASSETS

	Land and buildings £'000	Total £'000
Cost:		
At 1 April 2022	585	585
Additions	2,903	2,903
Disposals	(585)	(585)
31 March 2023	2,903	2,903
Accumulated depreciation and impairment:		
At 1 April 2022	585	585
Charge for the year	145	145
Disposals	(585)	(585)
31 March 2023	145	145
Carrying amount:		
At 31 March 2023	2,758	2,758
At 31 March 2022	-	-

FORENSIC ARCHIVE LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 March 2023

13 INVESTMENTS

Investments in subsidiaries

2023
£'000

At 1 April and 31 March

Name	Registered Office	Class of holding	Proportion	Nature of business
Forensic Science Service Ltd	29 Gravelly Industrial Park, Birmingham, West Midlands, B24 8HZ	Ordinary	100%	Dormant
Forensic8 Limited	29 Gravelly Industrial Park, Birmingham, West Midlands, B24 8HZ	Ordinary	100%	Dormant
JFK Audio Visual & Photographic Services Limited	29 Gravelly Industrial Park, Birmingham, West Midlands, B24 8HZ	Ordinary	100%	Dormant
Iforensic Limited	29 Gravelly Industrial Park, Birmingham, West Midlands, B24 8HZ	Ordinary	100%	Dormant

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

SUBSIDIARIES EXCLUDED FROM CONSOLIDATION

In accordance with Companies Act 2006 s402, the dormant subsidiary undertakings 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. As at 31 March 2023 and 2022 these subsidiary companies had capital and reserves ranging from £1 to £3 and have not traded during the year.

FORENSIC ARCHIVE LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 March 2023

14 TRADE AND OTHER RECEIVABLES

	2023 £'000	2022 £'000
Trade and other receivables:		
Trade receivables	327	-
	<u>327</u>	<u>-</u>
Other debtors	118	99
Prepayments and accrued income	93	127
	<u>211</u>	<u>226</u>
Total trade and other receivables	<u>538</u>	<u>226</u>
Other tax and social security receivable	-	28
Total trade and other receivables	<u>538</u>	<u>254</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 are considered low credit risk. The expected credit loss is immaterial.

The ageing of past due but not impaired receivables amounted to £Nil (2022: £Nil).

15 CASH AND CASH EQUIVALENTS

	2023 £'000	2022 £'000
Bank balances and cash	934	1,567
Cash and cash equivalents	<u>934</u>	<u>1,567</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 therefore no financial assets have been impaired.

All financial assets, excluding prepayments and tax-related balances, are measured at amortised cost.

FORENSIC ARCHIVE LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 March 2023

16 TRADE AND OTHER PAYABLES

	2023 £'000	2022 £'000
Trade creditors	198	43
Accruals	114	154
Other creditors	23	10
Other tax and social security	35	11
	<u>370</u>	<u>218</u>
	2023 £'000	2022 £'000
Deferred revenue	<u>429</u>	<u>411</u>

Included within deferred revenue is income billed in advance to the Home Office for future periods.

17 LEASE LIABILITIES

	Land and Buildings £'000	Total £'000
Opening balance At 1 April 2022	-	-
Additions	2,800	2,800
Lease payments	(150)	(150)
Interest	12	12
At 31 March 2023	<u>2,662</u>	<u>2,662</u>
	2023 £'000	2022 £'000
Analysed as:		
Non-current	2,385	-
Current	<u>277</u>	<u>-</u>
	<u>2,662</u>	<u>-</u>

The company has recently renewed the leases for the land and buildings on which its offices are located. The renewed leases have been agreed for a period of 10 years.

The company leases office equipment under agreements of less than three years. These leases are either short-term or low-value, so have been expensed as incurred and not capitalised as right-of-use assets.

FORENSIC ARCHIVE LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 March 2023

18 FINANCIAL INSTRUMENTS

	31 March 2023 £'000	31 March 2022 £'000
Financial assets measured at amortised cost		
Trade receivables	327	-
Other debtors	118	99
Accrued income	3	2
Cash and cash equivalents	934	1,567
	<u>1,382</u>	<u>1,668</u>
Financial liabilities measured at amortised cost		
Trade creditors	198	43
Accruals	114	154
Other creditors	23	10
	<u>335</u>	<u>207</u>

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.

