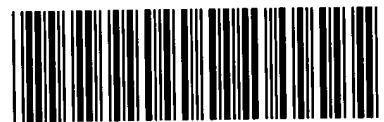


FORENSIC ARCHIVE LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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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

Over the last, extraordinary year, Forensic Archive Ltd (FAL) has continued to operate as usual, with the majority of staff coming into work in order to provide a service to the criminal justice service. All appropriate steps have been taken to ensure the workplace is Covid secure and fortunately there have been no outbreaks of illness amongst FAL employees. At the time of writing, FAL is still closed to visitors; this will be reviewed in the summer in light of lifting of Covid restrictions more generally.

There has been no noticeable diminution of requests for information and material to assist in cold case work and appeals, with both Nottinghamshire and South Wales Police investigations leading to convictions of offenders for sexual offences which took place over thirty years ago. Whilst police resources remain stretched, some question the validity of investigating decades old offences. However, research has shown that many sexual predators will continue offending until caught, so solving a thirty year old case may well prevent others and clear up contemporary crimes, and victims still deserve the closure and resolution a conviction may bring, even if comes after many years. FAL is proud to be able to contribute to this in some small way.

There has been some progress with the sale of FAL's last remaining freehold property, a carpark in the Digbeth area of Birmingham. The completion of the sale is contingent on planning permission being granted and discussions between the developers and Birmingham City Council are drawing to a close.

As FAL is funded directly by the Home Office (HO), the pandemic has had no effect on the company's financial position or outlook. The current Service Level Agreement (SLA) between the HO and FAL runs until the end of 2022 and it is anticipated conversations regarding extension or renewal will begin over the next few months. These will undoubtedly be influenced by the next Comprehensive Spending Review and the ongoing review of the forensic science market, including the retention and archiving of forensic material and information.

Finally, I would like to thank the FAL staff for their hard work and dedication in providing an excellent and timely service to the criminal justice system. None of them showed any hesitation in continuing to come into work throughout this difficult period, even when Covid infections were extremely high in the local area, ensuring customer requirements were met. I have no doubt this attitude will continue into the future.



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 2021.

PRINCIPAL ACTIVITIES

As detailed in the Strategic Report, the main focus of Forensic Archive Ltd (FAL) over the year to 31 March 2021 has been the continued maintenance of the archive of forensic material built up by the Forensic Science Service (FSS), Forensic Telecommunications Service (FTS) 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, mainly the disposal of its remaining freehold estate.

RESULTS AND DIVIDENDS

During the year the continuing business of forensic archive recognised revenue of £1,096,000 (2020: £1,088,000) and an overall loss from continuing activities of £1,903,000 (2020: £2,251,000). No dividends are planned or proposed (2020: £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 current Covid-19 pandemic 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 SLA in place between FAL and the Home Office for the provision of an archive service, which currently runs until November 2022;
- 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, although none was required in the year to 31 March 2021.

DIRECTORS

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

J L C Stewart	Non-Executive Chair (Home Office) (resigned September 2021)
J P Dewhurst	Non-Executive Chair (Home Office) (appointed September 2021)
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.

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.

FORENSIC ARCHIVE LTD
DIRECTORS' REPORT (CONTINUED)

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 payables.

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 24).

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.

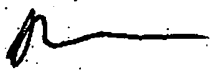
INDEPENDENT AUDITOR

BDO LLP was re-appointed as auditor of the company at the Board meeting on 10th May 2021.

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
16th Nov 2021

FORENSIC ARCHIVE LTD STRATEGIC REPORT

FAIR REVIEW OF THE BUSINESS

During the year to 31 March 2021, 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 commenced during the year and is still ongoing.

The archive team continues to work efficiently, regularly exceeding the turn-around times set out in the SLA and assisting the numerous cold case projects that have sprung up in police forces throughout the country.

A sale has been agreed for FAL's last remaining freehold property, a carpark in Birmingham. The carpark is currently rented out, providing modest revenue for FAL, but the agreed sale to a developer could bring in a significant windfall.

FUTURE DEVELOPMENTS

As mentioned previously, FAL has now secured a buyer for the Kent Street carpark in the Digbeth area of Birmingham, with contracts exchanged last year. The completion of the sale is dependent on planning permission being granted and discussions are currently ongoing between the developer and Birmingham City Council (BCC). It is expected the proposed scheme will be considered by BCC's planning committee in October with completion by the end of the year, although experience from the sale of other sites has shown that it is always prudent to be prepared for currently unforeseen delays.

Following on from a number of issues within the forensic marketplace during the last few years, the Forensic Capability Network (FCN) has been working on a number of work-packages to provide stability and look to the future of forensic provision within England and Wales. FAL has been contributing to the work considering how forensic retention and archiving may be tackled in the future with a number of recommendations put forward and options considered, ranging from do nothing to the formation of a truly national forensic archive. Given the postponement of the Comprehensive Spending Review (CSR) last autumn and question marks remaining over future funding rounds due to the Covid pandemic, it is not yet clear how any proposals may be advanced and what they might mean for FAL, but the Board is fully involved in the ongoing discussions. In the meantime, the Home Office remains committed in its support of FAL in its current iteration.

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 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.

FORENSIC ARCHIVE LTD
STRATEGIC REPORT (CONTINUED)

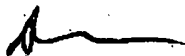
PRINCIPAL RISKS AND UNCERTAINTIES (continued)

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 PSS as no scientific staff have been retained; and
- significant Covid-19 outbreak within FAL, preventing provision of service to the UK criminal justice system.

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 (The British Standards Institution) accredited and maintains a HTA (Human Tissue Authority) licence.

On behalf of the Board



A D Fendley
Director

16th November 2021

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 and international accounting standards in conformity with the requirements of the Companies Act 2006.

The financial statements are required by law and international accounting standards in conformity with the requirements of the Companies Act 2006 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;
- 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;
- make judgements and accounting estimates that are reasonable and prudent; 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.

FORENSIC ARCHIVE LTD
INDEPENDENT AUDITOR'S REPORT
Year ended 31 March 2021

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 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Forensic Archive Ltd for the year ended 31 March 2021 which comprise Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position, Statement of Cash Flows 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 international accounting standards in conformity with the requirements of the Companies Act 2006.

Basis for opinion

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

Independence

We remain independent 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 Annual Report 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.

FORENSIC ARCHIVE LTD
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
Year ended 31 March 2021

Other Companies Act 2006 reporting

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

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

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 by, 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.

FORENSIC ARCHIVE LTD
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
Year ended 31 March 2021

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

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 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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

FORENSIC ARCHIVE LTD
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
Year ended 31 March 2021

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:

Kyla Bellingall

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Kyla Bellingall (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Birmingham, UK
Date: 16 November 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

FORENSIC ARCHIVE LTD
INCOME STATEMENT
Year ended 31 March 2021

	Note	2021 £'000	2020 £'000
CONTINUING OPERATIONS			
REVENUE	5	1,096	1,088
Cost of sales		(701)	(598)
GROSS PROFIT		<u>395</u>	<u>490</u>
Administrative expenses		(1,030)	(893)
Other operating income		-	6
OPERATING LOSS	6	<u>(635)</u>	<u>(397)</u>
Finance costs	9	(1,268)	(1,854)
LOSS BEFORE TAXATION		<u>(1,903)</u>	<u>(2,251)</u>
Income tax	10	-	-
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		<u>(1,903)</u>	<u>(2,251)</u>
Discontinued operations			
Profit for year from discontinued operations	22	-	1,927
LOSS FOR THE YEAR	19	<u>(1,903)</u>	<u>(324)</u>

FORENSIC ARCHIVE LTD
STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 March 2021