Maturity of financial liabilities:

All financial liabilities, excluding deferred income and tax related balances, 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 £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
At 31 March 2023				
Lease liabilities	301	301	902	1,278
Trade and other payables	327	-	-	-
Provisions	119	-	-	781
At 31 March 2022				
Lease liabilities	-	-	-	-
Trade and other payables	218	-	-	-
Provisions	146	646	-	-

18 FINANCIAL INSTRUMENTS (Continued)

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 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 20 and 21. 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 as per 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, 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.

The maximum exposure to credit risk will be the gross amounts net of any impairment losses.

Determination of credit-impaired financial assets

When an event has occurred which has a detrimental impact on the estimated future cash flows, the financial asset becomes 'credit-impaired' and the expected credit losses are measured as the difference between the carrying amount (before any loss allowance) and the present value of estimated future cash flows discounted at the original effective interest rate. In addition, the 'effective interest rate' is applied to the carrying amount of the financial asset net of any loss allowance, rather than the carrying amount before any loss allowance.

FORENSIC ARCHIVE LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 March 2023

18 FINANCIAL INSTRUMENTS (Continued)

Determination of credit-impaired financial assets (Continued)

Maximum exposure to credit risk on financial assets

The company considers that the maximum exposure to credit risk (ignoring collateral or other credit enhancements) on the financial assets as set out below is negligible.

Maximum exposure:	31 March 2023 £'000	31 March 2022 £'000
Financial assets measured at amortised cost		
Trade receivables	327	-
Other debtors	23	99
Accrued income	3	2
	<u>353</u>	<u>101</u>

Impairment of financial assets

The company's credit risk management practices and how they relate to the recognition and measurement of expected credit losses is set out below.

Definition of default

The loss allowance on all financial assets is measured by considering the probability of default.

Receivables are considered to be in default when the principal or any interest is more than 75 days past due, based on an assessment of past payment practices and the likelihood of such overdue amounts being recovered.

Determination of credit-impaired financial assets

The company considers financial assets to be 'credit-impaired' when the following events, or combinations of several events, have occurred before the year-end:

- significant financial difficulty of the counterpart arising from significant downturns in operating results and/or significant unavoidable cash requirements when the counterpart has insufficient finance from internal working capital resources, external funding and/or group support;
- a breach of contract, including receipts being more than 240 days past due; and
- it becomes probable that the counterpart will enter bankruptcy or liquidation.

Write-off policy

Receivables are written off by the company when there is no reasonable expectation of recovery, such as when the counterpart is known to be going bankrupt, or into liquidation or administration. Receivables will also be written off when the amount is more than 300 days past due and is not covered by security over the assets of the counterpart or a guarantee.

Impairment of trade receivables

The company calculates lifetime expected credit losses for trade receivables using a simplified approach. Receivables are grouped based on the credit terms offered and type of product sold. The probability of default is determined at the year-end based on the ageing of the receivables, historical data about default rates on the same basis. The data is adjusted if the company determines that historical data is not reflective of expected future conditions due to changes in the nature of its customers and how they are affected by external factors such as economic and market conditions.

The company considers that the loss rate on all trade receivables is negligible.

FORENSIC ARCHIVE LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 March 2023

18 FINANCIAL INSTRUMENTS (Continued)

Determination of credit-impaired financial assets (Continued)

Assessing significant increases in credit risk

The company undertake the following procedures to determine whether there has been a significant increase in the credit risk of its other receivables, including group balances, since their initial recognition. Where these procedures identify a significant increase in credit risk, the loss allowance is measured based on the risk of a default occurring over the expected life of the instrument rather than considering only the default events expected within 12 months of the year-end.

The company determines that credit risk has increased significantly when:

- a significant downgrade in the credit rating has occurred or is expected; or
- significant declines in revenue or increases in its borrowings, or significant working capital deficiencies have occurred or are expected; or
- market conditions have, or are expected to, significantly affect access to external financing; or
- an actual expectation of significant changes in the quality of guarantees or security provided to the company or reductions in financial support.

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.