	Note	2021 £'000	2020 £'000
LOSS FOR THE YEAR		(1,903)	(324)
OTHER COMPREHENSIVE (LOSS)/INCOME, NET OF TAX			
Actuarial (loss)/gain on defined benefit pension scheme	21	(11,989)	18,550
Deficit funding payments	21	1,770	1,770
Movement in reimbursement asset	21	11,499	(18,466)
OTHER COMPREHENSIVE INCOME		1,280	1,854
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		(623)	1,530

FORENSIC ARCHIVE LTD
STATEMENT OF CHANGES IN EQUITY
Year ended 31 March 2021

	Share capital £'000	Accumulated losses £'000	Total equity £'000
BALANCE AT 1 APRIL 2019	98,000	(97,655)	345
Effect of change in accounting policy for initial application of IFRS 16 transition adjustment	-	40	40
Loss for the year	-	(324)	(324)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Actuarial gain on defined benefit pension scheme, net of tax	-	18,550	18,550
Deficit funding payments	-	1,770	1,770
Movement in reimbursement asset	-	(18,466)	(18,466)
TOTAL COMPREHENSIVE INCOME	-	1,530	1,530
BALANCE AT 31 MARCH 2020 AND 1 APRIL 2020	98,000	(96,085)	1,915
Loss for the year	-	(1,903)	(1,903)
OTHER COMPREHENSIVE (LOSS)/INCOME			
Actuarial loss on defined benefit pension scheme, net of tax	-	(11,989)	(11,989)
Deficit funding payments	-	1,770	1,770
Movement in reimbursement asset	-	11,499	11,499
TOTAL COMPREHENSIVE LOSS	-	(623)	(623)
BALANCE AT 31 MARCH 2021	98,000	(96,708)	1,292

FORENSIC ARCHIVE LTD
STATEMENT OF FINANCIAL POSITION
As at 31 March 2021

Company registration number: 05607780

	Note	2021 £'000	2020 £'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	-	-
Right-of-use assets	12	147	366
Investments	13	-	-
		<u>147</u>	<u>366</u>
CURRENT ASSETS			
Assets held for sale	22	140	140
Trade and other receivables	14	365	389
Cash and cash equivalents	14	1,911	2,363
		<u>2,416</u>	<u>2,892</u>
TOTAL ASSETS		<u>2,563</u>	<u>3,258</u>
CURRENT LIABILITIES			
Trade and other payables	15	(192)	(286)
Lease liabilities	15	(149)	(220)
Deferred revenue	15	(405)	(308)
Provisions for liabilities	17	(214)	(92)
		<u>(960)</u>	<u>(906)</u>
NON-CURRENT LIABILITIES			
Lease liabilities	15	-	(149)
Provisions for liabilities	17	(311)	(288)
Retirement benefit obligations	21	-	-
		<u>(311)</u>	<u>(437)</u>
TOTAL LIABILITIES		<u>(1,271)</u>	<u>(1,343)</u>
NET ASSETS		<u>1,292</u>	<u>1,915</u>
EQUITY			
Share capital	18	98,000	98,000
Accumulated losses	19	(96,708)	(96,085)
TOTAL EQUITY		<u>1,292</u>	<u>1,915</u>

The financial statements on pages 11 to 41 were approved by the Board of directors and authorised for issue and are signed on its behalf by:



A.D. Fendley
Director

16th November 2021

FORENSIC ARCHIVE LTD
STATEMENT OF CASH FLOWS
Year ended 31 March 2021

	Note	2021 £'000	2020 £'000
OPERATING ACTIVITIES			
Cash used in operations	20	(225)	(54)
Interest paid		(7)	(21)
Net cash flow used in operating activities		<u>(232)</u>	<u>(75)</u>
FINANCING ACTIVITIES			
Repayment of capital element of finance lease liabilities		(220)	(1,041)
Net cash used in financing activities		<u>(220)</u>	<u>(1,041)</u>
MOVEMENT IN CASH AND CASH EQUIVALENTS		(452)	(1,116)
Cash and cash equivalents at beginning of year		2,363	3,479
Cash and cash equivalents at end of year		<u>1,911</u>	<u>2,363</u>

FORENSIC ARCHIVE LTD
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

1 AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 March 2021 were authorised by the Board on 21st October 2021 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 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 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.