19 PROVISIONS FOR LIABILITIES

	Reorganisation costs £'000	Property costs £'000	Legal claims £'000	Total £'000
At 1 April	114	553	32	699
Additions	5	-	-	5
Utilised	-	-	(32)	(32)
Movement in discount rate and time	-	(83)	-	(83)
Unused amounts reversed during the year	-	-	-	-
At 31 March	119	470	-	589
Due within 1 year	119	-	-	119
Due within second to fifth year inclusive	-	-	-	-
Due after five years	-	470	-	470
	119	470	-	589

The provision for reorganisation costs includes an amount provided for redundancy costs.

The provision for property related costs include a provision for dilapidations at a site. These are based on estimated costs over the remaining lease term discounted for the remaining term. The company expects that this provision will be utilised at the end of the lease.

FORENSIC ARCHIVE LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 March 2023

19 PROVISIONS FOR LIABILITIES(Continued)

The provision for legal claims related to claims that were settled in November 2022.

20 SHARE CAPITAL

	2023 £'000	2022 £'000
Authorised: 100,000,000 (2022: 100,000,000) ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted, issued and fully paid: 98,000,001 (2022: 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.

21 ACCUMULATED LOSSES

	2023 £'000	2022 £'000
Balance at 1 April	(97,367)	(96,708)
Loss for the year	(836)	(2,141)
Other comprehensive income	523	1,482
Balance at 31 March	<u>(97,680)</u>	<u>(97,367)</u>

Accumulated losses consist of the cumulative profit and loss net of distribution to owners.

FORENSIC ARCHIVE LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 March 2023

22 NOTES TO THE STATEMENT OF CASH FLOWS

	2023 £'000	2022 £'000
Continuing operations		
Loss before tax	(836)	(2,141)
Adjustments for:		
Net finance costs	511	1,464
Difference between current service cost and pension contributions	25	23
Depreciation of right-of-use asset	145	147
(Decrease)/Increase in provisions	(110)	174
Operating cash flows before movement in working capital	(265)	(333)
(Increase)/Decrease in receivables	(284)	111
Increase in trade and other payables	170	32
Cash used in operations	(379)	(190)

FORENSIC ARCHIVE LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 March 2023

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 loss:

	2023	2022
	£'000	£'000
Defined contribution pension scheme and GPPP	55	50
Defined benefit pension scheme	25	23
Total pension cost for the year	<u>80</u>	<u>73</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 30 November 2020, 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.

For the IAS 19 valuation, the major assumptions used by the actuary were:

	At 31 March 2023	At 31 March 2022
	%	%
Rate of increase in salaries	3.10	3.6
Rate of increase in pensions in payment:		
on pensions in payment in excess of GMP* (pre-April 2010)	3.10	3.6
on pensions in payment in excess of GMP* (post April 2010)	1.90	2.05
Discount rate	4.80	2.8
Inflation assumption	3.10	3.6

* Guaranteed Minimum Pension

Mortality assumptions

The specific mortality rates used for both the pre and post retirement liabilities in 2023 are consistent with those used in the prior year. These are based on SINA 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 2023	Female 2023	Male 2022	Female 2022
Member age 60 (current life expectancy)	26.6	28.4	27.0	28.7
Members age 40 (life expectancy at age 60)	27.5	29.4	27.8	29.7

FORENSIC ARCHIVE LTD.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 March 2023

23. RETIREMENT BENEFIT SCHEMES (Continued)

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

	Weighted average long-term rate of return expected at 31 March 2023 %	Fair value at 31 March 2023 £'000	Weighted average long-term rate of return expected at 31 March 2022 %	Fair value at 31 March 2022 £'000
Equities, property, commodities and hedge fund	4.8	69,412	2.8	151,460
Bonds	4.8	66,259	2.8	90,834
Cash and net current assets	4.8	5,385	2.8	439
Corporate bonds	4.8	43,410	2.8	45,747
Total market value of assets		184,466		288,480
Present value of scheme liabilities		(209,582)		(307,155)
Deficit in scheme		(25,116)		(18,675)
Home office guarantee		25,116		18,675
Net pension assets				

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 4.8% (2022: 2.8%) 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:

	2023 £'000	2022 £'000
Current service cost	25	23
Past service cost		
Total operating charge	25	23

FORENSIC ARCHIVE LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 March 2023

23 RETIREMENT BENEFIT SCHEMES (Continued)

Analysis of amount charged to finance costs

	2023 £'000	2022 £'000
Expected return on pension scheme assets	8,054	5,747
Interest on pension scheme liabilities	(8,552)	(7,206)
Net cost	<u>(498)</u>	<u>(1,459)</u>

The actual return on scheme assets was a loss of £102,365,000 (2022: £27,935,000).