ADOPTION OF NEW AND REVISED STANDARDS

At the date of authorisation of these financial statements, the company has not applied the following new and revised IFRSs that have been issued but are not yet effective and, in some cases, had not yet been adopted by the EU:

IFRS 17	<i>Insurance Contracts</i>
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The above amendment and revised standard is not expected to have a material effect.

The following amendments and interpretations have been adopted by the company in the year ending 31 March 2021.

IAS 1 and IAS 8 (amendments)	<i>Definition of Material</i>
IAS 1 (amendments)	<i>Classification of Liabilities as Current or Non-current</i>
IFRS 9, IAS 39 and IFRS 7 (amendments)	<i>Interest Rate Benchmark Reform</i>
IFRS 3 (amendments)	<i>Business Combinations</i>
Conceptual Framework (amendments)	<i>References to the Conceptual Framework in IFRS Standards</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 £635,000 (2020: £397,000 loss). The company now has a deficit on the profit and loss reserve of £96,708,000 (2020: £96,085,000 deficit) and a net asset position of £1,292,000 (2020: net asset of £1,915,000). Cash and cash equivalents amount to £1,911,000 (2020: £2,363,000).

The directors have carried out a review of the company's ability to continue in operation for the foreseeable future, being a period of at least 12 months from signing these accounts. 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. As the company is funded directly by the Home Office the pandemic has not affected the company's current financial position or forecasts.

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. The commitment towards the archive from the Home Office is confirmed via the Service Level Agreement which runs until 2022 and formalises the agreement;
- the Home Office has also designated FAL as the Archive of Last Resort for the UK Criminal Justice System and in its letter of July 2021 states it expects FAL to fulfil this role for the foreseeable future; 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.

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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FORENSIC ARCHIVE LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 March 2021

3. ACCOUNTING POLICES (Continued)

LEASING (continued)

The right-of-use asset is adjusted for any re-measurement of the lease liability and lease modifications, as set out below.

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 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.

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.

3 ACCOUNTING POLICIES (Continued)

RETIREMENT AND OTHER POST RETIREMENT BENEFITS (Continued)

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.

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.

FORENSIC ARCHIVE LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 March 2021

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, equipment and motor vehicles:	
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 Service Level Agreement. 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.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the company's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

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. The company's incremental borrowing rate was 1.99% (2020: 1.99%).

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 17.

FORENSIC ARCHIVE LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 March 2021

5 REVENUE

The following table provides an analysis by geographical market:

	2021 £'000	2020 £'000
Continuing operations		
United Kingdom	1,096	1,088
	<u>1,096</u>	<u>1,088</u>

Revenue is analysed based on the location of the customer.

The company has one customer. All revenue recognised relates to operating the archive on behalf of the Home Office.

6 LOSS FOR THE YEAR

	2021 £'000	2020 £'000
Continuing:		
Loss for the year has been arrived at after charging/(crediting):		
Depreciation of right-of-use asset	219	219
Impairment adjustment on property and equipment	-	(55)
Short term and low value lease costs	1	1
Redundancy costs	-	24
Staff costs (see note 8a)	505	523
Pension administration cost	12	26

7 AUDITOR'S REMUNERATION

	2021 £'000	2020 £'000
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	35	35
Total audit fees	<u>35</u>	<u>35</u>

FORENSIC ARCHIVE LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 March 2021

8a PEOPLE COSTS AND DIRECTORS' EMOLUMENTS

	2021 Number	2020 Number
The average monthly number of employees (including directors) was:		
Management and support staff	12	13
	<u>12</u>	<u>13</u>
People costs including directors' emoluments (see note 8b)		
	2021 £'000	2020 £'000
Wages and salaries	397	414
Social security costs	41	42
Other pension costs (see note 21)	67	67
	<u>505</u>	<u>523</u>

8b DIRECTORS' EMOLUMENTS

	2021 £'000	2020 £'000
Directors' emoluments	96	94
Money purchase pension contributions	9	9
Total	<u>105</u>	<u>103</u>
	2021 Number	2020 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 £117,317 (2020: £115,015).

9 FINANCE COSTS

	2021 £'000	2020 £'000
Interest expense on lease liabilities	7	21
Net pension finance cost (see note 21)	1,261	1,833
Total finance costs	<u>1,268</u>	<u>1,854</u>

FORENSIC ARCHIVE LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 March 2021

10 INCOME TAX

The income tax payable for the year ended 31 March 2021 was £Nil (2020: £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 2021 and 31 March 2020 is as follows:

	2021 £'000	2020 £'000
Loss before taxation:		
Continuing operations	(1,903)	(2,251)
Discontinued operations	-	1,927
	<u>(1,903)</u>	<u>(324)</u>
At UK standard rate of corporation tax of 19% (2020: 19%)	(362)	(62)
Non-allowable expenses	118	67
Income not taxable	-	(360)
Deferred tax not recognised	(1)	579
Amounts credited directly to SORIE or otherwise transferred	243	-
Deferred tax – difference in opening tax rates	-	(574)
Tax losses utilised	2	350
	<u>-</u>	<u>-</u>
Tax charge in the Income Statement	-	-

The company has unrecognised deferred tax assets of £5,095,000 (2020: £5,109,000), comprising £2,191,000 (2020: £2,191,000) relating to property, plant and equipment timing differences, £17,000 (2020: £17,000) relating to provisions timing differences and £2,887,000 (2020: £2,901,000) 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 2021

11 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings £'000	Plant, equipment and motor vehicles £'000	Total £'000
Cost:			
At 1 April 2019	10,448	215	10,663
Disposals	(9,753)	-	(9,753)
Reclassified as held for sale (note 22)	(140)	-	(140)
At 31 March 2020	555	215	770
Disposals	-	-	-
At 31 March 2021	555	215	770
Accumulated depreciation and impairment:			
At 1 April 2019	10,363	215	10,578
Disposals	(9,753)	-	(9,753)
Impairment adjustment	(55)	-	(55)
At 31 March 2020	555	215	770
Charged in the year	-	-	-
Impairment adjustment	-	-	-
At 31 March 2021	555	215	770
Net book amount:			
At 31 March 2021	-	-	-
At 31 March 2020	-	-	-
At 31 March 2019	85	-	85

Depreciation rates are disclosed within note 3 on accounting policies. No depreciation is provided on freehold land which represents £Nil (2020: £Nil) of the total cost of land and buildings. Of the depreciation charged in the year £Nil (2020: £Nil) has been included within cost of sales on the Statement of Comprehensive Income and £Nil (2020: £Nil) within administrative expenses.

The net book amount of land and buildings comprises:

	2021 £'000	2020 £'000
Freehold	-	-
	-	-
12 RIGHT-OF-USE ASSETS		
	2021 £'000	2020 £'000
Land and buildings – right-of-use	585	585
Less: accumulated depreciation	(438)	(219)
	147	366

FORENSIC ARCHIVE LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 March 2021

13 INVESTMENTS

Investments in subsidiaries

2021
£'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 2021 and 2020 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 2021

14 OTHER FINANCIAL ASSETS

	2021 £'000	2020 £'000
Trade and other receivables:		
Trade receivables	169	24
	<u>169</u>	<u>24</u>
Other debtors	58	227
Prepayments and accrued income	132	115
	<u>190</u>	<u>342</u>
Total trade and other receivables	<u>359</u>	<u>366</u>
Other tax and social security receivable	<u>6</u>	<u>23</u>

In considering the recoverability of a trade receivable the company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. All of the trade receivables are with the Home Office and thus may be regarded as low credit risk and the expected credit loss is not considered material.