Analysis of amount recognised in Statement of Comprehensive Income

	2023 £'000	2022 £'000
Actual return less expected return on pension scheme assets	(110,419)	22,188
Actuarial gains and losses arising on scheme liabilities	139,241	11,898
Demographic assumptions	1,878	17,552
Experience adjustments	(38,392)	(3,370)
Home Office guarantee	6,441	(48,556)
Deficit funding payments	1,774	1,770
Actuarial gain recognised in Statement of Comprehensive Income	<u>523</u>	<u>1,482</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of Comprehensive Income since adoption of IFRSs is the loss of £65,260,000 (2022: loss £64,737,000).

Movement in the surplus for the year:

	2023 £'000	2022 £'000
Surplus in scheme at start of the year	-	-
Movement in year:		
Current and past service cost	(25)	(23)
Contributions	-	-
Administration expenses	-	-
Other finance expenses	(498)	(1,459)
Actuarial (loss)/gain	(7,692)	48,268
Deficit funding payments	1,774	1,770
Home Office guarantee	6,441	(48,556)
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 2023

23 RETIREMENT BENEFIT SCHEMES (Continued)

Asset and liability reconciliation:

	2023 £'000	2022 £'000
Reconciliation of assets		
Assets at start of the year	288,480	261,873
Expected return on assets	8,054	5,747
Actuarial (loss)/gain	(110,419)	22,188
Employer contributions	-	-
Administration expenses paid	-	-
Benefits paid	(3,425)	(3,100)
Employee contributions	2	2
Deficit funding payments	1,774	1,770
Assets at end of the year	184,466	288,480
Reconciliation of liabilities		
Liabilities at start of the year	307,155	329,104
Current service cost	25	23
Past service cost	-	-
Interest cost	8,552	7,206
Employee contributions	2	2
Actuarial (loss)	(139,241)	(11,898)
Demographic assumptions	(1,878)	(17,552)
Experience adjustments	38,392	3,370
Benefits paid	(3,425)	(3,100)
Liabilities at end of the year	209,582	307,155

Contributions

The Home Office has contributed £1,774,000 (2022: £1,770,000) towards recovery of the past service deficit.

History of experience gains and losses

	2023 £'000	2022 £'000	2021 £'000	2020 £'000	2019 £'000
Benefit obligation at end of year	(209,582)	(307,155)	(329,104)	(274,072)	(303,088)
Fair value of plan assets at end of year	184,466	288,480	261,873	218,340	228,890
	(25,116)	(18,675)	(67,231)	(55,732)	(74,198)
Reimbursement asset	25,116	18,675	67,231	55,732	74,198
Surplus in scheme at end of the year					

FORENSIC ARCHIVE LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 March 2023

23 RETIREMENT BENEFIT SCHEMES (Continued)

	2023 £'000	2022 £'000	2021 £'000	2020 £'000	2019 £'000
Difference between the expected and actual return on scheme assets	(110,419)	22,188	38,526	(15,453)	1,966
Experience gains and losses on scheme liabilities	(139,241)	(11,898)	50,515	(34,003)	25,408

24 ASSETS HELD FOR SALE

	2023 £'000	2022 £'000
Freehold land	140	140
Total	<u>140</u>	<u>140</u>

Assets held for sale

As part of the wind-down of operational activities the Board has agreed to dispose of the freehold land held by the company. The land was identified as held for sale following an agreement made on 31 January 2021 to sell the land to a third party for a sum totalling £2,600,000. The transaction is expected to be completed in 2023. The land has been classified as held for sale and presented separately in the Statement of Financial Position.

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.

During the year, the Home Office advanced £2,128,000 (2022: £1,951,000). Amounts due from The Home Office at the year-end were £445,000 (2022: £99,000).

26 ULTIMATE CONTROLLING PARTY AND PARENT

The Secretary of State for the Home Office controls the company. The Government Legal Department holds all of the issued share capital of the company on behalf of the Home Office.