The ageing of past due but not impaired receivables amounted to £Nil (2020: £Nil).

Cash and cash equivalents:

	2021 £'000	2020 £'000
Bank balances and cash	1,911	2,363
Cash and cash equivalents	<u>1,911</u>	<u>2,363</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.

Refer to note 16 for a review of impairment.

FORENSIC ARCHIVE LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 March 2021

15 OTHER FINANCIAL LIABILITIES

	2021 £'000	2020 £'000
Trade and other payables:		
Trade creditors	41	145
Accruals	130	124
Other creditors	10	6
Other tax and social security	11	11
	<u>192</u>	<u>286</u>
	2021 £'000	2020 £'000
Deferred revenue	<u>405</u>	<u>308</u>

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

LEASE LIABILITIES

	2021 £'000	2020 £'000
Analysed as:		
Non-current	-	149
Current	<u>149</u>	<u>220</u>
	<u>149</u>	<u>369</u>

The company leases land for its offices under an agreement of up to three years with options to extend.

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. The company's leasing arrangements do not include variable payments.

FORENSIC ARCHIVE LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 March 2021

15 OTHER FINANCIAL LIABILITIES (Continued)

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 2021				
Lease liabilities	151	-	-	-
Trade and other payables	192	-	-	-
Provision	214	319	-	-
At 31 March 2020				
Lease liabilities	228	153	-	-
Trade and other payables	238	-	-	-
Provision	92	304	-	-

16 FINANCIAL INSTRUMENTS

The carrying amounts of the company's financial instruments at the end of year were:

	31 March 2021 £'000	31 March 2020 £'000
Financial assets measured at amortised cost		
Trade receivables	169	24
Other debtors	58	227
Accrued income	1	2
Cash and cash equivalents	1,911	2,363
	<u>2,139</u>	<u>2,616</u>
Financial liabilities measured at amortised cost		
Trade creditors	41	145
Accruals	130	124
Other creditors	10	6
	<u>181</u>	<u>275</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.

16 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 finance leases in note 15, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital and accumulated losses as disclosed in notes 18 and 19. 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 is 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 2021

16 FINANCIAL INSTRUMENTS (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 2021 £'000	31 March 2020 £'000
Financial assets measured at amortised cost		
Trades receivables	169	24
Other debtors	58	227
Accrued income	1	2
	<u>228</u>	<u>253</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 counterparty 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 counterparty or a guarantee.

Impairment of trade receivables

The company calculates lifetime expected credit losses for trade receivables using a portfolio 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 2021

16 FINANCIAL INSTRUMENTS (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.

17 PROVISIONS FOR LIABILITIES

	Reorganisation costs £'000	Property costs £'000	Legal claims £'000	Total £'000
At 1 April 2020	92	288	-	380
Additions	-	23	170	193
Utilised	-	-	(48)	(48)
At 31 March 2021	92	311	122	525
Due within 1 year	92	-	122	214
Due within second to fifth year inclusive	-	311	-	311
	92	311	122	525

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 using the Government bond rate for the remaining term. The company expects that this provision will be utilised over the life of the leases.

The provision for legal claims related to claims that are still ongoing. Management, on the advice of counsel, does not expect that the outcome of any of the remaining cases will give rise to any significant loss beyond the amounts recognised at 31 March 2021. None of the provisions will be discussed here in further detail so as to not seriously prejudice the Company's position in the related disputes.

FORENSIC ARCHIVE LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 March 2021

18 SHARE CAPITAL

	2021 £'000	2020 £'000
Authorised:		
100,000,000 (2020: 100,000,000) ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted, issued and fully paid:		
98,000,001 (2020: 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.

19 ACCUMULATED LOSSES

	2021 £'000	2020 £'000
Balance 1 April	(96,085)	(97,655)
Effect of change in accounting policy for initial application of IFRS 16 transition adjustment		40
Loss for the year	(1,903)	(324)
Other comprehensive income	1,280	1,854
Balance at 31 March	<u>(96,708)</u>	<u>(96,085)</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 2021

20 NOTES TO THE STATEMENT OF CASH FLOWS

	2021 £'000	2020 £'000
Continuing operations		
Loss before tax	(1,903)	(2,251)
Adjustments for:		
Net finance costs	1,268	1,854
Difference between current service cost and pension contributions	19	21
Depreciation of right-of-use asset	219	219
Effect of change in accounting policy - IFRS 16 Transition Adjustment	-	40
Increase in provisions	145	-
Operating cash flows before movement in working capital	(252)	(117)
Decrease in receivables	24	296
Increase/(decrease) in trade and other payables	3	(180)
Cash used in operations – continuing operations	(225)	(1)
	2021 £'000	2020 £'000
Discontinued operations		
Profit before tax	-	1,927
Adjustments for:		
(Decrease) in provisions	-	(1,925)
(Loss) on disposal of property, plant and equipment	-	(55)
Operating cash flows before movement in working capital	-	(53)
Cash used in from operations – discontinued operations	-	(53)
Net cash used in operating activities	(225)	(54)

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.

FORENSIC ARCHIVE LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 March 2021

21 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

	2021 £'000	2020 £'000
Defined contribution pension scheme and GPPP	48	46
Defined benefit pension scheme	19	21
Total pension cost for the year	67	67

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 2017, 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 2021 %	At 31 March 2020 %
Rate of increase in salaries	3.1	2.5
Rate of increase in pensions in payment:		
on pensions in payment in excess of GMP* (pre-April 2010)	3.15	2.5
on pensions in payment in excess of GMP* (post April 2010)	2.0	1.8
Discount rate	2.2	2.3
Inflation assumption	3.1	2.5

* Guaranteed Minimum Pension

Mortality assumptions

The specific mortality rates used for both the pre and post retirement liabilities in 2021 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 2021	Female 2021	Male 2020	Female 2020
Member age 60 (current life expectancy)	27.7	30.3	27.7	30.2
Members age 40 (life expectancy at age 60)	29.1	31.8	29.0	31.7

FORENSIC ARCHIVE LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 March 2021

21 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 2021 %	Fair value at 31 March 2021 £'000	Weighted average long-term rate of return expected at 31 March 2020 %	Fair value at 31 March 2020 £'000
Equities, property, commodities and hedge fund	2.2	141,924	2.3	119,262
Bonds	2.2	79,962	2.3	67,394
Cash and net current assets	2.2	4,891	2.3	858
Corporate bonds	2.2	35,096	2.3	30,826
Total market value of assets		261,873		218,340
Present value of scheme liabilities		(329,104)		(274,072)
Deficit in scheme		(67,231)		(55,732)
Home office guarantee		67,231		55,732
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 2.2 % (2020: 2.3%) 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:

	2021 £'000	2020 £'000
Current service cost	19	21
Past service cost	-	-
Total operating charge	19	21

FORENSIC ARCHIVE LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 March 2021

21 RETIREMENT BENEFIT SCHEMES (Continued)

Analysis of amount charged to finance costs

	2021 £'000	2020 £'000
Expected return on pension scheme assets	5,022	5,712
Interest on pension scheme liabilities	(6,283)	(7,545)
Net cost	(1,261)	(1,833)

The actual return on scheme assets was £43,548,000 (2020: (£9,741,000)).

Analysis of amount recognised in Statement of Comprehensive Income:

	2021 £'000	2020 £'000
Actual return less expected return on pension scheme assets	38,526	(15,453)
Actuarial gains and losses arising on scheme liabilities	(50,515)	34,003
Home office guarantee	11,499	(18,466)
Deficit funding payments	1,770	1,770
Actuarial gain recognised in Statement of Comprehensive Income	1,280	1,854

The cumulative amount of actuarial gains and losses recognised in the Statement of Comprehensive Income since adoption of IFRSs is the loss of £66,219,000 (2020: loss £67,499,000).

Movement in the surplus for the year:

	2021 £'000	2020 £'000
Surplus in scheme at start of the year	-	-
Movement in year:		
Current and past service cost	(19)	(21)
Contributions	-	-
Administration expenses	-	-
Other finance expenses	(1,261)	(1,833)
Actuarial (loss)/gain	(11,989)	18,550
Deficit funding payments	1,770	1,770
Home office guarantee	11,499	(18,466)
Surplus in scheme at end of the year	-	-

FORENSIC ARCHIVE LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 March 2021

21 RETIREMENT BENEFIT SCHEMES (Continued)

Asset and liability reconciliation:

	2021 £'000	2020 £'000
Reconciliation of assets		
Assets at start of the year	218,340	228,890
Expected return on assets	5,022	5,712
Actuarial gain/(loss)	38,526	(15,453)
Employer contributions	-	-
Administration expenses paid	-	-
Benefits paid	(1,787)	(2,581)
Employee contributions	2	2
Deficit funding payments	1,770	1,770
Assets at end of the year	261,873	218,340
Reconciliation of liabilities		
Liabilities at start of the year	274,072	303,088
Current service cost	19	21
Past service cost	-	-
Interest cost	6,283	7,545
Employee contributions	2	2
Actuarial gain/(loss)	50,515	(34,003)
Benefits paid	(1,787)	(2,581)
Liabilities at end of the year	329,104	274,072

Contributions

The Home Office has contributed £1,770,000 (2020: £1,770,000) towards recovery of the past service deficit.

History of experience gains and losses

	2021 £'000	2020 £'000	2019 £'000	2018 £'000	2017 £'000
Benefit obligation at end of year	(329,104)	(274,072)	(303,088)	(272,762)	(323,938)
Fair value of plan assets at end of year	261,873	218,340	228,890	221,678	211,989
Reimbursement asset	(67,231) 67,231	(55,732) 55,732	(74,198) 74,198	(51,084) 51,084	(111,949) 111,949
Surplus in scheme at end of the year	-	-	-	-	-

FORENSIC ARCHIVE LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 March 2021

21 RETIREMENT BENEFIT SCHEMES (Continued)

	2021 £'000	2020 £'000	2019 £'000	2018 £'000	2017 £'000
Difference between the expected and actual return on scheme assets	38,526	(15,453)	1,966	6,349	24,849
Experience gains and losses on scheme liabilities	50,515	(34,003)	25,408	(55,673)	(101,450)

22 DISCONTINUED OPERATIONS

22(a) Assets held for sale

	2021 £'000	2020 £'000
Property, plant and equipment	140	140
Total	140	140

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 (car park on Kent Street) was identified as held for sale following an agreement made on 31 January 2020 to sell the land to a third party for an agreed sum totalling £2,600,000. The sale price is expected to be contingent of planning permission granted and sale proceeds are now estimated to be £3,000,000. The land has been classified as held for sale and presented separately in the Statement of Financial Position.

22(b) Discontinued income statement

	Note	2021 £'000	2020 £'000
OPERATING RESULT BEFORE EXCEPTIONAL ITEM			
Exceptional item	22 (c)	-	1,927
OPERATING PROFIT		-	1,927
PROFIT BEFORE TAXATION		-	1,927
Income tax		-	-
PROFIT FOR THE YEAR FROM DISCONTINUED OPERATIONS		-	1,927

FORENSIC ARCHIVE LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 March 2021

22 DISCONTINUED OPERATIONS (Continued)

22(e) Discontinued exceptional items

	2021 £'000	2020 £'000
Reimbursement of lease exit	-	2,000
Movements in onerous lease provisions	-	(73)
	<u>-</u>	<u>1,927</u>

23 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.

Amounts due from The Home Office at the year-end were £58,000 (2020: £217,000) and interest receivable during the year was £Nil (2020: £Nil).

24 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.